

# Financial statements and independent auditor's reports

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QAO funds the costs of its operations from the financial audit fees we charge our clients and from parliamentary appropriation.

Our funding from parliament, received under the *Appropriation (Parliament) Bill 2019*, for 2019–20 was \$7.1 million, marginally over our budget of \$6.9 million with the increase relating to additional funding to support the public sector enterprise bargaining outcomes. Our appropriation is allocated to our reporting to parliament, delivering performance audit services, preparing the strategic audit plan, investigating referrals, and remunerating the Auditor-General.

The income from our audit fees was \$36.9 million, \$1.6 million below our budget of \$38.5 million, as we billed less work to our clients during the COVID-19 lockdown months.

Fortunately, the pandemic did not majorly affect our ability to do our job. On its outbreak, we anticipated and planned for less audit work from our clients and less travel to our regional clients. This had a resultant impact on our revenue. In response, we immediately reduced our discretionary spending, including by spending less on contracted audit resources and our planned audit program.

However, overall, we were able to deliver most of our audit services for most of our clients this year and did not need to secure additional funding. With reduced travel, we passed some cost savings on to our clients. Our overall total income from our continuing operations was \$44.4 million, slightly under budget of \$45.6 million.

QAO's total expenses were \$43.7 million, similar to last year at \$43.1 million, and slightly under budget by \$1.2 million. COVID-19 did not majorly impact our expenditure because we still had to pay of our staff, audit service providers and accommodation costs.

More than half of our expenses were staff costs at \$23.9 million, and our next largest cost was our contracted audit service providers at \$12.5 million. Our other expenses were conservative, covering some specialist consultants, rent and office services, and information technology or minor office equipment. Due to our investment in technology in previous years we did not need to make any large purchases to be able to continue our audit operations effectively.

We continue to operate as a sustainable and contemporary public sector audit practice.

The following pages of this report contain:

- the Queensland Audit Office's financial statements
- the Queensland Audit Office's performance statement
- the independent auditor's report from Hall Chadwick Queensland.



# Financial statements and independent auditor's report

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## Queensland Audit Office Financial Statements For the year ended 30 June 2020

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### General Information

These financial statements cover the Queensland Audit Office (QAO) for the 2019-20 financial year. QAO is established under the *Auditor-General Act 2009* to provide independent, valued assurance and insights.

QAO is a not-for-profit entity with the objective to strengthen public sector accountability by providing independent audit services, including reporting to Parliament. QAO is a department for financial reporting purposes (as described in the *Financial Accountability Act 2009*) and is consolidated into the Report on State Finances of the Queensland Government.

The principal place of business is:

Level 13, 53 Albert Street  
BRISBANE QLD 4000

For information relating to QAO's financial report please:

- call (07) 3149 6000,
- email [enquiries@qao.qld.gov.au](mailto:enquiries@qao.qld.gov.au)
- or visit the QAO's internet site [www.qao.qld.gov.au](http://www.qao.qld.gov.au).



**Queensland Audit Office**  
**Statement of Comprehensive Income**  
**For the year ended 30 June 2020**

	Notes	2020 Actual \$'000	2020 Original Budget \$'000	Budget Variance* \$'000	2019 Actual \$'000
<b>Income from Continuing Operations</b>					
Audit fees	2(i)	36,965	38,549	(1,584)	37,665
Appropriation revenue for services	2(ii)	7,143	6,922	221	6,835
Other revenue	2(iii)	365	207	158	230
<b>Total Income from Continuing Operations</b>		<b>44,473</b>	<b>45,678</b>	<b>(1,205)</b>	<b>44,730</b>
<b>Expenses from Continuing Operations</b>					
Employee expenses	3	23,944	24,001	(57)	21,170
Supplies and services	4	18,953	20,325	(1,372)	21,142
Depreciation and amortisation	8 (b)	405	399	6	345
Other expenses	5	448	307	141	477
<b>Total Expenses from Continuing Operations</b>		<b>43,750</b>	<b>45,032</b>	<b>(1,282)</b>	<b>43,134</b>
<b>Total Operating Result from Continuing Operations/Comprehensive Income</b>		<b>723</b>	<b>646</b>	<b>77</b>	<b>1,596</b>

*\*An explanation of major variances is included at Note 12*

*The accompanying notes form part of these statements*

**Queensland Audit Office**  
**Statement of Financial Position**  
**As at 30 June 2020**

	Notes	2020 Actual \$'000	2020 Original Budget \$'000	Budget Variance* \$'000	2019 Actual \$'000
<b>Current Assets</b>					
Cash and cash equivalents	1(d)	7,147	7,285	(138)	7,189
Work in progress	6	3,743	2,500	1,243	3,574
Receivables	7	3,451	4,338	(887)	3,054
Other current assets		565	500	65	350
<b>Total Current Assets</b>		<b>14,906</b>	<b>14,623</b>	<b>283</b>	<b>14,167</b>
<b>Non-Current Assets</b>					
Plant and equipment	8(c)(i)	153	170	(17)	209
Intangible assets	8(c)(ii)	318	338	(20)	641
<b>Total Non-Current Assets</b>		<b>471</b>	<b>508</b>	<b>(37)</b>	<b>850</b>
<b>Total Assets</b>		<b>15,377</b>	<b>15,131</b>	<b>246</b>	<b>15,017</b>
<b>Current Liabilities - Payables and accruals</b>	9	<b>1,851</b>	<b>1,654</b>	<b>197</b>	<b>2,214</b>
<b>Non-Current Liabilities - Provision for lease</b>	10	..	..	..	<b>17</b>
<b>Total Liabilities</b>		<b>1,851</b>	<b>1,654</b>	<b>197</b>	<b>2,231</b>
<b>Net Assets</b>		<b>13,526</b>	<b>13,477</b>	<b>49</b>	<b>12,786</b>
<b>Equity</b>					
Contributed equity		5,183	5,183	..	5,183
Accumulated surplus		8,343	8,294	49	7,603
<b>Total Equity</b>		<b>13,526</b>	<b>13,477</b>	<b>49</b>	<b>12,786</b>

\*An explanation of major variances is included at Note 12.  
The accompanying notes form part of these statements.

