

s.73 Irrelevant inform

From: Queensland Audit Office <QAO.Mail@qao.qld.gov.au>
Sent: Friday, 28 July 2023 11:44 AM
To: Rachel Hunter
Cc: s.73 Irrelevant inform
Subject: PRJ04181 - Correspondence from the Acting Auditor-General
Attachments: PRJ04181 Initiation letter - DG DPC.pdf

Good morning

Please find attached correspondence from the Acting Auditor-General.

Kind regards,

Auditor-General correspondence



T: 07 3149 6000
E: qao@qao.qld.gov.au
W: www.qao.qld.gov.au
53 Albert St, Brisbane Qld 4000
 [Queensland Audit Office \(QAO\)](#)
www.qao.qld.gov.au/careers

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Your ref:

Our ref: PRJ04181

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SENSITIVE

28 July 2023

Ms R Hunter
Director-General
Department of the Premier and Cabinet
PO Box 15185
CITY EAST QLD 4002

Dear Ms Hunter

Commencement of audit on minimising potentially preventable hospitalisations

I am writing to advise that I will commence an audit on *Minimising potentially preventable hospitalisations*. This audit was proposed in our *Forward work plan 2023–26*.

The objective of the audit is to assess whether Queensland Health is effective in minimising hospitalisations for conditions that are potentially preventable.

I aim to table the report in parliament in mid-2024 and look forward to providing you with the proposed version following conduct of the audit, to which I will welcome your response.

I have also advised those below that we have commenced this audit:

- the Premier and Minister for the Olympic and Paralympic Games
- the Minister for Health, Mental Health and Ambulance Services and Minister for Women
- the Director-General, Department of Health
- all Hospital and Health Service chief executives
- the Health and Environment Committee
- the Economics and Governance Committee.

In the meantime, please do not hesitate to contact me should you have any questions. If you would like further detail on the audit, please do not hesitate to have your staff contact s.73 Irrelevant information Director, on s.73 Irrelevant information

Yours sincerely

s.73 Irrelevant information

Acting Auditor-General

s.73 Irrelevant informa

From: Queensland Audit Office <QAO.Mail@qao.qld.gov.au>
Sent: Thursday, 6 July 2023 7:44 AM
To: Rachel Hunter
Cc: s.73 Irrelevant info
Subject: PRJ04189 Correspondence from the Auditor-General
Attachments: PRJ04189 Initiation letter to DG DPC 06.07.23.pdf

Good morning

Please find attached correspondence from the Auditor-General.

Kind regards,

Auditor-General correspondence



**Queensland
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Our ref: PRJ04189

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SENSITIVE

6 July 2023

Ms R Hunter
Director-General
Department of the Premier and Cabinet
PO Box 15185
CITY EAST QLD 4002

Dear Rachel

Commencement of audit on Protecting students from cyberbullying

I am writing to advise that I will commence an audit on *Protecting students from cyberbullying*. This audit was proposed in our *Forward work plan 2023–26* under the original title '*Protecting students when online*'. We have revised the title and objective to better describe the audit focus, which will be on protecting students from cyberbullying.

Our audit will examine whether the Department of Education and schools are effective in helping protect students from cyberbullying.

I aim to table the report in parliament in early/mid 2024 and look forward to providing you with the proposed version following conduct of the audit, to which I will welcome your response.

I have also advised those below that we have commenced this audit:

- the Premier and Minister for the Olympic and Paralympic Games
- the Minister for Education, Minister for Industrial Relations and Minister for Racing
- the Director-General, Department of Education
- the Education, Employment and Training Committee
- the Economics and Governance Committee.

In the meantime, please do not hesitate to contact me should you have any questions. If you would like further detail on the audit, please do not hesitate to have your staff contact s.73 Irrelevant Director, or s.73 Irrelevant

Yours sincerely

s.73 Irrelevant information

Auditor-General

s.73 Irrelevant information

From: Queensland Audit Office <QAO.Mail@qao.qld.gov.au>
Sent: Tuesday, 22 August 2023 8:43 AM
To: Rachel Hunter
Cc: s.73 Irrelevant information
Subject: PRJ04188 Correspondence from the Auditor-General
Attachments: PRJ04188 Initiation letter - DG DPC 22.08.23.pdf

Good morning

Please find attached correspondence from the Auditor-General.

