



FINANCIAL AUDIT REPORT

11 April 2022

State entities 2021

Report 14: 2021–22

As the independent auditor of the Queensland public sector, including local governments, the Queensland Audit Office:

- provides professional audit services, which include our audit opinions on the accuracy and reliability of the financial statements of public sector entities
- provides entities with insights on their financial performance, risk, and internal controls; and on the efficiency, effectiveness, and economy of public service delivery
- produces reports to parliament on the results of our audit work, our insights and advice, and recommendations for improvement
- supports our reports with graphics, tables, and other visualisations, which connect our insights to regions and communities
- conducts investigations into claims of financial waste and mismanagement raised by elected members, state and local government employees, and the public
- shares wider learnings and best practice from our work with state and local government entities, our professional networks, industry, and peers.

We conduct all our audits and reports to parliament under the *Auditor-General Act 2009* (the Act). Our work complies with the *Auditor-General Auditing Standards* and the Australian standards relevant to assurance engagements.

- Financial audit reports summarise the results of our audits of over 400 state and local government entities.
- Performance audit reports cover our evaluation of some, or all, of the entities' efficiency, effectiveness, and economy in providing public services.

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The Honourable C Pitt MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

11 April 2022

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*.



Brendan Worrall
Auditor-General



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Auditor-General's foreword

Public sector entities are responsible for the use of a significant amount of public resources to deliver services that the Queensland community relies on every day. As I have reflected in previous reports to parliament, and in my forward work plan, the demand for services and the multitude of risks that entities face also continue to increase.

State public sector entities are accountable to parliament and the public for how they use public resources. This is generally achieved by them preparing annual financial statements, which are tabled in parliament as part of their annual reports.

By auditing and providing an independent opinion on entities' financial statements, the Queensland Audit Office (QAO) provides assurance to parliament and the public on the reliability of the information contained within. However, for the information in the financial statements to be truly useful to readers, it must not only be reliable – it must also be timely.

Financial statements are prepared at a point in time, so the relevance of the information they contain reduces the longer it takes for entities to publish them. Accordingly, delays in tabling an entity's annual report reduces the usefulness of the financial statements to parliament and the public.

In recent years, we have worked collegiately with the preparers of financial statements to improve timeliness. I believe entities are now well placed to prepare their financial statements and have them audited by QAO in a timely manner, even when faced with significant challenges such as the impact of COVID-19 and major machinery of government changes. However, the timeliness of financial statements being made publicly available has deteriorated since 2019. This serves to weaken transparency and accountability.

In my report last year, *State entities 2020* (Report 13: 2020–21), I included recommendations to improve the timeliness of financial statements being made publicly available. I have again made similar recommendations in this year's report. Acting on these recommendations will inform and assure Queenslanders, maintaining their confidence in entities' financial performance.



Brendan Worrall
Auditor-General



Report on a page

This report summarises the audit results of 229 Queensland state government entities, including the 21 core government departments.

Financial statements are reliable

The financial statements of all departments, government owned corporations, most statutory bodies, and the entities they control are reliable and comply with relevant laws and standards.

Delays in financial statements being made public

There are continued delays between when financial statements are signed as audited and when they are released publicly through the tabling of annual reports. Most annual reports were tabled just in time to meet the legislative deadline – on average over a month after the financial statements were signed. In the health portfolio, most annual reports were tabled almost 3 months after the financial statements were signed. This was after the minister extended the tabling period, on the department's recommendation.

Queensland Treasury's action to our recommendation from last year has not improved the timeliness of financial statements being made public. Ongoing delays in tabling annual reports reduce the ability of parliament and the public to meaningfully assess the financial performance of public sector entities and contribute to less trust in the integrity of government.

Restructuring is a distraction and comes at a cost

Seventeen departments were restructured as part of the machinery of government changes announced on 12 November 2020. These restructures are an accepted practice of government, with many functions moved over the past 10 years. This creates confusion when trying to compare financial and performance information for departments over time. The costs of implementing significant restructures are both direct and indirect. It takes many months to transfer finance and payroll systems to match the restructured departments. Many departments continue to operate on multiple networks, and have not yet established consistent financial policies, approval processes or risk management practices. These changes are a distraction for entities, reducing their ability to continuously improve their systems and processes.

Rapid response led to weaknesses in internal controls

The Queensland Rural and Industry Development Authority (QRIDA) administered the delivery of the COVID-19 Jobs Support Loan Scheme in 2019–20 as part of the Queensland Government's *Economic Recovery Plan*. QRIDA was temporarily expanded for this purpose. The rapid response caused some breakdowns in its systems and processes (internal controls). Entities experiencing rapid growth need to review the strength of their internal controls and ensure they can address the increased risk.

Same weaknesses in internal controls as last year

The internal controls entities have in place are generally effective, but the same common weaknesses have arisen over the last 2 years. These include entities not securing their information systems, checking changes to supplier details or reviewing payroll reports. Entities also need to ensure there are clear policies and manuals for payroll and procurement processes, and that grants are approved by people with the appropriate financial delegations. These actions will help to prevent fraud and accidental overpayments and ensure value for money is achieved.



Recommendations for entities

Advise on machinery of government changes, set performance measures, and monitor costs (central agencies)	
REC 1	<p>We recommend Department of the Premier and Cabinet and Queensland Treasury take the following actions for future government restructures:</p> <ul style="list-style-type: none"> • Provide advice to the incoming or returning government on potential impacts of restructures, including the key risks to be managed and estimated costs to implement, drawing on lessons learnt from past machinery of government changes. • Require departments to articulate, measure and report on the benefits to be achieved from the machinery of government change and the cost to implement the restructure. This should include guidance on how to measure and report benefits and costs.
Improve timeliness of financial statements being made publicly available (departments and relevant ministers)	
REC 2	<p>Departments and their ministers should explore opportunities for releasing the audited financial statements of public sector entities in a more timely way. This could involve departments progressively providing annual reports to the minister, instead of waiting to provide all annual reports in the portfolio at the same time.</p> <p>Queensland Treasury should consider legislative change to specify the maximum number of days between financial statement certification and tabling. This is the case for Queensland local governments, which must table their annual reports in council within one month of certifying their financial statements. Alternatively, the annual reports for abolished state government entities must be tabled within 14 days of being provided to the minister.</p> <p>Appendix C provides the recommendation made in <i>State entities 2020</i> (Report 13: 2020–21), and status as at 30 June 2021.</p>
Provide guidance on the exceptional circumstances that may result in a minister extending the tabling of an annual report beyond the legislative deadline (central agencies)	
REC 3	<p>Department of the Premier and Cabinet and Queensland Treasury should update accountability requirements to provide clear and consistent guidance on the exceptional circumstances that are likely to require a minister to extend the tabling of an annual report beyond the legislative deadline. This should include examples of exceptional circumstances that impact on the preparation of the annual report. This may be included in the <i>Annual report requirements for Queensland Government agencies</i> published by the Department of the Premier and Cabinet and/or the <i>Financial Accountability Handbook</i> published by Queensland Treasury.</p>
Update accountability requirements to provide clarity and consistency on the minister’s role in relation to annual reports (central agencies)	
REC 4	<p>Department of the Premier and Cabinet and Queensland Treasury should review accountability requirements to ensure they provide clarity and consistency on the minister’s role in relation to annual reports. This should be aligned with the minister’s responsibilities for the portfolio, and support the timely release of information.</p>
Ensure consistent payroll processes are implemented (all entities)	
REC 5	<p>In addition to our recommendation from 2020–21 to promptly review payroll reports, we also recommend entities:</p> <ul style="list-style-type: none"> • provide staff with internal policies and manuals that outline payroll processes • ensure staff consistently comply with these, particularly for processes such as employee terminations and approval of employee overtime.



Review appropriateness of financial delegations and of controls in place to prevent unauthorised grant approvals (all entities)	
REC 6	<p>Departments should review their delegations and ensure all financial authority rests with the director-general or their delegate.</p> <p>Entities should ensure staff understand their roles, responsibilities, and assigned financial delegations, and should ensure enough controls are in place to prevent grants being approved by staff who do not hold delegations with high enough financial limits.</p>
Review procurement policies and manuals (all entities)	
REC 7	<p>Entities should review their procurement policies and manuals to ensure they give clear guidance for staff to follow when making procurement decisions. The policies and manuals should also specify what documentation staff should maintain to record the process and decisions.</p>

Prior year recommendations need further action

Entities have taken some corrective action to address recommendations made in our report last year. Despite this, we continue to identify control weaknesses that require further action for procurement, payroll processes, and the security of information systems.

The timeliness of annual report tabling has not improved, with delays in the publication of financial reports. We have re-raised the recommendation to consider opportunities to improve timeliness in the current report.

We have included a full list of prior year recommendations and their status in [Appendix C](#).

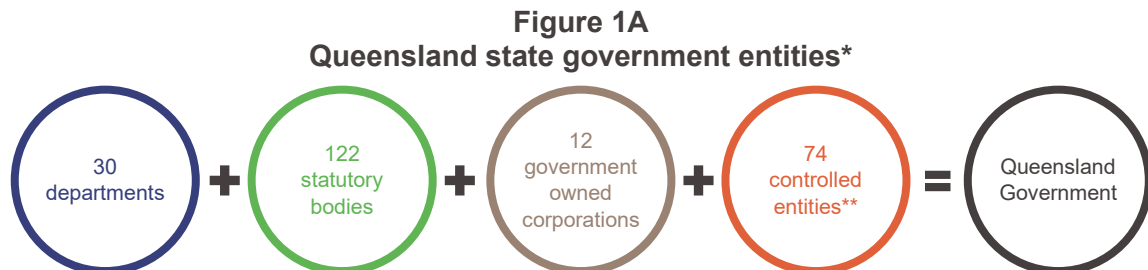
Reference to comments

In accordance with s.64 of the *Auditor-General Act 2009*, we provided a copy of this report to relevant entities. In reaching our conclusions, we considered their views and represented them to the extent we deemed relevant and warranted. Any formal responses from the entities are at [Appendix A](#).



1. Entities in this report

This report includes the results of financial audits for all Queensland state government entities. These entities are listed in appendices E and I.



Note: * These figures do not include entities exempted from audit by the Auditor-General (see [Appendix G](#)) or entities not preparing financial reports (see [Appendix H](#)). ** These are entities controlled by one or more public sector entities.

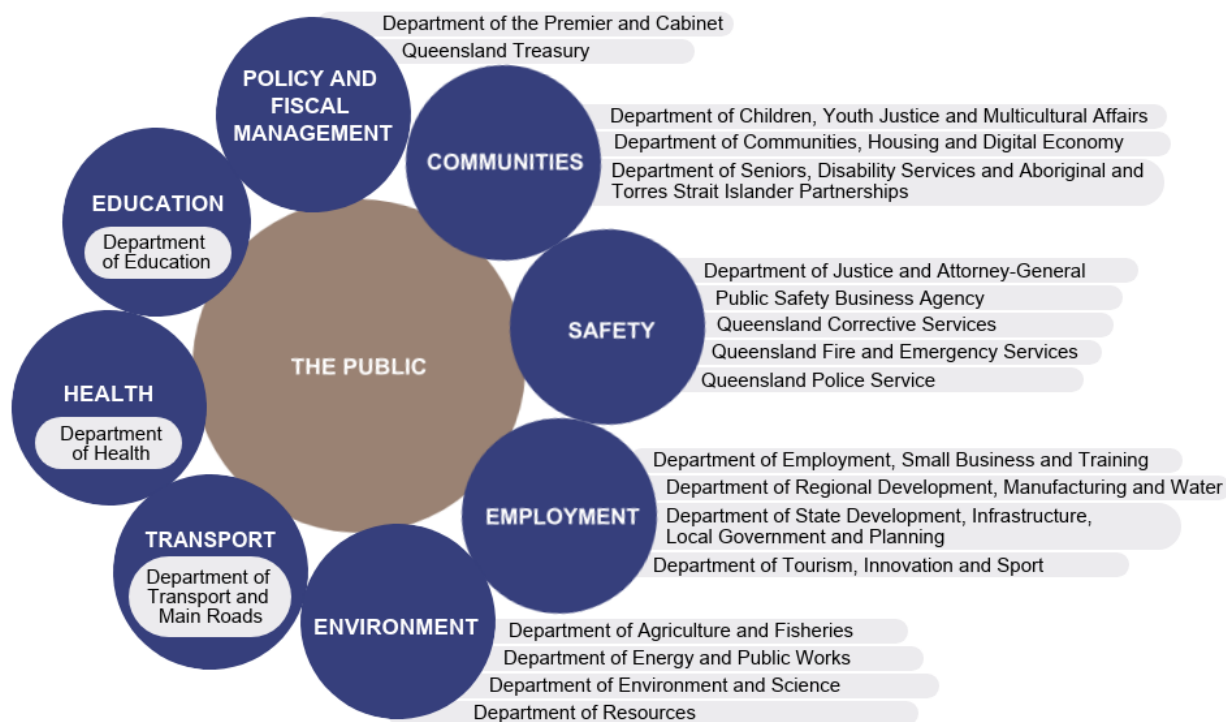
Source: *Queensland Audit Office*.

On 12 November 2020, the government announced changes to departmental names and responsibilities (machinery of government changes). This resulted in 2 departments being abolished and one new department being created, with a total of 23 functions transferred between departments. In Chapter 2, we explore the impact of government restructuring.

We also include our assessment of the 21 core departments' controls over financial systems and processes, identifying learnings for all state government entities. Core departments are entities gazetted as departments under the *Public Service Act 2008* and the Public Safety Business Agency, which is classified as a department under the *Financial Accountability Act 2009*. They are the departments primarily responsible for the majority of services provided within the general government sector. Other departments are established under the *Financial Accountability Act 2009*, for example Electoral Commission of Queensland, Legislative Assembly and Parliamentary Service, Office of the Governor and Public Service Commission.



Figure 1B
Core Queensland government departments as at 30 June 2021*



Note: *Department names and responsibilities were changed by *Administrative Arrangements Order (No. 2) 2020* made by Governor in Council on 12 November 2020. This report reflects the departments that existed during 2020–21, including the 2 departments that were abolished on 12 November 2020 – Department of Aboriginal and Torres Strait Islander Partnerships and Department of Youth Justice.

Source: Queensland Audit Office.

Our assessment of the financial reporting and internal controls of water, energy, transport, and health entities are included in our sector reports on our website at www.qao.qld.gov.au/reports-resources/reports-parliament.

Providing services across Queensland

The departments in Figure 1B provide services across the state. Regions outside of the south-east corner account for approximately one-third of the state's total economic output and around 28 per cent of the population.

Different government services divide these regions up in various ways. For example, 77 local governments work across 7 education regions, 15 police districts, and 16 hospital and health service areas. Statewide planning can also use different boundaries, with 13 Regional Action Plans supporting the Queensland Budget 2021–22 and 7 Regional Infrastructure Plans being developed as part of the new State Infrastructure Strategy. This can have repercussions in terms of driving government policy on a regional basis, including coordination of and cooperation between services and governments.

The Queensland Audit Office's (QAO) dashboard, QAO Queensland dashboard, which brings together important information about the finances and services of Queensland state and local government entities, uses 3 common regional boundaries – local government areas; statistical areas (used by the Australian Bureau of Statistics and by state entities to collect and report on information, including the state budget); and hospital and health service areas. This allows users to search by an address and understand the services and the financial results for their local area, including for councils, education, health, water, and electricity. The dashboard is available on our website at www.qao.qld.gov.au/reports-resources/interactive-dashboards.

2. The impact of government restructuring

For many years, in both financial and performance audits, the Queensland Audit Office has seen evidence of challenges arising from or exacerbated by machinery of government changes. This has included poor use of and access to information within and across agencies, ineffective regulatory management and lack of consistent interagency governance. This chapter provides an overview of changes that occurred in 2020, and analyses the impact these have had on government operations, including the time and cost associated with changes to people, systems, and processes, and the risks these changes present.

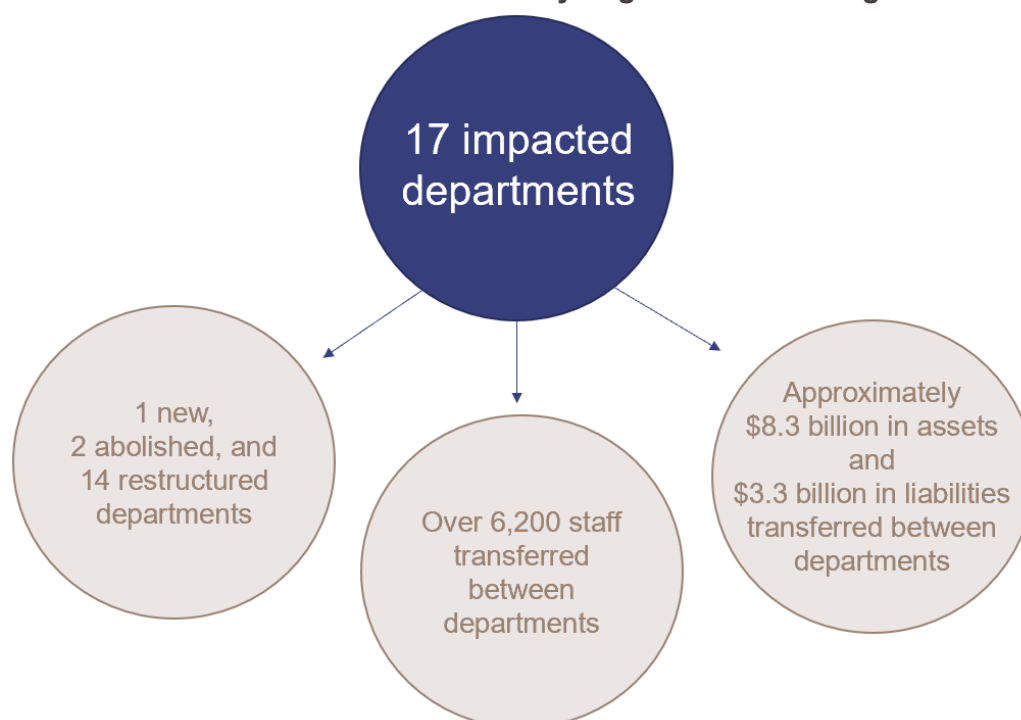
Overview of recent machinery of government changes

It is the prerogative of the government of the day to decide how best to organise its executive functions.

Restructures of government functions (and associated reallocation of resources and people between departments) are usually referred to as machinery of government changes. These are not uncommon under the Westminster system of government. While they usually follow elections, they can occur at any time based on an order made by Governor in Council (which is the Governor acting on advice of the Executive Council to approve the decisions of Cabinet). The restructures can seek to align services with the government’s objectives and ministers’ skills and backgrounds while allowing for ministerial oversight. However, they are rarely quick, inexpensive, or simple.

Following the most recent Queensland state election on 31 October 2020, a machinery of government change was announced and enacted on 12 November 2020. This restructure affected 17 of the core departments and moved 23 functions. Only 6 core departments were not affected by this change.