**Queensland Audit Office**  
**Statement of Changes in Equity**  
**For the year ended 30 June 2020**

	Notes	Accumulated Surplus \$'000	Contributed Equity \$'000	Total \$'000
<b>Balance as at 1 July 2019</b>		7,603	5,183	12,786
Effect of changes in accounting policy AASB 16	10	17	..	17
<b>Restated Balance as at 1 July 2019</b>		<b>7,620</b>	<b>5,183</b>	<b>12,803</b>
Operating result from continuing operations		723		723
<b>Balance as at 30 June 2020</b>		<b>8,343</b>	<b>5,183</b>	<b>13,526</b>

  

	Accumulated Surplus \$'000	Contributed Equity \$'000	Total \$'000
<b>Balance as at 1 July 2018</b>	6,007	5,183	11,190
Operating result from continuing operations	1,596	..	1,596
<b>Balance as at 30 June 2019</b>	<b>7,603</b>	<b>5,183</b>	<b>12,786</b>

*The accompanying notes form part of these statements.*

**Queensland Audit Office**  
**Statement of Cash Flows**  
**For the year ended 30 June 2020**

	Notes	2020 Actual \$'000	2020 Original Budget \$'000	Budget Variance* \$'000	2019 Actual \$'000
<b>Cash Flows from Operating Activities</b>					
<i>Inflows:</i>					
Audit fees		36,499	38,448	(1,949)	36,659
Appropriation revenue for services		7,143	6,922	221	6,835
GST input tax credits from ATO		2,026	1,820	206	2,181
GST collected from customers		3,701	3,152	549	3,575
Other revenue		152	..	152	24
<i>Outflows:</i>					
Employee expenses		(24,210)	(24,607)	397	(21,052)
Supplies and services		(19,375)	(20,766)	1,391	(22,012)
GST paid to suppliers		(1,924)	(1,891)	(33)	(2,262)
GST remitted to ATO		(3,803)	(3,650)	(153)	(3,630)
Other expenses		(225)	(306)	81	(229)
<b>Net Cash Provided by / (Used in) Operating Activities</b>	14	<b>(16)</b>	<b>(878)</b>	<b>862</b>	<b>89</b>
<b>Net Cash used in Investing Activities</b> – Payments for plant and equipment and intangibles		<b>(26)</b>	<b>..</b>	<b>(26)</b>	<b>(225)</b>
Net increase / (decrease) in cash and cash equivalents		(42)	(878)	836	(136)
Cash and cash equivalents at beginning of financial year		7,189	8,163	(974)	7,325
<b>Cash and Cash Equivalents at End of Financial Year</b>		<b>7,147</b>	<b>7,285</b>	<b>(138)</b>	<b>7,189</b>

*\*An explanation of major variances is included at Note 12.*

*The accompanying notes form part of these statements.*

**Queensland Audit Office**  
**Statement of Cash Flows**  
**For the year ended 30 June 2020**

QAO supports the statutory role and functions of Auditor-General, who is parliament's auditor for all state and local government entities. The Auditor-General is fully independent, appointed by the Queensland Governor in Council for a seven-year term. Our work is governed by the *Auditor-General Act 2009* and guided by Australian auditing and accounting standards.

The Auditor-General's mandate includes annual financial audits and performance audits. We also conduct investigations about financial waste and mismanagement, and report on "best practice" ways that many entities or local governments can improve performance and service delivery. The outcomes from our work include:

- Improved public sector and local government financial management and reporting
- Maintaining confidence in financial accountability transparency, and reporting
- Supporting Queenslanders by providing recommendations to our clients on how they can improve their delivery of better public services
- Providing parliament with independent assurance over the performance of the public sector.

Financial audits are performed on a fee for service basis and account for approximately 86 per cent of QAO's revenue. To assist in executing our mandate, QAO engages private sector audit firms to undertake around 35 per cent of our work. These contracted firms are agents of the Auditor-General and their services are led and overseen by QAO.

The balance of QAO's revenue comes from parliamentary appropriation which is for remuneration of the Auditor-General, reports to parliament, performance audits and investigation of matters referred to us. Apart from the Auditor-General, all of QAO's staff are employed under the *Public Service Act 2008*. The parliamentary Economic and Governance Committee provides oversight of the Auditor-General and QAO.

## **1. Summary of Significant Accounting Policies**

Significant accounting policies are shown in the notes to which they relate, except as follows:

### **(a) Statement of compliance**

These general-purpose financial statements have been prepared on an accrual basis, except for the statement of cash flows, and in accordance with:

- section 38 of the *Financial and Performance Management Standard 2019*
- applicable Australian Accounting Standards and Interpretations
- Queensland Treasury's Minimum Reporting Requirements for reporting periods beginning on or after 1 July 2019.

The historical cost convention is used unless otherwise stated. Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

### **(b) Currency and Rounding**

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is less than \$500, to zero unless disclosure of the full amount is specifically required.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2020**

**1. Summary of Significant Accounting Policies (continued)**

**(c) Taxation**

QAO is a state body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation except for Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenues, expenses, and assets are recognised exclusive of GST, except:

- receivables and payables, which include input tax credits and GST payable, and the net amount due to or receivable from the Australian Tax Office (ATO)
- where the amount incurred is not recoverable from the ATO.

The GST components of cash flows arising from investing activities which are recoverable from, or payable to the ATO are included as operating cash flows.

