

Financial statements

Office of the Energy and Water Ombudsman
(trading as Energy and Water Ombudsman Queensland)
for the financial year ended 30 June 2019

FUNDING OUR SCHEME

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Office of the Energy and Water Ombudsman Financial Statements
As at 30 June 2019

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Office of the Energy and Water Ombudsman
Statement of Comprehensive Income
For the Year Ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Income from Continuing Operations			
Scheme fees	2.	6,459	6,240
Other revenue	3.	<u>48</u>	<u>42</u>
Total Income from Continuing Operations		<u>6,507</u>	<u>6,282</u>
 Expenses from Continuing Operations			
Employee expenses	4.	4,519	4,472
Supplies and services	5.	1,921	1,774
Depreciation	9.	1	1
Other expenses	6.	<u>59</u>	<u>31</u>
Total Expenses from Continuing Operations		<u>6,500</u>	<u>6,278</u>
Operating Result from Continuing Operations		<u>7</u>	<u>4</u>
Total Comprehensive Income		<u><u>7</u></u>	<u><u>4</u></u>

The accompanying notes form part of these statements

Office of the Energy and Water Ombudsman
Balance Sheet
As at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
Current Assets			
Cash and cash equivalents	7.	2,851	1,576
Receivables	8.	309	914
Prepayments		46	30
Total Current Assets		3,206	2,520
Non-Current Assets			
Plant and equipment	9.	2	3
Total Non-Current Assets		2	3
Total Assets		3,208	2,523
Current Liabilities			
Payables	10.	854	1,367
Accrued employee benefits	11.	461	450
Unearned revenue	12.	1,619	439
Total Current Liabilities		2,934	2,256
Total Liabilities		2,934	2,256
Net Assets		274	267
Equity			
Accumulated surplus		195	188
Contributed equity		79	79
Total Equity		274	267

The accompanying notes form part of these statements

Office of the Energy and Water Ombudsman
Statement of Changes in Equity
For the Year Ended 30 June 2019

	Accumulated Surplus \$'000	Contributed Equity \$'000	TOTAL \$'000
Balance as at 1 July 2017	184	79	263
Operating Result from Continuing Operations	4	-	4
Balance as at 30 June 2018	188	79	267
Operating Result from Continuing Operations	7	-	7
Balance as at 30 June 2019	195	79	274

The accompanying notes form part of these statements

Office of the Energy and Water Ombudsman
Statement of Cash Flows
For the Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Inflows:</i>			
Scheme fees		8,236	5,424
Interest receipts		46	41
GST input tax credits from ATO		224	173
GST collected from members/customers		3	4
Other		2	-
<i>Outflows:</i>			
Employee expenses		(4,509)	(4,436)
Supplies and services		(2,480)	(1,242)
GST remitted to ATO		(3)	(4)
GST paid to suppliers		(215)	(186)
Other		(29)	(31)
Net cash provided by/(used in) operating activities		1,275	(257)
Net increase (decrease) in cash and cash equivalents		1,275	(257)
Cash and cash equivalents – beginning of financial year	7.	1,576	1,833
Cash and cash equivalents – end of financial year	7.	2,851	1,576

The accompanying notes form part of these statements

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 1 – Basis of Financial Statement Preparation

General Information

These financial statements cover the Office of the Energy and Water Ombudsman trading as Energy and Water Ombudsman Queensland (EWOQ). EWOQ has no controlled entities.

EWOQ is a free and independent dispute resolution service for Queensland's energy consumers and water customers in South East Queensland. The Office of the Energy and Water Ombudsman was established under the *Energy and Water Ombudsman Act 2006*.

The Office of the Energy and Water Ombudsman is controlled by the State of Queensland which is the ultimate parent.

Authorisation of Financial Statements for Issue

The financial statements are authorised for issue by the Energy and Water Ombudsman (EWO) and General Manager Business Support of the Office of the Energy and Water Ombudsman at the date of signing the Management Certificate.

Compliance with Prescribed Requirements

The financial statements have been prepared in compliance with the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*.

EWOQ is a not-for-profit entity and these general purpose financial statements are prepared in compliance with the requirements of Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations applicable to not-for-profit entities.