Figure 2A
Overview of 2020 machinery of government changes

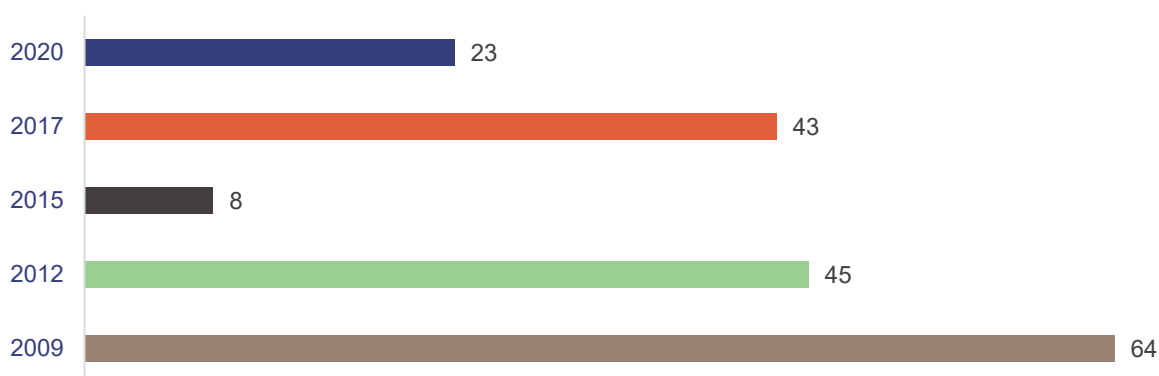


Source: Compiled by the Queensland Audit Office.



Machinery of government changes in the last 12 years have resulted in over 190 functions being transferred between departments. The majority (183) of the changes occurred following Queensland Government general elections, as shown in Figure 2B.

Figure 2B
Number of functions transferred as a result of machinery of government changes following state elections



Source: Compiled by the Queensland Audit Office.

Machinery of government changes can cause significant disruption to the operations of the services they affect. It can often take considerable time for a transferring function to fully integrate, if at all, into a new department, creating inefficiencies and increasing costs.

In [Appendix D](#), we have analysed the services of government as at 30 June 2021, by function. Some departments have a clear focus on a common purpose, while other departments include services that are not aligned. The latter can result in competing priorities and can mean it takes longer to integrate services into a new department.

Where service delivery is purely internal to government, the cost of restructuring can quickly outweigh the benefit. Six departments are responsible for 11 areas that provide services internal to government, with 6 of the 11 areas changing departments following the last election. This included the Corporate Administration Agency, which provides corporate services for some statutory bodies, and QBuild, which builds and maintains government-owned assets. These areas aim to continuously increase the efficiency of their services. Any restructuring should aim to increase efficiency, with efficiency gains expected to exceed the estimated cost to implement the restructure.

Machinery of government changes are determined by the Premier and are made by order of the Governor in Council. The public service is responsible for providing high-quality, independent, and evidence-based advice to government, which includes briefs for the incoming or returning government on the functions of government that can help inform decisions on machinery of government changes. The public service is then responsible for implementing the government's decisions efficiently, effectively and ethically.

No measures are set centrally or at individual departmental level to track the benefits of the restructures. As stated in a UK National Audit Office report *Reorganising central government* in 2010, this makes it 'impossible for them to demonstrate that eventual benefits outweigh costs'. There would be value in outlining the benefits that are expected to be achieved through these restructures and capturing the costs associated, so these can be actively monitored and managed. This would also provide clarity on the purpose of combining areas within government that do not have natural compatibility and policy alignment, and the cost benefit in making changes to functions that only provide services within government.

Recommendation for central agencies

Advise on machinery of government changes, set performance measures, and monitor costs (REC 1)

We recommend Department of the Premier and Cabinet and Queensland Treasury take the following actions for future government restructures:

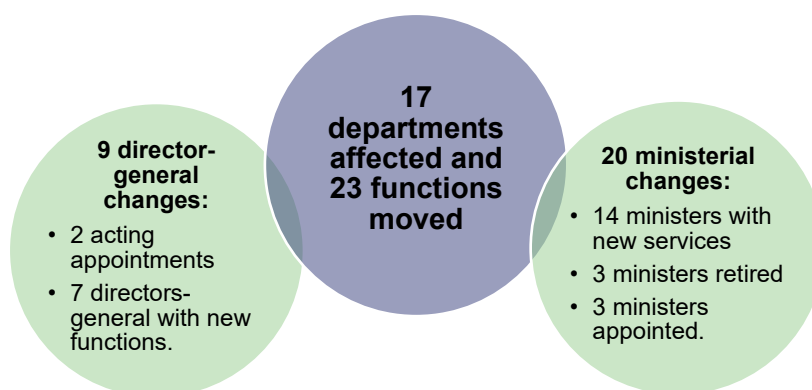
- Provide advice to the incoming or returning government on potential impacts of restructures, including the key risks to be managed and estimated costs to implement, drawing on lessons learnt from past machinery of government changes.
- Require departments to articulate, measure and report on the benefits to be achieved from the machinery of government change and the cost to implement the restructure. This should include guidance on how to measure and report benefits and costs.

Changes affect entities’ cultures and internal controls, and come at a cost

When merging multiple functions across departments, the relevant governance structures are often reorganised, which results in leadership changes at multiple management levels. The culture of an entity will be driven by its new leaders and will often change so that values and behaviours align with what the new entity is required to do. Differences may be subtle, but they will significantly impact the focus a department puts on internal controls (its people, systems and processes).

The 2020 machinery of government changes resulted in 23 government services being transferred between departments, affecting ministerial portfolios and directors-general leadership arrangements. Figure 2C shows the changes in leadership.

Figure 2C
Leadership changes resulting from the 2020 machinery of government changes



Source: Compiled by the Queensland Audit Office.

From a cultural perspective, functions that frequently move between departments are more likely to become insular and to resist fully integrating into their new departments, as they expect it will be a short time until the next restructure. This can affect the flow of information, including how risks are managed and decisions made, with functions often continuing to operate independently for years. This contributed to issues identified in the approval of sports grants in 2017 and 2018, as noted in our report to parliament *Awarding of sports grants* (Report 6: 2020–21), as Sport and Recreation continued to use the policies of its former department for over 2 years.

Seventeen functions have been transferred between departments at least 3 and up to 6 times in the last 12 years, as shown in Figure 2D.

Figure 2D
Functions frequently transferred over the last 12 years

Three times	Four times	Five times	Six times
Corrective Services	Employment	Arts Queensland	Infrastructure
Innovation	Energy	Corporate Administration Agency	Planning
Queensland Chief Scientist	Queensland Government Chief Information Office	Multicultural Affairs	
Smart Services	Racing	Office of Industrial Relations	
Water	Sport and Recreation		
	Youth Justice		

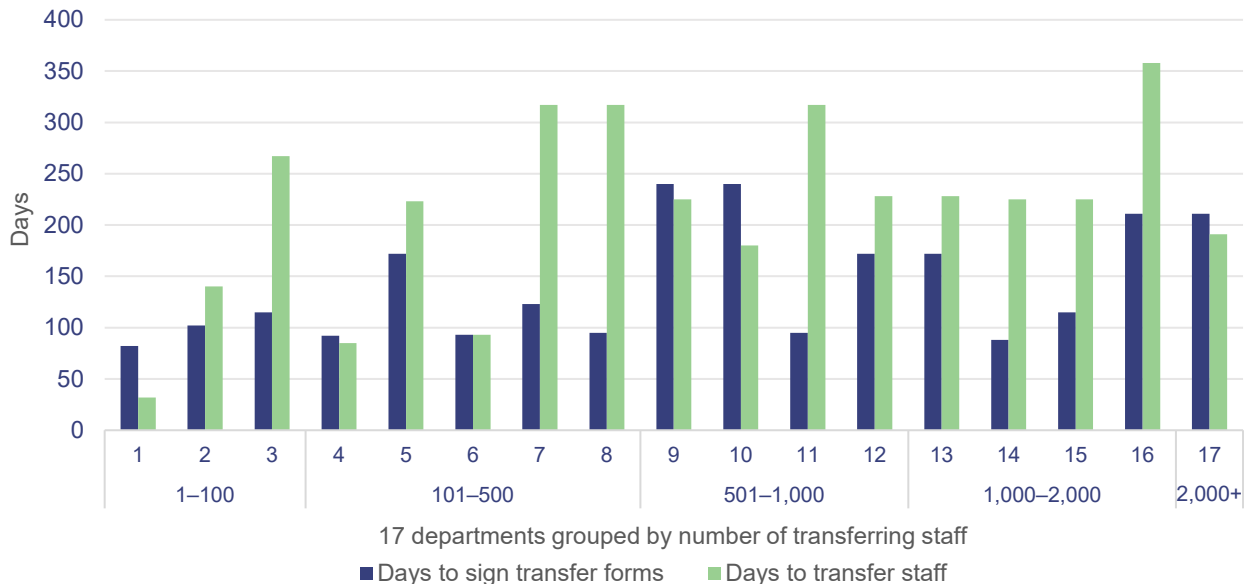
Source: Compiled by the Queensland Audit Office.

Each change requires entities to re-establish their cultures and internal controls, with regular structural changes reducing the ability for them to develop and mature.

Once changes are announced, the impacted departments start the process of reviewing the transferred functions and negotiating with other departments for the transfer of employees, assets and liabilities, information systems, and records. These transfers can take years to complete, and are sometimes not resolved before the next machinery of government change is announced.

Figure 2E shows the time taken to agree changes and transfer employees between payroll systems.

Figure 2E
Days to implement 2020 machinery of government payroll changes by 17 impacted departments



Notes: 12 November 2020 (the date of Governor in Council approval) is used as the start date for measuring time to implement changes. Some departments transferred multiple services in and/or out of the department, requiring individual transfer forms. We have taken the latest signed form as the date all transfers were finalised. Staff are considered transferred once they are established in their new department’s payroll system. Some staff may have started working with their department earlier.

Source: Compiled by the Queensland Audit Office.



While all finance and payroll system changes were made within 12 months of the machinery of government change, network changes can take much longer. This is often because of old systems that operate on those networks, the cost involved in migrating them to a new network, and the continued availability of skilled employees to manage those systems in the new department.

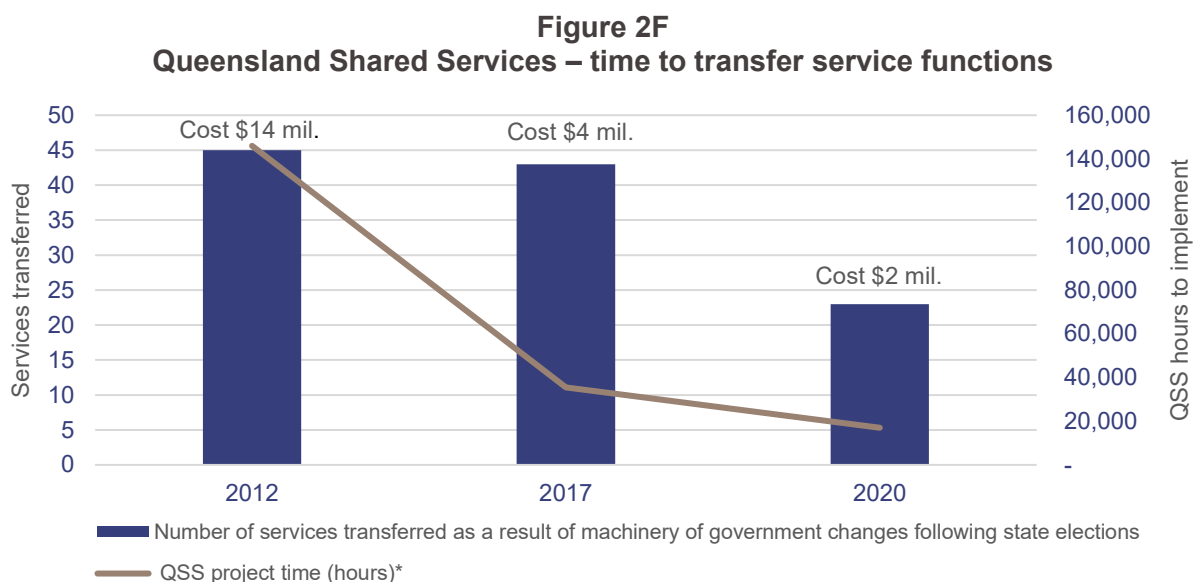
One department that received new functions in December 2017 has continued to operate across multiple networks for this reason, although a plan is in place to migrate to one network in 2022. In late 2021, of 15 departments affected by changes in November 2020 (excluding the 2 that were abolished), 8 were operating on one network, 5 were on 2 networks, and one each on 3 and 4 networks. Using multiple networks can increase a department’s information security risk, as well as impact on employees’ ability to easily access the information and systems they need to perform their job.

While departments promptly ratified pre-existing delegations when the 2020 machinery of government changes occurred, as of late 2021, some departments are still in the process of aligning their delegations to their new organisational structures. Many are planning to update their policies and procedures in 2022.

The cost of updating systems for machinery of government changes reduces when departments use the same systems

Queensland Shared Services (QSS), the shared service provider for most departments’ payroll, expenditure, and general ledger services, tracks the costs of machinery of government changes. It processes most transactional and system changes to people and financial systems, including moving staff records and assets to their new department, and building ledgers to match the new department’s functions. Its main cost is hours of staff time to process and validate transactions.

The cost for QSS to execute the system changes and transfers for the 2020 machinery of government changes is approximately \$2.2 million, which equates to 17,000 hours. This does not include the time spent by departments to implement these changes. QSS’s cost can vary based on the size and nature of machinery of government changes, and has trended down in recent years with more common finance and payroll systems being used across government.



Note: *No data is available for 2009 and 2015 QSS hours.

Source: Compiled by the Queensland Audit Office.

Considerable efforts have been made to move towards single finance and payroll systems for government departments. But even when the same system is used, moving between systems is more complicated when the versions are different, or the general ledger design has not anticipated the next restructure.



Over time, many functions within government have acquired their own systems, either because they are specific to their operations or because of the procurement decisions of their previous department. In 2016–17, 2 departments moved off the QSS-supported finance system (SAP ECC 6) to a new, self-supported system (S/4 HANA). Each of these departments made this decision based on the needs of its entity, but this single-entity perspective did not adequately consider future changes to its structures and functions.

The 2 departments have both since been affected by machinery of government changes, and have received and lost functions. The process for integration of 2 completely separate systems is complex and costly. The most recent machinery of government change saw one function on S/4 HANA moved to a department on SAP ECC 6. A year after the restructure, a decision is yet to be made on integrating it or migrating it.

It is not compulsory for departments to use the systems and services of QSS, which can mean even more challenges in restructures.

Financial and performance information is hard to assess over time

Machinery of government changes also mean it is difficult to assess the financial and performance information of departments over time. This is because the nature of their operations, and therefore the composition of their financial results, change with each restructure of government. This reduces the meaningfulness of this information and the transparency of government, as any unusual trends over a longer period cannot be easily identified or explained.

Internal restructuring is a distraction from other priorities and external engagement

While machinery of government changes have ranged in scale over the years, from creating ‘super’ departments to abolishing others, even minor changes can have significant impacts and require a lot of resources to implement. During implementation, resources and attention are naturally directed to the restructure, and agencies can be distracted from their other responsibilities. For some functions that are transferred often, the time between finalising one restructure and commencing the next can be minimal, reducing the time they can focus on other priorities.

Departments are often managed using different regional boundaries. These regional boundaries are established by departments to support their service delivery, and are aligned with their organisational structure. A machinery of government change can result in the different functions that come together within a new department operating across different regional boundaries, which can impact the coordination of service delivery.

How each department engages with its key stakeholders – whether they are the public, businesses and non-government organisations, or community groups – will affect how well it delivers services. This can also be affected by machinery of government changes, because of the impact on relationships with suppliers and customers through changes to department names, to people in executive positions, and to employee contact details.

We will perform a future audit on management of machinery of government changes

We acknowledge that it is the prerogative of the government of the day to decide how best to organise its executive functions, but there are many repercussions. Given the significant disruption caused by the restructures, in 2021–22 we will perform an audit of the change management processes that departments have used to implement machinery of government changes. We will identify learnings and better practice that can be applied in future.



3. Challenges with delivering government programs

Each year, Queensland government entities pay more than \$3 billion of grants and subsidies to private and public sector entities to further the government’s objectives. In addition to this normal activity, the Queensland Government, as part of its response to the COVID-19 pandemic, provided significant grants and loans to businesses.

In this chapter, we assess the challenges experienced by one entity included in this report that administers these grants and loans.

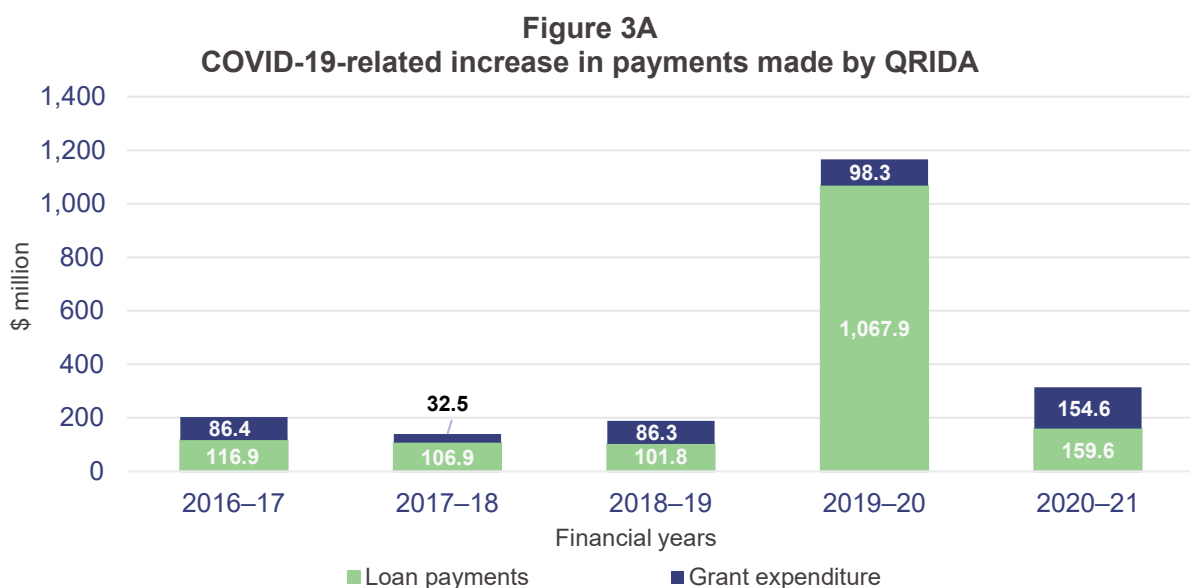
Rapid response to support businesses during COVID-19

The Queensland Rural and Industry Development Authority (QRIDA) administers grant and loan programs on behalf of the state, working in partnership with and at the direction of the program owners to deliver money to small businesses, individuals, and farmers.

Prior to 2020, Queensland Treasury was QRIDA’s main program owner, providing the funding for the Natural Disaster Relief and Recovery Arrangements and Disaster Recovery Funding Arrangements loans. QRIDA’s average expenditure on loans and grants over the 3 financial years ending 2018–19 was \$177 million annually.