**(d) Cash and cash equivalents**

Cash assets comprise funds at call with the Commonwealth Bank of Australia.

**(e) First year application of new accounting standards**

**AASB 15 Revenue from Contracts with Customers**

This standard became effective for reporting periods beginning on or after 1 January 2019 and contains detailed requirements for the accounting for certain types of revenue from customers. An analysis of the impact of AASB15 on QAO revenue was undertaken. QAO currently recognises revenue as services are performed (over time). AASB15 paragraphs 35 to 37 (and related guidance) includes provisions for similar situations where performance obligations are satisfied over time. Based on this guidance, there is no impact or change on how revenue is recognised in our financial statements.

**AASB 16 Leases**

This standard became effective for reporting periods beginning on or after 1 January 2019.

**Amendments to former operating leases for office accommodation**

During the 2018-19 financial year, the QAO held operating leases under AASB 117 from the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO).

Effective 1 July 2019, the office accommodation management framework agreement that governs QGAO was amended to provide DHPW with substantive substitution rights over state-government leased non-specialised, commercial office accommodation, including the premises occupied by QAO. As a result the accommodation arrangements between QAO and DHPW do not meet the definition of a lease under AASB16 and therefore are exempt from lease accounting.

From 2019-20 onwards, costs for these services will be expensed as supplies and services expense when incurred.

As at 30 June 2019 the deferred lease liability associated with this lease was \$17,000. In the current year the remaining lease liability was reversed and moved to accumulated surplus as an opening balance adjustment for 2019-20. The new accounting treatment is due to a change in the contractual arrangements rather than a change in accounting policy.

**Short-term leases and leases of low value assets**

QAO has elected to recognise lease payments for short-term leases and leases of low value assets as expenses on a straight-line basis over the lease term, rather than accounting for them on balance sheet. This accounting treatment is similar to that used for operating leases under AASB 117.

**(g) Issuance of financial statements**

The financial statements are authorised for issue by the Auditor-General of Queensland and the Chief Financial Officer at the date of signing the Certificate of the QAO.





**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

## 2. Revenue

QAO charges fees for financial audit services on a full cost recovery basis.

QAO also receives parliamentary appropriation for:

- the position of the Auditor-General
- the conduct of performance audits
- reporting to Parliament on the results of financial and performance audits performed
- providing advice and assistance to the Parliament and central agencies
- preparation of the Strategic Audit Plan
- investigating matters referred in relation to financial waste and mismanagement.

### (i) Audit fees for services to the public sector

QAO recognises revenue from audit fees when the work is undertaken. This includes audit work completed by contracted audit firms on behalf of QAO.

### (ii) Appropriation revenue for services to the Parliament

QAO recognises appropriation revenue in the year when the services are performed, which matches the timing of cash transfers made by Queensland Treasury under the *Appropriation (Parliament) Bill 2019*.

	2020 \$'000	2019 \$'000
<b>Revenue</b>		
Budgeted appropriation	6,922	6,835
Queensland Treasury adjustments	221	
<b>Total</b>	<b>7,143</b>	<b>6,835</b>

Queensland Treasury adjustments reflect two items:

1. QAO received \$222,000 in additional appropriation for a one-off Enterprise Bargaining in principle payment. A payment of a \$1,250 one off, prorata payment was made for 176 full time equivalent eligible employees
2. A fiscal limit reduction adjustment of \$1,000 for the whole of Government Microsoft Core CAL and SAP Software Support.

### (iii) Other Revenue

	2020 \$'000	2019 \$'000
<b>Other revenue</b>		
Storage services received free of charge	198	206
Miscellaneous receipts	167	24
<b>Total</b>	<b>365</b>	<b>230</b>

Miscellaneous receipts consist of amounts recovered from other audit offices for their share of services including – review of Papua New Guinea Audit Office, benchmarking fees and audit software support. In 2019-20 QAO also received proceeds from the disposal of laptops.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

### 3. Employee Expenses

	Note	2020 \$'000	2019 \$'000
<b>Employee Benefits</b>			
Wages, salaries and sick leave*		18,690	16,607
Annual leave levy	3(ii)	1,908	1,686
Long service leave levy	3(ii)	449	337
Employer superannuation contributions		2,507	2,282
Fringe benefits tax		70	76
Voluntary early retirements		145	..
<b>Total Employee Benefits</b>		<b>23,769</b>	<b>20,988</b>
<b>Employee Related Expenses</b>			
WorkCover Queensland premium		36	34
Employee expenses – other**		139	148
<b>Total Employee Related Expenses</b>		<b>175</b>	<b>182</b>
<b>Total</b>		<b>23,944</b>	<b>21,170</b>

\* Wages and salaries includes \$220,000 representing \$1,250 one-off, pro-rata payments for 176 full time equivalent employees (announced in September 2019).

\*\* Employee expenses – other represents professional fee membership reimbursements and Study and Research Assistance scheme payments.

The number of employees on a full-time equivalent (FTE) basis under the Minimum Obligatory Human Resource Information (MOHRI) classification methodology is:

	2020	2019
Number of employees as at 30 June	190	185

#### (a) Employee benefits

Employee benefits include employer superannuation contributions, annual leave and long service leave levies.

Workers' compensation insurance is not included in an employee's total remuneration package and is recognised separately as employee related expenses.

##### (i) Wages, salaries and sick leave

Wages and salaries are recognised at current salary rates as it is expected these liabilities will be wholly settled within 12 months of year end. Sick leave is recognised as an expense when the leave is taken.

##### (ii) Annual leave and long service leave

QAO is a member of the Queensland Government's Annual Leave and Long Service Leave Schemes. QAO pays a levy to these schemes to cover the cost of employees' annual leave (including leave loading and on-costs) and long service leave. QAO expenses these levies in the period in which they are payable and claims from these schemes quarterly in arrears for amounts paid to employees for leave taken.