The financial statements are prepared on an accrual basis (with the exception of the statement of cash flows which is prepared on a cash basis).

Underlying Measurement Basis

The historical cost convention is used as the measurement basis unless otherwise stated.

Presentation matters

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

Comparatives - Comparative information reflects the audited 2017-18 financial statements.

Current/Non-Current Classification - Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or EWOQ does not have an unconditional right to defer settlement to beyond 12 months after the reporting date. All other assets and liabilities are classified as non-current.

**Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019**

Note 1 – Basis of Financial Statement Preparation (continued)

Taxation

The Office of the Energy and Water Ombudsman is exempt from income tax under the *Income Tax Assessment Act 1936* and is exempted from the other forms of Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Receivables and payables in the Balance Sheet are shown inclusive of GST. GST credits receivable from, and GST payable to, the ATO at reporting date are separately recognised in receivable with Note 8.

New and Revised Accounting Standards

First Time Mandatory Application of Accounting Standards and Interpretations

AASB 9 Financial Instruments was applied for the first time in 2018-19. This standard introduces new categories for the classification of financial assets and new impairment rules that focuses on expected credit losses rather than included losses. The new standard does not impact on the classification of EWOQ's financial assets (cash and receivables), which will continue to be measured at amortised cost. Adoption of AASB 9's new impairment model resulted in no change to the receivables loss allowance on 1 July 2018 refer to Note 13.

Comparative figures for 2017-18 have not been restated for AASB 9.

Early Adoption of Accounting Standards and Interpretations

No Accounting Pronouncements were early adopted in the 2018-19 financial year.

Voluntary Changes in Accounting Policy

No voluntary changes in accounting policies occurred during the 2018-19 financial year.

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 2 – Scheme fees

	2019 \$'000	2018 \$'000
User-pays fees	6,243	6,041
Annual Participation fees	216	199
Total	6,459	6,240

Accounting Policy

EWOQ is fully funded through a combination of annual participation and quarterly user-pays fees.

EWOQ invoices in advance for annual participation fees to industry scheme participants. In relation to quarterly user pays fees, EWOQ invoices in advance based on estimated usage and then reconciled back to actuals twice a year. User-pays and annual participation fees are recognised as revenue over time as prescribed services are performed.

Note 3 – Other Revenue

	2019 \$'000	2018 \$'000
Interest	46	42
Other revenue	2	-
Total	48	42

Accounting Policy

EWOQ receives bank interest and is legislated to charge scheme participants interest on unpaid fees. Both are recognised when due.

Note 4 – Employee Expenses

	2019 \$'000	2018 \$'000
<i>Employee Benefits</i>		
Wages and salaries	3,371	3,323
Employer superannuation contributions	470	459
Long service leave levy	64	73
Annual leave expense	338	341
<i>Employee Related Benefits</i>		
Payroll tax	197	197
Workers' compensation premium	19	13
Other	60	66
Total	4,519	4,472

**Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019**

Note 4 – Employee Expenses (continued)

	2019	2018
Number of employees	40	42

The number of employees as at 30 June, including both full-time employees and part-time employees, is measured on a full-time equivalent basis.

Accounting Policy

Employee Benefits

Short-term employee benefits - wages, salaries and sick leave

Wages and salaries due but unpaid at the reporting date are recognised in the Balance Sheet at the current salary rates. As EWOQ expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts.

Sick leave is non-vesting. An expense is recognised for this leave as it is taken.

Other long - term employee benefits - annual and long service leave

Annual leave and long service leave liabilities are classified and measured as other long-term employee benefits as EWOQ does not expect to wholly settle all such liabilities within the 12 months following reporting date.

Other long-term employee benefits are presented as current liabilities where the office does not have an unconditional right to defer payment for at least 12 months after the end of the reporting period.

All directly associated on-costs (e.g. employer superannuation contributions, payroll tax and workers' compensation insurance) are also recognised as liabilities, where these on-costs are material.

Superannuation

Superannuation benefits are provided through either defined contribution (accumulation) plans or the QSuper defined benefit plan, in accordance with employees' conditions of employment and employee instructions as to superannuation plan (where applicable).