However, since the start of the COVID-19 pandemic, QRIDA has delivered multiple programs and millions of dollars in business assistance as part of the Queensland Government’s *Economic Recovery Plan*. This has included the \$1 billion COVID-19 Jobs Support Loan Scheme through the Department of Agriculture and Fisheries, and the Small Business COVID-19 Adaption Grant Program (Round 2) at the direction of the Department of Employment, Small Business and Training.

QRIDA was chosen to deliver these programs due to its experience in loan and grant assessment, but the volume and number of loans and grants it paid out in 2020 and 2021 was unprecedented, as can be seen in Figure 3A.



Source: Compiled by the Queensland Audit Office from QRIDA financial statements.



There is more certainty about the repayment of COVID-19 Jobs Support Loans

In 2020–21, QRIDA paid \$926 million in COVID-19 Jobs Support Loans, spread across almost 7,000 Queensland businesses. These loans are repayable by loan recipients over a 10-year period.

In 2019–20, we qualified our opinion on QRIDA’s financial statements due to QRIDA’s inability to reliably estimate how recoverable the loans provided under the COVID-19 Jobs Support Loan Scheme were. This was due to the unknown impact of the COVID-19 pandemic on the credit outlook for these loan recipients and a lack of historical and future performance indicators about them. (We qualify our audit opinion when the financial statements are fairly presented, with the exception of a specified area.)

This year, we were able to verify the estimates made by QRIDA of the recoverability of the loans as at 30 June 2021. QRIDA has adopted a model that includes both historical and future performance indicators of the COVID-19 Jobs Support Loan recipients. It was able to obtain specific information about them, such as their credit ratings, interest repayment history, Australian Securities and Investments Commission (ASIC) data, geographical data, and industry data, all of which fed into its estimates to support its model.

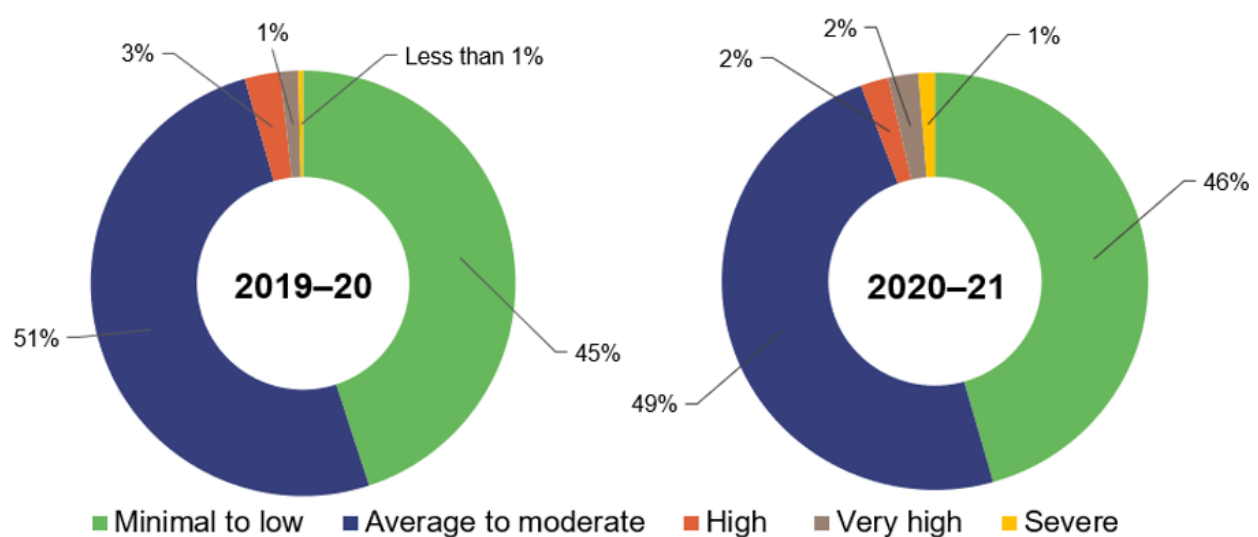
In addition, since the first repayments on most of these loans became due in late March 2021, QRIDA was able to analyse which loan recipients were making repayments and which were defaulting. This provided insight into the likely recoverability of the loans.

The majority of the COVID-19 Jobs Support Loan recipients are currently complying with the repayment schedules, with \$71.7 million of loans fully repaid before 30 June 2021.

The estimate of COVID-19 Jobs Support Loans that will not be repaid in the future was \$96.4 million (8 per cent of total loans) as at 30 June 2021, with 14 loans valued at \$1.6 million assessed as irrecoverable during 2020–21. The estimate has improved from \$105.8 million (8.8 per cent of total loans) at 30 June 2020. The change was supported by the various assumptions used in the model and generally reflects a more positive credit outlook for the COVID-19 Jobs Support Loan recipients.

Figure 3B shows the percentage of approved loans, by credit risk rating. A lower risk rating suggests a good chance of repayment, while other ratings indicate it may prove more challenging.

Figure 3B
Breakdown of number of loans paid by QRIDA by credit risk rating – as at 30 June 2020 and 30 June 2021



Source: Compiled by the Queensland Audit Office from QRIDA 2020–21 financial statements.

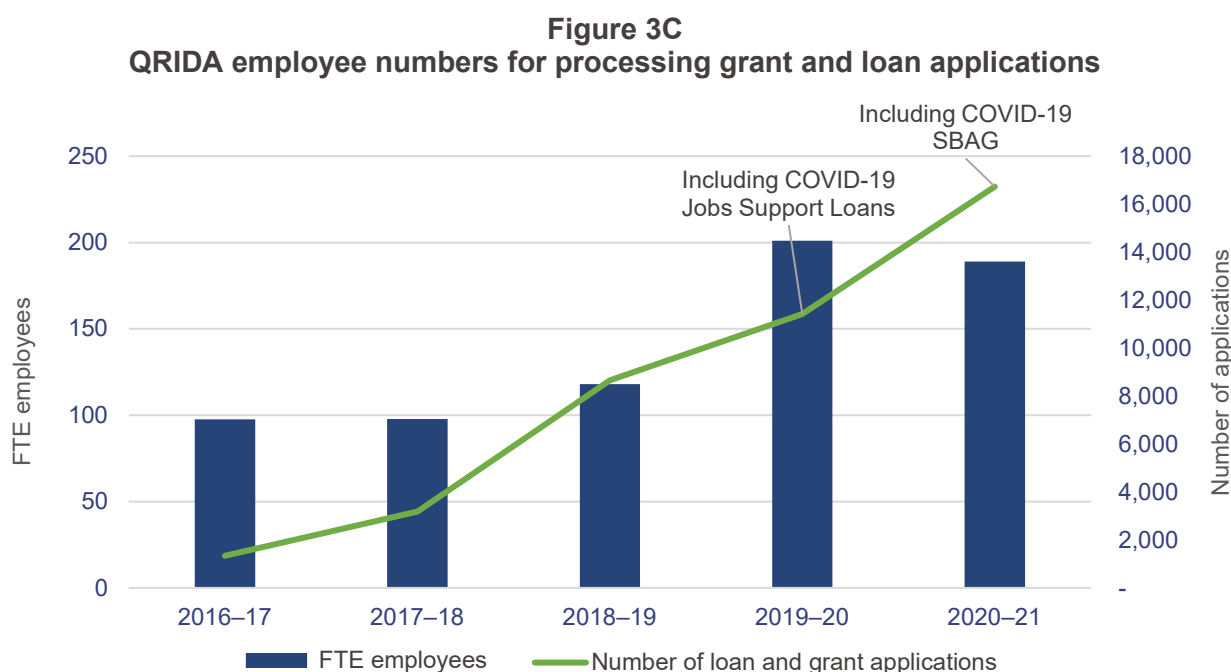


During 2020–21, only 478 applications were approved, compared to 6,450 applications in the previous year. While most loans were approved to businesses with a low to moderate risk rating (95 per cent), 5 per cent of the loans were approved to businesses with a high to severe risk rating. These loans were issued at a specific point in time to provide support to businesses and stimulate the economy. QRIDA is regularly monitoring them to assess their recoverability.

The rapid expansion exposed weaknesses in internal controls

In order to assess, process, and pay the increased volume of loans and grants, QRIDA needed to scale up its workforce in 2020 (when it delivered the COVID-19 Jobs Support Loan Scheme). Temporary employees were rapidly recruited and trained to meet program demands, with the workforce increasing to 201 full-time equivalent (FTE – the number of staff, measured in terms of what proportion of full-time hours they work) employees as at 30 June 2020 (from 118 as at 30 June 2019).

After the COVID-19 Jobs Support Loan Scheme was closed in September 2020, QRIDA was also delegated the responsibility for administering the Small Business COVID-19 Adaption Grant Program (SBAG). This resulted in a significant increase in the number of grants/loans being processed during the 2020–21 financial year despite a slight decrease in FTE employee numbers available to process grant and loan applications (189 FTE employees as at 30 June 2021). This is shown in Figure 3C.



Source: Compiled from QRIDA board reporting.

While QRIDA provided training to employees during this period of rapid expansion, it did not adhere to some policies and procedures. In addition, the systems and processes (internal controls) it had in place, which were appropriate for a smaller entity, were not adapted as the size, complexity, and risk of the entity increased.



After this surge period, as part of our 2020–21 financial audit, we identified 10 internal control deficiencies (which is when internal controls are either ineffective or missing), of which 5 were deemed significant (of higher risk, requiring immediate action by management). These related to the following:

- We found a lack of documentation supporting a merit-based appointment process. Conflict of interest declarations had not been completed by recruitment panel members, and people were appointed who were closely related to existing employees.
- One contract was not approved in line with the QRIDA procurement policy, and there was no evidence of adequate conflict of interest declarations being undertaken. This increases the risk of inappropriate contracts being entered into and value for money not being obtained.
- Grant applications were approved by staff for amounts that exceeded the amount they were allowed to approve. Approvals are processed manually, which can lead to mistakes or lack of compliance. (An automated workflow system would enforce compliance with approved thresholds.)
- Access to supplier information was not appropriately restricted, and there was no evidence of independent review of changes to supplier information, increasing the risk of errors or fraud occurring and not being detected.
- Payment files were not encrypted or password protected prior to payment. This increases the risk of fraudulent payments, as it allows an opportunity for users to make unauthorised changes.

Since we completed our audit, QRIDA has implemented our recommendations for 8 of the 10 control deficiencies, and is working to resolve the remaining one significant control deficiency and one control deficiency.

QRIDA has identified learnings from the COVID-19 Jobs Support Loan Scheme and is in the process of implementing improved practices to alleviate the pressure put on the entity during future surge periods.

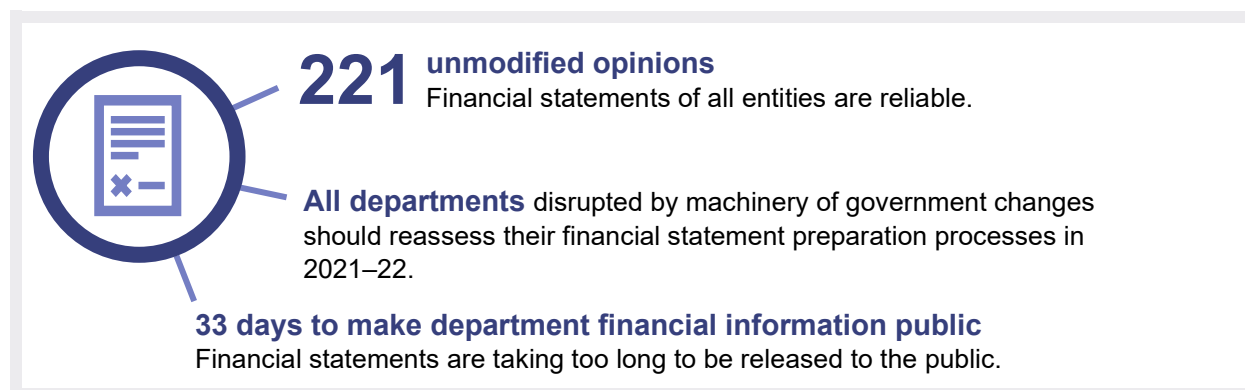
As the government wants to respond quickly to the challenges faced by the community and support businesses in the pandemic, administrators and program owners must ensure that controls can adapt to changes in the nature and volume of services they deliver.



4. Results of our audits

This chapter provides an overview of the audit opinions we issued for Queensland state government entities. It also looks at the time taken to table annual reports and make financial statements available to the Queensland community.

Chapter snapshot



Audit opinion results

DEFINITION

We express an **unmodified opinion** when financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards.

We issued unmodified opinions for 96 per cent of the 2020–21 financial statements we audited (2019–20: 95 per cent) as at 31 December 2021. All the departments, government owned corporations, and most of the statutory bodies received unmodified audit opinions, which indicates the results reported in their financial statements can be relied upon. Most entities (89 per cent) reported their results within their legislative deadlines. [Appendix E](#) provides detail about the audit opinions we issued for the 229 entities in 2021.

Figure 4A
Audit opinions issued for Queensland state public sector entities for 2020–21

Entity type	Unmodified opinions	Modified opinions	Opinions not yet issued
Departments and entities they control (controlled entities)	39	–	1
Government owned corporations and controlled entities	15	–	–
Statutory bodies and controlled entities	120	8	6
Jointly controlled entities	35	–	2
Entities audited by arrangement	12	–	–
Total	221	8	9

Source: Queensland Audit Office.

We included an emphasis of matter in our audit reports on 44 financial statements (2019–20: 40).

DEFINITION

We include an **emphasis of matter** to highlight an issue of which we believe the users of the financial statements need to be aware. The inclusion of an emphasis of matter paragraph does not change the audit opinion.

We did this to highlight that:

- only certain accounting standards were used in the preparation of 35 reports, and these reports were not intended for other users
- 6 entities face uncertainty as to whether they will be able to pay their debts as and when they fall due
- 6 entities had been dissolved.

Modified audit opinions

We issued 8 modified opinions in 2020–21 (2019–20: 11).

DEFINITION

We express a **modified opinion** when financial statements do not comply with the relevant legislative requirements and Australian accounting standards and as a result, are not accurate and reliable.

These included 3 disclaimers (meaning the financial statements cannot be relied on) and 5 qualified opinions (issued when the financial statements are fairly presented, with the exception of a specified area).

The disclaimers were for small water authorities; while the qualified opinions were for a hospital foundation, a development authority, and 3 other small water authorities.

The qualified opinions relate to incorrect valuation of property, plant and equipment; inability to confirm the accuracy and completeness of 2019–20 revenue disclosed in a 2020–21 financial report; inability to confirm receivables (amounts owed by a debtor) are fully collectible; and inability to reliably estimate how much will be recovered from prior year loans disclosed in a 2020–21 financial report.

Opinions not yet issued

[Appendix I](#) lists those entities whose audits are not yet complete. Most of these are water boards or authorities and river improvement trusts that did not meet the legislative deadline of 31 August.

Finalisation of overdue financial statements

We also issued 7 of the 24 audit opinions for financial statements from prior years that were outstanding as at 31 October 2020. The remaining 17 continued to be outstanding as at 31 December 2021. Of these, 2 water authorities are outstanding since 2015–16, one river improvement trust is outstanding since 2016–17, and another river improvement trust is outstanding since 2017–18.

The 7 audit opinions we issued included a disclaimed opinion on a small water board, relating to the valuation of property, plant and equipment, and the basis of financial statement preparation. [Appendix J](#) provides details about these audit opinions.



Other audit certifications

[Appendix F](#) lists the other audit and assurance opinions we issued. Six audits provided assurance to Queensland state entities that controls were operating at shared service providers – who process transactions on their behalf.

Two audits fulfilled reporting requirements for national disaster relief and recovery funding arrangements, one covered payment made to local governments by the state government, and 2 fulfilled reporting requirements for a department's financial statements.

We also provided assurance over Australian financial services licences.

Entities exempted from audit by the Auditor-General

This year, 6 Queensland state government entities were exempted from audit by the Auditor-General (2019–20: 6). This occurs where the Auditor-General deems an entity to be small and of low risk to the Queensland Government as a whole. Exempt entities are still required to engage an appropriately qualified person to audit their financial statements. [Appendix G](#) lists the entities, and the reasons for their exemptions.

Entities not preparing financial statements

Not all Queensland public sector entities produce financial statements. This year, 145 entities were not required, either by legislation or the accounting standards, to prepare financial statements (2019–20: 140). We have identified them in [Appendix H](#).

Departmental financial statement preparation processes will need to be revisited

Departments affected by machinery of government changes have had their financial statement preparation processes disrupted this year. Our report last year recommended they revisit their processes to align them with their new operating structures, but some departments were not able to do this in 2020–21 as employee and system changes were still being finalised.

We will reassess financial statement maturity in 2021–22 to see how departments have adapted their financial statement processes, and what progress has been made on addressing previous recommendations. [Appendix C](#) provides the full recommendation and status as at 30 June 2021.

Almost all annual reports tabled in the last week of September, or after the legislative deadline

Queensland public sector entities have made continuous improvements to their financial reporting processes. This has resulted in most financial statements being signed well before the legislative deadline – on average, 25 August 2021 for departments and statutory bodies (excluding category 2 water boards, river improvement trusts and drainage boards due to their small size). However, in 2020–21, financial statements for these entities were published an average of 56 days after they were certified, with 98 per cent of annual reports tabled in the last week of September 2021 or after the legislative deadline.

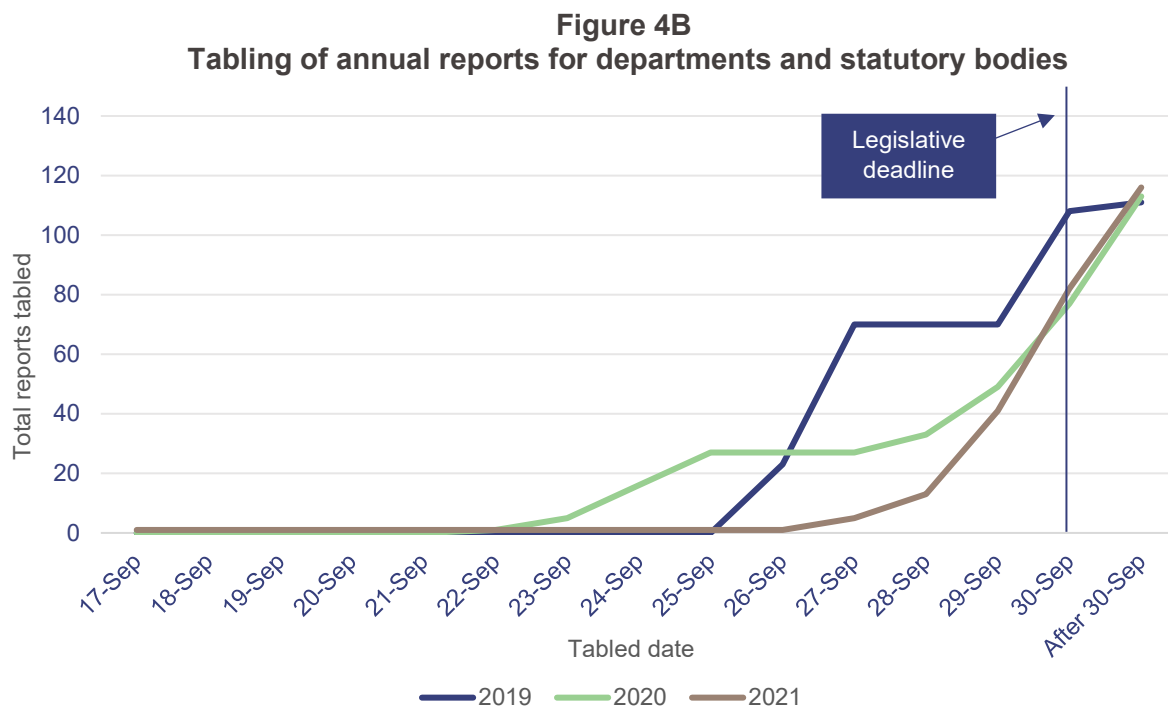
This delay of well over a month in releasing information is not consistent with the community's expectations of timeliness and transparency in government, especially at a time of increased demand for services and declining financial performance arising from the COVID-19 pandemic.

