

Results of audit: State public sector entities for 2013-14

Report 4 : 2014–15



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November 2014

The Honourable F Simpson MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

Dear Madam Speaker

Report to Parliament

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled *Results of audit: State public sector entities for 2013–14* (Report 4: 2014–15).

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

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Greaves', is written over a light grey circular stamp.

Andrew Greaves
Auditor-General

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Summary

In 2013–14, Queensland's state public sector—comprising 21 portfolio departments and 464 agencies—delivered services and goods to benefit the public, including schools, hospitals, roads, parks and initiatives to improve community health, increase employment, expand investment and explore innovation.

To demonstrate their accountability in managing public money on behalf of the Queensland community, all state public sector entities must report on their finances and have them audited.

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

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

This report is one of six we present to Parliament this year, reporting the results of audits of 2013–14 public sector financial statements. The focus of this report is on those state government departments, statutory bodies, government owned corporations and the entities they control with 30 June 2014 balance dates.

The companion reports deal with public non-financial corporations, hospitals and health services, local governments—also with 30 June balance dates—and with universities and grammar schools which have 31 December balance dates. We also report annually on our assessment of the effectiveness of internal controls operating across government bodies; and separately on the results of our audit of the whole of government annual financial statements.

Conclusions

The financial statements of most state public sector entities with 30 June 2014 balance dates were timely, of good quality and reliable. For 2013–14, the Public Safety Business Agency (PSBA) and the Queensland Fire and Emergency Service (QFES) were the only two of the 21 portfolio departments that did not meet the 31 August legislated deadline. Machinery of government changes during the year affected both agencies significantly and delayed finalising their statements.

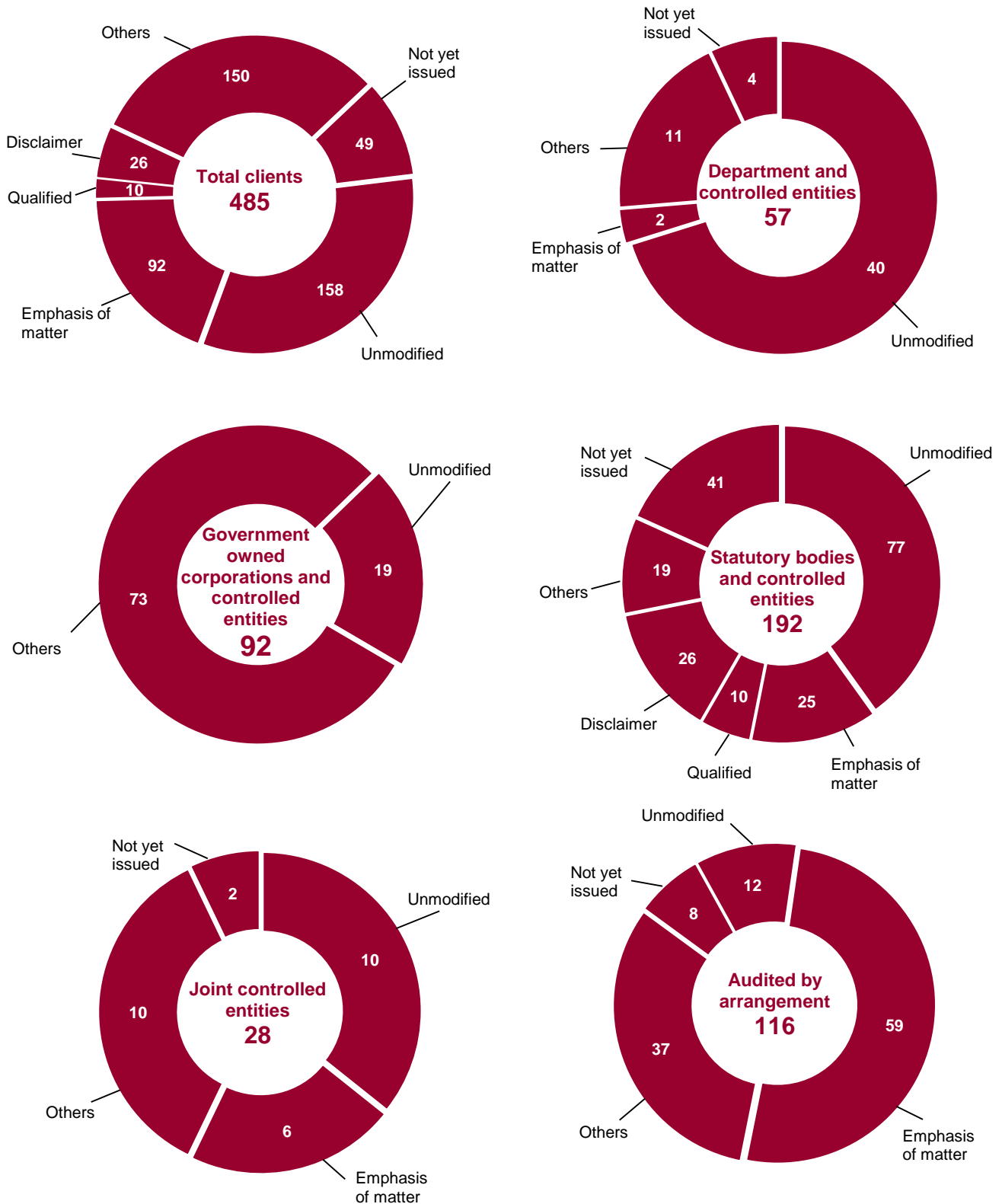
Most departments have yet to implement strategies fully to achieve earlier financial statement preparation, as recommended by the Under Treasurer, with only five of the 21 departments addressing all applicable points adequately. Larger entities continue to make material adjustments to financial statement figures, calling into question the quality assurance processes at these entities.

Agencies are generally accounting for significant financial transactions and disclosing them appropriately within the individual state public sector entity financial reports.

Water boards continue to struggle with the quality and timeliness of their financial statement preparation. We attribute these poor results to a lack of requisite skills by many water board staff to perform the task. This is of particular concern; collectively, these entities have stewardship of more than \$574 million of state assets.

Status of financial statements

Figure A
Number of audit opinions issued by entity type as at 31 October 2014



Source: Queensland Audit Office

Audit opinions issued for 2013–14

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

As at 31 October 2014, we issued 286 opinions for 335 entities (85.4 per cent) requiring an audit opinion. This compares to 282 for 318 entities (88.6 per cent) at the same time in 2013. There were 150 entities that did not require audit opinions because they were dormant, foreign based or were included in the financial statements of another entity.

We note 49 audit opinions remain outstanding—34 category 2 water boards which are not for profit entities with legislated deadlines, one other statutory bodies, two jointly controlled entities, four controlled entities of departments and eight opinions for audits we conduct 'by arrangement'. Of the 49 outstanding audit opinions, 36 entities have legislative deadlines they have not met.

We issue unmodified opinions when financial statements comply with relevant accounting standards and prescribed requirements. In 2013–14, we issued 250 unmodified opinions of 286 (87.1 per cent), compared to 267 of 282 (94.7 per cent) in 2012–13, confirming their financial statements were prepared according to the requirements of legislation and relevant accounting standards.

Disclaimer of opinions

We issue disclaimers when we are unable to express an opinion as to whether financial statements comply with relevant accounting standards and legislative requirements. In 2013–14, we issued disclaimer opinions of financial statements for 26 water boards (13 in 2012–13) because they could not provide sufficient, appropriate evidence of the non-current assets they reported, nor evidence to support their values.

Qualifications

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

In 2013–14, we issued qualified audit opinions on the financial statements for ten water boards (two in 2012–13) because they lacked evidence to support their non-current asset values.

Emphases of matter paragraphs

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

In 2013–14, we included emphases of matter paragraphs in 92 audit opinions of 286 or 32.2 per cent (118 of 282 or 41.8 per cent in 2012–13). We highlighted 20 entities had been or may be wound up; three entities had issues relating to their ability to continue as going concern; and we drew attention to the basis of accounting used in the statements of 69 entities.

Most emphases of matter paragraphs on the basis of accounting related to the trust funds of QSuper and Queensland Investment Corporation and category 2 water boards and river improvement trusts.

Timeliness of financial statements

In 2013–14, management and audit certified the financial statements of 198 of 290 entities or 68.3 per cent that met their requirement to complete financial statements within legislated time frames.

Of the 21 departments, two did not meet the 31 August legislated deadline. The Public Safety Business Agency (PSBA) (formerly the Department of Community Safety) and the Queensland Fire and Emergency Services (QFES) experienced significant machinery of government changes in 2013–14. These changes required detailed analysis of the assets of the former department; the movement of those assets and reconciliations in accounting terms were complex. Most financial transactions were processed and managed through interim arrangements, such as using the former department's SAP finance system.

In 2013–14, 89 statutory bodies did not meet the two-month deadline for their financial statements. Of the 89 statutory bodies, 54 were certified by 31 October 2014. Financial statements for 35 statutory bodies remain outstanding. River improvement trusts and category 2 water authorities comprised 49 of these 54, or 92.7 per cent (56 of 65 or 86.2 per cent in 2012–13). The other five statutory bodies certified were the Queensland Treasury Corporation, the HIV Foundation Queensland, the Australian Agricultural College Corporation and its Employing Office and an entity which has since left the public sector.

This is the second year river improvement trusts and category 2 water boards have been required to prepare general purpose financial statements. These entities were again the worst performing group in terms of the timeliness of their financial statements.

In 2013–14, management and audit certified the financial statements of all 12 government owned corporations or 100 per cent by the legislated deadline, as was the case in 2012–13.

Management and audit certified the 2013–14 financial statements of all 21 controlled entities or 100 per cent (14 of 18 or 77.8 per cent in 2012–13) by the deadline of 31 October 2014 legislated under the *Corporations Act 2001* (Cth).

Quality of financial reporting processes

Accuracy

We measure the accuracy of draft financial statements and the quality of the processes used to compile them by the frequency and size of the errors we find. We raise all errors we identify with each entity. Where errors are material, we request adjustments. Any material errors must be corrected for us to issue an unmodified audit opinion.

Financial statement adjustments

There are two types of adjustments:

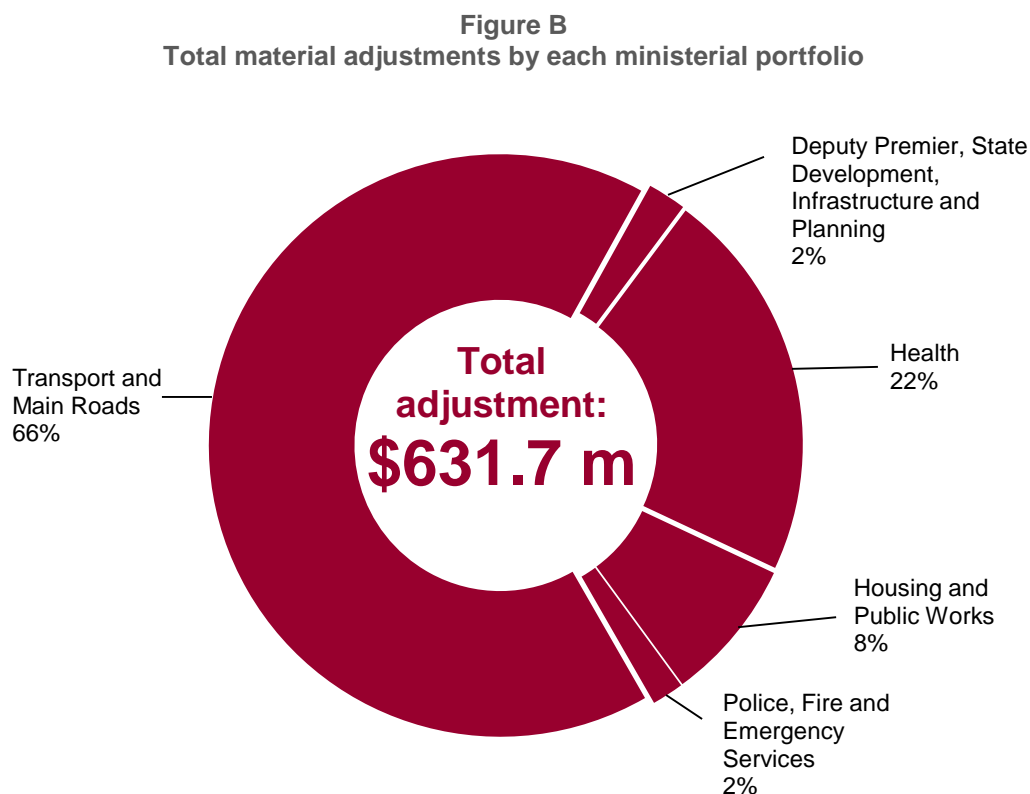
- financial statement adjustments—changes to the amounts being reported
- disclosure adjustments—changes to the commentary or financial note disclosure within the financial statements.

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

Ideally, each entity prepares and provides for audit one set of financial statements, without adjustments. We reviewed the financial statements of 33 entities, including the 21 core departments and 12 government owned corporations, for material adjustments. Any adjustments in the collective assets and liabilities of these entities could materially affect the whole of government accounts. In 2013–14, nine of the entities we assessed required adjustments.

Of nine departments that required adjustments in 2012–13, three improved their processes and did not require material financial statement adjustments in 2013–14.

Figure B illustrates proportional material adjustments made in 2013–14 by portfolio.



Source: Queensland Audit Office

Material adjustments in the departments and government owned corporations have halved from \$1 284.1 million to \$631.7 million.

Adjustments to assets balances due to revaluations and write-offs continue to cause material adjustments as per prior years. Material adjustments in relation to liabilities decreased by 72.1 per cent from 2012–13 due to a single transaction last year. Equity adjustments decreased significantly due to the reduction in the number of machinery of government changes in 2013–14.

Processes to prepare financial statements

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

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

We identified specific areas where improvements can still be made:

- the need for consistent quality assurance of financial statement supporting workpapers, performed by appropriately qualified and experienced senior staff
- the production of good quality pro forma statements provided to audit at an agreed date, preferably before year-end
- more rigorous analysis of the balances reported in the financial statements to confirm their reasonableness, including better explanations to those certifying the statements of the reasons for material variances or apparent anomalies.

Internal control evaluation

An adequate system of internal controls should underpin a sound financial reporting process. Part of a financial auditor's responsibility is to evaluate the entity's internal controls as they relate to the risk of material misstatement in the financial report.

We rate the individual state public sector entities' internal control environments each year as strong, moderate or weak. Our audit procedures are then adjusted in accordance with our perceived risk of material misstatement in the financial report.

We assign an overall strong rating to an entity, where its internal controls are adequate, appropriate and effective, to provide reasonable assurance that risks associated with the preparation of financial reports are being managed and objectives should be met.

We give a moderate rating where an entity's internal controls are generally adequate, appropriate, and effective to provide reasonable assurance that risks associated with the preparation of financial reports are being managed and objectives should be met.

Where an entity's internal controls are unlikely to provide reasonable assurance that risks associated with the preparation of financial reports are being managed and objectives should be met, we rate the entity's internal controls as weak.

We have disclosed how we rated the individual state public sector entities' internal control environments in the scorecards in the summary results by portfolio and entity section of this report.

Implementation of Under Treasurer's strategies

In January 2014, the Under Treasurer issued strategies to the 21 portfolio departments to help them prepare their annual financial statements earlier and encouraged their implementation. These strategies covered key areas including strengthening monthly reporting routines, completing non-current asset valuations and stocktakes at interim dates, obtaining early clearance of pro forma financial statements, identifying and resolving accounting issues preferably before year-end and using internal audit to check quality.

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

Figure C
Number of departments currently using Under Treasurer strategies

Strategies	Met	Partly met	Did not meet	Not applicable
Monthly reporting processes	19	—	2	—
Completion of non-current asset valuations	6	3	9	3
Content of pro forma financial statements	16	—	5	—
Resolution of accounting issues	13	2	6	—
Completion of all asset (including inventory) stocktakes	16	—	4	1
Role of internal audit	10	—	11	—

Source: Queensland Audit Office

It is concerning that most departments have not yet implemented all strategies recommended by the Under Treasurer, with only five departments adequately addressing all applicable points.