Defined contribution plans - Employer contributions are based on rates specified under conditions of employment. EWOQ's contributions are expenses when they become payable at each fortnightly pay period.

QSuper defined benefit plan - The liability for QSuper defined benefits is held on a whole-of-government basis and reported in those financial statements. Employer contributions to QSuper are based on rates determined on the advice of the State Actuary. EWOQ contributions are expensed when they become payable at each fortnightly pay period. EWOQ's obligations to the QSuper plan are limited those contributions paid.

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 5 – Supplies and Services

	2019	2018
	\$'000	\$'000
Consultants and contractors	396	360
Travel	45	38
Property lease and rental	548	528
Promotion and entertainment	51	47
Printing, stationery and office supplies	48	40
Information technology	209	214
Communications	52	54
Corporate service charges	510	458
Sundries	62	35
Total	1,921	1,774

Accounting Policy

Supplies and Services items are recorded in the period in which the expense is incurred. EWOQ outsources corporate support services. For property lease and rental policy refer to Note 16.

Note 6 – Other Expenses

	2019	2018
	\$'000	\$'000
Advisory Council fees	7	6
External audit fees*	20	20
Other assurance services**	30	-
Other	2	5
Total	59	31

Disclosure

*Total audit fees paid to the Queensland Audit Office relating to the 2018-19 financial statements are estimated to be \$20,400 (2018: \$19,900). There are no non-audit services included in this amount.

** the assurance services paid to PKF Brisbane were in relation to the independent review of proposed digital strategy and its alignment with business needs.

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 7 – Cash and Cash Equivalents

	2019 \$'000	2018 \$'000
Cash at bank	2,851	1,576
Total	2,851	1,576

Accounting Policy

Cash and cash equivalents include all cash and cheques receipted at 30 June as well as deposits held at call with financial institutions.

Note 8 – Receivables

	2019 \$'000	2018 \$'000
Trade debtors	267	863
	267	863
GST receivable	20	29
Long service leave reimbursements	20	19
Interest receivable	3	3
Total	310	914

Accounting Policy

Trade debtors are recognised at the amounts due at the time of invoicing on a quarterly basis to scheme participants or when invoices are issued based on scheme participant's additional use of EWOQ's services above amounts paid in advance. Settlement terms are within 14 days from receipt date for scheme participants, within 30 days from invoice date for others.

The collectability of receivables is assessed periodically with provision being made for expected credit losses. All known bad debts were written off as at 30 June. The loss allowance is estimated based on the probability and timing of potential defaults and takes into account forecasts of future economic conditions as well as past events. No provision for impairment was necessary at year end.

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 9 – Plant and equipment and depreciation expense

	2019 \$'000	2018 \$'000
Plant and Equipment		
Gross	50	50
Less Accumulated depreciation	<u>(48)</u>	<u>(47)</u>
Total	<u>2</u>	<u>3</u>
Plant and Equipment Reconciliation		
Carrying amount as at 1 July 2018	3	4
Acquisitions	-	-
Depreciation	<u>(1)</u>	<u>(1)</u>
Carrying amount as at 30 June 2019	<u>2</u>	<u>3</u>

Accounting Policy

Asset Acquisition

Actual cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees. However, any training costs are expensed as incurred.

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 9 – Plant and Equipment and Depreciation Expense (continued)

Where assets are received free of charge from another Queensland public sector entity (usually via an involuntary transfer), the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciated.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland government agency, recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

Recognition of Plant and Equipment

Items of plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Plant and equipment	\$5,000
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Items of lesser value are expensed in the year of acquisition. Expenditure is only capitalised if it increases the service potential or useful life of existing asset. Maintenance expenditure that merely restores original service potential (arising from ordinary wear and tear etc.) is expensed.

Measurement of Non-Current Physical Assets using Cost

Plant and equipment is measured at cost. The carrying amounts for plant and equipment at cost approximate their fair value.

Impairment

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, EWOQ 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.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and current replacement cost.

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 9 – Plant and Equipment and Depreciation Expense (continued)

Depreciation

Plant and equipment are depreciated on a straight-line basis so as to allocate the revalued amount or net cost of each asset (respectively), less its estimated residual value, progressively over its estimated useful life to EWOQ.

