

F. Our assessment of financial statement preparation

In assessing the effectiveness of financial statement preparation processes, we consider three components—the year end close process, the timeliness of financial statements, and the quality of financial statements.

We assess financial statement preparation processes against the following criteria.

Year end close process

State public sector entities should have a robust year end close process to enhance the quality and timeliness of their financial reporting processes. This year, we assessed processes for year end financial statement preparation against the following target dates, or as otherwise agreed.

Figure F1
Target dates

Process	Target date (entities with 30 June 2019 reporting date)
Preparing complete pro forma financial statements	01.04.2019
Resolving known accounting issues	18.04.2019
Completing non-current asset valuations	27.05.2019
Completing early close processes and agreed procedures	as agreed
Concluding all asset stocktakes	28.06.2019

Source: Queensland Audit Office

These targets were developed based on advice previously issued by the Queensland Under Treasurer in 2014 (re-confirmed in 2018) and on better practice identified in other jurisdictions.

Rating scale	Assessment criteria—year end close process
● Fully implemented	All key processes completed by the target date
● Partially implemented	Three key processes completed within two weeks of the target date
● Not implemented	Less than two key processes completed within two weeks of the target date

Timeliness of draft financial statements

We assessed the timeliness of draft financial statements by considering whether entities prepared the statements according to the timetables set by management—including providing auditors with the first complete draft of the financial statements by the agreed date. A complete draft is one that management is ready to sign and where no material errors or adjustments are expected. (An error is material if it has the potential to influence the decisions made by users of the financial statements.)

Rating scale	Assessment criteria—timeliness of draft financial statements
● Timely	Acceptable draft financial statements received on or prior to the planned date
● Generally timely	Acceptable draft financial statements received within two days after the planned date
● Not timely	Acceptable draft financial statements received greater than two days after the planned date

Quality of draft financial statements

We assess the quality of financial statements in terms of adjustments made between the first draft of the financial statements and the final version we receive—including adjustments to current year, prior year, and other disclosures. This indicates how effective each entity's review of the financial statements is at identifying and correcting errors.

Rating scale	Assessment criteria—quality of draft financial statements
● No adjustments	No adjustments were required
● No significant adjustments	Immaterial adjustments made to financial statement components
● Significant adjustments	Material adjustments made to financial statement



Results summary

The table summarises our assessment of the financial statement preparation processes for the department and 16 hospital and health services.

Figure F2
Queensland health entities

Entity	Financial statement preparation		
	Year end close process	Timeliness of draft financial statements	Quality of draft financial statements
Department of Health	●	●	●
Cairns and Hinterland HHS	●	●	●
Central Queensland HHS	●	●	●
Central West HHS	●	●	●
Children's Health Queensland HHS	●	●	●
Darling Downs HHS	●	●	●
Gold Coast HHS	●	●	●
Mackay HHS	●	●	●
Metro North HHS	●	●	●
Metro South HHS	●	●	●
North West HHS	●	●	●
South West HHS	●	●	●
Sunshine Coast HHS	●	●	●
Torres and Cape HHS	●	●	●
Townsville HHS	●	●	●
West Moreton HHS	●	●	●
Wide Bay HHS	●	●	●

Source: Queensland Audit Office.