Non-current asset balances represent the most significant financial transactions for the state, yet only nine departments had completed their 2013–14 valuations by 31 March.

Only ten departments are using internal audit functions as a control in the financial statement process and six departments did not resolve their accounting issues early in the process.

Significant financial transactions and estimates

Valuation of non-current assets

Non-current assets remain the most significant balances reported which rely on management judgement and estimation, often requiring the involvement of experts to arrive at a valuation. They are therefore inherently more susceptible to error or manipulation.

A significant portion of non-current assets is the land administered by the Department of Natural Resources and Mines, worth \$53.1 billion and comprising land under roads, reserve land and leasehold land.

Land under roads was valued using the same methodology as previous years (*en globo*) and increased from \$42 billion as at 30 June 2013 to \$43.6 billion as at 30 June 2014. Reserve land with a value of \$7.9 billion as at 30 June 2014 decreased by \$7.1 billion during the year, due to the valuation taking into greater account the restrictions on use and the perspective of the market rather than the department.

The value of leasehold land also decreased from \$5.5 billion to \$1.6 billion (a decrease of \$3.9 billion) at 30 June 2014 due to a change in the valuation methodology from unimproved capital value to the net present value of future cash flows to be received from users of the leasehold land.

In forming our audit opinion on the financial report for the department, we determined that the current valuation techniques were supportable methodologies which comply with the requirements of the Australian Accounting Standards, AASB 13 *Fair Value Measurement* and AASB 1051 *Land Under Roads*.

Natural disaster relief and recovery

The Natural Disaster Relief and Recovery Arrangements claim to the Australian Government is a significant source of funding for the state in its recovery from various natural disasters. Insufficient evidence to support expenditure on natural disaster recovery represents a risk to the state in this funding; we issued qualified audit opinions for the three years to 2011–12 in this respect.

The Queensland Reconstruction Authority has contributed to a significant improvement in the supporting evidence over the past two years and we issued an unqualified audit opinion on the 2012–13 claim for \$2.65 billion lodged by the state with the Australian Government during 2013–14.

Public private partnerships

Current public private partnerships (PPPs) of state public sector entities take many forms including the construction of the Sunshine Coast University Hospital, provision of many new schools, delivery of social housing, 1 William Street, the Gold Coast 2018 Commonwealth Games village and the government wireless network.

We considered the contractual arrangements made at the beginning of these PPPs to determine the appropriate accounting treatment and disclosures.

In the absence of a specific Australian accounting standard that is tailored to address PPP arrangements from a grantor's perspective, we have also ensured that the applicable state public sector entities have applied the principles of the Australian Accounting Standard AASB 117 *Leases* and the Queensland Treasury and Trade guidelines (APG 17) in their 2013–14 financial statements.

We are satisfied entities disclosed and accounted for these PPPs appropriately and we issued unmodified audit opinions on the 2013–14 financial statements which contained these arrangements.

1 Context

1.1 Sector responsibilities

1.1.1 Scope of report

This report contains the results of our audits of the financial statements of 370 departments, statutory bodies and government owned corporations with a 30 June 2014 balance date.

This report also includes results of the audits of a further 116 entities which are not public sector entities and are audited by arrangement.

The report excludes the financial statement results of Queensland local governments, universities, grammar schools, Hospital and Health Services and the Queensland state government financial statements, all of which are reported separately to Parliament. We also prepare a separate, more detailed report on the results of the public non-financial corporations which are government owned corporations (GOCs) and statutory bodies operating across the energy, water, transport and other sectors.

1.1.2 Legislative framework

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

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

- the Financial and Performance Management Standard 2009—departments and statutory bodies
- the *Corporations Act 2001* (Cth) (the Corporations Act)—controlled entities which are public companies.

1.1.3 Legislated deadlines

The Financial and Performance Management Standard 2009 requires departments and statutory bodies to have their financial statements finalised and audited no later than two months after the end of the financial year to which the statements relate; that is, by 31 August 2014.

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

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

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

1.1.4 Accountability requirements

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

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

1.2 Audit responsibilities

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

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

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

An *emphasis of matter paragraph* may be included with the audit opinion to highlight an issue of which the auditor believes the users of the financial statements need to be aware. The inclusion of an emphasis of matter paragraph does not modify the audit opinion.

The *Auditor-General Act 2009* requires that a copy of the certified statements and the auditor's report are provided to the chief executive officer and the appropriate Minister after the audit opinion has been issued.

The *Auditor-General Act 2009* also requires the Auditor-General to prepare a report to Parliament on each audit conducted. The report must state whether or not the audit has been finished and that the financial statements have been audited. It must include details of significant deficiencies where financial management functions were not performed adequately and properly and of any actions taken to improve deficiencies reported in previous reports.

This report satisfies these requirements.

1.3 Report structure and audit cost

The remainder of this report is structured as follows:

- Chapter 2—timeliness and quality (summary with individual results in appendices)
- Chapter 3—significant transactions and estimates (including matters raised in previous reports to Parliament)
- Appendix A—portfolio/individual entity score cards which include financial information, timeliness and quality results, opinion information and internal control ratings (comparisons to prior years where available will be included)
- Appendix B—listing of exempt audits (small size/low risk audits which have appointed their own auditors will also be included)
- Appendix C—glossary.

The cost of the audit is \$165 000.

1.4 Reference to comments

In accordance with section 64 of the *Auditor-General Act 2009*, we provided sections of this report to relevant entities with a request for comments. The entities' views have been considered and are represented to the extent relevant and warranted in preparing this report.

2 Quality and timeliness

In brief

Background

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

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

Financial reporting is a key aspect of sound financial management.

Conclusions

- Overall, the timeliness and quality of financial reporting has improved throughout state public sector entities.
- Water bodies continue to have poor results with timeliness and quality of financial reporting.

Key findings

- 198 of 290 entities (68.3 per cent) with legislated deadlines had their financial statements certified by management and the audit opinion issued by the due date.
- In the water bodies sector, 53 of 61 entities missed the 31 August 2014 legislated deadline for financial reporting.
- Two departments missed the legislated deadline due to the effect of machinery of government changes during 2013–14.
- There were nine entities that made adjustments, totalling \$631.7 million, to final draft financial statements.
- Liabilities were the most adjusted category at \$147.1 million (\$594.6 million in 2012–13).

2.1 Introduction

State public sector entities are required to produce complete, accurate and compliant financial statements within legislative time frames.

Making annual reports available to the public as soon as possible after 30 June increases their relevance and usefulness and makes entities more accountable in their management of public money. As these reports must include audited financial statements, it is important that entities maintain effective financial systems that produce timely and reliable financial statements. An efficient financial reporting system will integrate internal and external reporting processes.

2.2 Quality

Figure 2A illustrates the status of audit opinions on financial statements of state public sector entities in 2013–14.

Figure 2A
Number of audit opinions issued by entity type

Type of entity	Unmodified	Issued with emphasis of matter	Qualified	Disclaimer	Audit opinions not required	Opinion not yet issued	Total
Department and controlled entities	40	2	—	—	11	4	57
Government owned corporations and controlled entities	19	—	—	—	73	—	92
Joint controlled entities	10	6	—	—	10	2	28
Statutory bodies and controlled entities	77	25	10	26	19	35	192
Audited by arrangement	12	59	—	—	37	8	116
Total	158	92	10	26	150	49	485

Source: Queensland Audit Office

Audit opinions were not required for 150 of 485 entities because the entities were dormant, non-reporting, reported in parent or related entity financial statements, overseas based exempt or had deregistered since 2012–13.

Of 335 entities requiring an audit opinion, we issued 286 opinions (85.4 per cent) as at 31 October 2014. This compares to 282 of 318 entities (88.6 per cent) at the same time last year.

We issued 158 unmodified audit opinions (55.2 per cent) for 286 completed financial statements (149 of 282 or 52.8 per cent in 2012–13), confirming these were prepared according to the requirements of legislation and relevant accounting standards.

2.2.1 Disclaimer of opinions

A disclaimer of opinion is issued when the auditor is unable to express an opinion as to whether the financial statements comply with relevant accounting standards and legislative requirements.

For 286 financial statements completed in 2013–14, we issued 26 disclaimer of opinions (13 in 2012–13) to:

- Avondale Water Board
- Benleith Water Board
- Bollon West Water Authority
- Bones Knob Water Board
- Boondooma Water Board
- Brigooda Water Board
- Crowley Vale Water Board
- Dundowran-Nikenbah Water Board
- Fernlee Water Authority
- Grevillea Water Board
- Ingie Water Authority (for both 2012–13 and 2013–14 financial statements)
- Kelsey Creek Water Board
- Kooingal Water Board
- Merlwood Water Board (for both 2012–13 and 2013–14 financial statements)
- Mulgildie Water Board
- Myall Plains Water Authority
- Oaky Creek Water Board
- Silkwood Drainage Board
- Six Mile Creek Water Supply Board
- South Maroochy Drainage Board
- Wanda Creek Drainage Board
- Washpool Water Board
- Weengallon Water Authority
- Woodmillar Water Board.

We issued disclaimer of opinions for these entities because:

- they continued to prepare special purpose financial statements when they had not received exemptions from preparing general purpose financial statements
- they had not established appropriate asset management systems to support the completeness and existence of assets and their subsequent measurement.

2.2.2 Qualifications

Qualified audit opinions are issued when part or all of the financial statements do not comply with relevant accounting standards and legislative requirements.

For 286 financial statements completed in 2013–14, we issued ten qualified audit opinions (two in 2012–13) to:

- Babinda Swamp Drainage Board
- Cairns River Improvement Trust
- Callandoon Water Supply Board (for both the 2012–13 and 2013–14 financial statements)
- Condamine Plains Water Board
- Coreen Water Board
- East Deeral Drainage Board
- Kaywana Bore Water Board
- Matthews Road Drainage Board
- Yambocully Water Board.

We issued qualified opinions for these entities because:

- comparative balances for non-current assets and associated balances were not measured in accordance with AASB 116 *Property Plant and Equipment*
- the depreciation expense in 2012–13 was not measured in accordance with AASB 116 *Property Plant and Equipment*.

2.2.3 Emphases of matter paragraphs

We included emphases of matter paragraphs in 92 audit opinions or 32.2 per cent (118 or 41.8 per cent in 2012–13) issued for 286 completed financial statements.

The emphases of matter paragraphs were included to highlight 20 entities had been or may be wound up; three had issues relating to their abilities to operate as a going concern; and 69 related to the basis of accounting.

The 69 emphases of matter paragraphs on the basis of accounting related to the trust funds of QSuper (18) and Queensland Investment Corporation (37) and also category 2 water boards and river improvement trusts (14). The majority of these paragraphs highlighted the permitted adoption of special purpose financial statements for non-reporting entities.

2.2.4 Category 2 water authorities and river improvement trusts

At the beginning of the 2013–14 financial year there were:

- 49 category 2 water authorities established under the *Water Act 2000*
- 12 river improvement trusts (RITs) established under the *River Improvement Trust Act 1941*.

During 2013–14, 22 bodies were formally dissolved as part of structural changes with two other bodies amalgamating into one entity. Of these bodies, 12 have prepared final financial reports that have been audited and there are arrangements in place for audits to be completed for the remaining bodies. A number of other bodies are also seeking dissolution but the timing to complete their restructuring activities has yet to be determined.

Palmgrove Water Board, a category 2 water authority, is yet to provide the documentation necessary to finalise its 2011–12 and 2012–13 financial statements; another four entities are yet to finalise their 2012–13 financial statements.

The 2012–13 financial year was the first year that most category 2 water authorities and RITs prepared general purpose financial statements. There were 16 entities that prepared cash based special purpose financial statements in 2012–13 without an appropriate asset management framework, under exemptions approved by the Treasury from selected provisions of the Financial and Performance Management Standard 2009. The exemptions continued to apply for the 2013–14 financial statements for these 16 entities, provided they were the final financial statements for these transitioning entities.

The major issues we identified in our audit of category 2 water authorities and RITs were:

- the recognition and measurement of non-current infrastructure and other assets acquired or constructed in both previous and current years
- compliance with requirements around the keeping of accounts as required by the Financial Performance and Management Standard 2009 and other prescribed requirements.

Many of these entities had modified audit opinions because they lacked financial resources to establish appropriate asset management frameworks that recognise and measure their non-current infrastructure and other assets in accordance with accounting standards and the non-current asset policies for the Queensland public sector (NCAPs) as issued by Queensland Treasury and Trade.

As shown in the Department of Natural Resources and Mines portfolio scorecard at Appendix A, many of the entities have very limited revenue and cash reserves to establish appropriate asset management frameworks and to arrange for independent valuers to provide fair values for their non-current assets as required by the NCAPs.

Queensland Treasury and Trade, in consultation with the Department of Natural Resources and Mines, is considering a review of the NCAP requirements for smaller entities such as the category 2 water authorities and the RITs. We will continue to liaise and work in conjunction with these agencies to arrive at a practical resolution to these issues.

2.2.5 Material adjustments

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

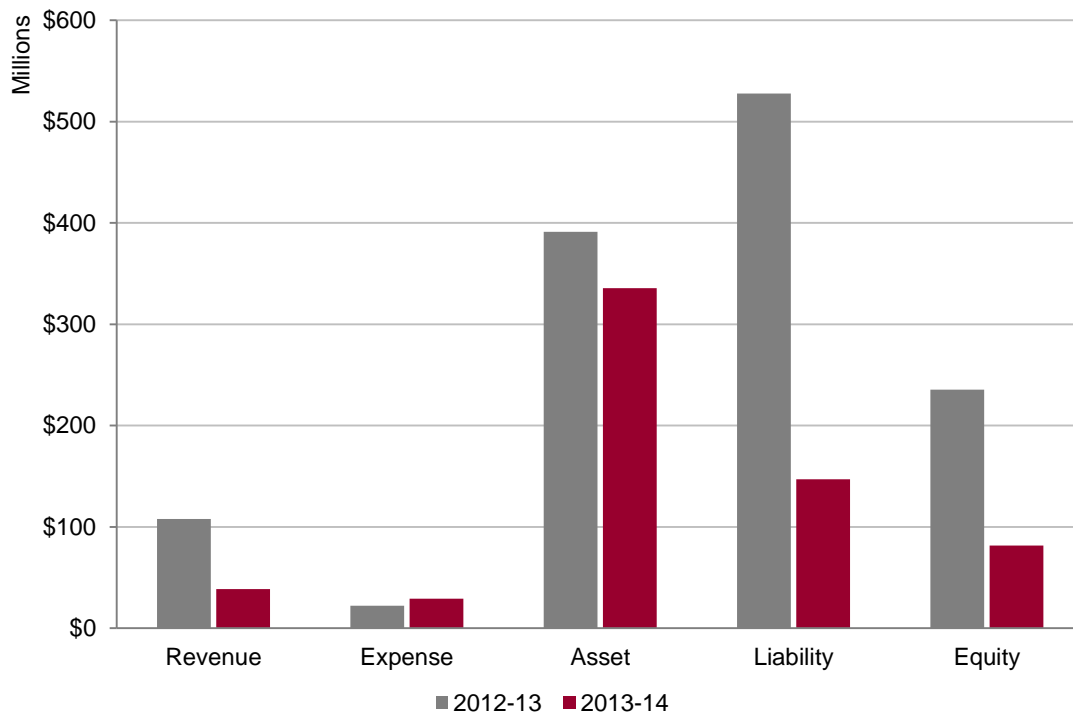
Material adjustments are those adjustments to financial statements which, if not made, could mislead a reader. Ideally each entity should only prepare a draft and a final set of financial statements with no adjustments being made or required after the draft set is provided to audit.

We reviewed the financial statements of 33 entities (the 21 core departments and 12 government owned corporations) for material adjustments. These entities were reviewed as adjustments to their collective assets and liabilities could materially affect the whole of government accounts.