The estimation of the useful lives of assets is based on historical experiences with similar assets as well as consideration such as manufacturers' warranties, asset turnover practices and EWOQ's strategic asset plan. Reassessments of useful lives are undertaken annually by EWOQ. Any consequential adjustments to remaining useful life estimates are implemented prospectively.

Any expenditure that increases the original assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to EWOQ.

Depreciation Disclosures

The following depreciation rates were used:

Plant and equipment 12.5 - 20%

Note 10 – Payables

	2019	2018
	\$'000	\$'000
User-pays fees - refunds	717	1,206
Accrued expense	137	161
Total	854	1,367

Accounting Policy

User-pays fees - refunds are where revenue received in advance from a scheme participant exceeds the actual service provided in respect of that scheme participant, the difference is recognised as a payable to the scheme participant at year end.

Accrued expenses represents goods and services received prior to balance date whether invoiced or not. Accrued expenses are settled in accordance with supplier payment terms.

The carrying value of payables are considered to be a reasonable approximation of fair value.

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 11 – Accrued Employee Benefits

	2019 \$'000	2018 \$'000
Current		
Wages payable	65	66
Annual leave	376	363
Long service leave levy payable	20	21
Total	461	450

Accounting Policy – refer to Note 4

Note 12 – Unearned revenue

	2019 \$'000	2018 \$'000
Current		
Unearned revenue – user-pays fees	1,619	439
Total	1,619	439

Accounting Policy – refer to Note 2

Cash received from scheme participants in respect of services to be provided in 2019-20 financial year are recognised as unearned revenue.

Disclosure

Our legislation requires invoices for user-pays fees are to be raised in advance and payment of these invoices is due 14 days from receipt. Timing of actual payment of these invoices by scheme participants varies.

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 13 – Financial Instruments

Financial Instruments - Accounting Policy on Recognition

Financial assets and financial liabilities are recognised in the Balance Sheet when EWOQ becomes party to the contractual provisions of the financial instrument.

Financial Instruments – Classification and Presentation

Financial instruments are classified under Accounting Standard AASB 9 as follows:

	Notes	2019 \$'000	2018 \$'000
<u><i>Financial Assets</i></u>			
Cash and cash equivalents	7.	2,851	1,576
Receivables at amortised cost	8.	309	914
Total		3,160	2,490
<u><i>Financial Liabilities</i></u>			
Payables at amortised cost	10.	854	1,367
Total		854	1,367

Note 14 – Key Management Personnel (KMP) Disclosures

Details of Key Management Personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of EWOQ during 2018-19 and 2017-18. Further information about these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Energy and Water Ombudsman	The strategic leadership, efficient and effective management of EWOQ, including its operational and financial performance.
General Manager, Assessment, Investigation and Resolution	Responsible for leading the complaint investigation and dispute resolution functions of EWOQ.
General Manager, Business Support	Responsible for efficient and effective corporate services to EWOQ and to ensure all statutory reporting obligations are met.
General Manager, Reporting, Policy and Research	Responsible for leading advice on complex policies and emerging issues, marketing and communication functions, and overseeing the reporting, research and root cause analysis process.

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 14 – Key Management Personnel (KMP) Disclosures (continued)

KMP Remuneration Policies

With the exception of the Energy and Water Ombudsman, remuneration policy for EWOQ's KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*.

The remuneration and other terms of employment of the Energy and Water Ombudsman are specified in the Governor in Council Appointment.

Remuneration expenses for those key management personnel comprise the following components:

Short term employee expenses which include:

- salaries and allowances earned and expensed for the entire year, or for that part of the year during which the employee occupied the specified position; and
- non-monetary benefits – consisting of provision of car parking together with fringe benefits tax applicable to the benefit.

Long term employee expenses - mainly annual leave and long service leave entitlements earned and expensed for the year, or for that part of the year during which the employee occupied the specified position.

Post-employment expenses – mainly superannuation obligations.