QAO does not recognise a provision for annual leave or long service leave as these liabilities are held and disclosed in the Report on State Finances of the Queensland Government pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2020**

**3. Employee Expenses (continued)**

**(ii) Annual leave and long service leave (continued)**

As part of managing the impact of COVID-19 on QAO, on the 16 April 2020 the Auditor-General issued a direction to all staff under the *Industrial Relations Act 2016* to take 5 days annual leave between the period 15 June and 31 August 2020.

**(iii) Superannuation**

Superannuation is provided through defined contribution (accumulation) plans or the Queensland Government's QSuper defined benefit plan as determined by the employee's conditions of employment.

**Defined (Accumulation) Contribution Plans** - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

**Defined Benefit Plan** - The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by QAO at the specified rate following completion of the employee's service each pay period. The QAO's obligations are limited to those contributions paid.

**(b) Key executive management personnel and remuneration**

**(i) Key executive management personnel**

Details of key executive management personnel are disclosed in accordance with section 3C of the Financial Reporting Requirements for Queensland Government Agencies. Key executive management personnel encompass positions which form part of the Executive Management Group. This group had the authority and responsibility for planning, directing and controlling the activities of the QAO during 2019–20.

**Auditor-General** – undertakes financial and performance audits of Queensland state and local government entities and provides Parliament with independent assurance of public sector accountability and performance as defined in the *Auditor-General Act 2009*.

**Deputy Auditor-General** – the statutory role of Deputy Auditor-General is only filled when the Auditor-General is unavailable – the Deputy Auditor-General then acts as Auditor – General.

**Assistant Auditors-General** – lead and set the strategic direction of financial and specialist audit services.

Further information on these positions is in the QAO Annual Report under the Leadership and Governance section.

**(ii) Remuneration**

The remuneration policy for QAO's key executive management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008* and the *Auditor-General Act 2009*.

Individual remuneration and other terms of employment are specified in employment contracts.

Remuneration packages comprise the following components:

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**3. Employee Expenses (continued)****(ii) Remuneration (continued)**

- short term employee benefits which include:
  - base — salary, incentives, allowances and leave entitlements paid and accrued for the year or for that part of the year during which the employee occupied the specified position
  - non-monetary benefits — car parking and the applicable fringe benefits tax
- long term employee benefits include long service leave accrued
- post-employment benefits include superannuation contributions
- redundancy payments are not provided for within individual contracts of employment. Contracts of employment provide only for notice periods or payments in lieu of notice on termination regardless of the reason for termination
- performance bonuses are not paid under the current contracts.

Total fixed remuneration is calculated on a total 'cost' basis and includes the base and non-monetary benefits, long term employee benefits and post-employment benefits.

Position	Name	Short Term Employee Benefits Base \$'000	Non- Monetary \$'000	Long Term Employee Benefits \$'000	Post- Employment Benefits \$'000	Total Remuneration \$'000
<b>1 July 2019 – 30 June 2020</b>						
Auditor-General	B Worrall	468	12	11	55	546
Deputy Auditor-General * (1/7/19 – 13/12/19)	D Bird	227	11	4	16	262
Deputy Auditor-General (commencing 14/12/19) & Assistant Auditor-General	K Johnson	273	12	6	29	320
Assistant Auditor-General	P Brahman	273	12	6	31	322
Assistant Auditor-General (commencing 01/01/20)	P Flemming	112	6	3	10	131
Assistant Auditor-General (commencing 01/01/20)	D Olive	109	6	3	10	128
Assistant Auditor-General (commencing 01/01/20)	R Vagg	112	6	3	11	132
<b>Total 2020</b>						<b>1,841</b>
<b>1 July 2018 – 30 June 2019</b>						
Auditor-General	B Worrall	456	13	11	53	533
Deputy Auditor-General (commencing 1/2/18) Assistant Auditor-General (1/7/17 – 31/1/18)	D Bird	313	13	6	33	365
Assistant Auditor-General	P Brahman	273	13	6	31	323
Assistant Auditor-General	K Johnson	273	13	6	28	320
<b>Total 2019</b>						<b>1,541</b>

2019-2020: \*Total remuneration includes annual and long service leave entitlements payout of \$71,131

**(iii) Performance payments**

No KMP remuneration packages provide for performance or bonus payments.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2020**

### 3. Employee Expenses (continued)

#### (iv) Related Party Transactions

##### Transactions with people or entities related to Key Executive Management Personnel (KMP)

No transactions with people or entities related to the QAO's KMP were reported for this financial year.

##### Transactions with other Queensland Government-controlled entities

QAO receives appropriation revenue for the statutory position of Auditor-General and other appropriation funded services (refer Note 2), both of which are provided in cash via Queensland Treasury.

QAO provides audit and assurance services which are paid for directly by public sector entities.

### 4. Supplies and Services

	2020 \$'000	2019 \$'000
Payment to audit service providers	12,544	13,833
Consultants and expert advice	1,084	2,194
Payments to employment agencies for contractor personnel	1,231	666
Rent and office services	1,825	1,598
Leasehold restoration (i)	..	(512)
Information technology and minor office equipment	1,019	1,950
Staff development	140	189
Travel costs	495	572
Bureau charges	188	118
Other administrative costs	427	534
<b>Total</b>	<b>18,953</b>	<b>21,142</b>

- (i) On 1 April 2019 QAO entered into a new arrangement with DHPW for the use of Level 14 and part Level 13, 53 Albert Street, Brisbane City whereby QAO no longer has a present obligation to restore the office accommodation to its original state at end of arrangement. The provision for lease restoration was therefore released during 2018-2019.