This delay arises for departments and statutory bodies because ministers are required by legislation to table the annual reports of these entities – including their financial statements – in parliament within 3 months of the end of the financial year. Until they do this, departments and statutory bodies are not able to publish their financial information.



Ministers often receive all annual reports for their portfolio at the same time, after they have been reviewed by their department. This review process ensures all annual reports comply with the annual report requirements. This is in addition to the letter of compliance and compliance checklist provided by each entity within the portfolio. It also allows the department to provide a brief to the minister on the activities and results of the portfolio. This means that any entities who sign their financial statements and prepare their annual reports earlier must wait until all annual reports in the same portfolio have been received and reviewed by the department. They are then provided to the minister and tabled together.

In 2019–20, we recommended ministers and central agencies explore opportunities for releasing audited financial statements of public sector entities in a more timely way, given we sign these statements by 31 August. Although Queensland Treasury encouraged chief finance officers to table their 2020–21 annual reports at their earliest opportunity, the process and deadline for tabling annual reports have not changed. Figure 4B shows that across the last 3 years, the timeliness of tabling reports for departments and statutory bodies has reduced.



Notes: This figure excludes category 2 water boards, river improvement trusts and drainage boards due to their small size. Most annual reports tabled after the legislative deadline of 30 September relate to the health portfolio and this is explored further in Figure 4C.

Source: Queensland Audit Office.

These delays result in information becoming less relevant and reliable as time moves on, reducing the ability of parliament and the public to meaningfully assess the financial performance of public sector entities. The delays can also mean events occur that require the financial statements to be reassessed, as our professional auditing obligations require our audit to continue until the financial statements are publicly available.

Just as entities have continuously improved their financial statement processes, action is required by entities and ministers to streamline the process for publishing financial statements and improve the timely release of information. This could include changing departmental processes so annual reports are provided to the minister progressively, and legislative change to specify the maximum number of days between financial statement certification and tabling.

Recommendation for departments and relevant ministers

Improve timeliness of financial statements being made publicly available (REC 2)

Departments and their ministers should explore opportunities for releasing the audited financial statements of public sector entities in a more timely way. This could involve departments progressively providing annual reports to the minister, instead of waiting to provide all annual reports in the portfolio at the same time.

Queensland Treasury should consider legislative change to specify the maximum number of days between financial statement certification and tabling. This is the case for Queensland local governments, which must table their annual reports in council within one month of certifying their financial statements. Alternatively, the annual reports for abolished state government entities must be tabled within 14 days of being provided to the minister.

[Appendix C](#) provides the recommendation made in *State entities 2020* (Report 13: 2020–21), and status as at 30 June 2021.

Delays in tabling annual reports in the health portfolio

A minister may extend the period for tabling an annual report beyond the legislative deadline, as the Minister for Health and Ambulance Services has done for 3 of the last 4 years. The *Financial Accountability Handbook* published by Queensland Treasury indicates this should only occur in exceptional circumstances, but does not provide any guidance or examples of what an exceptional circumstance might be. We would expect this would only occur when external events impact the entity's preparation of the annual report so that it cannot be tabled in parliament within the legislative deadline.

Recommendation to central agencies

Provide guidance on the exceptional circumstances that may result in a minister extending the tabling of an annual report beyond the legislative deadline (REC 3)

Department of the Premier and Cabinet and Queensland Treasury should update accountability requirements to provide clear and consistent guidance on the exceptional circumstances that are likely to require a minister to extend the tabling of an annual report beyond the legislative deadline. This should include examples of exceptional circumstances that impact on the preparation of the annual report. This may be included in the *Annual report requirements for Queensland Government agencies* published by the Department of the Premier and Cabinet and/or the *Financial Accountability Handbook* published by Queensland Treasury.

Delays in tabling annual reports in the health portfolio are explored further in Case study 1 (Figure 4C).

Figure 4C
Case study 1

Delays in tabling annual reports in the health portfolio

For 3 of the last 4 years, the minister has extended the tabling of annual reports for the health portfolio beyond the legislative deadline. For each of these years, all annual financial statements were certified on time, and most annual reports were prepared within the legislative deadline. It is the department's practice to provide the annual reports for all hospital and health services to the minister at the same time. This practice has contributed to delays in tabling annual reports that were prepared well before the legislative deadline.

In 2020–21, the ministerial portfolio for health and ambulance services included 34 entities that publish audited financial statements. *Health 2021* (Report 12: 2021–22) found that the short-term financial position of the sector has improved but the hospital and health services face increasing demand and a workforce that is under significant pressure. Any delay in public reporting prevents users from assessing these entities' financial performance and their ability to support the wellbeing of Queensland communities by providing accessible healthcare for the state.

The events impacting the health portfolio, with our analysis of annual report preparation and tabling for the Department of Health and the 16 hospital and health services (HHSs), are summarised in the table below.

Annual report tabling in the health portfolio 2018–2021

2017–18	<ul style="list-style-type: none"> All audited financial statements certified by 31 August All annual reports were dated as being prepared* prior to the legislative deadline, except for one HHS's annual report that was not dated The Department of Health's annual report was tabled on 28 September 2018, but the tabling of 16 HHSs' annual reports was delayed until 24 October 2018 Significant health legislation was introduced by the minister on 25 October 2018 On average, 50 days between annual report preparation* and tabling, with tabling on average 56 days after we certified the financial statements
2018–19	<ul style="list-style-type: none"> All audited financial statements certified by 31 August All annual reports prepared* and tabled by 30 September On average, 23 days between annual report preparation* and tabling, with tabling on average 30 days after we certified the financial statements
2019–20	<ul style="list-style-type: none"> COVID-19 pandemic declared in March 2020 All audited financial statements certified by 31 August Most annual reports were dated as being prepared* prior to the legislative deadline, except for one HHS (dated 13 October 2020) and the Department of Health (dated 1 December 2020), noting one HHS's annual report was not dated State election held on 31 October 2020 New Minister for Health and Ambulance Services appointed on 12 November 2020 All annual reports were tabled on 14 and 15 December 2020 On average, 96 days between annual report preparation* and tabling, with tabling on average 110 days after we certified the financial statements
2020–21	<ul style="list-style-type: none"> Ongoing challenges in responding to the COVID-19 pandemic, including the Indooroopilly cluster and associated lockdowns and restrictions that commenced on 31 July 2021 All audited financial statements certified by 31 August Most annual reports were dated as being prepared* prior to the legislative deadline, except for 2 HHSs (dated 1 and 4 November 2021) Extension for tabling annual reports of statutory bodies approved by the minister on 23 September 2021 following a recommendation from the Department of Health due to delays in receiving draft annual reports and staffing shortages within the department The Department of Health's annual report was tabled on 30 September 2021 The 16 HHSs' annual reports were provided to the minister on 2 December 2021 and tabled on 13 December 2021 On average, 86 days between annual report preparation* and tabling, with tabling on average 103 days after we certified the financial statements

Note: *The annual report preparation date is taken to be the date the annual report letter of compliance is signed by the director-general or chair of the board, indicating approval of the final copy of the annual report for submission to the minister for tabling in parliament.

Source: Prepared by the Queensland Audit Office.



The minister's role in annual reports is not consistently defined

Ministers are accountable to parliament for the administration of their departments, and for statutory bodies established under the legislation they administer. While a minister's specific responsibilities for entities within the ministerial portfolio may vary, the minister is required to table all annual reports within their portfolio in parliament. The role of the minister in doing this is not clearly and consistently defined in accountability requirements. The different requirements are outlined in [Appendix K](#) and include the:

- *Financial Accountability Act 2009*
- Financial and Performance Management Standard 2019
- *Annual report requirements for Queensland Government agencies* published by the Department of the Premier and Cabinet
- *Financial Accountability Handbook* published by Queensland Treasury.

Most consistently, the accountable officer or statutory body is required to approve the annual report, while the minister is required to table the annual report in parliament. The *Financial Accountability Handbook* is the only document that refers to ministers reviewing the annual reports, but the nature or purpose of the review is not defined. The annual report guidelines do not refer to the minister reviewing or approving annual reports prior to tabling.

Clarifying the minister's role in tabling annual reports will help to inform the time required by the minister between receiving an entity's annual report and tabling it in parliament.

Recommendation for central agencies

Update accountability requirements to provide clarity and consistency on the minister's role in relation to annual reports (REC 4)

Department of the Premier and Cabinet and Queensland Treasury should review accountability requirements to ensure they provide clarity and consistency on the minister's role in relation to annual reports. This should be aligned with the minister's responsibilities for the portfolio, and support the timely release of information.



5. Internal controls at state entities

Internal controls are the people, systems, and processes that ensure an entity can achieve its objectives, prepare reliable financial reports, and comply with applicable laws. Features of an effective internal control framework include:

- strong governance that promotes accountability and supports strategic and operational objectives
- secure information systems that maintain data integrity
- robust policies and procedures, including appropriate financial delegations
- regular monitoring and internal audit reviews.

This chapter reports on the effectiveness of state entities' internal controls and provides areas of focus for entities to improve their internal controls. While we concentrate mainly on large departments, we have identified common issues that all entities should consider.

When we identify weaknesses in the controls, we categorise them as either deficiencies or significant deficiencies.

DEFINITION

A **deficiency** arises when internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.

A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal controls that requires immediate remedial action.

Chapter snapshot

3 significant deficiencies

relating to maintenance of supplier details raised with core departments during the year (9 in 2019–20).

Most prior year issues have been resolved.



75 deficiencies

mostly relating to information systems, payroll controls, and procurement processes raised with core departments during the year (79 in 2019–20).

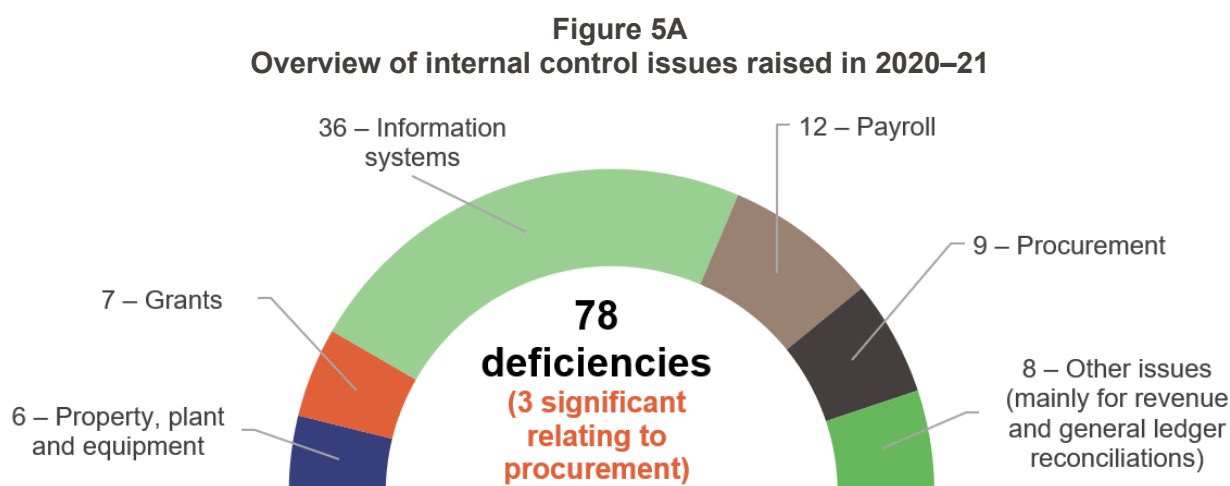
Common weaknesses continue and entities need to take action.

Internal controls are generally effective, but common weaknesses continue

We assess whether the internal controls used by entities to prepare financial statements are reliable and we report any deficiencies in their design or operation to management for action.

Overall, we found the internal controls that entities have in place are generally effective, but can be improved. We identified and reported less deficiencies to departments this year than we did last year but the same common weaknesses arose as last year. Entities need to ensure they have established appropriate internal controls to address these.

Figure 5A shows the types of deficiencies we identified at departments.



Source: Queensland Audit Office.

We have received responses from each entity on planned corrective action for the internal control issues raised. We are satisfied with the responses and proposed implementation time frames.

Of the 78 deficiencies raised, 29 have been resolved, and work is underway to address the remaining 49.

Information systems need to be protected from external attacks

The most common control issue we reported to departments this year related to weaknesses in information systems. This is consistent with last year.

These systems are used to deliver public services and prepare financial statements, so there must be strong controls over who has access to them and the information they contain. Weaknesses in these systems increase the risk of undetected errors or financial loss, including fraud.

Most weaknesses in information systems occur because entities do not have well established processes to promptly update their systems. The control weaknesses we identified mainly related to:

- staff access to systems not being restricted to the minimum required to perform their job
- access not being updated when people left the department or changed their responsibilities within the department
- the activities of users with privileged access (allowing them to access sensitive data and create and configure within the system) not being monitored
- the security configuration not being kept up to date with the entity's latest security policy or better practices.

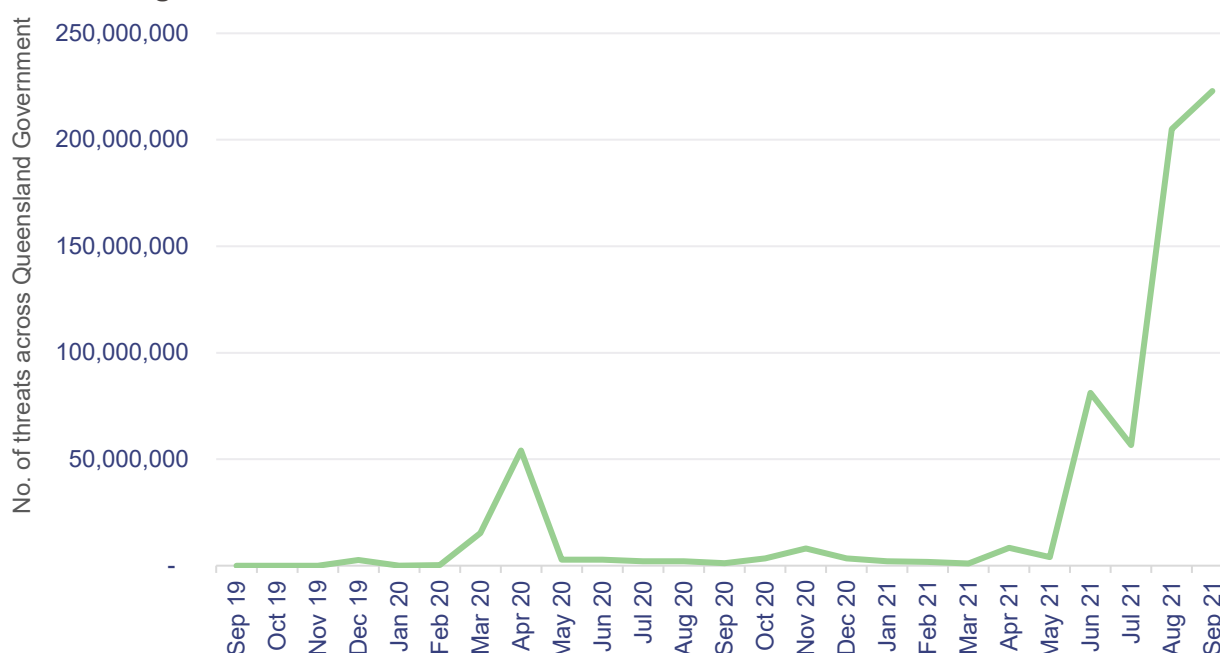
Since the start of the COVID-19 pandemic, cyber threats have intensified in frequency and sophistication. This makes it even more important that organisations promptly fix any weaknesses in their systems.

This year, there has also been a significant increase in malware (malicious software intended to create damage to a computer, network, or server) threats. From June to September 2021, the number of malware threats increased significantly, as shown in Figure 5B.

This is consistent with the Australian Cyber Security Centre *ACSC Annual Cyber Threat Report 2020–21*, which noted a 15 per cent increase in ransomware cyber crime (malware that blocks access to a device and data until the owner pays a ransom fee) reported to its ReportCyber website since 2019–20.



Figure 5B
Significant and sustained increase in malware threats since June 2021



Source: CITEC through whole-of-government internet gateway monitoring.

We recommend all entities continue to act on the recommendation from our report last year to strengthen the security of their information systems. [Appendix C](#) provides the full recommendation and status as at 30 June 2021.

Departmental controls need to be stronger when a shared service provider is used

Most of the departments use a shared service provider to provide a range of payroll, accounts payable, and information technology infrastructure services. While the shared service provider processes transactions on behalf of departments, departments are responsible for ensuring they have complementary controls in place that are operating effectively.

DEFINITION

Complementary controls are for when the transaction is initiated within the department (for example, by ensuring supporting documentation is accurately completed and approved by someone with appropriate financial authority) and after a transaction is processed by the shared service provider (for example, by having department employees check reports for errors or fraud).

We continue to identify weaknesses in complementary controls at departments relating to independently checking changes to supplier details and having effective controls over payroll.

Independent checks of changes to supplier details

Fraudsters continue to target the Queensland public sector. Scams often involve emails requesting fraudulent changes to bank account details for suppliers. To help prevent this, agencies must ensure they check all requests to change supplier bank account details using an independent source. Ways to do this include contacting the supplier directly using contact details that have been sourced independently, such as from the company website or white pages.

We observed that some entities relied on the shared service provider to confirm the change using an independent source. However, when the shared service provider was not able to do this within the agreed time frame, the change was referred back to the entities, who approved it without independent verification. This significantly increases the risk of fraud.

In our 2020 report, *State entities 2020* (Report 13: 2020–21), we reported a lack of independent checking of changes to supplier details. Not all entities have fully addressed this recommendation, and we continue to identify significant deficiencies in this area. This recommendation applies whether suppliers' details are updated by the department or a shared service provider, with all department employees needing to understand their responsibility for approving changes to supplier details. [Appendix C](#) provides the full recommendation and status as at 30 June 2021.