Termination benefits – include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019

Note 14 – Key Management Personnel (KMP) Disclosures (continued)

The following disclosures focus on the expense incurred by EWOQ during the respective reporting periods that is attributable to key management positions. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Remuneration Expenses

2018-19

Position	Short term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Expenses \$'000	\$'000	\$'000	\$'000	\$'000
Energy and Water Ombudsman	227	8	5	27	-	267
General Manager, Assessment, Investigation and Resolution	149	8	3	19	-	179
General Manager, Business Support	122	8	3	16	-	149
General Manager, Reporting, Policy and Research	93	-	2	17	-	112
Total Remuneration	591	24	13	79	-	707

2017-18

Position	Short term Employee Expenses		Long Term Employee Expenses	Post-Employment Expenses	Termination Benefits	Total Expenses
	Monetary Expenses \$'000	Non-Monetary Expenses \$'000	\$'000	\$'000	\$'000	\$'000
Energy and Water Ombudsman	226	8	5	27	-	266
General Manager, Assessment, Investigation and Resolution	139	6	3	17	-	165
General Manager, Business Support	136	6	3	18	-	163
General Manager, Reporting, Policy and Research	140	5	3	17	-	165
Total Remuneration	641	25	14	79	-	759

**Office of the Energy and Water Ombudsman
Notes to the Financial Statements
For the Year Ended 30 June 2019**

Note 14 – Key Management Personnel (KMP) Disclosures (continued)

Performance Payments

No KMP remuneration packages provide for performance or bonus payments.

Note 15 – Related Parties Transactions

Transactions with people/entities related to KMP

EWOQ has no related party transactions to disclose this financial year.

Note 16 – Commitments for Expenditure

Non-Cancellable Operating Lease

Commitments under operating leases at reporting date (inclusive of non-coverable GST input tax credits) are payable.

	2019 \$'000	2018 \$'000
Not later than one year	535	518
Later than one year and not later than five years	<u>770</u>	<u>1,485</u>
Total	<u>1,305</u>	<u>2,003</u>

Accounting Policy

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

Operating leases are entered into as a means of acquiring access to office accommodation. Lease terms extend over a period of 3 to 5 years. EWOQ has no option to purchase the leased item at the conclusion of the lease although the lease provides for a right of renewal at which time the lease terms are renegotiated.

Operating lease rental expenses comprises the minimum lease payment payable under operating lease contracts. Lease payments are generally fixed, but with annual inflation escalation clauses upon which future year rentals are determined.

Note 17 – Contingencies

There were no other known contingent assets or liabilities at 30 June 2019.

Note 18 – Events Occurring After Balance Date

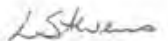
No event has occurred after balance date that has a material effect on these financial statements.

MANAGEMENT CERTIFICATE OF THE OFFICE OF THE ENERGY AND WATER OMBUDSMAN

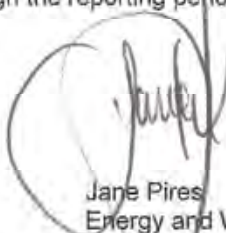
These general purpose financial statements have been prepared pursuant to s.62(1)(a) of the *Financial Accountability Act 2009* (the Act), s.43 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with s.62(1)(b) of the Act we certify that in our opinion:

- a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- 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 Office of the Energy and Water Ombudsman for the financial year ended 30 June 2019 and of the financial position of the office as at the end of that year; and

We acknowledge responsibility under s.8 and s.15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting through the reporting period.



Lyn Stevens
General Manager, Business Support
Office of the Energy and Water
Ombudsman
Date 7/8/19



Jane Pires
Energy and Water Ombudsman
Office of the Energy and Water
Ombudsman
Date 7/8/19



INDEPENDENT AUDITOR'S REPORT

To the Office of the Energy and Water Ombudsman

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Office of the Energy and Water Ombudsman.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards – Reduced Disclosure Requirements.

The financial report comprises the balance sheet as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the entity 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the entity for the financial report

The Office is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards – Reduced Disclosure Requirements, and for such internal control as the Office determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Office is also responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the entity or to otherwise cease operations.



Auditor's responsibilities for the audit of the financial report

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the entity.
- Conclude on the appropriateness of the entity'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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity 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.

I communicate with the Office regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.

A handwritten signature in blue ink, appearing to read 'Damon Olive'.

Damon Olive
as delegate of the Auditor-General

19 August 2019
Queensland Audit Office
Brisbane