### 5. Other Expenses

	2020 \$'000	2019 \$'000
Internal audit fees	147	141
External audit fees*	29	29
Insurance premiums – QGIF	50	59
Storage services received free of charge	198	206
Other expenses	24	42
<b>Total</b>	<b>448</b>	<b>477</b>

\* Total audit fees due to Hall Chadwick QLD relating to the 2019-20 financial year are \$32 500 (2018-19: \$32 500).

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

## 6. Work in Progress

Work in progress represents services performed but not yet invoiced and is based on:

- weekly timesheets and hourly rates for each level of staff. The rates are determined by the Auditor-General to provide for full cost recovery at the beginning of each year and approved by the Treasurer
- costs of work undertaken for QAO by contracted audit firms. The total estimated cost of contracted-out work is agreed in advance of the work commencing, but may be subject to variations as the work proceeds
- outlays such as travel and accommodation directly incurred in completing the work that are yet to be recovered.

The recoverability of work in progress is regularly reviewed and an allowance for impairment is provided if there is evidence that amounts are not fully recoverable.

As at reporting date, all work in progress is assessed as fully recoverable. The basis of assessment considers:

- no work is disputed by clients
- no unexplained overdue WIP exists
- no amounts are outstanding for entities that no longer exist, and
- good quality credit history, with our clients being Government entities.

## 7. Receivables

	2020 \$'000	2019 \$'000
Audit fees receivable	2,900	2,581
Annual leave reimbursement	487	303
Long service leave reimbursement	49	149
Other receivables	15	21
<b>Total</b>	<b>3,451</b>	<b>3,054</b>

Receivables are recognised when an invoice is issued and work in progress is reduced accordingly. Invoices are issued periodically, based on milestones or completion of the work. The total estimated cost of audit engagements is communicated in advance of the work commencing but may be subject to variations as the work proceeds. Invoices are due for settlement within 14 days of invoice date.

All receivables are current and expected to be fully collectible based on good credit quality and recent collection history.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2020**

## 8. Plant and Equipment and Intangible Assets

### (a) Acquisition

All plant and equipment and intangible assets are initially recognised and subsequently measured at cost. Cost comprises purchase price plus additional expenditure incurred to maintain the asset in the condition necessary to be used as intended.

Assets are only recognised in the Statement of Financial Position where their initial acquisition costs exceed \$5,000 for plant and equipment and \$100,000 for intangibles. Items costing less than these amounts are included as expenses.

### (b) Measurement

Assets are carried at their acquisition cost less accumulated depreciation/amortisation and any accumulated impairment losses. Plant and equipment is depreciated on a straight line basis to allocate the net cost of each asset, less its estimated remaining value, equally over its estimated useful life.

All intangible assets, including purchased and internally generated software, have finite useful lives and are amortised on a straight-line basis over the period of the expected benefit to QAO.

The depreciation and amortisation rates are:

<b>Asset class</b>	<b>Depreciation rate</b>	<b>Basis</b>	<b>Useful life</b>
Plant and equipment	12.5% to 33.3%	Straight line	3 to 8 years
<b>Intangible assets</b>	<b>Amortisation rate</b>	<b>Basis</b>	<b>Useful life</b>
Software purchased	20% to 33.3%	Straight line	3 to 5 years
Software internally generated	20% to 33.3%	Straight line	3 to 5 years

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Depreciation and Amortisation</b>		
Plant and equipment	82	44
Intangibles	323	301
<b>Total</b>	<b>405</b>	<b>345</b>

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**8. Plant and Equipment and Intangible Assets (continued)**

**(c) Impairment**

All plant and equipment and intangible assets are assessed annually for indicators of impairment. If an indicator of possible impairment exists, QAO determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss. Impairment losses are recognised immediately in the Statement of Comprehensive Income.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(i) Plant and Equipment</b>		
Plant and equipment		
At cost	971	945
Accumulated depreciation	(818)	(736)
<b>Total</b>	<b>153</b>	<b>209</b>
 <i><b>Plant and Equipment Reconciliation</b></i>		
Carrying amount at 1 July	209	28
Acquisitions	26	225
Disposals	..	(287)
Depreciation	(82)	(44)
Accumulated depreciation on disposal	..	287
<b>Carrying amount at 30 June</b>	<b>153</b>	<b>209</b>
 <b>(ii) Intangible Assets</b>		
Software purchased		
At cost	331	331
Accumulated amortisation	(272)	(206)
<b>Total</b>	<b>59</b>	<b>125</b>
Software internally generated		
At cost	1,968	1,968
Accumulated amortisation	(1,709)	(1,452)
<b>Total</b>	<b>259</b>	<b>516</b>
<b>Intangible Asset Total</b>	<b>318</b>	<b>641</b>
 <i><b>Intangible Assets Reconciliation</b></i>		
Carrying amount at 1 July	641	942
Amortisation	(323)	(301)
<b>Carrying amount at 30 June</b>	<b>318</b>	<b>641</b>





**Queensland Audit Office**  
**Notes to the Financial Statements**  
**for the year ended 30 June 2020**

## 9. Payables and Accruals

Creditors are recognised on receipt of goods or services ordered and are measured at the agreed purchase or contract price including any applicable trade and other discounts when goods and services ordered are received. Amounts owing are unsecured and are generally settled on 20-day terms.

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Payables</b>		
Creditors	1,047	1,140
GST payable	277	380
GST input tax receivable	(188)	(290)
Net GST payable	89	90
<b>Total</b>	<b>1,136</b>	<b>1,230</b>
<b>(b) Accrued Employee Benefits</b>		
Annual leave levy payable	552	443
Long service leave levy payable	127	92
Other employee benefits	36	449
<b>Total</b>	<b>715</b>	<b>984</b>
<b>Total</b>	<b>1,851</b>	<b>2,214</b>

Other employee benefits include accrued salaries and wages, superannuation, paid parental leave and time in lieu.