Payroll controls

Complementary payroll controls assist departments to ensure the employee payments processed by the shared service provider are valid and accurate. We identified the following common deficiencies:

- instances where departments did not review payroll reports
- inconsistencies between the supporting documentation completed and the requirements outlined in internal policies and procedures for processing of employee terminations
- inconsistent approval and lack of evidence of employee overtime across business areas.

In some cases, these control weaknesses resulted in overpayments to employees. Without effective review of key payroll reports and consistencies in processing, approving, and monitoring of employee payroll transactions, there is an increased risk that errors, or fraudulent transactions such as invalid payments for termination, overtime, or allowances, will not be detected.

We recommend all entities continue to promptly review payroll monitoring reports, particularly those entities with significant employee movements after machinery of government changes, as recommended in last year's audit report. [Appendix C](#) provides the full recommendation and status as at 30 June 2021.

Recommendation for all entities

Ensure consistent payroll processes are implemented (REC 5)

In addition to our recommendation from 2020–21 to promptly review payroll reports, we also recommend entities:

- provide staff with internal policies and manuals that outline payroll processes
- ensure staff consistently comply with these, particularly for processes such as employee terminations and approval of employee overtime.

Financial delegations in grants management need to be reviewed

The *Financial Accountability Act 2009* and the *Financial Accountability Handbook* require financial approval to rest with the director-general or their delegate (a public service employee). We identified deficiencies in a department's financial delegations, where the minister was granted a financial delegation to approve payments.

In our report, *Awarding of sports grants* (Report 6: 2020–21), we reported about the minister's role in the grant process. The minister may be involved in the process to provide approval to start a grant program, give feedback on the design of the program, and ensure the department's operations are aligned with government policy. However, all grants require financial approval from the director-general or their delegate.

We also identified deficiencies across departments where grant expenditure had been approved by officers who did not have the delegation to approve that much expenditure. When this occurs, it increases the risk of grants being inappropriately approved and unauthorised grant payments being processed by departments.

Recommendation for all entities

Review appropriateness of financial delegations and of controls in place to prevent unauthorised grant approvals (REC 6)

Departments should review their delegations and ensure all financial authority rests with the director-general or their delegate.

Entities should ensure staff understand their roles, responsibilities, and assigned financial delegations, and should ensure enough controls are in place to prevent grants being approved by staff who do not hold delegations with high enough financial limits.

Improvements need to be made to procurement policies and manuals

We identified weaknesses in procurement policies and manuals across departments where the policies did not provide enough guidance on key decisions and documentation requirements in the procurement process.

Without consistent guidance in place, there is a risk that procurement decisions may not be appropriately justified and may deliver poor value-for-money outcomes. An example of this is existing contracts being extended without going back to market to see if the arrangement remains the best value outcome for the department.

Entities should ensure their procurement policies and manuals give clear guidance on how to make contract decisions, including on the documentation that needs to be maintained to demonstrate the process undertaken and the decisions made.

Recommendation for all entities

Review procurement policies and manuals (REC 7)

Entities should review their procurement policies and manuals to ensure they give clear guidance for staff to follow when making procurement decisions. The policies and manuals should also specify what documentation staff should maintain to record the process and decisions.

Internal controls assessment tools

We are developing new assessment tools for internal controls relevant to public sector entities. They will provide entities with greater insight into the strength of their internal control processes.

These tools focus on asset management, change management, culture, governance, grants management, information systems, monitoring, procure-to-pay (the whole procurement process), record keeping, and risk management.

We are currently consulting with our clients on these tools and intend to begin using them in our audits from 2021–22. Our reporting on control deficiencies will not change.



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A. Full responses from entities

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the:

- Director-General, Department of the Premier and Cabinet
- Under Treasurer, Queensland Treasury.

We also provided a copy of the report, with the option of providing a response, to:

- Premier and Minister for the Olympics
- Treasurer and Minister for Trade and Investment
- Minister for Health and Ambulance Services
- Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities
- Chief Executive Officer, Queensland Rural and Industry Development Authority
- accountable officers of core departments.

This appendix contains the detailed responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.



Comments received from Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities



The Hon Mark Furner MP
Minister for Agricultural Industry Development and Fisheries
and Minister for Rural Communities

Our ref: CTS 04143/22

31/03/2022

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Mr Brendan Worrall
Auditor-General
Queensland Audit Office
qao@qao.qld.gov.au

Dear Mr Worrall

Thank you for your email of 15 March 2022 regarding your report *State Entities 2021*.

Your report provides important lessons on striving for greater transparency within Government and protecting public value during times of organisational change. The Department of Agriculture and Fisheries is supportive of the recommendations in your report.

In 2021, the Queensland Audit Office (QAO) found that rapid expansion in the Queensland Rural Industry and Development Authority (QRIDA) during administration of the COVID-19 Job Support Loans Scheme had resulted in a breakdown of some of its internal controls.

The State Entities 2021 report states that QRIDA has addressed six of the ten control deficiencies identified. I have been briefed that this is incorrect, and that eight deficiencies have now been addressed. I understand QAO and QRIDA have resolved this issue at officer level. QRIDA continues to work to address the remaining two control deficiencies.

Thank you for your organisation's insights into these matters. I have no further suggested changes to the report.

If your office requires further information, please contact [REDACTED]

Yours sincerely

MARK FURNER MP
Minister for Agricultural Industry Development and Fisheries and
Minister for Rural Communities



Comments received from Minister for Health and Ambulance Services



Hon Yvette D'Ath MP
Minister for Health and Ambulance Services
Leader of the House

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C-ECTF-22/5147

6 APR 2022

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
Level 14, 53 Albert Street
BRISBANE QLD 4000

Email: gao@gao.qld.gov.au

Dear Mr Worrall

Thank you for your email dated 15 March 2022, in relation to Queensland Audit Office's (QAO) proposed report to Parliament titled 'State entities 2021'.

I acknowledge receipt of the report and the contents proposed to be included in this report. I am responding on behalf of Queensland Health and all its entities and welcome the opportunity to do so.

I would like to note that Queensland Health has provided detailed feedback in December 2021 into the 'Health 2021' report to Parliament tabled by QAO, which comprehensively addresses the Health portfolio. It is pleasing to see that no new matters or recommendations are raised as part of the 'State entities 2021' report.

Noted below is our response to matters raised in the proposed report directly pertaining to the Health portfolio.

- **Recommendation 2: Improve timeliness of financial statements being made publicly available (departments and relevant ministers); and**
- **Recommendation 3: Provide guidance on the exceptional circumstances that may result in a minister extending the tabling of an annual report beyond the legislative deadline (central agencies).**

The QAO's recommendation that Departments and their Ministers should explore opportunities for releasing the audited financial statements of public sector entities in a more timely way is noted. I would like it noted that annual reports contain a diversity of information beyond the audited financial statements. While financial statements may be suitable for release as soon as they are certified on or by 31 August 2022, the remainder of the annual report requires a detailed review for consistency with those financial statements, and a final check against whole of government and legislative requirements as well as a final quality assurance check, before progressing to the Minister to table by the end of September.


The QAO's recommendation that annual reports are provided progressively to the Minister as a way of improving timeliness is noted. However, such an approach may not necessarily alleviate the time and resourcing pressure on the Minister's Office to review all reports for approval to table in the Legislative Assembly within a short period of time in the second half of September.

Queensland Health supports QAO's Recommendation 3, that the Department of the Premier and Cabinet and Queensland Treasury provide guidance on the exceptional circumstances that may result in a Minister extending the tabling of an annual report beyond the legislative deadline.

Thank you again for seeking my comments. Should you require any further information in relation to this matter, I have arranged for

to be available to assist you.

Yours sincerely



YVETTE D'ATH MP
Minister for Health and Ambulance Services
Leader of the House



Comments received from Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: 01022-2022
Your Ref: PRJ02738

Mr Brendan Worrall
Auditor-General
Queensland Audit Office

Email: QAO.Mail@qao.qld.gov.au

Dear Mr Worrall

Thank you for your email of 15 March 2022 enclosing the draft report to Parliament *State Entities 2021*.

I appreciate the opportunity to comment on your report before its tabling.

In relation to recommendation 1, *advise on machinery of government changes, set performance measures, and monitor costs*, the Department of the Premier and Cabinet will address this recommendation in their response to the report.

In relation to recommendation 2, *improve timeliness of financial statements being made publicly available*, Treasury undertakes to communicate with Directors-General encouraging them to table all departmental and statutory authorities and bodies' annual reports at the earliest opportunity rather than waiting for the legislative deadline of 30 September.

In relation to recommendation 3, *provide guidance on the exceptional circumstance that may result in a minister extending the tabling of an annual report beyond the legislative deadline*, Treasury is available to provide officer level assistance to support agencies in understanding requirements for extending the tabling of annual reports. Relevant Treasury contact details are included in each Volume of the *Financial Accountability Handbook*.

In relation to recommendation 4, *update accountability requirements to provide clarity and consistency on the minister's role in relation to annual reports*, Treasury undertakes to consider this as part of our regular quality assurance reviews of our accountability reference tools to ensure there is consistency regarding the requirements for annual reports.

If you require any further information, please contact

[Redacted] who will be pleased to assist.

Yours sincerely

A handwritten signature in black ink, appearing to read "Leon Allen", written over a horizontal line.

Leon Allen
Under Treasurer

7/4/2022

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

For reply please quote: ECP/IMK – TF/22/6384 – DOC/22/53436

Mr Brendan Worrall
Auditor-General
qao@qao.qld.gov.au



Department of the
Premier and Cabinet

Dear Mr Worrall

Thank you for your letter of 16 March 2022 concerning the Queensland Audit Office's draft State Entities 2021 Report and the Department of Premier and Cabinet's (DPC) response to the proposed recommendations within the report.

DPC appreciates the role that the performance audit plays in supporting the effective, efficient, and appropriate delivery of public services in Queensland.

In relation to the recommendations that are relevant to DPC, the department agrees in principle with Recommendation 1 on Machinery of Government (MoG) changes. MoG change decisions are generally made within days from the date the outcome of an election becomes clear. Advice will be provided on the impacts of implementing the proposed MoG changes to support these decisions.

Lessons learnt from MoG changes following the 2017 State election informed the development of a new *Framework to support preparations and implementation of machinery of government changes*, which was applied following the 2020 State election. The framework identified a 90-day window of finalising MoG resourcing decisions, which was achieved.

I am supportive in-principle of Recommendations 3 and 4. DPC will review the *Annual Report Requirements for Queensland Government Agencies (ARRs)* to ensure that officer level consultation is enhanced. DPC advises that the Minister's role in relation to annual reports outlined in the ARR is clear and consistent with the requirements of the *Financial Accountability Act 2009* and *Financial and Performance Management Standard 2019*. DPC undertakes an annual review of the ARR to ensure it reflects current reporting requirements.

Enclosed with this letter is the DPC response to the recommendations made in the draft report.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Mark Cridland'.

Mark Cridland
Acting Director-General

4 / 4 / 22

*Encl

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Reponses to recommendations



Department of the Premier and Cabinet

State entities 2021

Response to recommendations provided by Mark Cridland, A/Director-General, Department of the Premier and Cabinet on 4 April 2022

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>1. Advise on machinery of government changes, set performance measures, and monitor costs</p> <p>We recommend Department of the Premier and Cabinet and Queensland Treasury take the following action for future government restructures:</p> <ul style="list-style-type: none"> Provide advice to the incoming or returning government on potential impacts of restructures, including the key risks to be managed and estimated costs to implement, drawing on lessons learnt from past machinery of government changes. Require departments to articulate, measure and report on the benefits to be achieved from the machinery of government change and the cost to implement the restructure. This should include guidance on how to measure and report benefits and costs. 	Support in principle	Qtr 2 2024/25 following the 2024 state election	<ul style="list-style-type: none"> Under section 43 of the <i>Constitution of Queensland 2001</i> the Governor, by proclamation, may declare the offices to which persons may be appointed as Ministers of the State. The Governor acts on the advice of the Premier or Premier elect. It is a matter for the Premier or Premier elect to determine Ministers and their administrative responsibilities. This is common across all Australian jurisdictions. Machinery of Government (MoG) change decisions are generally made within days from the date the outcome of an election becomes clear. Advice will be provided on the impacts of implementing the proposed MoG changes to support these decisions. Lessons learnt from MoG changes implemented after the 2017 State election informed the development of a new <i>Framework to support preparations and implementation of machinery of government changes</i>, which was applied following the 2020 State election. The framework sought to address previously identified issues raised by agencies, including: <ul style="list-style-type: none"> outlining the agreed principles to govern the MoG process providing clarity around resource distribution negotiations



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
			<ul style="list-style-type: none"> - confirming governance arrangements and key decision making processes - clarifying agency and Public Service Commission roles in supporting effective MOG changes <p>The framework identified a 90 day window of finalising MoG resourcing decisions, which was achieved.</p>
<p>3. Provide guidance on the exceptional circumstances that may result in a minister extending the tabling of an annual report beyond the legislative deadline</p> <p>Department of the Premier and Cabinet and Queensland Treasury should update accountability requirements to provide clear and consistent guidance on the exceptional circumstances that are likely to require a minister to extend the tabling of an annual report beyond the legislative deadline. This should include examples of exceptional circumstances that impact on the preparation of the annual report. This may be included in the Annual report requirements for Queensland Government agencies published by the Department of the Premier and Cabinet and / or the Financial Accountability Handbook published by Queensland Treasury.</p>	Support in principle	Qtr 4, 2021-22	To support agencies in determining the exceptional circumstances to extend tabling beyond the legislative timeframe, DPC will review the <i>Annual Report Requirements for Queensland Government Agencies</i> to include appropriate DPC and QT contact details so that officer level consultation can be enhanced, and advice provided, prior to the Minister providing the extension, if it is determined to be required.
<p>4. Update accountability requirements to provide clarity and consistency on the minister's role in relation to annual reports</p> <p>Department of the Premier and Cabinet and Queensland Treasury should review accountability requirements to ensure they provide clarity and consistency on the minister's role in relation to annual reports. This should be aligned with the minister's responsibilities for the portfolio, and support the timely release of information.</p>	Support in principle	Qtr 4, 2021-22	The Minister's role in relation to annual reports as outlined in the <i>Annual Report Requirements for Queensland Government agencies (ARRs)</i> is clear and consistent with the requirements of the <i>Financial Accountability Act 2009</i> and <i>Financial and Performance Management Standard 2019</i> . DPC undertakes an annual review of the ARR's to ensure it reflects current reporting requirements.



Comments received from Director-General, Department of Children, Youth Justice and Multicultural Affairs



Office of the
Director-General

Department of
**Children, Youth Justice
and Multicultural Affairs**

Our reference: CYJMA 01112-2022

1 April 2022

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
gao@gao.qld.gov.au

Dear Mr Worrall

Thank you for providing the Department of Children, Youth Justice and Multicultural Affairs with a copy of the State Entities 2021 report (the report) to Parliament.

The department has reviewed the report and has noted the recommendations for all entities for 2020-21, as well as the status of recommendations made in the State Entities 2020 report.

If you require any further information or assistance in relation to this matter, please contact

I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read "D Mulkerin", written in a cursive style.

Deidre Mulkerin
Director-General

1 William Street
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Comments received from Director-General, Department of Education



Office of the
Director-General

Department of
Education

04 APR 2022

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
Email: qao@qao.qld.gov.au

Dear Mr Worrall

Thank you for your email dated 15 March 2021 enclosing a draft copy of your report titled *State entities 2021* for review prior to tabling in Parliament planned for April 2022.

I appreciate the opportunity to make comments and provide feedback. I note the content of the report and your recommendations which the Department of Education will assess and implement those recommendations specifically relevant to this agency. In particular, I support your comments relating to the cost and resource usage that stem from Machinery of Government changes across Government.

Any actions completed by central agencies in response to the recommendations will also be assessed by the department and implemented where relevant.

The department's Audit and Risk Management Committee will monitor any required actions to address the relevant recommendations.

Should your officers wish to discuss this matter further, I invite them to contact [REDACTED]

Yours sincerely

A blue ink handwritten signature that reads "MICHAEL DE'ATH".

MICHAEL DE'ATH
Director-General

Ref: 22/198269

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Comments received from Director-General, Department of Regional Development, Manufacturing and Water

Our ref: CTS 04196/22

Your ref: PRJ02738



5 APR 2022

Mr Brendan Worrell
Auditor-General
Queensland Audit Office
53 Albert Street
BRISBANE QLD 4000

Department of
**Regional Development,
Manufacturing and Water**

Email: qao@qao.qld.gov.au

Attention: Mr P Brahma, Assistant Auditor-General

BRENDAN

Dear Mr Worrell

Thank you for your email of 15 March 2022 regarding the proposed report to Parliament *State entities 2021*.

The Department of Regional Development, Manufacturing and Water (the department) supports the important work of the Queensland Audit Office (QAO) to improve the performance of Queensland Government agencies and has considered the recommendations proposed in the *State entities 2021* report.

The department is currently working through a number of improvements to processes and delegations, which will also consider the proposed recommendations identified for all entities. Further, the department will work with other state government entities to support the timely implementation of recommendations where they are relevant to the department.

If you require any further information, please contact [REDACTED]

who will be pleased to assist.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G Fraine'.

Graham Fraine
Director-General

1 William Street
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Comments received from Director-General, Department of Employment, Small Business and Training



Department of
Employment,
Small Business
and Training

Our ref: CIC-417

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
Email: gao@gao.qld.gov.au

Dear Mr Worrall

Thank you for your email dated 15 March 2022 regarding the State Entities 2021 proposed report to Parliament.

Following a review of the report, I accept its findings and recommendations and thank you for the opportunity to provide comment. The report provides useful information that the Department will use to focus on further strengthening internal controls, processes and timeliness of reporting.

Should you require any further information, please contact [REDACTED]

Yours sincerely

A handwritten signature in blue ink, appearing to read "Warwick Agnew".

Warwick Agnew
Director-General

05/04/2022

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B. Legislative context

Frameworks

State sector entities prepare their financial statements in accordance with the following legislative frameworks and reporting deadlines.

Figure B1
Legislative frameworks for the Queensland state public sector

Entity type	Legislative framework	Legislated deadline
Departments	<ul style="list-style-type: none"> • <i>Financial Accountability Act 2009</i> • Financial and Performance Management Standard 2019 	31 August 2021
Statutory bodies	<ul style="list-style-type: none"> • <i>Financial Accountability Act 2009</i> • Financial and Performance Management Standard 2019 • <i>Statutory Bodies Financial Arrangements Act 1982</i> • Each statutory body also has their own enabling legislation 	31 August 2021
Government owned corporations	<ul style="list-style-type: none"> • <i>Government Owned Corporations Act 1993</i> • Government Owned Corporations Regulations 2014 • <i>Corporations Act 2001</i> • Corporations Regulations 2001 	31 August 2021
Controlled entities that are companies	<ul style="list-style-type: none"> • <i>Corporations Act 2001</i> • Corporations Regulations 2001 	31 October 2021
Controlled entities that are charities and not-for-profits	<ul style="list-style-type: none"> • <i>Australian Charities and Not-for-profits Commission Act 2012</i> • Australian Charities and Not-for-profits Commission Regulation 2013 	31 December 2021*
Controlled entities that are trusts	<ul style="list-style-type: none"> • Trust deed 	As stipulated in the trust deed

Notes:

- Departments include those gazetted as departments under the *Public Service Act 2008* and those deemed to be departments under the *Financial Accountability Act 2009*.
- Controlled entity – an entity owned by one or more public sector entities.