Of these 33 entities, nine made adjustments to the final draft financial statements provided to audit in 2013–14 (ten entities in 2012–13). The absolute value of the adjustments totalled \$631.7 million across six departments and three government owned corporations (\$1 284.1 million in absolute value adjustments in 2012–13 in nine departments and one government owned corporation).

Figure 2B illustrates the value of adjustments categorised by financial statement component.

Figure 2B
Absolute value of adjustments by financial statement component



Source: Queensland Audit Office

The main material financial statement adjustments were \$335.5 million to assets (\$391.3 million in 2012–13) and \$147.1 million to liabilities (\$527.7 million in 2012–13).

The value of the liability adjustments during 2012–13 was inflated by a single transaction relating to appropriation payable at one of the departments. There were no corresponding adjustments in 2013–14.

The asset adjustments in 2013–14 and in 2012–13 comprised mainly asset revaluation adjustments and assets written off. Earlier asset revaluations in accordance with the Under Treasurer's strategies should reduce the number of adjustments required in this category.

Machinery of government adjustments in 2011–12 which affected the opening balances inflated equity adjustments in 2012–13.

2.3 Timeliness

Not all entities have a legislated deadline by which they have to complete their financial statements. Of the 290 that did in 2013–14, 198 or 68.3 per cent had their financial statements certified by management and the audit opinion issued by the legislated date.

As per previous years, the worst performing group in terms of financial statement timeliness was the group comprising river improvement trusts and category 2 water boards.

2.3.1 Departments

Of 21 departments, two did not meet the 31 August legislated deadline. The Public Safety Business Agency (PSBA) (formerly the Department of Community Safety) and the Queensland Fire and Emergency Services (QFES) were subject to a number of significant machinery of government changes in 2013–14.

The Treasurer considered the extensive changes in administrative arrangements undertaken by PSBA during 2013–14 met the definition of a whole of government reason for an extension under the Financial and Performance Management Standard 2009. We signed the audit opinion on the PSBA financial report on 17 September 2014.

The Treasurer did not provide an extension to QFES. We signed the audit opinion on 19 September 2014.

2.3.2 Statutory bodies

Of the 89 statutory bodies did not meet the two-month deadline for their financial statements 54 were certified by 31 October 2014. Financial statements for 35 statutory bodies remain outstanding.

River improvement trusts and category 2 water authorities comprised 49 of these 54, or 90.7 per cent (56 of 65 or 86.2 per cent in 2012–13). The other five statutory bodies certified after the legislated timeframes were the Queensland Treasury Corporation, the HIV Foundation Queensland, the National Trust of Queensland, the Australian Agricultural College Corporation and the Australian Agricultural College Employing Office.

Audit certified the QTC financial statements after the legislated deadline of 31 August 2014. QTC sought advice from Queensland Treasury and Trade in relation to compliance with a prescribed requirement and the final determination was made on 18 September 2014. We signed the unqualified audit opinion on 19 September 2014.

We signed the audit opinion for the HIV Foundation Queensland one day late, on 1 September 2014.

The audit opinions for the Australian Agricultural College Corporation and the National Trust of Queensland were signed on 22 October 2014 and 24 October 2014 respectively. The delays related to establishing whether the valuation methodologies for properties owned by these entities was in compliance with the requirements of AASB 13 *Fair Value Measurement*.

The Australian Agricultural College Employing Office audit opinion was also signed at the same time as its parent entity, the Australian Agricultural College Corporation, on 22 October 2014.

There were 36 audits (11 per cent) from 2012–13 that had not been completed as at 31 October 2013. Of those 36 outstanding audits, 31 have since been completed while audits of four water boards or water authorities are not yet complete as at 31 October 2014.

Of the 35 statutory bodies which remain outstanding at 31 October 2014, 34 (97.1 per cent) relate to water boards, including prior year financial statements.

Category 2 water authorities and river improvement trusts

All 61 water entities must have their financial statements completed and audited by 31 August 2014, except entities preparing final financial statements which require the Minister and the Auditor-General to agree a new time frame under the Financial and Performance Management Standard 2009.

As at 31 October 2014, management and audit certified 19 of 27 or 70 per cent of finalised financial statements (seven of 37 entities or 19 per cent in 2012–13) within either the two-month legislated time frame or the new agreed time frames for final financial statements.

The main reason for this significant improvement is that 11 entities prepared final financial statements in 2013–14 under new time frames agreed between the Minister and the Auditor-General.

Timeliness of completing financial statements continues to be an issue for the water sector entities. The lack of skilled staff in remote areas available to produce financial statements also affects finalisation within legislative time frames.

2.3.3 Government owned corporations

Management and audit certified the financial statements of all 12 or 100 per cent government owned corporations (12 in 2012–13) by the legislated time frame.

2.3.4 Better practices in financial reporting

To enhance the quality and timeliness of their financial reporting, state public sector entities should aim to follow better practice in producing complete, accurate and compliant financial statements within the legislative time frames.

Figure 2C illustrates key areas of preparing financial information and the types of better practice that enhance the final product.

Figure 2C
Selected better practice—financial report preparation

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

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

Of 286 completed financial statements, 67 (23.4 per cent) did not meet the better practice requirements shown in Figure 2C. These 67 comprise 58 category 2 water boards or river improvement trusts, three departments and six statutory bodies.

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

Implementation of Under Treasurer's strategies

In January 2014, the Under Treasurer wrote to the core departments, acknowledging they had well established strategies in place for preparing pro forma statements and completing asset stocktakes and were reasonably well prepared for monthly reporting processes and resolving accounting issues early.

The Under Treasurer and Queensland Treasury and Trade strongly encouraged departments to implement strategies to prepare annual financial statements earlier. At a minimum, all departments were to consider implementing processes, outlined in Figure 2D, if they had already not done so.

Figure 2D
Strategies to improve processes in the preparation of annual financial statements

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

* Longer term strategies

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

Figure 2E illustrates the response of core departments to the Under Treasurer's advice.

Figure 2E
Number of departments currently using Under Treasurer strategies

Strategies	Met	Partly met	Did not meet	Not applicable
Monthly reporting processes	19	—	2	—
Completion of non-current asset valuations*	6	3	9	3
Content of pro forma financial statements	16	—	5	—
Resolution of accounting issues	13	2	6	—
Completion of all asset (including inventory) stocktakes	17	—	4	—
Role of internal audit*	10	—	11	—

* Longer term strategies

Source: Queensland Audit Office

Most departments have adequate monthly reporting processes in place to produce accurate and timely management reports. Most departments are also preparing pro forma financial statements for management and audit review before 30 June and completing asset stocktakes on a timely basis.

Non-current asset balances represent the most significant financial transactions for the state, but only six departments had completed their 2013–14 valuations by 31 March as per the Under Treasurer's strategy. If asset valuations are left until later in the financial year, it is more difficult for the departments to find and correct inaccuracies as they occur. This strategy is acknowledged by the Under Treasurer as a longer term strategy with the target for the 2014–15 financial year of completing the valuations by 30 April 2015.

All departments are required to have internal audit functions under the *Financial Accounting Act 2009* but only ten departments are using internal audit functions as a control in the financial statement process. This is also recognised by the Under Treasurer as a longer term strategy.

Better practice indicates that departments should resolve accounting issues by 30 April for all one-off, complex or significant transactions and changes in accounting policies or estimations. Six departments failed to do this which put pressure on finance and audit staff to resolve these issues during the busy financial statement period.

Only five departments had implemented all of the applicable strategies as at 30 June 2014. This result indicates that there are opportunities for continued enhancements to the financial reporting processes at the remaining 16 departments.

Our strategic audit plan for 2014–15 includes an in-depth review of internal management reporting. We continue to probe the effectiveness of monthly reporting as part of this review.

3 Significant transactions and estimates

In brief

Background

The entities the Auditor-General audits vary widely in size, function and type and provide a broad range of services to the public. The accounting for significant financial reporting transactions and estimates may affect common balances across the various sectors and must be audited before an audit opinion on the financial statements can be issued.

Conclusions

- Valuation of non-current assets remains the most significant financial report component that is estimated based on judgement across the state public sector entities.
- Evidence to support expenditure on the recovery from natural disasters has improved from the previous three years.
- Public private partnership transactions continue to be a significant area of risk for the government's commitment of future financial resources.
- The cessation of the funding guarantees from the Commonwealth under the National Health Reform Agreement means payments up to \$574 million will not be made to states and territories in 2014–15.
- The costs to the state associated with delivering the Gold Coast 2018 Commonwealth Games village are uncertain, due to potential changes to the model of delivery.
- The method of service delivery for public housing and disability care and support services will change, creating new risks for the agencies involved.
- Successful information and communication technology (ICT) replacement is an issue that agencies need to manage carefully.

Key findings

- Land administered by the Department of Natural Resources and Mines is valued appropriately at \$53.6 billion in accordance with Australian accounting standards.
- We issued an unqualified audit opinion on the 2012–13 Natural Disaster Relief and Recovery Arrangements claim for \$2.65 billion to the Commonwealth after three years of claims with qualified audit opinions.
- Public private partnership transactions continue to grow in number and complexity in terms of contractual arrangements.
- From 2014–15, the Australian Government will cease the funding guarantees for public hospitals in the states and territories agreed under the National Health Reform Agreement.
- The signing of the contract for construction of the Gold Coast 2018 Commonwealth Games village has been delayed which may affect the model under which it is delivered.
- From 2014–15, the state will begin to purchase services from community housing providers rather than provide long term public housing directly.
- The state and federal governments will deliver disability care and support services jointly from 2016–17.
- The Department of Health and the Public Safety Business Agency have started projects to replace significant ICT systems.

3.1 Introduction

As part of the financial statement audit process each year and in forming our audit opinions, we need to consider any significant financial transactions that have occurred.

This chapter details the transactions for the most significant matters across the portfolios that we have considered in forming our audit opinions.

We have audited the effects of these transactions and concluded they have been brought to account adequately and appropriately disclosed in the individual financial reports of the entities involved where necessary.

3.2 Communities, Child Safety and Disability Services

3.2.1 National Disability Insurance Scheme

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

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

Eligible Queenslanders with a disability will start entering the NDIS from 1 July 2016, with full implementation by 1 July 2019.

As this scheme is yet to start, there was no effect on the 2013–14 financial statements. Implementation of the NDIS will affect future business operations and expenditure of DCCSDS significantly as responsibilities for disability services transfer to the National Disability Insurance Agency.

3.3 Deputy Premier, State Development, Infrastructure and Planning

3.3.1 Gold Coast 2018 Commonwealth Games—Accommodation Village

The Commonwealth Games Federation 2018 Host City Contract was signed in November 2011 by partners including the Commonwealth Games Federation, the Australian Commonwealth Games Association, the State of Queensland and the Council of the City of Gold Coast. The contract sets out legal, commercial, organisational reporting and financial obligations to deliver the Gold Coast 2018 Commonwealth Games (the Games).

The original bid for the Games included a total cost to the state of \$934.2 million for the Games village (expressed in 2014 dollars, including the fair value of land contributed and roadwork costs associated with the intersection of Smith Street Motorway and Hospital Boulevard), offset by revenue of \$787.5 million expected to be achieved from the sale of village properties to the market.

The current budget of \$206.10 million reflects proposed public private partnership arrangements. The change in the delivery model for the Games village from construction by the state to the private sector has resulted in a shift in delivery risk to that sector, with a significant decrease in expected revenue and a deferral of capital costs.

The Department of State Development, Infrastructure and Planning (DSDIP) started demolition and early site preparation works in early October 2013; stage one of works is now complete. While the preferred developer for the Commonwealth Games village project was announced in December 2013, no contract had been signed at 29 August 2014.

As the contract had not been signed before the 2013–14 financial statements were signed, a disclosure was not included in the notes to the 2013–14 DSDIP financial statements. Without a signed contract, we did not consider there to be a commitment under Queensland Treasury and Trade's APG 6 *Definition and Recognition of Liabilities, Contingent Liabilities and Commitments* or a post-balance date event under Australian Accounting Standard AASB 110 *Events after the Reporting Period*. The 2013–14 statements did not require adjustment and we issued an unmodified audit opinion.

3.4 Education, Training and Employment

3.4.1 Schools infrastructure—new Queensland schools

The Department of Education, Training and Employment (DETE) has entered into two contractual arrangements with private sector entities to design, construct, maintain and finance 17 schools for a period of 30 years on departmental land.

The first contract was agreed in 2009 for seven schools with a contract value of \$1.133 billion over the 30-year life of the agreement. Construction work under this contract commenced in 2009 and was finalised in 2014. The second contract was executed in December 2013 for 10 schools with a total contract value of \$1.38 billion. Construction of all schools under this contract is scheduled to be completed by January 2019 and construction of the first two schools commenced during 2013–14.

Under the 2009 arrangement, Queensland Treasury Corporation provided 70 per cent of the debt funding to the private sector consortium during the operating phase. The remaining 30 per cent of the debt is funded by private finance.

Under the 2013 arrangement, DETE will contribute \$190 million upfront during the construction phase. The upfront contribution is designed to reduce both the level of finance required by the private sector entity to construct the schools and the finance costs to be passed on to DETE. The private sector entity cannot borrow through Queensland Treasury Corporation and must source its finance from the private sector.

For the 2009 arrangement, DETE has recognised a finance lease liability and corresponding leased assets of \$223.77 million. The implicit interest rate of this interest bearing liability is 6.54 per cent.

For the 2013 contract, DETE will recognise a finance lease liability and the associated assets as construction for each stage of each school is completed and is made available for use.

The respective commitments, leased assets and liabilities are appropriately recognised and reflected in the financial statements.

Future south-east Queensland schools and public private partnerships

DETE forecasts significant future demand for schools driven by population growth in regional areas and higher density urban development in south-east Queensland.

DETE has identified up to 45 new state schools will be needed over the next decade. Currently, ten schools are being constructed; costs to construct the remaining 35 schools in the next ten years are estimated at \$987.2 million.

DETE is using a number of funding options for new schools, including entering into public private partnership (PPP) agreements. PPPs facilitate the delivery and/or management of a new school through a contractual agreement between the State of Queensland (through DETE) and the private sector.

Under these arrangements, the private sector participant will construct and maintain the school buildings over the life of the contract (for example 30 years) and DETE will make recurrent payments to the private sector participant over the same period. The buildings are then transferred to DETE at nil consideration at the end of the contract. This allows DETE to build a new school with the capital cost spread over the lease period.

3.4.2 Technical and further education asset revaluation

On 1 July 2014, DETE transferred 33 technical and further education (TAFE) campuses to a new state government authority which specialises in commercial asset management called the Queensland Training Assets Management Authority (QTAMA). QTAMA will manage these TAFE assets in accordance with sound commercial principles.

DETE revalued these assets in preparation for this transfer using a discounted cash flow technique to best represent the changed use of these assets. This change in valuation method resulted in a revaluation decrement of \$587 million, leaving the assets valued at \$383 million as at 30 June 2014. We tested the underlying assumptions and estimates used by management to calculate these values as at 30 June 2014 and concluded that the valuation and disclosures within the DETE financial report were in accordance with the Australian Accounting Standard AASB 13 *Fair Value Measurement*.

3.5 Health

3.5.1 Payroll overpayments and repayments

In October 2012, the pay date for employees of the Department of Health (DoH) and Hospital and Health Services (HHSs), collectively known as Queensland Health, was moved back by seven days. This change allowed payroll staff more time to process and review pay forms and address pay errors. Employees are now paid 10 days after the end of their roster period instead of three days after the end.

So they were not financially disadvantaged by this change in pay date, employees were offered an interest free loan equal to two weeks' net pay. Employees can repay their loans in instalments through an agreed payment plan or in total when they separate from Queensland Health.