## 10. Provision for Lease

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Non-cancellable operating lease	-	17
<b>Total</b>	<b>..</b>	<b>17</b>

### Non-Cancellable Operating Lease

QAO has an arrangement for office accommodation through the Department of Housing and Public Works (DHPW). This arrangement was treated as an operating lease as DHPW retained substantially all risks and benefits. From 1 July 2019 this does not meet the definition of a lease under AASB16 *Leases* as DHPW has substantive substitution rights. The provision for lease was released as an opening balance adjustment to accumulated surplus at 1 July 2019.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

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**11. Commitments for Expenditure**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Non-cancellable operating Lease</b>		
Not later than one year	..	1,464
Later than one year and not later than five years	..	2,474
<b>Total</b>	..	<b>3,938</b>

QAO's arrangement for office accommodation through the Department of Housing and Public Works (DHPW) was previously treated as an operating lease. From 1 July 2019 this was no longer a lease under AASB16 *Leases* as DHPW has substantive substitution rights. Refer to Note 1(e).

At reporting date QAO had no capital expenditure commitments.



**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

## 12. Budgetary Reporting Disclosures

The QAO's assessment of major budget variances is in accordance with FRR 5C Budgetary Reporting Disclosures.

### (i) Explanation of Major Variances – Statement of Comprehensive Income

<i>Audit fees</i>	Audit fee revenue was \$1,584 million below budget. COVID-19 working arrangements impacted our ability to travel to our regional clients and our ability to deliver all our planned audit work.
<i>Appropriation</i>	QAO received additional funding to support payments related to enterprise bargaining outcomes.
<i>Supplies and services</i>	Supplies and services were under budget \$1,372 million. In response to COVID19 QAO immediately reduced discretionary spending. This included less spend on contract-in resources as our planned audit work program reduced in light of- the reduced fees expected.
<i>Other expenses</i>	We spent more on internal audit due to the larger number of reviews completed in this financial year.

### (ii) Explanation of Major Variances – Statement of Financial Position

<i>Cash and cash equivalents</i>	This variance relates to less billings raised and paid by audit clients offset by reduced discretionary spending due to COVID-19.
<i>Work in progress</i>	This represents audit services performed but not yet billable per agreed milestones at end of financial year. COVID-19 working arrangements impacted our own and our clients' abilities to complete those milestones.
<i>Receivables</i>	COVID-19 impacted our ability to convert work in progress to receivables. This was partially offset by a larger annual leave receivable.
<i>Payables and accrual</i>	Payables are higher at year end as the June month end trade creditors were paid in the first week of July 2020.

### (iii) Explanation of Major Variances – Statement of Cash Flows

<i>Audit fees</i>	Cash inflow from audit fees was less because less audit work was billed in 2019-20.
<i>Supplies and services</i>	Cash outflow on supplies and services was less because we reduced discretionary spend in response to COVID-19 working arrangements. The largest savings were in travel costs and project spend.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

### 13. Financial Instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position on agreement of the contractual provisions of the financial instrument. QAO has the following categories of financial instruments:

#### (a) Classification

Financial Assets	Notes	2020 \$'000	2019 \$'000
Cash and cash equivalents (fair value through profit or loss)	1 (d)	7,147	7,189
Work in progress (amortised cost)	6	3,743	3,574
Receivables (amortised cost)	7	3,451	3,054
<b>Total</b>		<b>14,341</b>	<b>13,817</b>
<b>Financial Liabilities - Payables and accrued employee benefits (amortised cost)</b>	<b>9</b>	<b>1,851</b>	<b>2,214</b>

#### (b) Financial Risk Management

QAO's activities expose it to credit risk and liquidity risk. Financial risk management is implemented pursuant to state government and QAO policies. These policies focus on the financial performance of QAO over the medium term. QAO is predominantly self-funded and sufficient surplus cashflow is required to reinvest in the technology required to deliver our services. QAO aims to record modest surpluses over a 2 to 5 year period to allow for this reinvestment. Primary responsibility for the management of financial risk rests with the Executive Management Group, with oversight and monitoring by the Audit and Risk Management Committee.

QAO's bank account is included in the whole-of-government set-off arrangement managed by Queensland Treasury. The overdraft limit of the whole-of-government group is \$75 million. The account does not earn interest on surplus funds, nor is interest charged on overdrawn funds. Interest earned or charged on the aggregate set-off arrangement accrues to the Consolidated Fund of the State.

#### (c) Credit Risk Exposure

QAO may incur financial loss because of another party to a financial instrument failing to discharge their obligation.

The maximum exposure to credit risk at balance date is the gross carrying amount of each category of recognised financial asset inclusive of any allowance for impairment.

No collateral is held as security and no credit enhancements relate to the financial assets held by QAO.

In the current financial and prior financial years there has been nil trade receivable write offs and therefore no financial impact of credit risk.

**Queensland Audit Office**  
**Notes to the Financial Statements**  
**For the year ended 30 June 2020**

**13. Financial Instruments (continued)****(c) Credit Risk Exposure (continued)**

No financial assets had their terms renegotiated to prevent them from being past due or impaired and are stated at the carrying amounts as indicated. There were no individually impaired financial assets in the current or previous period.

Receivables	Ageing of Receivables (not impaired)			Overdue		Total
	Less than 30 days	30-60 days	61-90 days	More than 90 days	Total	
	\$'000	\$'000	\$'000	\$'000		
2020	3,289	15	68	79	<b>3451</b>	
2019	2,914	34	60	46	<b>3,054</b>	

**(d) Liquidity Risk**

Liquidity risk refers to the situation where QAO may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

QAO ensures it has sufficient funds available to meet financial obligations when they fall due by maximising its bank account balance and through an approved corporate card facility with a \$200,000 limit. At year end, \$194,407 (2019: \$178,101) was available in this facility.