Source: Queensland Audit Office.



Accountability requirements

The *Financial Accountability Act 2009* applicable to the state sector entities requires these entities to:

- achieve reasonable value for money by ensuring the operations of the entity 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 relevant legislation, including Australian accounting standards.

Queensland state government financial statements

Each year, Queensland state public sector entities must table their audited financial statements in parliament.

These financial statements are used by a broad range of parties including parliamentarians, taxpayers, employees, and users of government services. For these statements to be useful, the information reported must be relevant and accurate.

The Auditor-General's audit opinion on these entities' financial statements assures users that the statements are accurate and in accordance with relevant legislative requirements.

We express an *unmodified opinion* when the financial statements are prepared in accordance with the relevant legislative requirements and Australian accounting standards. We *modify* our audit opinion when financial statements do not comply with the relevant legislative requirements and Australian accounting standards and are not accurate and reliable.

There are 3 types of modified opinions:

- qualified opinion – the financial statements as a whole comply with relevant accounting standards and legislative requirements, with the exceptions noted in the opinion
- adverse opinion – the financial statements as a whole do not comply with relevant accounting standards and legislative requirements
- disclaimer of opinion – the auditor is unable to express an opinion as to whether the financial statements comply with relevant accounting standards and legislative requirements.

Sometimes we include an *emphasis of matter* in our audit reports to highlight an issue that will help users better understand the financial statements. It does not change the audit opinion.



C. Status of recommendations made in *State entities 2020* (Report 13: 2020–21)

In our report, *State entities 2020* (Report 13: 2020–21), we identified the following recommendations for Queensland state public sector entities. Entities need to take further action to resolve all of these recommendations.

Use recent financial statement preparation experiences, including responses to the COVID-19 pandemic, to identify improvements and plan for the year ahead (all entities)		Further action needs to be taken
REC 1	<p>We recommend all entities use their recent financial statement preparation experiences to update their initial self-assessment against the maturity model available on our website. This should include reflection on the process changes made in response to the COVID-19 pandemic, and planning early for the 2020–21 financial statements, given the uncertainty about what challenges the year ahead might bring. Where areas for improvement are identified, each entity should establish an implementation plan, with oversight by its audit committee.</p> <p>Where a machinery of government change has resulted in functions moving between departments, departments should conduct a review to align their financial statement preparation processes within the new department and reassess the maturity of those processes.</p>	<p>While some entities reassessed their processes, some that were impacted by machinery of government changes decided to undertake the assessment once employee and system changes had been finalised in 2021–22.</p>
Improve timeliness of financial statements being made publicly available (relevant ministers and central agencies)		Further action needs to be taken
REC 2	<p>We continue to encourage relevant ministers and central agencies to explore opportunities for releasing the audited financial statements of public sector entities in a more timely way. This could be by specifying the maximum number of days between financial statement certification and tabling (as has been done for Queensland local governments, with one month to table their annual report in council), or by allowing entities to publish financial statements on their websites prior to the tabling of their annual reports in parliament.</p>	<p>No change has been made to the requirements for publishing financial statements.</p> <p>The timeliness of publishing annual reports with audited financial statements has deteriorated over the last 2 years.</p>

Strengthen the security of information systems (all entities)		Further action needs to be taken
<p>REC 3</p>	<p>We recommend all entities strengthen the security of their information systems. They rely heavily on technology, and increasingly, they must be prepared for cyber attacks. Any unauthorised access could result in fraud or error, and significant reputational damage.</p> <p>Their workplace culture, through their people and processes, must emphasise strong security practices to provide a foundation for the security of information systems.</p> <p>Entities should:</p> <ul style="list-style-type: none"> • provide security training for employees so they understand the importance of maintaining strong information systems, and their roles in keeping them secure • assign employees only the minimum access required to perform their job, and ensure important stages of each process are not performed by the same person • regularly review user access to ensure it remains appropriate • monitor activities performed by employees with privileged access (allowing them to access sensitive data and create and configure within the system) to ensure they are appropriately approved • implement strong password practices and multifactor authentication (for example, a username and password, plus a code sent to a mobile), particularly for systems that record sensitive information • encrypt sensitive information to protect it • patch vulnerabilities in systems in a timely manner, as upgrades and solutions are made available by software providers to address known security weaknesses that could be exploited by external parties. <p>Entities should also self-assess against all of the recommendations in <i>Managing cyber security risks</i> (Report 3: 2019–20) to ensure their systems are appropriately secured.</p>	<p>While entities have mostly resolved the specific issues we reported to them, ongoing changes in people and systems means new control weaknesses continue to be identified.</p> <p>Entities need to be vigilant to maintain effective internal controls and protect systems from attack.</p>
Verify changes to supplier and employee information to prevent fraud (all entities)		Further action needs to be taken
<p>REC 4</p>	<p>We recommend all entities ensure requests to change employee and supplier bank account details are verified using independently sourced information and reviewed by a person who is not involved in processing the change.</p>	<p>We continue to identify significant control deficiencies in some entities that have not used independently sourced information to verify changes to supplier bank account details.</p> <p>We recommend all entities continue verifying changes to supplier bank account details using independently sourced information, including when responsibility for the check is shared between the entity and a shared service provider. A clear understanding of the role and responsibilities between the entity and the shared service provider should be documented and communicated to all employees.</p>



Promptly review employee payments (all entities)		Further action needs to be taken
REC 5	All entities need to ensure managers: have ready access to payroll reports that are easy to use and contain all required information; understand the importance of reviewing these reports in a timely manner each fortnight; and have a consistent and efficient process for documenting their review.	We continue to identify entities that have not reviewed payroll reports (at all or in a timely manner), particularly reports identifying exceptions and overtime anomalies.
Automate financial approvals and monitoring of internal controls (all entities)		Further action needs to be taken
REC 6	All entities need to ensure their systems and processes (internal controls) are set up so financial approval occurs correctly in the financial system. They also need to invest in tools that will promptly detect breakdowns in internal controls.	Entities with specific issues last year have enhanced the financial approval process, including using exception reports to identify transactions that are approved by an individual above their delegation limit. However, we continue to identify some entities where grant expenditure has been approved above financial delegation limits. We recommend entities ensure staff understand the assigned financial delegations and that sufficient monitoring controls are in place to prevent grants being approved by staff who do not hold delegations with high enough financial limits.
Ongoing compliance with financial accountability requirements following a machinery of government change (departments)		Further action needs to be taken
REC 7	When a machinery of government change occurs and functions move between departments, departments should promptly conduct a review to ensure consistency of fundamental processes (such as approvals) and compliance with the <i>Financial Accountability Act 2009</i> and the <i>Financial Accountability Handbook</i> .	Departments have resolved most immediate impacts of the machinery of government changes announced in November 2020. The review of fundamental processes has been identified by most as an activity that will be performed in 2022.

Where a general recommendation has been made for all entities to consider, we have assessed action on issues reported to specific entities in the prior year, as well as any further issues identified in the current year. On this basis, we have concluded whether *appropriate action has been taken* across the sector, or if *further action needs to be taken* to address the risk identified.

Status	Definition
Appropriate action has been taken	Recommendations made to individual entities have been implemented, or alternative action has been taken that addresses the underlying issues and no further action is required. No new issues have been identified across the sector that indicate an ongoing underlying risk to the sector that requires reporting to parliament.
Further action needs to be taken	Recommendations made to individual entities have not been fully implemented, and/or new recommendations have been made to individual entities, indicating further action is required by entities in the sector to address the underlying risk.

D. Analysis of departmental services

All departments provide a variety of services, and report by service area in their annual financial statements and service delivery statements. We have grouped these service areas by nature, with reference to the description in their service delivery statements and some alignment with the Queensland Government's *Report on State Finances – Expenses by Function*, using the following categorisations:

- central policy and fiscal management – whole-of-government policy coordination
- communities – services that support local communities, including recreation activities like arts and sport, as well social protection and housing
- education – early childhood and school education
- employment – services that assist people, businesses, and industry to increase employment, including training and skills, small business, innovation, and tourism
- environment – services that protect the natural environment
- health – physical and mental health care provision
- internal to government service delivery – internal support services ranging from corporate and technology support to construction and vehicle services
- safety – services that keep people and businesses safe, including police, law courts, and prisons
- transport – services that support people; and freight transportation, including roads, rail, and public transport.

Figure D1 shows most departments have a clear focus on service delivery with a common purpose, demonstrated by the fact that all services for those departments are grouped together under a single category. However, this is not the case for all departments, with some spread across up to 3 categories.



Figure D1
Department functions analysed by nature



Notes: Each circle represents a service provided by the department.

DAF – Department of Agriculture and Fisheries	DCYJMA – Department of Children, Youth Justice and Multicultural Affairs	DCHDE – Department of Communities, Housing and Digital Economy
DoE – Department of Education	DESBT – Department of Employment, Small Business and Training	DEPW – Department of Energy and Public Works
DES – Department of Environment and Science	DoH – Department of Health	DJAG – Department of Justice and Attorney-General
DRDMW – Department of Regional Development, Manufacturing and Water	DoR – Department of Resources	DSDSATSIP – Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships
DSDILGP – Department of State Development, Infrastructure, Local Government and Planning	DPC – Department of the Premier and Cabinet	DTIS – Department of Tourism, Innovation and Sport
DTMR – Department of Transport and Main Roads	QCS – Queensland Corrective Services	QFES – Queensland Fire and Emergency Services
QPS – Queensland Police Service	QT – Queensland Treasury	

Source: Compiled by the Queensland Audit Office.



E. Audit opinions for entities preparing financial reports

The following tables detail the types of audit opinions issued, in accordance with Australian auditing standards for the 2020–21 financial year.

Unless otherwise stated, the financial year end of these entities is 30 June 2021. The legislative deadline refers to the date by which the financial statements are required to be audited. Where a legislative deadline is indicated with a dash, no deadline applies for that specific entity.

The table also identifies the entities that had a key audit matter included in their independent auditor's report. Key audit matters are those that, in our professional judgement, were of most significance in the audit of the financial statements. These matters mostly relate to major events and transactions that occur during the period, and those areas requiring significant accounting judgement and estimation, for example, the valuation of property, plant and equipment. We address these matters in the context of the audit of the financial report as a whole and in forming our opinion. We do not provide a separate opinion on these matters.

Controlled entities (those owned by one or more public sector entities) have been grouped in the following tables in bullet points under the entity they are controlled by.

Premier and Minister for the Olympics

Responsibilities include the overall management of Queensland, Cabinet and its committees, coordination of government communication, policy development, governance, legislative drafting and publishing, protocol, intergovernmental relations, screen industry development, veterans' affairs, overall public service management, and Olympic and Paralympic Games.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Anzac Day Trust	31.08.2021	30.07.2021	No	Unmodified
Department of the Premier and Cabinet	31.08.2021	20.08.2021	No	Unmodified
• Premier's Disaster Relief Appeal Fund*	31.12.2021	17.12.2021	No	Unmodified
• Screen Queensland Pty Ltd	31.10.2021	12.08.2021	No	Unmodified
Legislative Assembly and Parliamentary Service	31.08.2021	25.08.2021	No	Unmodified
Office of the Governor	31.08.2021	12.08.2021	No	Unmodified
Public Service Commission	31.08.2021	20.08.2021	No	Unmodified

Notes: * Managed by Department of the Premier and Cabinet.

Source: Queensland Audit Office.

Deputy Premier and Minister for State Development, Infrastructure, Local Government and Planning and Minister Assisting the Premier on Olympics Infrastructure

Responsibilities include state development, economic development, major project impact assessment, strategic planning for priority industry sectors, capital works and program monitoring, integrated resort developments and global tourism hubs, urban growth, land use planning, local government, and the recovery and reconstruction of Queensland following natural disaster events.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Building Queensland*	–	31.08.2021	No	Unmodified – EOM
Department of State Development, Infrastructure, Local Government and Planning	31.08.2021	31.08.2021	Yes	Unmodified
Queensland Reconstruction Authority	31.08.2021	17.08.2021	No	Unmodified
South Bank Corporation	31.08.2021	26.08.2021	No	Unmodified
• South Bank Employing Office	31.08.2021	24.08.2021	No	Unmodified

Notes: * Building Queensland was abolished 2 June 2021; EOM – emphasis of matter.

Source: Queensland Audit Office.

Treasurer and Minister for Trade and Investment

Responsibilities include the state budget, taxation, economic policy, government owned enterprises, insurance, mineral and petroleum royalties, investment facilitation, and trade development.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Motor Accident Insurance Commission	31.08.2021	26.08.2021	No	Unmodified
Nominal Defendant	31.08.2021	26.08.2021	No	Unmodified
QIC Limited	31.08.2021	26.08.2021	Yes	Unmodified
• Backing Queensland Investment Fund	–	27.08.2021	No	Unmodified
• Debt Retirement Trust	–	22.09.2021	No	Unmodified
• National Injury Insurance Scheme Queensland Trust	–	22.09.2021	No	Unmodified
• QIC Absolute Return Bond Fund	–	22.09.2021	No	Unmodified
• QIC Alternative Beta Fund	–	22.09.2021	No	Unmodified
• QIC Alternative Investment Trust	–	06.10.2021	No	Unmodified
• QIC Australian Fixed Interest Fund	–	27.08.2021	No	Unmodified
• QIC Cash Enhanced Fund	–	27.08.2021	No	Unmodified

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
• QIC Cash Fund	–	27.08.2021	No	Unmodified
• QIC Direct Opportunities Fund	–	30.09.2021	No	Unmodified
• QIC Diversified Australian Equities Fund	–	22.09.2021	No	Unmodified
• QIC Diversified Fixed Interest Fund	–	22.09.2021	No	Unmodified
• QIC Diversified Infrastructure Fund No. 2	–	30.08.2021	No	Unmodified
• QIC Global Credit Fund	–	22.09.2021	No	Unmodified
• QIC Global Credit Income Fund	–	22.09.2021	No	Unmodified
• QIC Global Strategy Trust No. 2A	–	22.09.2021	No	Unmodified
• QIC Infrastructure Mandate No. 1 Trust	–	30.08.2021	No	Unmodified
• QIC Infrastructure Portfolio No. 1 Trust	–	30.08.2021	No	Unmodified
• QIC Infrastructure Portfolio No. 2 Trust	–	30.08.2021	No	Unmodified
• QIC International Equities Fund	–	22.09.2021	No	Unmodified
• QIC Liquid Alternatives Fund	–	27.08.2021	No	Unmodified
• QIC Liquid Alternatives Fund (H)	–	22.09.2021	No	Unmodified
• QIC Long Term Diversified Fund	–	22.09.2021	No	Unmodified
• QIC Office Fund Group	–	30.08.2021	No	Unmodified
• QIC Private Capital Pty Ltd	31.10.2021	26.08.2021	No	Unmodified
• QIC Private Equity Fund (DF)	–	06.10.2021	No	Unmodified
• QIC Private Equity Fund (W)	–	30.09.2021	No	Unmodified
• QIC Private Equity Fund No. 1	–	23.09.2021	No	Unmodified
• QIC Private Equity Fund No. 2	–	23.09.2021	No	Unmodified
• QIC Private Equity Fund No. 3	–	23.09.2021	No	Unmodified
• QIC Private Equity Fund No. 5	–	23.09.2021	No	Unmodified
• QIC Short Term Income Fund	–	22.09.2021	No	Unmodified
• QIC Sovereign Bond Fund	–	22.09.2021	No	Unmodified
• QIC Strategy Fund No. 2	–	22.09.2021	No	Unmodified
• QICP Pty Ltd	31.10.2021	26.08.2021	No	Unmodified
• QLQ Real Property Holding Trust	–	30.09.2021	No	Unmodified
• Queensland Investment Trust No. 2	–	22.09.2021	No	Unmodified
Queensland Competition Authority	31.08.2021	19.08.2021	No	Unmodified
Queensland Productivity Commission*	–	27.07.2021	No	Unmodified – EOM

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Queensland Treasury	31.08.2021	26.08.2021	Yes	Unmodified
• Brisbane Port Holdings Pty Ltd	31.10.2021	17.08.2021	No	Unmodified
• DBCT Holdings Pty Ltd	31.10.2021	17.08.2021	No	Unmodified
• Queensland Lottery Corporation Pty Ltd	31.10.2021	17.08.2021	No	Unmodified
• Queensland Treasury Holdings Pty Ltd	31.10.2021	17.08.2021	No	Unmodified
Queensland Treasury Corporation	31.08.2021	19.08.2021	Yes	Unmodified
The National Injury Insurance Agency Queensland	31.08.2021	13.08.2021	No	Unmodified – EOM
Trade and Investment Queensland	31.08.2021	30.08.2021	No	Unmodified

Notes: * Queensland Productivity Commission was abolished 2 June 2021; EOM – emphasis of matter.

Source: Queensland Audit Office.

Attorney-General and Minister for Justice, Minister for Women and Minister for the Prevention of Domestic and Family Violence

Responsibilities include justice administration; courts; registration of births, deaths and marriages; Legal Aid; fair trading and consumer protection; incorporation of associations; lotteries, keno and wagering; occupational licensing; registration of charitable and community purpose organisations; the Public Trustee; women's policy; and prevention of domestic and family violence.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Crime and Corruption Commission	31.08.2021	18.08.2021	No	Unmodified
Department of Justice and Attorney-General	31.08.2021	27.08.2021	Yes	Unmodified
Electoral Commission of Queensland	31.08.2021	27.08.2021	No	Unmodified
Legal Aid Queensland	31.08.2021	25.08.2021	No	Unmodified
Legal Practitioners Admissions Board	31.08.2021	31.08.2021	No	Unmodified
Legal Practitioners' Fidelity Guarantee Fund**	–	27.08.2021	No	Unmodified
Office of the Information Commissioner	31.08.2021	24.08.2021	No	Unmodified
Office of the Ombudsman	31.08.2021	12.08.2021	No	Unmodified
Professional Standards Council	31.08.2021	26.08.2021	No	Unmodified
Prostitution Licensing Authority	31.08.2021	17.08.2021	No	Unmodified
Public Trustee of Queensland Growth Trust*	31.10.2021	27.08.2021	No	Unmodified
QCF Management Co. Ltd*	31.10.2021	05.10.2021	No	Unmodified

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Queensland Community Foundation*	31.12.2021	30.09.2021	No	Unmodified
Queensland Family and Child Commission	31.08.2021	18.08.2021	No	Unmodified
Queensland Human Rights Commission	31.08.2021	18.08.2021	No	Unmodified
Queensland Law Society Incorporated	31.08.2021	27.08.2021	No	Unmodified
• Law Claims Levy Fund	–	27.08.2021	No	Unmodified
• QLS Solicitor Support Pty Ltd	–	27.08.2021	No	Unmodified
Supreme Court Library Committee	31.08.2021	30.08.2021	No	Unmodified
The Forde Foundation*	31.12.2021	30.09.2021	No	Unmodified
The Gladstone Foundation*	31.12.2021	30.09.2021	No	Unmodified
The Lady Bowen Trust*	31.12.2021	30.09.2021	No	Unmodified
The Public Trustee of Queensland	31.08.2021	27.08.2021	No	Unmodified
The Queensland Aboriginal and Torres Strait Islander Foundation*	31.12.2021	30.09.2021	No	Unmodified

Notes: * Entities and trusts that are managed but not controlled by The Public Trustee of Queensland. ** Fund is maintained but not controlled by the Queensland Law Society Incorporated.