Kind regards,

Auditor-General correspondence



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Your ref:

Our ref: PRJ04188

s.73 Irrelevant information

SENSITIVE

22 August 2023

Ms R Hunter
Director-General
Department of the Premier and Cabinet
1 William Street
BRISBANE QLD 4000

Dear Rachel

Commencement of audit on Examining the state budget framework

I am writing to advise that I will commence an audit on *Examining the state budget framework*. This audit was proposed in our *Forward work plan 2023–26*.

The objective of the audit is to examine if the state budget process is effectively designed and managed to support the government's identified fiscal principles and objectives.

Performance and assurance audits involve the commitment of resources and it is important that we work well together through good levels of shared communication to limit any disruption. A Queensland Audit Office (QAO) engagement leader will manage this audit and we ask that you nominate an executive liaison officer as your primary point of contact for us by 28 August 2023. This contact officer should have sufficient seniority and command of the audit topic and they are asked to keep you informed of the audit as it progresses.

We are currently planning the audit and are aiming to provide you with an audit strategy in September 2023. This strategy will set out the audit scope and provide more detailed information on how we will carry out the audit and engage with you.

I intend to table the report in parliament in mid-2024. The audit team will keep your contact officer informed throughout the audit and will discuss initial findings, draft recommendations, and the proposed report with them.

I have also advised those below that we have commenced this audit:

- the Premier and Minister for the Olympic and Paralympic Games
- the Treasurer
- the Acting Under Treasurer
- the Economics and Governance Committee.

Please do not hesitate to contact me should you have any questions. If you would like further information on the audit, please do not hesitate to have your staff contact s.73 Irrelevant information Director, on s.73 Irrelevant information. I look forward to working with you on this audit.

Yours sincerely

s.73 Irrelevant information

Auditor-General

cc: s.73 Irrelevant information Chair, Audit and Risk Committee, Department of the Premier and Cabinet

s.73 Irrelevant inform

From: s.73 Irrelevant information @qao.qld.gov.au>
Sent: Monday, 21 August 2023 11:46 AM
To: Rachel Hunter
Cc: s.73 Irrelevant information
Subject: QAO 2023 - Closing report
Attachments: DPC CLOSING REPORT - ARMC final version 18082023.pdf

SENSITIVE

Good morning, Ms Hunter

Please find attached our Closing Report that we have included in the audit and risk committee papers for the meeting this Friday afternoon.

Our Closing Report represents our clearance on DPC's financial statements for 2022-23, however please take note of the commentary we have included, particularly on the first page of the letter, that highlights the manual override issue, brought to our attention by management last week. While we still expect we should be able to issue an unmodified opinion, and isolate this issue so we can continue to rely on DPC's overall control environment, we will undertake additional audit work this week, and continue discussions with management to help us better understand the issue, draw a conclusion over these controls, and issue a fully informed audit opinion.

Other key points of interest for you in our report include:

- 3 deficiencies raised over DPC's General Information: Technology controls (GITCs) – relating to CTPI - Schedule 4
- Other opinions – at the time of our report – proposing unmodified opinions over Public Reports, Anzac Day Trust (final statements), and QLD Vet's Council.

We continue to appreciate the great relationship we have with s.73 Irrelevant information and his team and could not be more grateful for their responsiveness to our audit queries. s.73 Irrelevant information works extremely hard with his team to provide us with the support and assistance required, and we recognise that the audit would not work as well as it does if it wasn't for s.73 Irrelevant information leadership.

Please feel free to contact me anytime should you have any questions or concerns.

Kind regards,

s.73 Irrelevant information

Senior Director



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53 Albert St, Brisbane Qld 4000
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I work Monday to Thursday.

Please phone if your query is urgent and requires an immediate response on a Friday, otherwise I will respond, as needed, when I return the following week.