As at 30 June 2020, QAO's financial liabilities are all payables and accruals that fall due within 12 months.

**(e) Fair Value**

The carrying amounts of receivables and payables, which represent the value of the original transactions less any allowance for impairment, are consistent with the fair values of these balances.

**14. Reconciliation of Operating Surplus to Net Cash from Operating Activities**

	2020 \$'000	2019 \$'000
<b>Operating Surplus</b>	<b>723</b>	<b>1,596</b>
Non-cash items included in operating result:		
Depreciation and amortisation expense	405	345
Provision for lease	..	(386)
Provision for leasehold restoration	..	(512)
Change in assets and liabilities:		
(Increase) / decrease in work in progress	(169)	(2,125)
(Increase) / decrease in receivables	(396)	1,103
(Increase) / decrease in other current assets	(216)	(295)
Increase / (decrease) in payables and accruals	(94)	466
Increase in accrued employee benefits	(269)	33
Increase / (decrease) in GST payable		(136)
<b>Net Cash from Operating Activities</b>	<b>(16)</b>	<b>89</b>

# Certificate of the Queensland Audit Office

## CERTIFICATE OF THE QUEENSLAND AUDIT OFFICE

These general-purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), s.42 of the *Financial and Performance Management Standard 2019* and other prescribed requirements.

In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Audit Office for the financial year ended 30 June 2020 and of its financial position as at the end of that year
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects for financial reporting throughout the reporting period.



Karen Johnson, FCA  
Assistant Auditor-General and Chief Financial Officer  
19 August 2020



Brendan Worrall  
Auditor-General  
19 August 2020



# Independent auditor's report

**HALL CHADWICK**   
 CHARTERED ACCOUNTANTS & BUSINESS ADVISORS | QLD

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 BRISBANE QLD 4001  
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## Independent Auditor's Report to the Accountable Officer of Queensland Audit Office

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Queensland Audit Office, which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the certificates given by the Auditor-General of Queensland and the Chief Financial Officer of Queensland Audit Office.

In our opinion, the accompanying financial report:

- (a) gives a true and fair view of the financial position as at 30 June 2020 of the Queensland Audit Office and of its financial performance and cash flows for the year then ended; and
- (b) complies with the Financial Accountability Act 2009, the Financial and Performance Management Standard 2019 and Australian Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Queensland Audit Office in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Information Other than the Financial Report and Auditor's Report Thereon

The Accountable Officer is responsible for the other information. The other information comprises the information included in Queensland Audit Office's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Accountable Officer for the Financial Report

The Accountable Officer of the Queensland Audit Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and is appropriate to meet the requirements of the Financial Accountability Act 2009 and the Financial and Performance Management Standard 2019. This responsibility includes such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 under the Professional Standards Legislation

National Association | Hall Chadwick  
 International Association | Prime Global  
 Associations of Independent Firms

In preparing the financial report, the Accountable Officer is responsible for assessing the ability of the Queensland Audit Office to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accountable Officer either intends to liquidate the Queensland Audit Office or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is **free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion**. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Queensland Audit Office's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Officer.
- Conclude on the appropriateness of the Accountable Officer's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Queensland Audit Office's ability to continue as a going concern. If we conclude that a material uncertainty exists, **we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion**. Our conclusions are **based on the audit evidence obtained up to the date of our auditor's report**. However, future events or conditions may cause the Queensland Audit Office to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Accountable Officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**Report on other legal and regulatory requirements**

In accordance with s.40 of the Auditor-General Act 2009, for the year ended 30 June 2020:

- (a) We have received all the information and explanations which we have required; and
- (b) In our opinion, the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects.

*Hall Chadwick*  
*M. S. Taylor*

Mark Taylor  
Director  
Hall Chadwick QLD

Dated at Brisbane this 19<sup>th</sup> day of August, 2020.

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# Performance statement

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## Queensland Audit Office Performance statement For the year ended 30 June 2020

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### Contents

**Performance comparison—target to actual**

**Notes to and forming part of the performance statement**

#### General information

This performance statement covers the Queensland Audit Office (QAO) for the 2019–20 financial year.

QAO is an office established under the *Auditor-General Act 2009* to support the Auditor-General in providing independent public sector auditing services and reporting.

The head office and principal place of business is:

Level 13, 53 Albert Street  
BRISBANE QLD 4000

For information relating to QAO's performance report please call (07) 3149 6000, email [enquiries@gao.qld.gov.au](mailto:enquiries@gao.qld.gov.au) or visit the QAO's internet site [www.gao.qld.gov.au](http://www.gao.qld.gov.au).



**Queensland Audit Office**  
**Performance statement**  
**Year ended 30 June 2020**

**Performance comparison—actual to target**

Independent public sector auditing	Notes	Target	Actual	Variance	
<b>Service: Reports and advice to the parliament</b>					
<i>Effectiveness measures</i>					
Parliament's overall satisfaction with services (%)	1	80	..	..	..
Audit entities' overall satisfaction with performance audit services (ip)	2, 3	80	78	2	unfavourable
Average time taken to produce reports—results of financial audits—from applicable balance dates (months)	5, 6	6	5.3	0.7	favourable
Average time taken to produce reports—results of performance audits—from initiation of audits (months)	5, 7	9	10.9	1.9	unfavourable
<i>Efficiency measures</i>					
Average cost of reports tabled—results of financial audits (\$'000)	5, 6	\$140.0	\$124.6	\$15.4	favourable
Average cost of reports tabled—results of performance audits (\$'000)	5, 7	\$395.0	\$453.9	\$58.9	unfavourable
<b>Service: Reports and advice to the public sector</b>					
<i>Effectiveness measures</i>					
Audit entities' overall satisfaction with financial audit services (ip)	2, 4	80	81	1	favourable
<i>Efficiency measures</i>					
Average cost of financial audits—State entities (\$'000)	8	75–90	91.8	1.8	unfavourable
Average cost of financial audits—Local government entities (\$'000)	8	65–75	71.8	3.2	favourable