Source: Queensland Audit Office.

Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities

Responsibilities include biosecurity, agriculture, animal welfare, food and fibre industry development, and rural economic development.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Darling Downs – Moreton Rabbit Board	31.08.2021	30.08.2021	No	Unmodified
Department of Agriculture and Fisheries	31.08.2021	27.08.2021	Yes	Unmodified
Queensland Rural and Industry Development Authority (QRIDA)	31.08.2021	27.08.2021	No	Qualified
Safe Food Production Queensland	31.08.2021	27.08.2021	No	Unmodified

Source: Queensland Audit Office.



Minister for Children and Youth Justice and Minister for Multicultural Affairs

Responsibilities include adoption, child protection services, youth justice, the redress scheme for Queensland survivors of institutional child sexual abuse, and multicultural affairs.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Department of Children, Youth Justice and Multicultural Affairs	31.08.2021	27.08.2021	Yes	Unmodified
Department of Youth Justice*	–	19.02.2021	Yes	Unmodified – EOM

Notes: *The Department of Youth Justice was abolished on 12 November 2020; EOM – emphasis of matter.

Source: Queensland Audit Office.

Minister for Communities and Housing, Minister for Digital Economy and Minister for the Arts

Responsibilities include community care, community recovery, community services, social inclusion, homelessness, housing services, cyber security operations and management, digital economy, open data, government information and communication technology policy and planning, shared services systems, archives, and the arts.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Board of the Queensland Museum	31.08.2021	26.08.2021	No	Unmodified
• Queensland Museum Foundation Trust	31.12.2021	26.08.2021	No	Unmodified
Department of Communities, Housing and Digital Economy	31.08.2021	31.08.2021	Yes	Unmodified
• Queensland Music Festival Pty Ltd	30.04.2021	15.04.2021	No	Unmodified
Library Board of Queensland	31.08.2021	23.08.2021	No	Unmodified
• Queensland Library Foundation	31.10.2021	23.08.2021	No	Unmodified
Queensland Art Gallery Board of Trustees	31.08.2021	27.08.2021	No	Unmodified
Queensland Performing Arts Trust	31.08.2021	31.08.2021	No	Unmodified
Queensland Theatre Company	31.02.2021	26.02.2021	No	Unmodified
Residential Tenancies Authority	31.08.2021	26.08.2021	No	Unmodified
• Residential Tenancies Employing Office	31.08.2021	26.08.2021	No	Unmodified

Source: Queensland Audit Office.

Minister for Education, Minister for Industrial Relations and Minister for Racing

Responsibilities include state schooling, early childhood education and care, higher education, non-state school funding, industrial relations, employment policies and programs, workers' compensation, workplace health and safety, and racing.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Building and Construction Industry (Portable Long Service Leave) Authority (trading as QLEAVE)	31.08.2021	31.08.2021	No	Unmodified
Community Services Industry (Portable Long Service Leave) Authority	31.08.2021	31.08.2021	No	Unmodified
Contract Cleaning Industry (Portable Long Service Leave) Authority	31.08.2021	31.08.2021	No	Unmodified
Department of Education	31.08.2021	23.08.2021	Yes	Unmodified
Non-State Schools Accreditation Board	31.08.2021	06.08.2021	No	Unmodified
Queensland Curriculum and Assessment Authority	31.08.2021	23.08.2021	No	Unmodified
Queensland Racing Integrity Commission	31.08.2021	16.08.2021	No	Unmodified
Racing Queensland Board	31.08.2021	31.08.2021	No	Unmodified
WorkCover Queensland	31.08.2021	26.08.2021	Yes	Unmodified
• WorkCover Employing Office	31.08.2021	26.08.2021	No	Unmodified

Source: Queensland Audit Office.

Minister for Employment and Small Business and Minister for Training and Skills Development

Responsibilities include employment, vocational education and training, skills and workforce development, and small business advocacy and resilience.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Building and Construction Industry Training Fund (Qld)*	30.09.2021	02.09.2021	No	Unmodified
Department of Employment, Small Business and Training	31.08.2021	24.08.2021	Yes	Unmodified
• BCITF (Qld) Limited	31.12.2021	02.09.2021	No	Unmodified
TAFE Queensland	31.08.2021	26.08.2021	No	Unmodified
• Aviation Australia Pty Ltd	31.10.2021	26.08.2021	No	Unmodified

Note: * BCITF (Qld) Limited is the trustee for the fund but does not control it.

Source: Queensland Audit Office.

Minister for Energy, Renewables and Hydrogen and Minister for Public Works and Procurement

Responsibilities include energy, regulation of electricity and gas sectors, biofuels, clean energy, energy industry development, hydrogen, renewable energy, building and plumbing standards, government buildings, government purchasing, licencing and regulation of the Queensland building industry, property facilities management for government and major projects, and urban design and architecture.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Board of Architects of Queensland	31.08.2021	24.08.2021	No	Unmodified
Board of Professional Engineers of Queensland	31.08.2021	31.08.2021	No	Unmodified
CleanCo Queensland Limited	31.08.2021	27.08.2021	Yes	Unmodified
CS Energy Limited	31.08.2021	27.08.2021	Yes	Unmodified
Department of Energy and Public Works	31.08.2021	31.08.2021	Yes	Unmodified
Energy and Water Ombudsman Queensland	31.08.2021	13.08.2021	No	Unmodified
Energy Queensland Limited	31.08.2021	20.08.2021	Yes	Unmodified
• Ergon Energy Queensland Pty Ltd	31.10.2021	18.08.2021	Yes	Unmodified
Queensland Building and Construction Commission	31.08.2021	31.08.2021	No	Unmodified
• Queensland Building and Construction Employing Office	31.08.2021	31.08.2021	No	Unmodified
Queensland Electricity Transmission Corp Limited (trading as Powerlink Queensland)	31.08.2021	27.08.2021	Yes	Unmodified
Stanwell Corporation Limited	31.08.2021	26.08.2021	Yes	Unmodified

Source: Queensland Audit Office.

Minister for the Environment and the Great Barrier Reef and Minister for Science and Youth Affairs

Responsibilities include climate change policy, environmental planning and protection policy, the Great Barrier Reef, pollution and waste management, marine and national parks management, science strategy, and youth affairs.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Department of Environment and Science	31.08.2021	26.08.2021	Yes	Unmodified
Queensland Trust for Nature Fund	30.09.2021	28.09.2021	No	Unmodified

Source: Queensland Audit Office.

Minister for Health and Ambulance Services

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

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Bundaberg Health Services Foundation	31.08.2021	31.08.2021	No	Unmodified
Cairns and Hinterland Hospital and Health Service	31.08.2021	26.08.2021	Yes	Unmodified
Central Queensland Hospital and Health Service	31.08.2021	31.08.2021	Yes	Unmodified
Central Queensland Hospital Foundation	31.08.2021	25.08.2021	No	Unmodified
Central West Hospital and Health Service	31.08.2021	30.08.2021	Yes	Unmodified
Children's Health Queensland Hospital and Health Service	31.08.2021	27.08.2021	Yes	Unmodified
Children's Hospital Foundation Queensland	31.08.2021	30.08.2021	No	Unmodified
Darling Downs Hospital and Health Service	31.08.2021	31.08.2021	Yes	Unmodified
Department of Health	31.08.2021	31.08.2021	No	Unmodified
Far North Queensland Hospital Foundation	31.08.2021	31.08.2021	No	Unmodified
Gold Coast Hospital and Health Service	31.08.2021	19.08.2021	Yes	Unmodified
Gold Coast Hospital Foundation	31.08.2021	24.08.2021	No	Unmodified
Health and Wellbeing Queensland	31.08.2021	11.08.2021	No	Unmodified
Ipswich Hospital Foundation	31.08.2021	31.08.2021	No	Unmodified
Mackay Hospital and Health Service	31.08.2021	31.08.2021	Yes	Unmodified
Mackay Hospital Foundation	31.08.2021	30.08.2021	No	Unmodified
Metro North Hospital and Health Service	31.08.2021	31.08.2021	Yes	Unmodified
Metro South Hospital and Health Service	31.08.2021	30.08.2021	Yes	Unmodified
North West Hospital and Health Service	31.08.2021	31.08.2021	Yes	Unmodified
Office of the Health Ombudsman	31.08.2021	10.08.2021	No	Unmodified
PA Research Foundation	31.08.2021	31.08.2021	No	Unmodified
Queensland Mental Health Commission	31.08.2021	28.07.2021	No	Unmodified
Royal Brisbane and Women's Hospital Foundation	31.08.2021	31.08.2021	No	Unmodified
South West Hospital and Health Service	31.08.2021	27.08.2021	Yes	Unmodified
Sunshine Coast Health Foundation	31.08.2021	31.08.2021	No	Unmodified
Sunshine Coast Hospital and Health Service	31.08.2021	30.08.2021	Yes	Unmodified

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
The Council of the Queensland Institute of Medical Research	31.08.2021	26.08.2021	No	Unmodified
The Prince Charles Hospital Foundation	31.08.2021	31.08.2021	No	Unmodified
Toowoomba Hospital Foundation	31.08.2021	31.08.2021	No	Unmodified
Torres and Cape Hospital and Health Service	31.08.2021	25.08.2021	Yes	Unmodified
Townsville Hospital and Health Service	31.08.2021	23.08.2021	Yes	Unmodified
Townsville Hospital Foundation	31.08.2021	31.08.2021	No	Qualified
Tropical Australian Academic Health Centre Limited	31.12.2021	17.11.2021	No	Unmodified
West Moreton Hospital and Health Service	31.08.2021	18.08.2021	Yes	Unmodified
Wide Bay Hospital and Health Service	31.08.2021	30.08.2021	Yes	Unmodified

Source: Queensland Audit Office.

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

Responsibilities include the police service, adult corrective services, Queensland Government Air Services, state emergency service, fire and rescue services, rural fire services, and disaster management.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Office of the Inspector-General of Emergency Management	31.08.2021	31.08.2021	No	Unmodified
Public Safety Business Agency*	–	31.08.2021	Yes	Unmodified – EOM
Queensland Corrective Services	31.08.2021	25.08.2021	Yes	Unmodified
Queensland Fire and Emergency Services	31.08.2021	31.08.2021	Yes	Unmodified
Queensland Police Service	31.08.2021	31.08.2021	Yes	Unmodified

Notes: * Public Safety Business Agency was abolished 1 July 2021; EOM – emphasis of matter.

Source: Queensland Audit Office.

Minister for Regional Development and Manufacturing and Minister for Water

Responsibilities include regional economic development; cross-sector coordination to enhance economic growth; manufacturing industry development; bulk water supply; regulation of water quality and supply continuity; management of water supply emergencies; catchment and water resource management; and water resource allocation, planning, and management.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Avondale Water Board	31.08.2021	27.08.2021	No	Unmodified
Babinda Swamp Drainage Board	31.08.2021	13.08.2021	No	Unmodified
Bollon West Water Authority	31.08.2021	25.08.2021	No	Disclaimer
Bones Knob Water Board	31.08.2021	21.09.2021	No	Qualified
Cairns River Improvement Trust	31.08.2021	30.08.2021	No	Unmodified
Cassowary Coast River Improvement Trust	31.08.2021	30.11.2021	No	Unmodified
Central SEQ Distributor-Retailer Authority (trading as Urban Utilities)	31.08.2021	16.08.2021	No	Unmodified
Department of Regional Development, Manufacturing and Water	31.08.2021	31.08.2021	Yes	Unmodified
Don River Improvement Trust	31.08.2021	07.09.2021	No	Unmodified
Dumaresq-Barwon Border Rivers Commission	31.08.2021	26.08.2021	No	Unmodified
Fernlee Water Authority	31.08.2021	24.08.2021	No	Disclaimer
Gladstone Area Water Board	31.08.2021	26.08.2021	No	Unmodified
Glamorgan Vale Water Board	31.08.2021	01.10.2021	No	Unmodified
Ingie Water Authority	31.08.2021	24.08.2021	No	Qualified
Ipswich Rivers Improvement Trust	31.08.2021	13.08.2021	No	Unmodified
Kaywana Bore Water Board	31.08.2021	15.09.2021	No	Qualified
Lower Burdekin Water	31.08.2021	20.08.2021	No	Unmodified
Lower Herbert Water Management Authority	31.08.2021	13.09.2021	No	Unmodified
Mount Isa Water Board	31.08.2021	31.08.2021	No	Unmodified
Northern SEQ Distributor-Retailer Authority (trading as Unitywater)	31.08.2021	20.08.2021	No	Unmodified
Orchard Creek and East Euramo Drainage Board	31.08.2021	23.08.2021	No	Unmodified
Queensland Bulk Water Supply Authority (trading as Seqwater)	31.08.2021	21.09.2021	Yes	Unmodified
Roadvale Water Board	31.08.2021	24.02.2022	No	Unmodified
Scenic Rim River Improvement Trust	31.08.2021	14.10.2021	No	Unmodified
Silkwood Drainage Board	31.08.2021	30.08.2021	No	Unmodified – EOM
South Maroochy Drainage Board	31.08.2021	29.11.2021	No	Disclaimer
Stanthorpe Shire River Improvement Trust	31.08.2021	18.08.2021	No	Unmodified
State Council of River Trusts, Queensland Inc.	31.12.2021	07.09.2021	No	Unmodified
Sunwater Limited	31.08.2021	16.08.2021	Yes	Unmodified
Wambo Shire River Improvement Trust	31.08.2021	11.08.2021	No	Unmodified
Warwick Shire River Improvement Trust	31.08.2021	05.08.2021	No	Unmodified

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Whitsunday Rivers Improvement Trust	31.08.2021	17.11.2021	No	Unmodified
Yambocully Water Board*	31.08.2021	26.08.2021	No	Unmodified – EOM

Notes: *Yambocully Water Board was abolished 22 July 2021; EOM – emphasis of matter.

Source: Queensland Audit Office.

Minister for Resources

Responsibilities include mining and petroleum, mine safety and health, Aboriginal and Torres Strait Islander land interests, and titles and land management.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Department of Resources	31.08.2021	13.08.2021	Yes	Unmodified
Gasfields Commission Queensland	31.08.2021	31.08.2021	No	Unmodified
Resources Safety and Health Queensland	31.08.2021	20.08.2021	No	Unmodified
• Resources Safety and Health Queensland Employing Office	31.08.2021	20.08.2021	No	Unmodified
Valuers Registration Board of Queensland	31.08.2021	30.08.2021	No	Unmodified

Source: Queensland Audit Office.

Minister for Seniors and Disability Services and Minister for Aboriginal and Torres Strait Islander Partnerships

Responsibilities include carers; disability services; seniors; and Aboriginal and Torres Strait Islander cultural heritage, policy, rights, and culture.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Community Enterprise Queensland	31.08.2021	24.08.2021	No	Unmodified
Department of Aboriginal and Torres Strait Islander Partnerships*	–	26.02.2021	No	Unmodified – EOM
Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships	31.08.2021	27.08.2021	Yes	Unmodified
Family Responsibilities Commission	31.08.2021	19.08.2021	No	Unmodified – EOM

Notes: *The Department of Aboriginal and Torres Strait Islander Partnerships was abolished on 12 November 2020; EOM – emphasis of matter.

Source: Queensland Audit Office.

Minister for Tourism, Innovation and Sport and Minister Assisting the Premier on Olympics and Paralympics Sport and Engagement

Responsibilities include tourism development and promotion, tourism investment attraction, marketing and promotion of international education and training, entrepreneurship policy, innovation policy, major events, sport, and recreation.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Department of Tourism, Innovation and Sport	31.08.2021	31.08.2021	Yes	Unmodified
Stadiums Queensland	31.08.2021	27.08.2021	No	Unmodified
Tourism and Events Queensland	31.08.2021	31.08.2021	No	Unmodified
<ul style="list-style-type: none"> Gold Coast Events Management Ltd (trading as Events Management Queensland) 	31.10.2021	23.08.2021	No	Unmodified
<ul style="list-style-type: none"> Tourism and Events Queensland Employing Office 	31.08.2021	31.08.2021	No	Unmodified

Source: Queensland Audit Office.

Minister for Transport and Main Roads

Responsibilities include land transport and safety, main roads, marine infrastructure, passenger and personalised transport, ports, railways, transport infrastructure, and the Cross River Rail project.

Entity	Legislative deadline	Date audit opinion issued	Key audit matter	Type of audit opinion issued
Cross River Rail Delivery Authority	31.08.2021	18.08.2021	No	Unmodified
Department of Transport and Main Roads	31.08.2021	30.08.2021	Yes	Unmodified
<ul style="list-style-type: none"> Transmax Pty Ltd 	31.10.2021	21.09.2021	No	Unmodified
Far North Queensland Ports Corporation Limited (trading as Ports North)	31.08.2021	26.08.2021	Yes	Unmodified
Gladstone Ports Corporation Limited	31.08.2021	14.09.2021	Yes	Unmodified
Gold Coast Waterways Authority	31.08.2021	11.08.2021	No	Unmodified
North Queensland Bulk Ports Corporation Limited	31.08.2021	31.08.2021	Yes	Unmodified
Port of Townsville Limited	31.08.2021	26.08.2021	Yes	Unmodified
Queensland Rail	31.08.2021	30.08.2021	Yes	Unmodified
<ul style="list-style-type: none"> Queensland Rail Limited 	31.10.2021	30.08.2021	Yes	Unmodified

Source: Queensland Audit Office.

F. Other audit and assurance opinions

We issued the following opinions for other large audit and assurance engagements performed for Queensland state government entities.

Figure F1
Assurance audit opinions issued

Entity	Title	Date opinion issued	Type of audit opinion issued
CITEC	ASAE 3402 Type 1 Assurance Report as at 31 March 2021	20.05.2021	Unmodified
Corporate Administration Agency	ASAE 3402 Assurance Report Payroll and Information & Communication Technology for the period 1 July 2020 to 31 March 2021	18.05.2021	Unmodified
Corporate Administration Agency	ASAE 3402 Assurance Report Accounts Payable and Information & Communication Technology Services for the period 1 July 2020 to 31 March 2021	18.05.2021	Unmodified
QIC Limited	2020–2021 QIC GS007 Report for the period 1 July 2020 to 30 June 2021	27.05.2021	Unmodified
Queensland Shared Services	ASAE 3402 Assurance Report for the period 1 July 2020 to 31 March 2021 (Type 2)	27.05.2021	Unmodified
Queensland Shared Services	ASAE 3402 Type 1 Assurance Report as at 30 June 2021	29.07.2021	Unmodified

Source: Queensland Audit Office.