The financial statements of DoH include payroll receivables totalling \$182.3 million at 30 June 2014 (\$209.7 million for 2012–13), including payroll overpayments of \$85.4 million. Of these receivables, \$30.4 million (\$36.7 million for 2012–13) is assessed as being impaired, meaning there is some doubt about the ability to recover these debts. The reduction in impaired payroll debts reflects the success of the action by DoH recovering monies owed by former employees after the lifting of the moratorium on the recovery of overpayments in May 2013.

In 2013–14, we assessed DoH's methodology for identifying the value of impaired payroll debts, taking into consideration the age of debts and the historical and future trends in debt recovery. We are satisfied the methodology DoH adopted is appropriate and the value of impaired payroll debts of \$30.4 million in DoH's financial statements is reasonable. The financial statements did not require audit adjustments.

3.5.2 Recovery of defrauded funds

Queensland Health identified a significant fraud in 2011–12. This fraud was perpetrated over five years and its proceeds totalled \$16 million. The perpetrator was found guilty and sentenced to 14 years' imprisonment.

The proceeds of crime recovered from the perpetrator were returned to DoH in October 2013 through appropriation funding of \$11 million. DoH submitted a claim for unrecovered losses of \$8 million to the Queensland Government Insurance Fund (QGIF), which includes interest of \$3 million. QGIF has declined the interest component and continues to consider the claim for the remaining amount of \$5 million.

The conclusion of legal proceedings against the perpetrator of the fraud and the payment of the proceeds of crime to DoH closes this matter. The outstanding QGIF claim for unrecovered losses will not have a significant future effect on DoH.

3.5.3 Work in progress and capitalisation of expenses

DoH capital works in progress as at 30 June 2014 totalled \$1.8 billion (\$3.1 billion as at 30 June 2013). This represents a decrease of 42 per cent, following the transfer of completed assets to HHSs of \$1.9 billion, including commissioning of the Gold Coast University Hospital in September 2013. This decrease was offset by additions of \$948.8 million, including the Lady Cilento Children's Hospital (\$300.9 million), the Sunshine Coast Public University Hospital (\$95.3 million) and the redevelopment of regional hospitals in Cairns, Mackay, Rockhampton and Townsville (\$207.5 million).

During 2013–14, DoH identified \$106 million in prior year capital expenditure that did not meet the capitalisation requirements of the Queensland Government's non-current asset policies. This expense was written off as a prior year adjustment to work in progress.

We assessed the value of DoH's capital works portfolio as at 30 June 2014 and were satisfied the reported value was materially correct. The financial statements did not require adjustments.

3.5.4 Sunshine Coast Public University Hospital

On 17 July 2012, DoH entered into public private partnership contractual arrangements with a consortium to design, construct, commission, maintain and partially finance the Sunshine Coast Public University Hospital (SCPUH) for a period of 25 years. At the expiry of the agreement, management of the facility will transfer to DoH for nil consideration.

DoH will lease back SCPUH from the consortium and make lease payments as well as payments for the maintenance, refurbishment and other services to be provided by the consortium over the term of the agreement. The SCPUH public private partnership includes limited operational support services, closely linked to the hospital building and its systems—security, pest control and car parking services—but does not include any clinical services.

DoH estimates outflows of the SCPUH public private partnership over a 25-year period of \$3.259 billion (non-discounted cashflows) which includes a capital contribution of \$820 million. As at 30 June 2014, DoH estimated outflows in respect of SCPUH of \$3.1 billion over 24 years which was disclosed in the financial statements.

In 2013–14, DoH contributed \$82.7 million to the SCPUH public private partnership project, accounted as an asset (work in progress) in the financial statements. During 2013–14, we agreed the accounting treatment for SCPUH with DoH in line with this guidance.

3.5.5 National Health Reform Agreement

The state and federal governments fund the purchase of health services by DoH under the terms of the National Health Reform Agreement (NHRA).

During 2013–14, DoH received \$2.8 billion from the Australian Government under the NHRA. This funding arrangement is likely to change, given the 2014 Federal Budget announcement that, from July 2017, the Commonwealth will no longer use the NHRA model to calculate public hospital funding.

In addition, from 2014–15, the Commonwealth will cease the funding guarantees for public hospitals agreed under the NHRA. The cessation of the funding guarantees means the Australian Government will not make payments up to \$574 million to the states and territories in 2014–15.

The cessation of the NHRA funding model does not come into effect until 2017–18 and we assessed that there was no effect on the 2013–14 financial statements. Cessation of the Commonwealth funding guarantees will affect DoH's financial statements from 2014–15 onwards.

3.5.6 Information technology system obsolescence

In June 2014, DoH launched its strategic information and communication technology (ICT) roadmap, which outlines its ICT approach for the next ten years. Devolution of ICT ownership from DoH to the HHSs is central to this strategy, with HHSs having much greater involvement in choosing the appropriate ICT solution for their needs. These changes will affect the delivery of new solutions for patient administration and finance systems.

In 2013–14, we considered the effect of a changed ICT strategic direction by DoH on the value of ICT capital cost, recognised in the financial statements, of \$123.31 million. We determined \$13.36 million in long term ICT projects could potentially be written off as it was unlikely future assets will be realised. The financial statements did not require adjustment as the effect was not material to the overall financial position or result for DoH in 2013–14.

3.6 Housing and Public Works

3.6.1 Government precinct redevelopment

In July 2012, Cabinet decided to redevelop government owned buildings in the Brisbane central business district (CBD) precinct.

The renewal program consists of three main interrelated elements:

- sale and medium-to-long term leaseback of the first tranche of government owned and occupied buildings to QIC Limited (QIC) in its capacity as trustee and manager on behalf of institutional investors
- development of a commercial office tower on state land at 1 William Street and the long term leaseback of that accommodation
- proposed sale of the second tranche of remaining buildings post construction of 1 William Street.

Financial risks associated with government rental accommodation

With the sale of government buildings to QIC with fixed lease terms, the construction of 1 William Street and the overall downsizing of the Queensland public sector employee base since 2012–13, the risk remains that the government will be committed to office space in the central business district that may not be required.

The accommodation office within the Department of Housing and Public Works (DHPW) has strategies and controls in place to address these risk areas, including:

- analysis of the demand and use of government office spaces across the public sector
- ongoing consultation and accommodation planning with all departments to assess the short-to-medium term effect of recent reforms and renewal priorities across government
- benchmarking and corporate reporting to assess performance against industry trends in office space vacancy and to maintain high corporate visibility of the cost of vacancy.

These strategies and controls appear to minimise the government's exposure by matching the supply of leased accommodation with public sector demand.

The government has responded to the downsizing of the public sector in recent years by reducing the size of state leased office accommodation by 10.2 per cent over the same period.

The level of vacant space across office accommodation owned and leased by DHPW was 3.16 per cent at 30 June 2014. This compared favourably with Brisbane CBD's vacancy rate of 14.7 per cent in July 2014, as reported by the Property Industry Council of Australia.

DHPW assessed leases involving vacant space at 30 June 2014 to determine if they represented onerous contracts; that is, a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

The key factors considered in determining whether vacant space represented an onerous contract included:

- the proportion of vacant space to total space available under the building lease
- current use of space: for example, the space may not be tenanted but is being refurbished for future tenancy
- expectations of future sub-letting, based on public sector demand and expiry of other leases.

DHPW assessed it did not have any onerous contracts that required recognition at 30 June 2014. We undertook additional audit work to confirm this assessment, verifying vacant space will be progressively refurbished and tenanted following the expiry of leases in other buildings. The 2013–14 financial statements did not require adjustment and we issued an unmodified audit opinion.

DHPW will need to continue to monitor this situation closely.

1 William Street

Construction of 1 William Street continues in accordance with the development schedule. Construction is scheduled for completion in late 2016.

We reassessed the value of land in accordance with Australian Accounting Standard AASB 13 *Fair Value Measurement* at 30 June 2014. We determined the most appropriate fair value basis to be discounted cash flow, taking into account the restrictions on the use of the property under the 99-year ground lease. This did not result in a material difference to the unencumbered value of the land determined using direct comparison to 30 June 2013, and the 2013–14 financial statements did not require adjustment.

We issued an unmodified audit opinion on the financial statements.

Queen's Wharf Brisbane

As part of phase three of the government precinct redevelopment project, the state identified four more CBD buildings proposed for development once 1 William Street is complete in 2016.

Whilst DHPW owns the land, the Department of State Development, Infrastructure and Planning (DSDIP) is responsible for the development of Queen's Wharf Brisbane.

A competitive bid process is underway, with final submissions from tenderers due in October 2014. DSDIP will then recommend a preferred decision to Cabinet. Cabinet will not approve entering into a long term lease nor sell the properties within the precinct until after final submissions from the tenderers are received in October 2014.

As there has been no formal decision as to how the properties will be developed, at 30 June 2014 we valued the land and buildings on a consistent basis with 2012–13. We assessed this valuation with reference to the requirements of AASB 13 *Fair Value Measurement* and confirmed that is appropriate. The 2013–14 financial statements did not require adjustment and we issued an unmodified audit opinion.

3.6.2 Logan renewal initiative

The Queensland Government is implementing a new policy objective as purchaser of services from community housing providers rather than providing long term housing directly.

On 29 August 2014, DHPW entered into a project agreement for the Logan Renewal Initiative with Logan City Community Housing Limited (LCCHL). This project aims to address social housing issues in the Logan local government area by transferring tenancy and property management, intake and assessment and property development to the not for profit sector.

LCCHL will manage approximately 4 900 properties valued at \$1.1 billion for 20 years. LCCHL will receive rent on these properties based on the DHPW social housing rent policy. LCCHL will pay DHPW rent on these properties, subject to annual increases and a rent review every five years. DHPW will progressively transfer titles for 1 049 properties to LCCHL at market value to enable property development.

Payment for rent and properties sold and leased to LCCHL will not be required in cash but will be a debt due to the state at the end of the 20-year lease period with applicable interest. The debt will be repaid with the transfer of LCCHL assets back to the state at the end of the contract term; however, should LCCHL assets be insufficient to extinguish the debt, LCCHL shall have no further obligation to pay the balance of the outstanding debt.

If LCCHL does not effectively manage the resources contributed by the state, the state may not achieve social housing objectives in Logan and the state's investment in assets in Logan may not be recovered. To mitigate this risk, DHPW has incorporated extensive reporting key performance indicators and contract management processes in the project agreement. The department has restructured its Housing Services to place far greater emphasis on procurement and contract management.

As the initiative is yet to commence, there was no effect on the balances reported in the 2013–14 financial statements. Implementation of the initiative will have a significant effect on future business operations. DHPW will determine the accounting for this arrangement during the 2014–15 financial year.

A similar initiative for the Gold Coast is currently in the procurement phase.

3.7 Local Government, Community Recovery and Resilience

3.7.1 Natural Disaster Relief and Recovery Arrangements

The Australian Government provides financial assistance to state and territory governments through Natural Disaster Relief and Recovery Arrangements (NDRRA) to facilitate recovery after major natural disasters. The Commonwealth reimburses up to 75 per cent of eligible costs and the state or territory bears the remaining cost.

The Queensland Reconstruction Authority (QRA) coordinates the state's NDRRA relief measures. The QRA was established under the *Queensland Reconstruction Authority Act 2011* which is due to expire on 30 June 2015.

As at 30 June 2014, NDRRA funding was estimated at \$13.4 billion, with \$11.78 billion (88 per cent) reported to QRA as in progress or delivered.

We issued qualified audit opinions on Queensland's claims to the Commonwealth for the financial years 2009–10, 2010–11 and 2011–12 in relation to NDRRA expenditure administered by the former Department of Local Government and Planning (prior to the establishment of the QRA) because the documentary evidence was insufficient to allow an assessment of pre-disaster condition and post-disaster reparation. This evidence is a prerequisite to establish the validity of restoration claims made. These qualified audit opinions, in aggregate, related to the eligibility of \$930 million of local council claims.

We are currently working with the QRA to determine if any further audit evidence can be gathered from councils so we can assess eligibility reliably and issue a revised unmodified audit opinion.

We have completed our audit of the state's 2012–13 acquittal for NDRRA of \$2.65 billion and certified the special purpose financial statements without qualification. The due date of 31 March 2014 to submit the 2012–13 acquittal to the Commonwealth was extended by three months to 30 June 2014. We attribute this to the large volume of submissions required to be closed out, finalisation of submissions from events that pre-dated the establishment of the QRA and the consequential additional audit effort required.

The majority of works for events which occurred in the 2010–11 and 2011–12 financial years had to be completed by the state government and local councils by 30 June 2014, and will be included in the 2013–14 claim to the Commonwealth, due by 31 March 2015. We estimate the acquittal for the 2013–14 financial year will be approximately \$6.2 billion. The remainder of the works will be acquitted in the 2014–15 and 2015–16 submissions.

Australian Productivity Commission

In April 2014, the Australian Government asked the Australian Productivity Commission to undertake a public inquiry into the effectiveness and sustainability of current natural disaster funding arrangements for disaster mitigation, resilience and recovery measures.

The effect of this inquiry on future natural disaster funding for the state will be clarified following provision of the final report to the Australian Government due by the end of December 2014.

3.8 Natural Resources and Mines

3.8.1 Financial reporting of administered land

In our report *Results of audit: State public sector entities for 2012–13* (Report 11: 2013–14) and after having been raised in a number of previous reports to Parliament, we reported the issues around control, disclosure and valuation of land under roads and other administered land would be reassessed in 2013–14, particularly in light of the introduction of Australian Accounting Standard AASB 13 *Fair Value Measurement* from 1 July 2013.

Land under roads

Control of land under roads vests with the state government and should continue to be reported in the financial statements of the Department of Natural Resources and Mines (DNRM) as the administering department.

DNRM prepared an Accounting Policy Position Paper (the Policy) to support its land under roads valuation methodology. We reviewed the Policy to ensure the valuation methodology complied with the requirements of AASB 13 *Fair Value Measurement* and reviewed the underlying information supporting the methodology, including the state Valuer-General's *en globo* valuation technique which is the prime basis for the valuation of land under roads.

It was determined that the *en globo* valuation technique DNRM adopted was a supportable valuation methodology which complies with the requirements of AASB 13 *Fair Value Measurement* and AASB 1051 *Land Under Roads*.

The value of land under roads increased from \$42 billion as at 30 June 2013 to \$43.6 billion as at 30 June 2014 as disclosed in DNRM's financial report which now provides additional disclosures on derivation of the valuation of land under roads.

Reserves and unallocated state land (reserve land)

Other administered land comprises reserves, unallocated state land and leasehold land.

In DNRM's 2012–13 financial report, the administered land balance included \$15 billion in reserve land measured at fair value, based on each property having an individual factor change applied, derived from the review of market transactions. These movements relate to the review of unimproved land values undertaken by DNRM for each local government area.

Given our concerns over the lack of a finalised documented position on the valuation of administered land and as a consequence of the application of AASB 13 *Fair Value Measurement* from 1 July 2013, DNRM undertook an independent valuation of all reserve land during 2013–14.

The State Valuation Service undertook valuations, based on market values for similar land in similar areas and adjusted for the restrictions on the land using the Valuer-General's professional judgement. As a consequence, the value of reserve land decreased from \$15 billion to \$7.9 billion (a decrease of \$7.1 billion).

The significant decrease in the value of reserve land was due to greater recognition of the restrictions on use during this year's revaluation and valuations from the perspective of the market rather than the agency. Valuations in recent years were effectively adjusted in accordance with general market indices and growth as part of the annual statutory valuation process.

Leasehold land

In DNRM's 2012–13 financial report, the administered land balance included \$5.5 billion of leasehold land which was valued at its unimproved capital value (UCV).

With the introduction of AASB 13 *Fair Value Measurement*, DNRM elected to change the valuation methodology for leasehold land from UCV to the net present value (NPV) of future cash flows expected from users of the leasehold land.

As a result of the change in valuation methodology, the value of leasehold land has decreased from \$5.5 billion to \$1.6 billion (a decrease of \$3.9 billion) at 30 June 2014 as disclosed in DNRM's annual financial report.