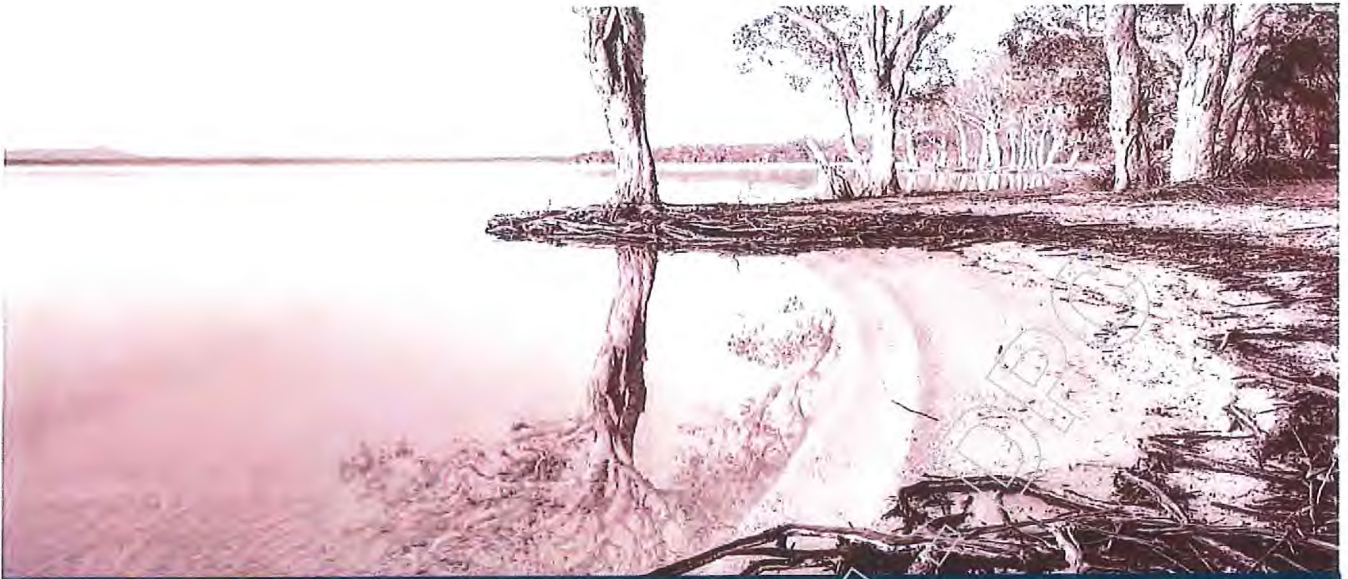
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Released under RTI - D620



2023 CLOSING REPORT

Department of the Premier and Cabinet

18 August 2023

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Ms R Hunter
Director-General
Department of the Premier and Cabinet

Dear Ms Hunter

2023 Closing report

We present our closing report for Department of the Premier and Cabinet (DPC) for the financial year ended 30 June 2023. It includes the results of our audit, identified audit misstatements, and other matters.

Our audit was conducted in accordance with our issued external audit plan. We confirm that up to the date of this report, we have maintained our independence obligations in relation to our conduct of this audit.

Expected opinion

We expect to issue an unmodified opinion on the financial statements. However, our audit opinion is subject to the completion of our audit.

On 15 August 2023, Management brought to our attention a recently identified breakdown in controls in the Ministerial Services Branch, relating to identified instances of the manual override of leave approvals and temporary appointment extensions.

We are considering the impact of these identified control weaknesses on our audit opinion and our overall assessment of key controls that we identified during planning. At the date of this report, we have received verbal advice from management, and based on what was communicated, we believe we can still rely upon the key controls we identified for Ministerial employee expenses during planning, and subsequently tested and relied upon when formulating our expected audit opinion.

Based on the information communicated by management, we believe these breakdowns can be isolated to leave approvals and temporary appointment extensions in the Ministerial Services Branch, and are unlikely to impact our audit opinion given the materiality of the impacted balances. However, we are currently considering what additional audit work we might need to complete to better understand the identified control weaknesses, and to gain sufficient comfort that will allow us to draw a conclusion over these controls and issue a fully informed audit opinion. We will also consider any documented summaries and/or evidence regarding the identified weaknesses that management provides us as part of our assessment.

We will provide a verbal update at the Audit and Risk Management Committee meeting 25 August 2023.

We have also included a list of other key outstanding matters to be finalised below, and will also provide an update on these matters at the audit and risk management committee meeting.

Control environment

In our interim report, we assessed that your overall internal control environment does support an audit strategy where we can rely upon your entity's controls.