Figure F2
Reasonable assurance financial report opinions issued

Entity	Title	Date opinion issued	Type of audit opinion issued
Queensland Reconstruction Authority	ASAE 3150 Assurance Practitioner's Report on the design of controls within Queensland Reconstruction Authority's (QRA) Disaster Recovery Funding Arrangements Management System (System) for estimated reconstruction costs (the controls), throughout the period 1 November 2018 to 31 December 2020 relevant to the control objectives identified within the Disaster Recovery Funding Arrangements 2018; the QRA's description of its System, and the operating effectiveness of those controls.	30.03.2021	Unmodified

Source: Queensland Audit Office.



Figure F3
Special purpose financial report opinions issued

Entity	Title	Date opinion issued	Type of audit opinion issued
Cairns Convention Centre	Special purpose financial report for consolidation in Department of Energy and Public Works	23.08.2021	Unmodified – EOM
Department of Local Government, Racing and Multicultural Affairs	Report on the audit of the Statement of Payments	09.11.2021	Unmodified – EOM
Gold Coast Convention and Exhibition Centre	Special purpose financial report for consolidation in Department of Energy and Public Works	21.09.2021	Unmodified – EOM
Queensland Reconstruction Authority	Independent Auditor's Report for the purposes of fulfilling the reporting requirements of the National Disaster Relief and Recovery Arrangements Determination 2007, 2012 Version 2 and 2017 and the Disaster Recovery Funding Arrangements 2018	30.03.2021	Unmodified – EOM

Note: EOM – emphasis of matter. Report was not intended for other users.

Source: Queensland Audit Office.

Australian financial services licences

Investment management entities must hold a financial services licence in order to issue or manage financial products, or deal in certain investments. They must meet the requirements set out in their licences. To confirm their compliance, these entities lodge forms annually to the Australian Securities and Investments Commission.

Figure F4
Results of 2020–21 audits of Australian financial services licences

Entity	Date opinion issued	Type of audit opinion issued
QIC Private Capital Pty Ltd	27.10.2021	Unmodified

Source: Compiled by the Queensland Audit Office.

Other audit and assurance opinions specific to energy and health entities are included in our sector reports on our website at www.qao.qld.gov.au.



G. Entities exempted from audit by the Auditor-General

The Auditor-General approved exemptions from audit for the following entities.

Figure G1
Entities exempt from audit by the Auditor-General

Entity	Audit firm	Date audit opinion issued	Type of audit opinion issued
Small in size and low-risk entities exempt under section 30A of the Auditor-General Act 2009			
Mt Gravatt Showgrounds Trust*	Vincents	03.06.2021	Unmodified – EOM
Surveyors Board of Queensland	PKF Brisbane Audit	05.08.2021	Unmodified
The Board of Trustees of Newstead House	William Buck	31.08.2021	Unmodified – EOM
Foreign-based controlled entities exempt under section 32 of the Auditor-General Act 2009 – Controlled by Queensland Law Society Incorporated			
Lexon Insurance Pte Ltd	PWC Singapore	24.08.2021	Unmodified
Foreign-based controlled entities exempt under section 32 of the Auditor-General Act 2009 – Controlled by QIC Limited			
QIC European Investment Services	KPMG	10.09.2021	Unmodified
QIC US Management Incorporated	KPMG	24.08.2021	Unmodified – EOM

Notes: * Year-end date 30 April. EOM – emphasis of matter.

Source: Queensland Audit Office.



H. Entities not preparing financial reports

For each state public sector company, other than government owned corporations, the board of directors considers the requirements of the *Corporations Act 2001* to determine whether financial statements need to be prepared. The board must revisit the assessment every 3 years or whenever a significant change occurs.

When entities are part of a larger group and are secured by a deed of cross guarantee with other entities in that group (that they will cover their debts), the Australian Securities and Investments Commission allows them to not prepare a financial report. They appear in Figure H1 as 'deed of cross guarantee ASIC order'.

In addition, dormant or small companies that meet specific criteria under the *Corporations Act 2001* are not required to prepare financial statements. They appear in Figure H1 as 'dormant' or 'non-reporting'.

Accordingly, the Auditor-General will not issue audit opinions for the following controlled public sector entities for 2021, as they were not required to produce financial statements.

Figure H1
Entities not producing financial statements

Public sector entity	Reason for not preparing financial statements
Energy	
Controlled entities of CS Energy Limited	
Aberdare Collieries Pty Ltd	Deed of cross guarantee ASIC order
Callide Energy Pty Ltd	Deed of cross guarantee ASIC order
CS Energy Group Holdings Pty Ltd	Dormant
CS Energy Group Operations Holdings Pty Ltd	Dormant
CS Energy Kogan Creek Pty Ltd	Deed of cross guarantee ASIC order
CS Energy Oxyfuel Pty Ltd	Deed of cross guarantee ASIC order
CS Kogan (Australia) Pty Ltd	Deed of cross guarantee ASIC order
Kogan Creek Power Pty Ltd	Deed of cross guarantee ASIC order
Kogan Creek Power Station Pty Ltd	Deed of cross guarantee ASIC order
T75 CS Energy Segregated Cell of White Rock Insurance (SAC) Ltd	Deed of cross guarantee ASIC order
Controlled entities of Energy Queensland Limited	
Energex Limited	Deed of cross guarantee ASIC order
Ergon Energy Corporation Limited	Deed of cross guarantee ASIC order
Ergon Energy Telecommunications Pty Ltd	Non-reporting

Public sector entity	Reason for not preparing financial statements
Metering Dynamics Pty Ltd	Non-reporting
SPARQ Solutions Pty Ltd	Non-reporting
Varnsdorf Pty Ltd	Dormant
VH Operations Pty Ltd	Dormant
Yurika Pty Ltd	Deed of cross guarantee ASIC order
Controlled entities of Powerlink	
Harold Street Holdings Pty Ltd	Non-reporting
Powerlink Transmission Services Pty Ltd	Non-reporting
Queensland Capacity Network Pty Ltd	Non-reporting
Controlled entities of Stanwell	
Energy Portfolio 1 Pty Ltd	Dormant
Glen Wilga Coal Pty Ltd	Dormant
Goondi Energy Pty Ltd	Non-reporting
Mica Creek Pty Ltd	Deed of cross guarantee ASIC order
SCL North West Pty Ltd	Deed of cross guarantee ASIC order
Tarong Energy Corporation Pty Ltd	Dormant
Tarong Fuel Pty Ltd	Deed of cross guarantee ASIC order
Tarong North Pty Ltd	Non-reporting
TEC Coal Pty Ltd	Deed of cross guarantee ASIC order
TN Power Pty Ltd	Deed of cross guarantee ASIC order
Ports	
Controlled entities of Gladstone Ports Corporation Limited	
Gladstone Marine Pilot Services Pty Ltd	Non-reporting
Controlled entities of North Queensland Bulk Ports Limited	
Mackay Ports Limited	Dormant
Ports Corporation of Queensland Limited	Dormant
Queensland Investment Corporation (QIC)	
Entities managed by QIC Limited	
Canberra Centre Investments Pty Ltd	Dormant

Public sector entity	Reason for not preparing financial statements
Capital Parking Pty Ltd	Non-reporting
Claremont Retail Company Pty Ltd	Dormant
Debt Retirement Trust - External Managers Trust	Non-reporting
Eastland Property Holdings Pty Ltd	Dormant
Eastland Ringwood Office Pty Ltd	Non-reporting
Pacific Echo Pty Limited	Dormant
QACPF Big Top Pty Ltd	Non-reporting
QACPF Miller Property Pty Ltd	Dormant
QACPF Nerang Mall Pty Ltd	Non-reporting
QACPF No. 7 Pty Ltd	Dormant
QACPF Pakenham Place Pty Ltd	Non-reporting
QACPF Pittwater Place Pty Ltd	Non-reporting
QACPF The Village Mt Gravatt Pty Ltd	Non-reporting
QBDF Pty Ltd	Dormant
QBF No. 1 Pty Ltd	Dormant
QBF No. 2 Pty Ltd	Dormant
QFF CRR Pty Ltd	Dormant
QFF QGRE Pty Ltd	Dormant
QFF Registry No.1 Pty Ltd	Non-reporting
QGIF Carry Rebate Trust	Dormant
QGIF Co No. 1 Pty Ltd	Dormant
QGIF Co No. 1A Pty Ltd	Dormant
QGIF Co No. 2 Pty Ltd	Non-reporting
QGIF Co No. 2A Pty Ltd	Non-reporting
QGIF Europe Limited	Non-reporting
QGIF Finance Co (Australia) Pty Ltd	Dormant
QIC (UK) Management Limited	Dormant
QIC Active Retail Property Fund TST Company Pty Ltd	Non-reporting
QIC Active Retail Property Fund TT Company Pty Ltd	Non-reporting



Public sector entity	Reason for not preparing financial statements
QIC Asia Real Estate Investments Pty Ltd	Non-reporting
QIC Australia Core Plus Fund TT Company Pty Ltd	Non-reporting
QIC Brisbane Airport Queensland Government Clients Trust	Non-reporting
QIC Business Development Fund	Non-reporting
QIC CM Pty Ltd	Dormant
QIC Coomera Pty Ltd	Dormant
QIC Corporate Management, Inc	Non-reporting
QIC Developments Pty Ltd	Dormant
QIC Epping Pty Ltd	Dormant
QIC Global Infrastructure (US), Inc	Non-reporting
QIC Global Infrastructure Fund Europe AIV A Ltd	Dormant
QIC Global Infrastructure Fund Europe AIV B Ltd	Dormant
QIC Global Infrastructure Fund Feeder GP Limited	Dormant
QIC Helensvale Pty Ltd	Dormant
QIC Hi Yield Pty Ltd	Dormant
QIC Infrastructure Management No. 2 Pty Ltd	Non-reporting
QIC Infrastructure Management No. 3 Pty Ltd	Dormant
QIC Infrastructure Management No. 4 Pty Ltd	Dormant
QIC Infrastructure Management Pty Ltd	Non-reporting
QIC Initial Unitholder Pty Ltd	Non-reporting
QIC International Real Estate Investments Pty Ltd	Dormant
QIC Investments No. 1 Pty Ltd	Non-reporting
QIC Investments No. 2 Pty Ltd	Non-reporting
QIC Investments No. 3 Pty Ltd	Non-reporting
QIC Liquid Alternatives External Managers Trust - Defensive (Government Clients)	Non-reporting
QIC Liquid Alternatives Fund - Government Clients	Non-reporting
QIC Logan Hyperdome (No. 2) Pty Ltd	Dormant
QIC Logan Hyperdome Pty Ltd	Dormant



Public sector entity	Reason for not preparing financial statements
QIC Merrifield Pty Ltd	Dormant
QIC Merry Hill Pty Ltd	Non-reporting
QIC Non-Member Manager LLC	Non-reporting
QIC Noosa Civic Pty Ltd	Dormant
QIC North America Investments Pty Ltd	Dormant
QIC North Asia Real Estate Investment Pty Ltd	Dormant
QIC NZ Power Trust No. 3	Non-reporting
QIC NZ Power Trust No. 4	Non-reporting
QIC Office Fund TST Company Pty Ltd	Non-reporting
QIC Office Fund TT Company Pty Ltd	Non-reporting
QIC Properties US, Inc	Non-reporting
QIC Property Fund TST Company Pty Ltd	Non-reporting
QIC Property Fund TT Company Pty Ltd	Non-reporting
QIC Property Management Pty Ltd	Dormant
QIC Real Estate Pty Ltd	Dormant
QIC Registry Trust	Non-reporting
QIC Retail (No. 2) Pty Ltd	Dormant
QIC Retail Pty Ltd	Non-reporting
QIC Ringwood Pty Ltd	Dormant
QIC Robina Pty Ltd	Dormant
QIC Shopping Centre Fund TST Company Pty Ltd	Non-reporting
QIC Shopping Centre Fund TT Company Pty Ltd	Non-reporting
QIC Toowoomba Pty Ltd	Dormant
QIC UK No. 1 Holding Limited	Dormant
QIC US Investment Services Inc	Non-reporting
QIC Village Alphington Pty Ltd	Dormant
QIC Werribee Pty Ltd	Dormant
QIC Westpoint Pty Ltd	Non-reporting
QPC Investments No. 1 Pty Ltd	Dormant



Public sector entity	Reason for not preparing financial statements
QPFTT/QSCFTT 50/50 TST Company Pty Ltd	Non-reporting
QPFTT/QSCFTT 75/25 TST Company Pty Ltd	Non-reporting
Queensland BioCapital Funds Pty Ltd	Dormant
Queensland Motorways Properties Pty Ltd	Dormant
Registry Hold Trust	Non-reporting
Strategic Asset Investment Fund	Non-reporting
TIF3 Pty Ltd	Dormant
Virgin Holding Trust	Non-reporting
Watergardens Pty Limited	Dormant
Rail	
Controlled entities of Queensland Rail Limited	
On Track Insurance Pty Ltd	Non-reporting
Water	
Controlled entities of Northern SEQ Distributor-Retailer Authority (trading as Unitywater)	
Unitywater Properties Pty Ltd	Non-reporting
Headworks Australia Pty Ltd	Non-reporting
Controlled entities of Sunwater Limited	
Burnett Water Pty Ltd	Deed of cross guarantee ASIC order
Eungella Water Pipeline Pty Ltd	Deed of cross guarantee ASIC order
North West Queensland Water Pipeline Pty Ltd	Deed of cross guarantee ASIC order
Other	
Controlled entities of Queensland Treasury Holdings Pty Ltd	
City North Infrastructure Pty Ltd	Dormant
Network Infrastructure Company Pty Ltd	Dormant
Queensland Airport Holdings (Cairns) Pty Ltd	Dormant
Queensland Airport Holdings (Mackay) Pty Ltd	Dormant
Controlled entities of The Council of the Queensland Institute of Medical Research	
Q-Gen Pty Limited	Dormant
Vaccine Solutions Pty Ltd	Non-reporting

Public sector entity	Reason for not preparing financial statements
Other	
Queensland Trade and Investment Office Pty Ltd (controlled by Trade and Investment Queensland)	Dormant
Sunshine Coast Racing Pty Ltd (controlled by Racing Queensland Board)	Non-reporting
Sunshine Locos Pty Limited (jointly controlled by Queensland Treasury and Queensland Treasury Corporation)	Dormant

Source: Queensland Audit Office.



I. Audit opinions not yet issued

Audit opinions for the following entities had not yet been issued as at the time of tabling this report.

Figure I1
Audit opinions not yet issued

Entity	Financial year
Aboriginal Centre for the Performing Arts Pty Ltd* (controlled by the Department of Communities, Housing and Digital Economy)	2020–21
Bollon South Water Authority	
Burdekin Shire Rivers Improvement Trust	
Endpoint IQ Pty Ltd (controlled by The Council of the Queensland Institute of Medical Research)	
Eugun Bore Water Authority	
GenomiQa Pty Ltd (controlled by The Council of the Queensland Institute of Medical Research)	
Herbert River Improvement Trust	
QIC Global Credit Opportunities Fund (managed by QIC Limited)	
Sunshine Coast Health Institute*	
Bollon South Water Authority	2019–20
Burdekin Shire Rivers Improvement Trust	
Eugun Bore Water Authority	
Herbert River Improvement Trust	
Bollon South Water Authority	2018–19
Burdekin Shire Rivers Improvement Trust	
Eugun Bore Water Authority	
Herbert River Improvement Trust	
Bollon South Water Authority	2017–18
Burdekin Shire Rivers Improvement Trust	
Eugun Bore Water Authority	
Herbert River Improvement Trust	
Bollon South Water Authority	2016–17
Eugun Bore Water Authority	
Herbert River Improvement Trust	
Bollon South Water Authority	2015–16
Eugun Bore Water Authority	

Note: * These entities have a legislative deadline of 31 December 2021.

Source: Queensland Audit Office.



J. Audit opinions issued for prior financial years

The following table contains the audit opinions issued for prior financial years that were not finalised when we issued *State entities 2020* (Report 13: 2020–21).

Figure J1
Audit opinions issued for prior financial years

Entity	Legislative deadline	Date audit opinion issued	Type of audit opinion issued
Aboriginal Centre for the Performing Arts Pty Ltd*	31.12.2020	15.10.2021	Unmodified
Cairns River Improvement Trust	31.08.2020	26.11.2020	Unmodified
Cassowary Coast River Improvement Trust	31.08.2020	15.12.2020	Unmodified
Herbert River Improvement Trust	31.08.2016	29.11.2021	Unmodified
South Maroochy Drainage Board	31.08.2020	18.02.2021	Disclaimed
Tropical Australian Academic Health Centre Limited	31.12.2020	18.12.2020	Unmodified
Wambo Shire River Improvement Trust	31.08.2020	15.12.2020	Unmodified

Notes: * Controlled by the Department of Communities, Housing and Digital Economy.

Source: Queensland Audit Office.



K. Accountability requirements for annual reports

While a minister is required to table in parliament the annual reports of all entities within their portfolio, the role of the minister in doing this is not clearly and consistently defined in accountability requirements. The different requirements are outlined below.

Accountability documents	Requirements
The Queensland Cabinet Handbook	<ul style="list-style-type: none"> • Administrative Arrangements set out the principal ministerial responsibilities of ministers and the acts they administer. • Ministers administer, and are responsible for, their departments of state.
<i>Financial Accountability Act 2009</i> and Financial and Performance Management Standard 2019	<ul style="list-style-type: none"> • Accountable officers and statutory bodies are responsible for preparing annual reports and giving them to the ministers. • Ministers are responsible for tabling the annual reports in parliament within the prescribed time frame, being 3 months after the end of the financial year, unless for an abolished entity when the annual report must be tabled within 14 days of being provided to the minister. • Ministers may extend the tabling period by notice given to the accountable officer or statutory body.
<i>Annual report requirements for Queensland Government agencies</i> published by the Department of the Premier and Cabinet	<ul style="list-style-type: none"> • Accountable officers and statutory bodies are responsible for approving the annual reports before submitting them to the ministers. • The approval of the accountable officer and statutory body is supported by: <ul style="list-style-type: none"> – a letter of compliance addressed to the minister certifying that the annual report meets the relevant prescribed requirements – a compliance checklist, which is to be referred to in the letter. • The only requirements applying to the ministers relate to the tabling of annual reports.
<i>Queensland Ministerial Handbook</i>	<ul style="list-style-type: none"> • The handbook makes no reference to ministerial responsibilities for reviewing and/or approving annual reports prepared by departments and statutory bodies.
<i>Financial Accountability Handbook</i> published by Queensland Treasury	<ul style="list-style-type: none"> • Information Sheet 5.5 Annual Reports identifies the following: <ul style="list-style-type: none"> – Ministers are responsible for tabling annual reports within prescribed time frames. – There is no specified time frame for an entity to give the minister the annual report, instead this is to be negotiated between the entity and the minister. – The period negotiated will generally be dependent on the length of time the minister needs to review the annual report before tabling. • While this identifies a role for the minister in reviewing the annual report, the nature of this review is not identified in the Information Sheet.





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