Net effect on DNRM financial report

As DNRM did not have any asset revaluation surpluses against which these revaluation decrements could be offset, the net effect of revaluation movements for all administered land was a revaluation decrement expense of \$9.7 billion recorded in DNRM's Administered Statement of Comprehensive Income. We agreed with the accounting for these transactions and issue an unqualified audit opinion on the 2013–14 DNRM financial report.

3.9 Police, Fire and Emergency Services

3.9.1 Human resource management solutions

As we reported in *Results of audit: State public sector entities for 2011–12* (Report 5: 2012-13), the software vendor had not supported LATTICE payroll instances for the Department of Community Safety (DCS) since 2008. This represented a significant risk until the system is replaced. This system is now controlled by the successor department, the Public Safety Business Agency (PSBA).

In September 2012, the Cabinet Budget Review Committee (CBRC) allocated \$100 million in the forward estimates for a program of work to replace the LATTICE system. A recommendation of the preferred vendor is due to be provided by PSBA in November 2014.

Governance of the project is evolving, especially given changes following the Police and Community Safety Review released in September 2013. Though PSBA is the lead agent, ultimately the principal users of the service—DoH, Department of Justice and Attorney-General and Queensland Fire and Emergency Services—will need to manage risk actively and work cooperatively to achieve an effective and efficient solution.

We ensured PSBA disclosed this project adequately in its 2013–14 financial statements including the \$9 million spent up to 30 June 2014 and we issued an unmodified audit opinion.

3.10 Science, Information Technology, Innovation and the Arts

3.10.1 Government wireless network

The government wireless network delivers enhanced digital radio voice and narrowband data communications for Queensland's public safety agencies. In September 2013, the Queensland Government announced the successful telecommunications provider to design, build, finance, operate and maintain the network under a 15-year managed service arrangement with the state, worth approximately \$515 million. The Department of Science, Information Technology, Innovation and the Arts (DSITIA) is managing the project.

The first phase of the project was to deliver the communication needs for the G20 Finance Officials' meeting in Cairns in September 2014 and the G20 Leaders' Summit in Brisbane in November 2014. This phase reached commercial acceptance in June 2014. Further phases of the government wireless network will be delivered in stages throughout south-east Queensland by mid-2016, potentially followed by the rest of the state.

During 2013-14, we reviewed the accounting treatment and financial statement disclosure of the G20 phase of the project to ensure compliance with AASB 117 *Leases*. We undertook a review of the project's contract and we concurred with management's assessment that the accounting for the applicable assets constituted a finance lease. We reviewed the calculation of the minimum lease payments and agreed that DSITIA should recognise a finance lease asset and a commensurate finance lease liability for the value of approximately \$40 million on its financial report as at 30 June 2014.

3.11 Tourism, Major Events, Small Business and the Commonwealth Games

3.11.1 Gold Coast 2018 Commonwealth Games— funding and construction of the venues

The total funding provided through the Department of Tourism, Major Events, Small Business and the Commonwealth Games (DTESB) for the Gold Coast 2018 Commonwealth Games (the Games) will amount to \$324.6 million with \$279.2 million to be spent from 2014-15 onwards. Seven main venues, belonging to state and local governments and a number of private entities, will consume most of this funding. The largest component of DTESB funding—\$99.4 million or 31 per cent of total funding—is for the Carrara Sports and Leisure Centre.

In 2013-14, all relevant parties discussed the accounting treatments for the funding, construction and ownership of capital upgrades on the venues for the Games.

We reviewed the outcomes of these discussions and the resultant accounting treatments reported in the financial reports of all affected agencies in 2013-14 and concluded they were appropriate. We will continue to monitor the accounting treatments and disclosures for the remaining Commonwealth Games capital expenditure scheduled for future years.

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Appendix A—Summary results by portfolio and entity

Type of opinion legend

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

Internal controls key:

Strong: Entity internal controls are adequate, appropriate and effective to provide reasonable assurance that the entity is managing risks associated with the preparation of financial reports and should meet objectives.

Moderate: Generally, entity internal controls evaluated are adequate, appropriate, and effective to provide reasonable assurance that the entity is managing risks associated with the preparation of financial reports and should meet objectives.

Weak: Entity internal controls evaluated are unlikely to provide reasonable assurance that the entity is managing risks associated with the preparation of financial reports and should meet objectives. This rating can be more common for smaller entities without the resources to implement effective internal controls. Auditors will generally take a substantive approach to auditing the financial statements when internal controls are rated as weak.

Legislative Assembly of Queensland

The Legislative Assembly of Queensland consists of 89 members of Parliament who discharge a range of legislative and constituency responsibilities. The parliamentary service provides administrative and support services to the Legislative Assembly.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality	Internal controls 2013–14	Internal controls 2012–13	
						Met deadline	Opinion date				Met
Legislative Assembly of Queensland	85.72	81.61	280.44	10.76	U	Y	29.08.2014	Y	0	Moderate	Moderate

Aboriginal and Torres Strait Islander and Multicultural Affairs and Assisting the Premier

This ministerial portfolio is responsible for Aboriginal and Torres Strait Islander policy, rights and culture; multicultural affairs; and assisting the Premier with public service industrial relations.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Department of Aboriginal and Torres Strait Islander and Multicultural Affairs	104.97	103.39	53.44	11.31	U	Y	29.08.14	Y	0	Moderate	Moderate
Family Responsibilities Commission	3.41	3.81	1.02	0.55	E	Y	19.08.14	Y	0	Moderate	Moderate
The Island Industries Board (trading as Islanders Board of Industry and Service (IBIS))	41.06	39.47	38.47	4.73	U	Y	27.03.14	Y	0	Strong	Moderate

Agriculture, Fisheries and Forestry

The ministerial portfolio is responsible for agriculture, fisheries and forestry, including food and fibre production; and biosecurity, including plant and animal disease protection, exotic pest management and animal welfare.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Australian Agricultural College Corporation	22.24	22.21	106.81	4.95	U	N	22.10.14	Y	0	Moderate	Moderate
Australian Agricultural College Employing Office	10.84	10.84	2.28	2.28	E	N	22.10.14	Y	0	Moderate	Moderate
Darling Downs—Moreton Rabbit Board	1.68	1.63	8.41	0.26	U	Y	28.08.14	Y	0	Moderate	Moderate
Department of Agriculture, Fisheries and Forestry	431.96	433.41	465.03	66.50	U	Y	28.08.14	Y	0	Moderate	Moderate
QRAA	111.05	116.01	557.03	258.85	U	Y	27.08.14	Y	0	Strong	Strong
Safe Food Production Queensland	6.52	6.54	6.01	2.84	U	Y	27.08.14	Y	0	Moderate	Moderate

Note: Chicken Meat Industry Committee was not signed by 31 October 2014.

Attorney-General and Justice

This portfolio is responsible for justice administration, courts, registration of births, deaths and marriages, coroners, criminal justice reform, adult corrective services, elections, judges and magistrates, justices of the peace, law reform, Legal Aid, the Public Trustee, occupational licensing, Golden Casket, casinos, machine gaming and liquor licensing, fair trading and consumer protection, workplace health and safety and electrical safety, youth justice workers' compensation and incorporation of associations and co-operatives and registration of charitable and community purpose organisations.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Met	Quality Material adjustments \$ m	Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date				
Anti Discrimination Commission	5.29	5.36	2.43	0.94	U	Y	15.08.14	Y	0	Moderate	Moderate
Anzac Day Trust	1.29	1.30	0.02	0.00	U	Y	25.07.14	Y	0	Moderate	Moderate
Building and Construction Industry (Portable Long Service Leave) Authority (trading as QLEAVE)	198.52	163.11	876.93	629.77	U	Y	28.08.14	Y	0	Strong	Strong
Contract Cleaning Industry (Portable Long Service Leave) Authority	10.07	4.46	48.05	16.81	U	Y	26.08.14	Y	0	Strong	Strong
Crime and Misconduct Commission	52.16	51.58	26.61	11.13	U	Y	29.08.14	Y	0	Strong	Strong
Department of Justice and Attorney-General	1 163.54	1 160.08	4 100.86	120.67	U	Y	28.08.14	Y	0	Strong	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness			Quality	Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Electoral Commission of Queensland	17.36	17.30	8.59	2.36	U	Y	26.08.14	Y	0	Moderate	Moderate
Law Claims Levy Fund	33.60	28.52	32.71	30.12	U	—	29.08.14	Y	0	Moderate	Moderate
Legal Aid Queensland	113.98	113.06	61.78	24.86	U	Y	25.08.14	Y	0	Moderate	Moderate
Legal Practitioners Admissions Board	0.55	0.37	1.03	0.04	U	Y	29.08.14	Y	0	Moderate	Moderate
Legal Practitioners Fidelity Guarantee Fund	6.69	0.91	28.06	4.47	U	—	29.08.14	Y	0	Moderate	Moderate
Office of the Information Commissioner	6.18	6.13	2.43	0.41	U	Y	21.08.14	Y	0	Moderate	Moderate
Office of the Ombudsman	7.90	7.89	1.84	1.00	U	Y	15.08.14	Y	0	Moderate	Strong
Professional Standards Council	0.64	0.62	1.33	0.50	U	Y	22.08.14	Y	0	Moderate	Moderate
Prostitution Licensing Authority	1.73	1.40	1.44	0.35	U	Y	12.08.14	Y	0	Moderate	Moderate
Public Trustee of Queensland Growth Trust *	64.40	6.27	403.45	9.59	U	Y	29.08.14	Y	0	Moderate	Moderate
QCF Management Co. Ltd	0.24	0.24	0.05	0.04	U	Y	31.10.14	Y	0	Moderate	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness			Quality	Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Queensland Law Society Incorporated	59.78	49.16	244.92	125.75	U	Y	29.08.14	Y	0	Moderate	Moderate
The Public Trustee of Queensland	91.75	80.56	826.95	648.11	U	Y	28.08.14	Y	0	Strong	Moderate
WorkCover Employing Office	66.78	66.78	14.14	14.14	U	Y	29.08.14	Y	0	Strong	Strong
WorkCover Queensland	2 029.88	1 367.23	4 193.93	2 669.69	U	Y	29.08.14	Y	0	Strong	Strong
Workers' Compensation Regulatory Authority (Q-COMP)	13.15	12.93	36.84	30.03	E	Y	09.04.14	Y	0	Moderate	Moderate

* Entities included in financial statements—Public Trustee of Queensland Investment Funds - Australian Equities Fund, Public Trustee of Queensland Conservative Fund, Public Trustee of Queensland Higher Growth Trust.

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

Note 2: Forde Foundation Trust Fund, Gladstone Foundation, Lady Bowen Trust, Queensland Aboriginal & Torres Strait Islander Foundation, Queensland Community Foundation were not signed by 31 October 2014.

Communities, Child Safety and Disability Services

This ministerial portfolio is responsible for child protection services, adoption and carers, community recovery and services, disability services, home and community care, seniors, social inclusion, women's policy and youth affairs.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness			Quality	Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Commission for Children and Young People and Child Guardian	48.08	43.80	21.29	4.26	E	Y	29.08.14	Y	0	Moderate	Moderate
Department of Communities, Child Safety and Disability Services	2 391.76	2 371.77	563.72	127.09	U	Y	29.08.14	Y	0	Moderate	Moderate

Deputy Premier, State Development, Infrastructure and Planning

This portfolio is responsible for investment and infrastructure, major projects, land use planning, urban growth and state development, including regional economic development and local industry policy.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
City North Infrastructure Pty Ltd	0.13	6.44	2.31	0.70	E	Y	22.08.14	Y	0	Moderate	Moderate
Department of State Development, Infrastructure and Planning	426.99	395.98	1 481.08	410.35	U	Y	29.08.14	Y	13.52	Moderate	Moderate
Gasfields Commission Queensland	2.54	2.20	0.54	0.19	U	Y	07.08.14	Y	0	Weak	—
South Bank Corporation	81.93	93.63	702.92	46.76	E	Y	28.08.14	Y	0	Moderate	Moderate
South Bank Employing Office	2.41	2.41	0.43	0.43	E	Y	28.08.14	Y	0	Moderate	Moderate

Note 1: QMI Solutions Limited and Queensland Manufacturing Institute Trust (financial statements deadline 30 November 2014).

Note 2: Advanced Moulding Technologies Pty Ltd (dormant entity).

Education, Training and Employment

This ministerial portfolio is responsible for state schooling, early childhood education and care regulation, non-state school accreditation, regulation and funding, teacher registration, higher education, vocational education and training, skilled and business migration for Queensland and employment programs.

The financial years of universities and grammar schools end at 31 December and the results of their audits are reported separately to Parliament.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
BCITF (Qld) Limited (trading as Construction Skills Queensland)	0.00	0.00	0.00	0.00	U	Y	11.09.14	Y	0	Strong	Strong
Building and Construction Industry Training Fund (Qld)	49.91	55.93	121.66	35.68	U	Y	11.09.14	Y	0	Strong	Strong
Department of Education, Training and Employment	8 360.55	8 360.44	18 450.30	1 078.34	U	Y	25.08.14	Y	0	Moderate	Moderate
Non-State Schools Accreditation Board	0.28	0.29	0.23	0.01	U	Y	12.08.14	N	0	Weak	Weak
Queensland Curriculum and Assessment Authority	39.51	39.48	18.08	5.71	U	Y	22.08.14	Y	0	Moderate	Moderate
Skills Queensland	3.02	3.66	3.62	0.51	E	Y	20.02.14	Y	0	Weak	Moderate

Note: Aviation Australia Pty Ltd was not signed by 31 October 2014.

Energy and Water Supply

This ministerial portfolio is responsible for energy and water utilities, clean energy including energy efficiency and energy industry development and bulk water supply, distribution and retail arrangements.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness			Quality	Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Australian Water Recycling Centre of Excellence Ltd	1.20	5.44	10.88	0.62	U	Y	02.10.14	Y	0	Moderate	Moderate
Central SEQ Distributor–Retailer Authority (trading as Queensland Urban Utilities)	1 069.08	875.87	5 320.59	2 402.38	U	Y	19.08.14	Y	0	Moderate	Moderate
CS Energy Limited *	329.43	588.36	1 761.10	1 479.14	U	Y	29.08.14	Y	0	Moderate	Moderate
Department of Energy and Water Supply	62.77	63.36	26.79	10.49	U	Y	27.08.14	Y	0	Moderate	Moderate
ENERGEX Limited # ^	2.59	1.87	13.29	9.47	U	Y	26.08.14	Y	0	Strong	Strong
Energy and Water Ombudsman Queensland	6.14	6.13	2.71	2.46	U	Y	29.08.14	Y	0	Moderate	Moderate
Ergon Energy Corporation Limited	2 330.00	1 725.00	11 213.00	7 793.00	U	Y	29.08.14	Y	0	Strong	Strong

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Met	Quality Material adjustments \$ m	Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date				
Ergon Energy Queensland Pty Ltd	1 851.87	1 883.02	621.63	581.10	U	Y	29.08.14	Y	0	Strong	Strong
Ergon Energy Telecommunications Pty Ltd	10.17	6.64	4.52	4.52	U	Y	29.08.14	Y	0	Moderate	Moderate
Gladstone Area Water Board ♦	69.60	38.18	587.93	296.69	U	Y	29.08.14	Y	0	Strong	Moderate
Mount Isa Water Board ⊕	20.78	20.28	114.84	16.65	U	Y	29.08.14	Y	0	Moderate	Moderate
Northern SEQ Distributor-Retailer Authority (trading as Unitywater)	550.49	431.77	3 268.13	1 748.44	U	Y	26.08.14	Y	0	Strong	Moderate
Queensland Bulk Water Supply Authority (trading as Seqwater)	720.50	1 120.65	11 129.99	9 670.24	U	Y	29.08.14	Y	0	Moderate	Moderate
Queensland Electricity Transmission Corporation Limited (trading as Powerlink Queensland) ▲	1 038.70	737.88	7 720.20	5 139.78	U	Y	25.08.14	Y	0	Strong	Strong

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Met	Quality	Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date				
SPARQ Solutions Pty Ltd	195.58	195.58	266.65	265.11	U	Y	14.08.14	Y	0	Moderate	Moderate
Stanwell Corporation Limited [⊙]	1 488.59	1 368.29	2 964.29	1 484.17	U	Y	26.08.14	Y	0	Moderate	Moderate
SunWater Limited [*]	263.23	195.65	1 276.93	599.28	U	Y	28.08.14	Y	0	Moderate	Moderate

* Entities included in financial statements—Aberdare Collieries Pty Ltd; Callide Energy Pty Ltd; CS Energy Kogan Creek Pty Ltd; CS Energy Oxyfuel Pty Ltd; CS Kogan (Australia) Pty Ltd; Kogan Creek Power Pty Ltd; Kogan Creek Power Station Pty Ltd; Manzillo Insurance (PCC) Ltd.

