

Queensland state government: 2016–17 results of financial audits (Report 11: 2017–18). Tabled 22 February 2018.

Slide 1: Welcome

This presentation summarises our report to parliament on the results of our 2016–17 financial audits for the Queensland state government and state public sector entities.

Please note that this is a summary. The full report can be read on our website.

Slide 2: Audit results for the Queensland state government

This year, we provided an unmodified audit opinion on the consolidated state government financial statements. Unmodified meaning they prepared their financial statements according to legislative requirements and relevant accounting standards, and that they can be relied upon.

These statements provide a consolidated view of the financial performance and position of all entities that the state government controls.

Slide 3: Financial performance

This year the consolidated state government achieved an operating surplus of \$2.2 billion. This is the first surplus the state has reported in nine years.

It was largely driven by increased revenue from royalties, Australian Government grants, and revenue generated by energy and water entities.

Slide 4: Financial position

At 30 June 2017, the state government controlled assets with a value of \$341 billion, including \$114 billion worth of infrastructure.

At the same time, the state owed \$153 billion in liabilities including borrowings with a value of \$102 billion. This represents a decrease of one and a half per cent on the total borrowings owed last year.

Slide 5: Results of our audits of state public sector entities

We provided unmodified audit opinions on 216 of the 224 sets of financial statements that state public sector entities prepared in 2016–17. The only entities that did not receive unmodified opinions were small entities that were not material to the state government financial statements. Most state public sector entities produced their statements in a timely manner and met legislative timeframes.

We also identified an improvement in the financial reporting processes that government departments adopted. This resulted in more timely and higher quality draft financial statements being available for audit.

Slide 6: Internal controls

We assessed that the control environment for each government department was suitably designed and implemented. These controls aim to prevent, or detect and correct, material misstatements in their financial statements and non-compliance with legislative requirements.

We have analysed the appropriateness and timeliness of remedial action undertaken to resolve audit matters we identified. All government departments either addressed their identified control deficiencies or are on track to do so.

Slide 7: Future challenges and emerging risks

In December 2017, the government announced several changes to the functions that existing departments administered. Implementing these changes can have a significant impact on the efficiency and effectiveness of a department's operations. The affected departments need to consider all aspects of the changes and implement a formal, planned approach. This will help them identify, manage and monitor the associated risks at both an operational and strategic level.

In 2018 Queensland will host the Gold Coast 2018 Commonwealth Games, for which the state government expects to incur significant expenditure in the lead up.

State public sector entities have various sources of revenue and income with sizeable operating lease commitments. They should not underestimate the effort required to prepare themselves for the incoming accounting standards on revenue and leases, as this may result in changes in systems, processes, accounting policies, and in some instances, contracts.

Slide 8: For more information

For more information on the issues, opportunities and future challenges highlighted in this summary presentation, please see the full report on our website.

Thank you.