**New measure for 2020–21**

**Performance comparison—actual to target**

Independent public sector auditing	Notes	Target	Actual	Variance	
<b>Service: Reports and advice to the public sector</b>					
<i>Effectiveness measures</i>					
Audit entities' overall satisfaction with audit services (ip)	2	80	81	1	favourable

*The accompanying notes form part of these statements.*

## Notes to and forming part of the performance statement

### Including the explanation of major variances

1. We survey members of the Queensland Parliament approximately twice per parliamentary term—members are not surveyed annually. An independent organisation conducts the survey for us. The 2019–20 actual is not provided as the survey was not conducted—the last survey was conducted in 2018–19.
2. We survey our audit clients within the Queensland public sector each year. An independent organisation conducts the surveys for us. The results are expressed as ‘index points’ (ip) to more accurately describe the result when combining multiple survey factors into a single value or score. We have discontinued these two service standards in 2020–21 and merged them together into a new effectiveness measure—Audit entities’ overall satisfaction with audit services. Our focus for the future is to provide our clients with a consistent and seamless QAO experience. This new measure has been reported separately for 2019–20.
3. Our clients’ satisfaction with our performance audits is slightly lower than target. General comments about our performance more commonly related to improving auditors’ skills/knowledge and the scope of the audit. The result of 78ip is higher than the 75ip in 2018–19 and 72ip in 2017–18.
4. Our clients’ satisfaction with financial audit results is slightly higher than target and comparative with prior years—80ip in 2018–19 and 81ip in 2017–18. Positive feedback given was about auditors’ conduct and skills. Suggestions for improvement included the efficiency of the audit process, balance/consistency of reporting and effectiveness of communication/consultation.
5. We track the full life cycle cost of each report to parliament and the time it takes us to produce the report.

The timeliness of our reports on the results of financial audits is measured from the financial year end date of our clients to the tabling date of the report in parliament. The timeliness of our reports on the results of performance audits is measured from the formal initiation of the audit to the tabling date.

This measure includes the total cost of all the reports we tabled during the 2019–20 financial year. The cost of our reports includes internal staff costs and overheads, any consultant costs, and other direct costs. We report the estimated final cost within each report. However, actual costs may vary slightly from this estimate due to minor work undertaken after tabling.

6. Overall, our reports on the results of financial audits have been delivered on time and under budget. The actual duration and cost for each report are listed below.

Report title	Life cycle cost	Duration (months)
Water: 2018–19 results of financial audits	\$91,838	3.8
Transport: 2018–19 results of financial audits	\$79,048	4.2
Energy: 2018–19 results of financial audits	\$87,070	4.7
Health: 2018–19 results of financial audits	\$130,902	4.9
Queensland state government entities: 2018–19 results of financial audits	\$119,183	4.9
Queensland Government state finances: 2018–19 results of financial audits	\$75,812	7.4
Local government entities: 2018–19 results of financial audits	\$290,413	7.7
Education: 2018–19 results of financial audits	\$122,234	4.6
<b>Total</b>	<b>\$996,500</b>	<b>42.2</b>
<b>Average</b>	<b>\$124,562</b>	<b>5.3</b>
<b>Target</b>	<b>\$140,000</b>	<b>6.0</b>

The average time taken for financial audit reporting is within our target and an improvement on prior years—6.5 months for 2018–19 and 6.7 months for 2017–18.

The average cost for financial audit reporting is within our target and an improvement on prior years—\$142,804 for 2018–19 and \$140,223 for 2017–18.

This favourable variance shows the efficiencies achieved from introducing initiatives focusing on reports being more concise to meet the needs of our stakeholders.

7. Overall, our reports on the results of performance audits have been delivered over budget and later than expected. The actual duration and cost for each report are listed below.

Report title	Life cycle cost	Duration (months)
Investing in vocational education and training	\$396,399	10.2
Managing the sustainability of local government services	\$452,915	7.8
Managing cyber security risks	\$485,968	11.3
Addressing mine dust lung disease	\$611,228	12.5
Effectiveness of the State Penalties Enforcement Registry ICT reform	\$318,344	9.7
Managing coal seam gas activities	\$553,160	12.6
Evaluating major infrastructure projects	\$441,524	14.1
Licensing builders and building trades	\$371,482	9.1
<b>Total</b>	<b>\$3,631,020</b>	<b>87.1</b>
<b>Average</b>	<b>\$453,878</b>	<b>10.9</b>
<b>Target</b>	<b>\$395,000</b>	<b>9.0</b>

We tabled eight performance audit reports in 2019–20. This is less reports compared to prior years—14 in 2018–19 and 10 in 2017–18.

The average time taken for reporting is outside our target and unfavourable compared to last year—8.9 months for 2018–19 and 10.5 months for 2017–18.

The average cost for reporting is outside our target and unfavourable compared to prior years—\$317,880 for 2018–19 and \$347,961 for 2017–18.

The unfavourable variance is due to most performance audits tabled in 2019–20 being highly complex audits, which have a higher cost and take longer to complete. No follow-up audits were completed in 2019–20—these audits have a shorter duration and lower cost. Four follow up audits were performed in 2018–19.

8. We track the full life cycle cost of each financial audit for state and local government entities. The cost of our audits includes internal staff costs and overheads, contractor costs, and other direct costs. This measure is calculated by dividing the full cost of financial audits by the number of audit opinions produced. Expressing the target for this measure as a range better reflects the nature of audit services and provides better information for understanding QAO's performance. It is normal for the total number of opinions to change marginally each year, which will impact these results.