Entities included in financial statements—Energy Impact Pty Ltd; Varnsdorf Pty Ltd.

^ Entities deregistered and not included in financial statements—Queensland Energy Services Team Pty Ltd; VH Energy Holdings Pty Ltd; VH Finance Pty Ltd; VH Operations Pty Ltd.

◆ Entities included in financial statements—Gladstone Area Water Board Employing Office.

⊕ Entities included in financial statements—Mount Isa Water Board Employing Office.

▲ Entities included in financial statements—Harold Street Holdings Pty Limited; Powerlink Transmission Services Pty Ltd.

⊙ Entities included in financial statements—Mica Creek Pty Ltd; SCL North West Pty Ltd; Tarong North Pty Ltd; TEC Coal Pty Ltd; TN Power Pty Ltd; Tarong Fuel Pty Ltd.

* Entities included in financial statements—Burnett Water Pty Ltd; Eungella Water Pipeline Pty Ltd; North West Queensland Water Pipeline Pty Ltd.

Note 1: CS Energy Group Holdings Pty Ltd; CS Energy Group Operations Holdings Pty Ltd; The Green Energy Corporation Pty Ltd; Metering Dynamics Business Support Pty Ltd; Energy Portfolio 1 Pty Ltd; Glen Wilga Coal Pty Ltd; Goondi Energy Pty Ltd; Tarong Energy Corporation Pty Ltd (dormant entities).

Note 2: South East Queensland Water Corporation Pty Limited (deregistered entity).

Environment and Heritage Protection

This ministerial portfolio is responsible for environment, climate change science and policy, coastal management, ecologically sustainable development, environmental planning, protection of flora and fauna, historical cultural heritage, pollution management and waste management.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Currumbin Bird Sanctuary	13.82	13.40	45.31	2.31	E	Y	29.08.14	Y	0	Moderate	Moderate
Currumbin Wildlife Hospital Foundation	0.46	0.13	0.21	0.04	E	Y	29.08.14	Y	0	Moderate	Moderate
Department of Environment and Heritage Protection	173.83	182.74	55.66	11.64	U	Y	29.08.14	Y	0	Moderate	Moderate
National Trust of Queensland *	0.89	1.08	8.48	0.29	E	N	24.10.14	N	0	Moderate	Moderate
The Balance the Earth Trust	0.35	0.02	1.00	0.00	U	—	20.10.14	Y	0	Moderate	Moderate

* National Trust Queensland became a company limited by guarantee on 1 July 2014

Health

This ministerial portfolio is responsible for hospitals, ambulance service, public health, oral health, Indigenous health, community health, mental health and registration of health professionals.

We have provided a separate report to Parliament on Hospital and Health Services (HHSs), which also form part of this portfolio.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Children's Health Foundation Queensland	17.04	15.91	31.28	8.27	U	Y	29.08.14	N	0	Moderate	Moderate
Department of Health	19 396.85	19 392.04	4 611.88	1 520.31	U	Y	29.08.14	Y	137.72	Strong	Moderate
Gold Coast Hospital Foundation	1.06	0.92	4.74	0.10	U	Y	29.08.14	Y	0	Weak	Weak
Health Quality and Complaints Commission	12.70	14.37	0.00	0.00	E	Y	29.08.14	Y	0	Weak	Moderate
HIV Foundation Queensland	0.38	0.09	0.38	0.09	U	N	01.09.14	Y	0	Moderate	—
Office of the Health Ombudsman	5.22	3.27	4.43	2.48	U	Y	28.08.14	N	0	Moderate	—
Queensland Mental Health Commission	7.29	6.86	0.75	0.32	U	Y	25.08.14	N	0	Moderate	—
Redcliffe Hospital Foundation	0.08	13.43	0.30	0.11	E	Y	29.08.14	N	0	Weak	Weak

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Royal Brisbane and Women's Hospital Foundation	10.21	5.74	26.78	5.34	U	Y	21.08.14	Y	0	Weak	Weak
The Council of the Queensland Institute of Medical Research (trading as QIMR Berghofer)	101.03	93.93	427.66	28.91	U	Y	29.08.14	Y	0	Strong	Moderate

Note 1: Q-Gen Pty Limited (dormant entity).

Note 2: Queensland Children's Medical Research Institute was not signed by 31 October 2014.

Housing and Public Works

This ministerial portfolio is responsible for housing services, government accommodation, buildings, vehicles, purchasing, property facilities management and related services, building industry regulation, building and plumbing standards, regulation of accommodation services, homelessness services and registration of retirement villages.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Board of Architects of Queensland	0.53	0.53	0.63	0.51	U	Y	26.08.14	Y	0	Weak	Weak
Board of Professional Engineers of Queensland	2.07	2.04	2.41	2.00	U	Y	26.08.14	Y	0	Weak	Weak
Cairns Convention Centre	8.33	8.33	3.05	3.05	E	Y	29.08.14	Y	0	Moderate	Moderate
Department of Housing and Public Works	2 059.30	2 092.88	18 148.04	983.56	U	Y	29.08.14	Y	50.21	Moderate	Moderate
Gold Coast Convention and Exhibition Centre	24.19	20.71	18.15	9.42	E	Y	22.08.14	Y	0	Moderate	Moderate
Queensland Building and Construction Commission	107.16	104.11	386.99	317.60	U	Y	29.08.14	Y	0	Moderate	—

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Met	Quality	Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date		Material adjustments \$ m		
Queensland Building and Construction Employing Office	30.33	30.33	8.59	8.59	U	Y	29.08.14	Y	0	Moderate	—
Queensland Building Services Authority *	70.55	58.41	376.73	310.39	E	Y	14.02.14	Y	0	Weak	Weak
Residential Tenancies Authority	46.69	48.66	798.72	736.12	U	Y	28.08.14	Y	0	Moderate	Moderate
Residential Tenancies Employing Office	15.88	15.88	3.58	3.58	U	Y	28.08.14	Y	0	Moderate	Moderate

* Queensland Building Services Authority was dissolved on 30 November 2013.

Housing and Public Works—prior year's audits

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m	
Lazy Acres Caravan Park	3.43	1.37	5.5	0.07	U	—	07.02.14	Y	0	Weak
The Monte Carlo Caravan Park Trust	8.01	7.80	8.84	0.08	U	—	07.02.14	Y	0	Weak
Woombye Gardens Caravan Park	2.28	2.04	3.77	0.06	U	—	07.02.14	Y	0	Weak

Local Government, Community Recovery and Resilience

This ministerial portfolio is responsible for regulating local government including corporate governance, auditing of councils, local government boundaries and elections and building stronger relationships between Queensland councils and the state government. The minister has added responsibility for developing and driving Queensland disaster recovery strategies and projects, with a strong focus on working with local communities to increase significantly the state's disaster resilience, following the major Queensland floods of January 2013.

The results of audits of local government entities are reported in a separate report to Parliament.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Department of Local Government, Community Recovery and Resilience	148.26	185.72	97.93	19.32	U	Y	25.08.14	Y	0	Strong	Strong
Queensland Reconstruction Authority	3 655.75	3 470.46	392.15	3.62	E	Y	21.08.14	Y	0	Strong	Strong

National Parks, Recreation, Sport and Racing

This ministerial portfolio is responsible for marine parks management, national parks management including access to national parks and recreation, racing and sport.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Department of National Parks, Recreation, Sport and Racing	353.49	375.60	2 897.20	41.20	U	Y	29.08.14	Y	0	Moderate	Moderate
Queensland All Codes Racing Industry Board (Racing Queensland)	201.19	206.66	142.12	24.39	U	Y	29.08.14	Y	0	Moderate	—
Queensland Race Product Co Ltd	131.08	131.08	16.37	16.37	E	Y	29.08.14	Y	0	Moderate	Moderate
Rockhampton Racing Pty Ltd	0.07	0.81	10.95	1.16	E	Y	29.08.14	Y	0	Moderate	Moderate
Stadiums Queensland	78.36	123.85	1 105.20	140.96	U	Y	27.08.14	Y	0	Strong	Strong
Sunshine Coast Racing Pty Ltd	0.59	-1.63	25.60	3.35	U	Y	29.08.14	Y	0	Moderate	Moderate
Trustees of Parklands Gold Coast	0.57	2.72	27.89	0.38	E	Y	28.11.13	Y	0	Moderate	Moderate

Natural Resources and Mines

This ministerial portfolio is responsible for mining and petroleum, including mine safety and health, land management and use, land titles, valuations, state land, land protection, Aboriginal and Torres Strait Islander land interests and native title.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Met	Quality	Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date		Material adjustments \$ m		
Avondale Water Board	0.41	0.37	0.87	0.02	D	Y	29.08.14	N	0	Weak	Weak
Benleith Water Board	0.03	0.01	0.00	0.00	D	N	05.09.14	N	0	Weak	Weak
Bollon West Water Authority	0.22	0.20	0.23	1.36	D	Y	29.08.14	N	0	Weak	Weak
Bones Knob Water Board	0.00	0.00	0.00	0.00	D	N	09.10.14	N	0	Weak	Weak
Boondooma Water Board	0.01	0.01	0.00	0.00	D E	N	05.09.14	N	0	Weak	Weak
Brigooda Water Board	0.02	0.03	0.04	0.00	D	Y	29.08.14	N	0	Weak	Weak
Callandoon Water Supply Board	0.00	0.00	0.00	0.00	Q	N	07.10.14	N	0	Weak	Weak
Department of Natural Resources and Mines	452.44	450.33	298.87	48.99	U	Y	26.08.14	Y	0	Moderate	Moderate
Don River Improvement Trust	0.15	0.10	9.21	0.00	U	N	02.10.14	N	0	Weak	Weak

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Met	Quality	Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date		Material adjustments \$ m		
Dumaresq–Barwon Border Rivers Commission	2.35	4.54	141.39	1.06	U	Y	29.08.14	Y	0	Weak	Weak
Fernlee Water Authority	0.11	0.07	2.88	0.83	D	N	02.10.14	N	0	Weak	Weak
Grevillea Water Board	0.04	0.06	0.39	0.14	D E	N	05.09.14	N	0	Weak	Weak
Ingie Water Authority	0.05	0.02	0.63	0.29	D	N	17.10.2014	N	0	Weak	Weak
Juandah Water Board	0.02	0.03	0.00	0.00	E	N	17.09.14	N	0	Weak	Weak
Kelsey Creek Water Board	0.17	0.09	0.00	0.00	D E	N	05.09.14	N	0	Weak	Weak
Lower Herbert Water Management Authority	0.23	0.25	2.67	0.00	U	N	21.10.14	N	0	Weak	Weak
Merlwood Water Board	0.00	0.00	0.00	0.00	D	N	14.10.14	N	0	Weak	Weak
Middle Park Bore Water Supply Board	0.01	0.00	0.00	0.00	E	N	05.09.14	N	0	Weak	Weak
Mulgildie Water Board	0.04	0.01	0.07	0.00	D E	N	05.09.14	N	0	Weak	Weak
North Burdekin Water Board	5.01	4.79	23.05	1.10	U	Y	27.08.14	N	0	Weak	Weak

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Pioneer River Improvement Trust	0.31	0.77	0.00	0.00	E	Y	29.08.14	N	0	Weak	Weak
Pioneer Valley Water Board	2.34	2.78	35.83	0.96	U	Y	29.08.14	N	0	Weak	Weak
Scenic Rim Rivers Improvement Trust	0.11	0.06	0.12	0.00	U	Y	22.08.14	N	0	Weak	Weak
Silkwood Drainage Board	0.02	0.01	0.01	0.00	D	N	30.09.14	N	0	Weak	Weak
Six Mile Creek Water Supply Board	0.04	0.03	0.00	0.00	D E	N	05.09.14	N	0	Weak	Weak
Smithfield Drainage Board	0.00	0.00	0.00	0.00	E	N	05.09.14	N	0	Weak	Weak
South Burdekin Water Board	2.58	2.69	16.42	0.72	U	Y	27.08.14	N	0	Weak	Weak
South Maroochy Drainage Board	0.00	0.00	0.05	0.00	D	N	17.10.2014	N	0	Weak	Weak
Stanthorpe Shire River Improvement Trust	0.02	0.00	0.04	0.00	U	N	18.09.14	N	0	Weak	Weak

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
State Council of River Trusts, Queensland Inc.	0.70	0.31	0.46	0.00	E	—	10.10.14	N	0	Strong	Strong
Valuers Registration Board of Queensland	0.38	0.39	0.65	0.41	U	Y	28.08.14	Y	0	Weak	Weak
Wanda Creek Drainage Board	0.00	0.00	0.09	0.00	D	N	16.09.14	N	0	Weak	Weak
Warwick Shire River Improvement Trust	0.20	0.13	0.38	0.00	U	N	02.10.14	N	0	Weak	Weak
Washpool Water Board	0.04	0.10	0.04	0.00	D	N	05.09.14	N	0	Weak	Weak
Woodmillar Water Board	0.09	0.14	0.20	0.00	D E	N	05.09.14	N	0	Weak	Weak
Yambocully Water Board	0.41	0.43	2.90	0.05	Q	N	02.10.14	N	0	Weak	Weak

Note 1: Callandoon Water Supply Board Employing Office, Glamorgan Vale Water Board Employing Office, Merlwood Water Board Employing Office, North Burdekin Water Board Employing Office, Pioneer Valley Water Board Employing Office, South Burdekin Water Board Employing Office, Yambocully Water Board Employing Office (inactive entities).

Note 2: Babinda Swamp Drainage Board, Bollon South Water Authority, Burdekin Shire Rivers Improvement Trust, Cairns River Improvement Trust, Cassowary Coast River Improvement Trust, Condamine Plains Water Board, Coreen Water Board, Cowley Drainage Board, Crowley Vale Water Board, East Deeral Drainage Board, East Euramo Drainage Board, Eugun Bore Water Authority, Glamorgan Vale Water Board, Herbert River Improvement Trust, Ipswich Rivers Improvement Trust, Kaywanna Bore Water Board, Kooingal Water Board, Marathon Bore Water Supply Board, Matthews Road Drainage Board, Mourilyan Drainage Board, Oaky Creek Water Board, Orchard Creek Drainage Board, Riversdale-Murray Valley Water Management Board, Roadvale Water Board, Palmgrove Water Board, Stagnant Creek Drainage Board, Wambo Shire River Improvement Trust, Weengallon Water Authority, Whitsunday Rivers Improvement Trust were not signed by 31 October 2014.