Since our interim report, and before we were made aware of the identified control weaknesses referenced above, we have finalised the results of our testing of your General Information Technology controls (GITCs). We identified 3 deficiencies in the department's controls for CTPI - Schedule 4. Refer to the issues raised in *section 3 Status of issues*.

Although these issues do pose cyber security risks for DPC, after further audit testing, we have been able to confirm these issues do not impact our audit strategy and our reliance in DPC's other key controls. DPC's key financial systems are maintained by Queensland Shared Services on a network managed by CTPI. We have assurance through the QSS ASAE 3402 assurance report for the GITCs for these systems.

Overall, and prior to becoming aware of the instances of manual override, we had confirmed that your internal control environment does still support an audit strategy where we can rely upon your entity's controls. However, as referred to above, we will consider the information communicated by management, and the outcome of any additional audit work completed, before we draw an overall conclusion on your entity's control environment. We will provide an update to the Audit and Risk Management Committee on the 25 August 2023.

Materiality \$2,890,000

No change to planning materiality.

Estimated final fees \$196,600

This is \$8,000 higher than the estimated \$188,600 audit fee per our external audit plan. Because of increased cyber security risks across the public sector, this year we performed additional General IT controls testing of the DPC, Ministerial and Opposition networks.

Outstanding matters

Item	Responsibility
Final review of the financial statements and Public Reports of Ministerial Expenses and Office Expenses for the Office of the Leader of the Opposition—quality check over final version	Audit
Subsequent events update – review of transactions and events to date of signing	Management and Audit
Management representation letter—to be signed with the financial statements and the Public Reports of Ministerial Expenses and Office Expenses for the Office of the Leader of the Opposition	Management
Financial report certification – signing of the financial statements by management following endorsement by the committee	Management and Audit
Premier Disaster Relief Appeal Fund (a separate timeframe will be agreed for the preparation and audit of these financial statements)	Management and Audit
Review contents of the department's annual report to ensure consistency with the information disclosed in the financial statements	Management and Audit
Any additional matters to be discussed by and amendments arising from the forthcoming Audit and Risk Management Committee meeting	Management and Audit
Whole of Government Financial Reporting certification – to be signed on adoption of the financial statements	Management and Audit

QAO is keen to hear your views about the audit services we provide and will seek your feedback via an online survey. This survey will help us understand what is working well and where there are opportunities for us to improve our engagement with you.

Thank you for your time this year, it has been a pleasure to work with you. If you have any questions or would like to discuss this report, please contact me on [s.73 Irrelevant] or [s.73 Irrelevant] Senior Manager, on [s.73 Irrelevant]

Yours sincerely

[s.73 Irrelevant infor]

Senior Director

Enc.

cc. [s.73 Irrelevant] Chair – Audit and Risk Management Committee
[s.73 Irrelevant] Chief Finance Officer, Department of the Premier and Cabinet

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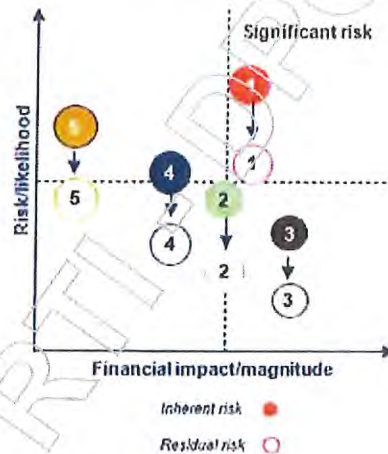
1. Audit conclusions

Areas of audit focus

Our external audit plan identified items that present the greatest risk of material error to the financial statements.

This chart displays the inherent risk for the identified areas of audit focus, together with considering the effectiveness of your internal controls (residual risk), and the financial impact (magnitude).

Our overall conclusions on these areas of audit focus are outlined in the table below.