Natural Resources and Mines—prior year's audits

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m	
Babinda Swamp Drainage Board	0.01	0.06	0.69	0.00	Q	N	20.12.13	N	0	Weak
Cairns River Improvement Trust	0.32	0.27	6.79	0.01	Q	N	02.03.14	N	0	Weak
Callandoo Water Supply Board	0.18	0.15	0.50	0.00	Q	N	06.02.14	N	0	Weak
Cardwell Shire River Improvement Trust	0.13	0.13	0.00	0.00	E	N	04.12.13	N	0	Weak
Cassowary Coast River Improvement Trust	4.74	0.19	7.83	0.01	U	N	02.04.14	N	0	Weak
Clifton Shire River Improvement Trust	0.00	0.04	0.00	0.00	E	N	04.12.13	N	0	Weak
Condamine Plains Water Board	0.31	0.26	12.43	0.02	Q	N	27.02.14	N	0	Weak
Coreen Water Board	0.08	0.10	0.17	0.00	Q	N	27.03.14	N	0	Weak
Crowley Vale Water Board	0.04	0.04	0.25	0.00	D	N	06.12.13	N	0	Weak
Don River Improvement Trust	0.15	0.23	9.32	0.02	U	N	04.03.14	N	0	Weak
Dundowran–Nikenbah Water Board	0.01	0.02	0.00	0.00	D	N	18.03.14	N	0	Weak
East Deeral Drainage Board	0.00	0.01	0.27	0.00	Q	N	27.09.13	N	0	Weak
Ingie Water Authority	0.05	0.02	0.63	0.32	D	N	17.10.14	N	0	Weak

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m	
Ipswich Rivers Improvement Trust	0.14	0.70	2.58	0.00	U	N	31.01.14	N	0	Weak
Jondaryan Shire River Improvement Trust	0.00	0.02	0.00	0.00	E	N	04.12.13	N	0	Weak
Kaywanna Bore Water Board	0.06	0.08	1.04	0.00	Q	N	07.01.14	N	0	Weak
Kooingal Water Board	0.02	0.03	0.13	0.00	D	N	06.01.14	N	0	Weak
Lower Herbert Water Management Authority	0.37	0.42	2.68	0.00	U	N	06.01.14	N	0	Weak
Matthews Road Drainage Board	0.00	0.02	0.23	0.00	Q	N	20.12.13	N	0	Weak
Merlwood Water Board	0.10	0.12	1.22	0.03	D	N	09.04.14	N	0	Weak
Myall Plains Water Authority	0.01	0.00	0.00	0.00	D E	N	18.03.14	N	0	Weak
Oaky Creek Water Board	0.03	0.04	0.10	0.00	D	N	06.01.14	N	0	Weak
Roadvale Water Board	0.20	0.20	0.81	0.00	U	N	06.02.14	N	0	Weak
Silkwood Drainage Board	0.01	0.03	0.01	0.00	E	N	05.12.13	N	0	Weak
Weengallon Water Authority	0.00	0.00	0.03	0.00	D	N	08.04.14	N	0	Weak

Note: Bollon South Water Authority, Eugun Bore Water Authority, Glamorgan Vale Water Board, Palmgrove Water Board (for both 2011-12 and 2012-13) were not signed by 31 October 2014.

Police, Fire and Emergency Services

This ministerial portfolio is responsible for police service, fire and rescue service and disaster management.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Met	Quality	Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date		Material adjustments \$ m		
Public Safety Business Agency*	688.05	691.54	811.23	59.27	U	N	17.09.14	N	3.39	Moderate	Moderate
Queensland Fire and Emergency Services	425.70	397.19	103.23	27.92	U	N	19.09.14	N	0	Moderate	—
Queensland Police Service	2 011.06	2 010.21	1 931.32	147.61	U	Y	29.08.14	N	7.78	Strong	Moderate

*former Department of Community Safety

The Premier and Cabinet

This ministerial portfolio is responsible for the overall management of Queensland, Cabinet, coordinating government communication, policy development, Parliamentary Counsel, governance, protocol and intergovernmental relations and overall public service management.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Department of the Premier and Cabinet	100.01	100.01	18.28	10.10	U	Y	28.08.14	Y	0	Strong	Moderate
Office of the Governor	5.81	5.77	2.54	0.20	U	Y	26.08.14	Y	0	Moderate	Moderate
Public Service Commission	23.22	23.25	3.48	2.54	U	Y	28.08.14	Y	0	Strong	Moderate

Note: Premier's Disaster Relief Appeal Fund was not signed by 31 October 2014.

The Premier and Cabinet—prior year's audits

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m	
Premier's Disaster Relief Appeal Fund	0.163	0.209	0.00	0.00	U	—	12.12.13	Y	0	Moderate

Science, Information Technology, Innovation and the Arts

This ministerial portfolio is responsible for science policy, strategy and investment, digital economy, chief scientist, innovation policy, strategy and programs, research and development coordination and planning, international collaborations, administration of crown copyright and intellectual property, government information and communication services and delivery, archives, Smart Services Queensland, Queensland Shared Services and Arts Queensland.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Aboriginal Centre for the Performing Arts Pty Ltd	1.51	2.06	1.38	0.09	U	Y	31.10.14	Y	0	Weak	Moderate
BioPharmaceuticals Australia (Network) Pty Ltd	1.82	1.86	4.14	1.73	U	Y	25.08.14	Y	0	Moderate	Moderate
Board of the Queensland Museum	36.30	36.14	550.78	3.08	U	Y	29.08.14	Y	0	Strong	Strong
Department of Science, Information Technology, Innovation and the Arts *	756.52	745.88	1 020.49	119.53	U	Y	29.08.14	Y	0	Moderate	Moderate
Library Board of Queensland	64.45	59.53	126.85	4.06	U	Y	26.08.14	Y	0	Moderate	Moderate
Queensland Art Gallery Board of Trustees	54.55	42.63	357.75	4.67	U	Y	18.08.14	Y	0	Moderate	Moderate
Queensland Library Foundation	1.17	0.78	5.00	0.04	U	—	26.08.14	Y	0	Moderate	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness			Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m			
Queensland Museum Foundation Trust	1.06	1.38	0.65	0.01	U	—	29.08.14	Y	0	Strong	Strong	
Queensland Performing Arts Trust	47.30	47.27	23.91	6.25	U	Y	29.08.14	Y	0	Moderate	Moderate	
Screen Queensland Pty Ltd	12.19	12.13	15.15	7.10	U	Y	03.09.14	Y	0	Moderate	Moderate	

* Entities included in financial statements—CITEC; Corporate Administration Agency; Arts Queensland; Queensland Shared Services.

Tourism, Major Events, Small Business and the Commonwealth Games

This ministerial portfolio is responsible for the 2018 Gold Coast Commonwealth Games, developing small business capability, investment promotion, major events, regulatory reform, small business resilience and tourism development and promotion.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Department of Tourism, Major Events, Small Business and the Commonwealth Games	95.88	95.69	3.33	1.11	U	Y	29.08.14	Y	0	Moderate	Moderate
Gold Coast 2018 Commonwealth Games Corporation	17.74	14.13	7.68	1.96	U	Y	29.08.14	Y	0	Strong	Moderate
Gold Coast Events Management Ltd (trading as Queensland Events Gold Coast)	4.27	4.48	4.37	3.70	U	Y	18.08.14	Y	0	Moderate	Moderate
Tourism and Events Queensland *	110.02	113.55	24.01	21.80	U	Y	29.08.14	Y	0	Moderate	Moderate
Tourism and Events Queensland Employing Office	14.27	14.27	2.72	2.72	U	Y	29.08.14	Y	0	Moderate	Moderate

Note 1: Pan Pacific Masters Games Ltd; Events Queensland Pty Ltd (dormant entities).

* Entities included in financial statements—Asia Pacific Screen Awards Ltd; Gold Coast Events Co. Pty Ltd.

Transport and Main Roads

This ministerial portfolio is responsible for air services, busways, land transport and safety, main roads, maritime, passenger transport, ports, railways and transport infrastructure.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Department of Transport and Main Roads	7 403.58	5 437.48	60 742.14	2 058.00	U	Y	29.08.14	Y	35.90	Strong	Strong
Far North Queensland Ports Corporation Limited (trading as Ports North)	53.16	40.93	302.15	45.88	U	Y	28.08.14	Y	0	Moderate	Moderate
Gladstone Ports Corporation Limited	691.18	547.51	1 962.72	869.03	U	Y	29.08.14	Y	349.90	Moderate	Moderate
Gold Coast Waterways Authority	7.95	8.03	178.56	2.32	U	Y	26.08.14	Y	0	Moderate	Moderate
National Heavy Vehicle Regulator	21.38	30.23	77.61	91.07	U	—	10.09.14	Y	0	Weak	Moderate
North Queensland Bulk Ports Corporation Limited	100.81	68.46	421.05	154.21	U	Y	29.08.14	Y	18.07	Moderate	Moderate
Port of Townsville Limited	76.02	50.26	592.81	159.40	U	Y	26.08.14	Y	15.28	Strong	Strong
Queensland Rail	971.70	758.77	3 357.87	455.48	U	Y	29.08.14	Y	0	Moderate	—

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Queensland Rail Limited *	1 969.18	1 476.15	6 902.67	4 157.09	U	Y	29.08.14	Y	0	Moderate	Strong
Transmax Pty Ltd	14.82	14.01	10.10	1.85	U	Y	29.08.14	Y	0	Moderate	Moderate

* Entities included in financial statements—On Track Insurance Pty Ltd.

Treasurer and Trade

This ministerial portfolio is responsible for the state budget and taxation, economic policy, trade development, government owned enterprises and insurance.

The results of audits for seven entities are included in the 2014–15 report to Parliament on public non-financial corporations. This excludes the Consolidated Fund Financial Report.

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013–14	Internal controls 2012–13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Board of Trustees of the State Public Sector Superannuation Scheme (QSuper)	12 157.00	3 733.00	51 902.00	593.00	U	Y	04.09.14	Y	0	Strong	Moderate
Brisbane Port Holdings Pty Ltd	0.59	0.20	17.63	0.03	U	Y	12.08.14	Y	0	Moderate	Weak
DBCT Holdings Pty Ltd	8.56	8.35	168.20	161.40	U	Y	12.08.14	Y	0	Moderate	Weak
GBB Holding Co Pty Limited	6.83	14.94	136.36	31.88	U	Y	19.09.14	Y	0	Moderate	Moderate
Innovis Investments Australia Fund	(0.31)	0.14	0.17	0.03	E	Y	08.10.14	Y	0	Strong	Moderate
Motor Accident Insurance Commission	30.35	10.62	156.81	1.10	U	Y	29.08.14	Y	0	Moderate	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Nominal Defendant	190.49	31.34	833.70	171.79	U	Y	29.08.14	Y	0	Moderate	Moderate
Project T Finance Co Pty Limited	15.53	15.36	272.53	276.23	U	Y	19.09.14	Y	0	Moderate	Moderate
Project T Partner Co 1 Pty Limited	237.60	82.17	809.11	280.93	U	Y	19.09.14	Y	0	Moderate	Moderate
Project T Partner Hold Co 1 Pty Limited	237.60	82.17	809.11	280.93	U	Y	19.09.14	Y	0	Moderate	Moderate
Project T Partnership	29.56	82.17	598.33	280.91	U	—	19.09.14	Y	0	Moderate	Moderate
QGOF 63G Trust	0.00	0.00	22.50	0.00	U	Y	08.10.14	Y	0	Strong	Moderate
QGOF DPI Trust	0.00	0.00	18.08	0.00	U	Y	08.10.14	Y	0	Strong	Moderate
QGOF MH Trust	0.00	0.00	41.75	0.00	U	Y	08.10.14	Y	0	Strong	Moderate
QIC Alternative Beta Fund	26.07	0.64	306.90	8.24	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Australian Equities Special Purpose Fund	0.00	0.00	0.00	0.00	E	Y	29.08.14	Y	0	Strong	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
QIC Australian Fixed Interest Fund	42.23	0.36	660.39	18.32	E	Y	29.08.14	Y	0	Strong	Moderate
QIC Australian Venture Capital Fund	0.61	0.07	6.33	0.04	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Bond Plus Fund	7.19	0.29	163.16	5.52	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Cash Enhanced Fund	95.09	0.95	3 215.31	31.95	E	Y	29.08.14	Y	0	Strong	Moderate
QIC Cash Fund	66.60	0.58	2 395.66	10.15	E	Y	29.08.14	Y	0	Strong	Moderate
QIC Diversified Australian Equities Fund	187.53	2.32	1,242.01	26.00	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Diversified Fixed Interest Fund	86.78	1.78	1 005.89	69.66	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Diversified Infrastructure Fund No. 1	61.07	2.13	495.68	40.72	E	Y	29.08.14	Y	0	Strong	Moderate
QIC Diversified Infrastructure Fund No. 2	342.76	2.67	1 878.66	15.63	E	Y	29.08.14	Y	0	Strong	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
QIC GFI Alpha Fund	27.72	1.14	636.34	41.08	E	Y	08.10.14	Y	0	Strong	Moderate
QIC GFI Inflation Plus Fund	46.70	0.82	1 100.13	17.33	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Global Credit Fund	18.55	1.61	456.42	175.22	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Global Credit Opportunities Fund	10.48	0.21	47.97	10.59	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Global Strategy Trust No. 2A	18.21	0.21	965.21	0.01	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Government Office Fund No. 1	45.09	4.22	230.49	95.81	U	Y	08.10.14	Y	0	Strong	Moderate
QIC Growth Fund	277.24	1.28	2 386.94	81.70	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Hedged International Equities Fund	12.90	0.02	60.33	6.15	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Infrastructure Mandate No. 1 Trust	(8.64)	0.29	476.19	9.42	E	Y	29.08.14	Y	0	Strong	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
QIC Infrastructure Mandate No. 1B Trust	22.57	0.04	46.88	0.03	E	Y	29.08.14	Y	0	Strong	Moderate
QIC Infrastructure Mandate No. 2 Trust	311.79	0.04	638.95	38.00	E	Y	29.08.14	Y	0	Strong	Moderate
QIC Infrastructure Mandate No. 2A Trust	144.47	0.04	296.08	17.62	E	Y	29.08.14	Y	0	Strong	Moderate
QIC Infrastructure Mandate Trust No. 1A	79.99	0.04	600.61	24.64	E	Y	29.08.14	Y	0	Strong	Moderate
QIC Infrastructure Mandate Trust No. 2B	4.94	0.40	80.48	0.13	E	Y	29.08.14	Y	0	Strong	Moderate
QIC International Equities Fund	231.52	3.97	1 446.78	22.53	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Investments No. 1 Pty Ltd	8.97	8.97	0.31	0.31	U	Y	29.08.14	Y	0	Strong	Moderate
QIC Investments No. 3 Pty Ltd	0.00	0.00	0.00	0.00	U	Y	29.08.14	Y	0	Strong	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
QIC Limited*	215.68	139.64	366.51	259.27	U	Y	29.08.14	Y	0	Strong	Moderate
QIC Private Capital Pty Ltd	138.39	73.68	118.67	112.61	U	Y	29.08.14	Y	0	Strong	Moderate
QIC Private Equity Fund No. 2	467.36	1.63	1 739.68	12.73	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Private Equity Fund No. 3	(13.81)	0.41	165.17	0.84	E	Y	29.08.14	Y	0	Strong	Moderate
QIC Private Equity Fund No.1	200.93	1.46	723.12	7.57	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Properties Pty Ltd	63.68	54.40	28.50	23.02	U	Y	29.08.14	Y	0	Strong	Moderate
QIC Retail Pty Ltd	42.68	42.68	20.72	20.72	U	Y	29.08.14	Y	0	Strong	Moderate
QIC Stable Fund	4.43	0.11	65.44	0.99	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Strategy Fund No. 2	302.21	0.05	4 101.34	0.02	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Strategy Fund No. 3	3.73	0.52	48.34	0.13	E	Y	08.10.14	Y	0	Strong	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Met	Quality Material adjustments \$ m	Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date				
QIC Tollroads Fund No. 1	(359.40)	1.50	1 163.02	31.50	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Tollroads Fund No. 2	2 509.38	0.00	3 963.29	0.00	E	Y	08.10.14	Y	0	Strong	Moderate
QIC Treasury Infrastructure Fund	0.01	0.02	0.13	0.02	E	Y	29.08.14	Y	0	Strong	Moderate
QIC Treasury Infrastructure Fund No. 1	1 852.65	42.59	4 789.81	42.46	E	Y	17.09.14	Y	0	Strong	Moderate
QIC Treasury Infrastructure Fund No. 2	100.01	0.06	1 307.93	0.00	E	Y	17.09.14	Y	0	Strong	Moderate
QIC US Regional Mall Fund No. 1	27.98	0.86	282.67	0.46	E	Y	08.10.14	Y	0	Strong	Moderate
QInvest Limited	20.79	23.27	14.69	8.48	U	Y	04.09.14	Y	0	Moderate	Moderate
QLQ Real Property Holding Trust	40.85	0.00	388.30	17.42	E	Y	08.10.14	Y	0	Strong	Moderate
QLQ Trust No. 3	6.19	0.00	35.37	0.00	E	Y	29.08.14	Y	0	Strong	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
QMH Finance Pty Limited	0.00	0.00	1 409.29	1 409.29	U	Y	19.09.14	Y	0	Moderate	Moderate
QMH Hold Trust	181.53	98.58	2,119.92	1,277.40	E	Y	29.10.14	Y	0	Moderate	Moderate
QML Hold Co Pty Limited	347.32	407.55	3 418.15	2 785.97	U	Y	19.09.17	Y	0	Moderate	Moderate
QS High Duration Bonds Trust	(63.28)	2.12	4 712.35	178.28	E	—	30.09.14	Y	0	Strong	Moderate
QS International Strategy Trust	84.60	0.02	871.54	0.01	E	—	30.09.14	Y	0	Strong	Moderate
QS US Strategy Trust	85.10	0.49	871.57	0.03	E	—	30.09.14	Y	0	Strong	Moderate
QSuper Australian Infrastructure Equity Trust	49.10	1.23	436.35	0.33	E	—	30.09.14	Y	0	Strong	Moderate
QSuper Diversified Alternatives Trust	17.88	2.53	257.38	1.77	E	—	30.09.14	Y	0	Strong	Moderate
QSuper European Infrastructure Trust	52.66	3.99	384.30	7.61	E	—	30.09.14	Y	0	Strong	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
QSuper Global Infrastructure Trust	165.63	0.65	1 053.32	6.92	E	—	30.09.14	Y	0	Strong	Moderate
QSuper Global Private Equity Trust	(16.79)	0.01	986.30	0.01	E	—	30.09.14	Y	0	Strong	Moderate
QSuper Global Real Estate Debt Trust	0.98	0.01	66.82	0.64	E	—	30.09.14	Y	0	Strong	Moderate
QSuper Global Real Estate Trust	50.08	0.04	450.84	0.02	E	—	30.09.14	Y	0	Strong	Moderate
QSuper Investment Company Pty Limited	6.01	0.23	84.60	1.86	E	—	29.09.14	Y	0	Strong	Moderate
QSuper Investments Trust	71.03	5.73	261.83	20.12	E	—	30.09.14	Y	0	Strong	Moderate
QSuper Limited	183.30	176.98	126.35	41.81	U	Y	04.09.14	Y	0	Strong	Strong
QSuper Long Term Risk Hedging 10 Trust	17.89	0.08	1 687.89	5.47	E	—	30.09.14	Y	0	Strong	Moderate
QSuper Long Term Risk Hedging 20 Trust	18.69	0.05	1 008.69	3.44	E	—	30.09.14	Y	0	Strong	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Met	Quality Material adjustments \$ m	Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date				
QSuper NZ Infrastructure Equity Trust	22.57	0.17	46.96	0.08	E	—	30.09.14	Y	0	Strong	Moderate
QSuper US Infrastructure Trust	56.27	2.75	150.51	0.02	E	—	30.09.14	Y	0	Strong	Moderate
QSuper US Infrastructure Trust No 2	4.69	0.25	80.39	0.10	E	—	30.09.14	Y	0	Strong	Moderate
QSuper US RE Trust No 1	32.92	9.41	376.58	0.48	E	—	30.09.14	Y	0	Strong	Moderate
Queensland BioCapital Fund No.1	(2.80)	0.09	5.21	0.03	E	Y	17.09.14	Y	0	Strong	Moderate
Queensland BioCapital Fund No.2	(2.43)	0.09	6.81	0.03	E	Y	17.09.14	Y	0	Strong	Moderate
Queensland Competition Authority	19.53	20.62	16.87	9.97	U	Y	19.08.14	Y	0	Moderate	Moderate
Queensland Investment Trust No. 2	2 337.29	25.56	24 123.35	9 473.33	E	Y	08.10.14	Y	0	Strong	Moderate

Entity	Income \$ m	Expenditure \$ m	Assets \$ m	Liabilities \$ m	Type of opinion	Timeliness		Quality		Internal controls 2013-14	Internal controls 2012-13
						Met deadline	Opinion date	Met	Material adjustments \$ m		
Queensland Lottery Corporation Pty Ltd	0.09	0.06	2.72	0.01	U	Y	11.08.14	Y	0	Moderate	Moderate
Queensland Motorway Finance Pty Limited	89.75	89.75	1,176.95	1,176.95	E	Y	29.10.14	Y	0	Moderate	Moderate
Queensland Motorways Holding Pty Limited #	592.91	408.83	4 343.71	3 659.63	U	Y	19.09.14	Y	0	Moderate	Moderate
Queensland Treasury and Trade	211.27	210.99	63.68	18.28	U	Y	29.08.14	Y	0	Moderate	Moderate
Queensland Treasury Corporation	232.22	98.53	134 229.99	132 071.67	U	N	19.09.14	Y	0	Strong	Strong
Queensland Treasury Holdings Pty Ltd	180.44	290.79	530.39	55.35	U	Y	12.08.14	Y	0	Moderate	Moderate
Trade and Investment Queensland	13.49	13.49	4.67	2.49	U	Y	29.08.14	Y	0	Moderate	—

* Entities included in financial statements—QIC CRCHUM Trust; Eastland Property Holdings Pty Ltd; General Fund No. 2; Pacific Echo Pty Limited; QBF No. 1 Pty Ltd; QBF No. 2 Pty Ltd; QIC Asia Real Estate Investments Pty Ltd; QIC Developments Pty Ltd; QIC Helensvale Pty Ltd; QIC Hi Yield Pty Ltd; QIC Logan Hyperdome Pty Ltd; QIC Logan Hyperdome (No. 2) Pty Ltd; QIC Merry Hill Pty Ltd; QIC Noosa Civic Pty Ltd; QIC Coomera Pty Ltd; Canberra Centre Investments Pty Ltd; Innovis Investments Pty Ltd; Martin Place Management Limited; QIC CM Pty Ltd; QIC Global Strategy Trust No. 2B; QIC Infrastructure Management No. 3 Pty Ltd; QIC Infrastructure Management No. 4 Pty Ltd; QIC Infrastructure Management Pty Ltd; QIC Initial Unitholder Pty Ltd; QIC International Real Estate Investments Pty Ltd; QIC Investments No. 2 Pty Ltd; QIC North America Investments Pty Ltd; QIC North Asia Real Estate Investment Pty Ltd; QIC NZ Power Trust No. 2; QIC NZ Power Trust No. 3; QIC NZ Power Trust No. 4; QIC Ports Trust No. 1A; QIC Ports Trust No. 1B; QIC Ports Trust No. 2; QIC PPP Trust; QIC Property Management Pty Ltd; QIC Ringwood Pty Ltd; QIC Section 63 Trust; QIC Tollroad Investment Fund No. 1; QIC Toowoomba Pty Ltd; QIC US Infrastructure Fund No. 1; QIC US Infrastructure Fund No. 2; QIC US Power Trust No. 1; QIC US Power Trust No. 2; QIC US Regional Mall Fund No. 1; QIC Westpoint Pty Ltd; QLQ Trust No. 2.

Entities included in financial statements—Gateway Motorway Pty Limited; Gateway Superannuation Pty Ltd; Logan Motorways Pty Limited; Port Motorway Pty Limited; Queensland Motorways Pty Limited; Queensland Motorways Management Pty Ltd.

Note 1: QIC International Equities Absolute Return Fund; QIC Property Investments (Jersey) No. 1 Limited; QIC Property Investments (Jersey) No. 2 Limited; QIC Real Estate Funds Pty Ltd; QIC Real Estate Pty Ltd; QIC Retail (No. 2) Pty Ltd; QIC Robina Pty Ltd; QPC Investments No.1 Pty Ltd; Watergardens Pty Limited; QSuper Investment Holdings Pty Ltd; Bridge Security Pty Ltd (dormant entities).

Note 2: QIC Active Small Companies Fund (changed trustees from QIC to a party outside of government).

Note 3: QIC Australian Equities Fund (terminated on 2 May 2013).

Note 4: QIC Brisbane Airport Infrastructure Trust; QIC Global Strategy Trust No.2; QIC Private Equity Investment Trust No. 2 (trust deeds do not require financial statements to be prepared).

Note 5: QIC Global Listed Real Estate Fund (terminated on 30 April 2013).

Note 6: QIC GRE (US).INC. (exempted under section 32).

Note 7: QLQ Trust No. 1 (terminated on 1 January 2014).

Note 8: Network Infrastructure Company Pty Ltd; Queensland Airport Holdings (Mackay) Pty Ltd; Queensland Airport Holdings (Cairns) Pty Ltd; Sunshine Locos Pty Limited (dormant entities).

Note 9: QIC European Investment Services; QIC GRE MANAGEMENT (US). INC; QIC US Investment Service Inc.; QIC US Management Incorporated; QIC (UK) Management Limited (foreign entities—exempted).

Note 10: Queensland Future Growth Corporation (was terminated on 30 June 2013).

Note 11: Queensland Trade & Investment Office Pty Ltd (dormant entity).

Note 12: QIC E Pty Ltd (dormant entity).

Note 13: QMH Property Trust; Queensland Motorways Management Pty Ltd; Queensland Motorways Pty Limited (non-reporting entities)

Appendix B—Status of financial statements of exempt entities

Figure B1
Status of 2013–14 financial statement audits

Audit	Audit firm	Date statements signed	Date opinion issued	Opinion	Timeliness (since 30 June)		
					< 3 mths	3-4 mths	> 4 mths
Exempt public sector entities (s.30A—small in size and of low risk)							
Bundaberg Health Services Foundation	Paul D Medwin	03.09.14	28.08.14	U	Y		
Far North Queensland Hospital Foundation	BDO Audit (Nth QLD) Pty Ltd	26.08.14	26.08.14	U	Y		
Ipswich Hospital Foundation	Ramsay & Associates	16.08.14	20.08.14	U	Y		
Mackay Hospital Foundation	Brown & Bird	16.09.14	15.09.14	U	Y		
Mt Gravatt Showgrounds Trust	D J Munro	05.09.14	09.09.14	U	Y		
PA Research Foundation	KPMG	29.08.14	29.08.14	U	Y		
Queensland Education Leadership Institute Limited	Grant Thornton	12.09.14	12.09.14	U	Y		
Queensland Music Festival Pty Ltd	AAT Accountants Pty Ltd	11.12.13	12.12.13	U			Y
Queensland Tertiary Admissions Centre Limited	Crowe Horwath Brisbane	19.08.14	20.08.14	U	Y		
Queensland Theatre Company*	Ernst & Young	25.02.14	25.02.14	U	Y		
Queensland Trust for Nature Fund	BDO	15.10.14	16.10.14	U		Y	
Sunshine Coast Health Foundation	Poole Audit Group PL	03.09.14	03.09.14	U	Y		
Supreme Court Library Committee	Lawler Hacketts	05.09.14	09.09.14	U	Y		
Surveyors Board of Queensland	Lawler Hacketts	25.08.14	25.08.14	U	Y		
The Board of Trustees of Newstead House	Robert Edward	29.08.14	29.08.14	U	Y		

Results of audit: State public sector entities for 2013-14
 Status of financial statements of exempt entities

Audit	Audit firm	Date statements signed	Date opinion issued	Opinion	Timeliness (since 30 June)		
					< 3 mths	3-4 mths	> 4 mths
The Prince Charles Hospital Foundation	Grant Thornton	21.08.14	21.08.14	U	Y		
Toowoomba Hospital Foundation	Horizon Accounting Group	04.09.14	04.09.14	U	Y		
Townsville Hospital Foundation	Crowe Horwath NQ	22.08.14	25.08.14	U	Y		

* Queensland Theatre Company has 31 December year end

Appendix C—Glossary

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

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

Term	Definition
Efficiency	The use of resources such that output is optimised for any given set of resource inputs or input is minimised for any given quantity and quality of output
Emphasis of matter	A paragraph included with the audit opinion to highlight an issue of which the auditor believes the users of the financial statements need to be aware; the inclusion of an emphasis of matter paragraph does not modify the audit opinion
Expense	Outflow of cash or other assets from an entity to another person, company or entity
Fair value	The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction
<i>Financial Accountability Act 2009</i>	An Act of the State of Queensland that establishes the accountability for the administration of the state's finances and for financial administration of departments and statutory bodies, as well as annual reporting to Parliament by departments and statutory bodies
Financial and Performance Management Standard 2009	Subordinate legislation of the State of Queensland that provides a framework for an accountable officer of a department, or a statutory body, to develop and implement systems, practices and controls for the efficient, effective and economic financial and performance management of the department or statutory body
Financial reporting requirements	Queensland annual financial statement reporting requirements provided to assist departments and statutory bodies in the preparation of their financial statements; the requirements provide updates on new and revised accounting policies and standards and additional guidance and advice on the application of such policies and standards
Financial statements	Structured representation of the financial information, which usually includes accompanying notes, derived from accounting records and intended to communicate an entity's economic resources or obligations at a point in time or the changes for a period in accordance with a financial reporting framework
Financial year	The period of 12 months for which financial statements are prepared
Fraud	An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage
Fraud risk factors	Events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud
General purpose financial statements	Statements that provide information about the financial position, performance and changes in financial position of an entity that is useful to a wide range of users
Going concern	Means an entity is expected to be able to pay its debts as and when they fall due and to continue to operate without any intention or necessity to liquidate or wind up its operations

Term	Definition
Governance	The control arrangements in place at an entity that are used to govern and monitor its activities to achieve its strategic and operational goals
Government Owned Corporations Regulation 2004	A regulation of the State of Queensland which sets out financial reporting and annual reporting requirements for government owned corporations
Impairment	When an asset's carrying amount exceeds the amount that can be recovered through use or sale of the asset
Internal audit	An appraisal activity established or provided as a service to the entity, its functions include examining, evaluating and monitoring the adequacy and effectiveness of internal control and reporting deficiencies to management
Investment	Expenditure of funds intended to result in medium to long term service and/or financial benefits arising from the development and/or use of assets by either the public or private sectors
Joint venture	A contractual agreement joining together two or more parties to execute a particular business undertaking; all parties agree to share in its profits and losses
Legislative time frame	The date prescribed by legislation for a public sector entity to finalise its financial statements or annual report
Liability	A present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow of resources from the entity
Local Government Regulation 2012	A regulation of the State of Queensland which sets out financial reporting and annual reporting requirements for local governments
Machinery of government change	A significant change to the interconnected structures and processes of government, such as the functions and accountability of departments
Management	Those with the executive responsibility for conducting the entity's operations
Materiality	Depends on the size or nature of the item or error judged in the particular circumstances of its omission or misstatement; information is material if its omission or misstatement could influence the economic decisions of users, taken on the basis of the financial statements
Misstatement	A difference between the amount, classification, presentation or disclosure of a reported financial report item and the amount, classification, presentation, or disclosure that is required for the item to be in accordance with the applicable financial reporting framework; misstatements can arise from error or fraud
Natural Disaster Relief and Recovery Arrangements	Financial assistance provided to a state or territory government by the Australian Government to facilitate recovery after major natural disasters
Net assets	Total assets less total liabilities

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

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

Auditor-General Reports to Parliament

Reports tabled in 2014–15

Number	Title	Date tabled in Legislative Assembly
1.	Results of audit: Internal control systems 2013-14	July 2014
2.	Hospital infrastructure projects	October 2014
3.	Emergency department performance reporting	October 2014
4.	Results of audit: State public sector entities for 2013–14	November 2014

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