Risk	Description of risk	Audit conclusion
1	<p>Public scrutiny over expenditure for Ministers and Leader of the Opposition—\$59.7 million budgeted for 2022-23.</p> <ul style="list-style-type: none"> High level of public scrutiny Expenditure incurred needs to comply with the Ministerial Handbook Separate audit opinion is issued on the public reports—Ministerial Expenses and Office of the Leader of the Opposition. Increased costs forecast in 2022-23 primarily due to deferrals to fund priority (C) projects in 2022-23 in addition to employee cost increases associated with enterprise bargaining agreements. In response to the Coaldrake review (<i>Review of culture and accountability in the Queensland Public Sector</i>), a new Governance role has been established in each of the 18 Ministerial Offices and the Office of the Leader of the Opposition (additional costs of \$2.8 million). 	<p>Testing of key controls</p> <ul style="list-style-type: none"> During our early close audit in May, we topped up our testing of the operating effectiveness of key controls over payroll and expenses for the ministerial offices to 30 April In our final audit, we confirmed key controls had not changed to 30 June We also rely on work performed by internal audit and confirmed the results of their testing did not identify any results that would impact our audit strategy. <p>Substantive testing</p> <ul style="list-style-type: none"> During our early close and final audit visits, we tested additional samples of expenditure transactions focusing on probity and compliance with the Queensland Ministerial Handbook and the Queensland Opposition Handbook. We also performed analytical procedures over expenses incurred during the year to identify areas for further testing. We confirmed the amounts for each Minister and the Officer of the Leader of the Opposition to the public reports and ensuring that they are prepared in the correct format. <p>Disclosures within public reports</p> <ul style="list-style-type: none"> We agreed with management the disclosures required for the impacts of portfolio changes from the Public Service Departmental Arrangements Notice (No. 2) 2023, dated 18 May 2023. We are satisfied the disclosures are satisfactory for readers to understand the changes to portfolios.

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Risk	Description of risk	Audit conclusion
2	<p>Operations of Screen Queensland (SQ) have a material impact on the consolidated and parent financial statements</p> <ul style="list-style-type: none"> • SQ is a company governed by an independent board. As a controlled entity of DPC it forms a material component of the economic entity. It is subject to a separate audit by the Auditor-General. • Increased funding of \$66.1million budgeted for SQ in 2022–23 – additional funding provided for the development and operation of the Far North Queensland Studio in Cairns and the Gold Coast production hub. • Loans associated with the Revolving Film Finance Fund (RFFF) continue to be a significant line item on the statement of financial position with both an asset and a corresponding liability reported. • Applications for finance are assessed and approved by SQ, with ongoing monitoring over the recoverability of the loans. 	<p>Conclusion: Expenditure for Ministerial offices and the Leader of the Opposition were incurred and reported in accordance with requirements of the relevant handbooks and the <i>Financial Accountability Act 2009</i>.</p> <hr/> <p>Key areas in our final audit visit for SQ:</p> <ul style="list-style-type: none"> • SQ recognised \$7.489m of film assistance loans at 30 June – we tested and accepted management’s assessment that there was no material impairment of these loans receivable. • We tested SQ’s work in progress for the new production facility in Cairns. We found the total year-end balance of \$5.178m was appropriately recognised and we did not identify any indicators of impairment. • For grant payments (funding programs and incentives) made by SQ, we completed top-up testing of key controls, and verified additional support for the period to 30 June. We did not identify any issues in our testing. <p>During DPC’s final audit we have:</p> <ul style="list-style-type: none"> • assessed the results of the audit of SQ for any impacts on the DPC audit noting we issued an unmodified audit opinion for SQ • understood and tested the consolidation process, making sure that eliminating entries have been properly recorded. <p>Uncorrected misstatement</p> <ul style="list-style-type: none"> • in our 2021-22 audit, we identified an error in how SQ management were calculating their lease liability. This year, management have subsequently performed an assessment and concluded that an adjustment of \$161,584 to the lease liability balance was required. • As this amount is immaterial, an adjustment has been made through equity in the current year to correct the opening balance. Because this amount is above our clearly trivial thresholds for DPC, it has been reported in <i>section 6 Misstatements</i>. <p>Conclusion: Based on the testing performed, we have accepted the SQ financial statement line items consolidated into DPC’s financial report and are satisfied eliminating entries and disclosures within the financial report are correct.</p>
3	<p>Employee expenses represent 50 per cent of total expenses for DPC – \$72.5 million budgeted for 2022-23</p> <ul style="list-style-type: none"> • Employee expenses are the most material expense item for the department, with a significant increase that was budgeted in 2022-23. • Key management personnel disclosures are subject to public scrutiny. • Limited complexity in determining employee entitlements. 	<p>Reliance in the department’s key controls</p> <ul style="list-style-type: none"> • We performed top-up testing of key payroll controls (new employees, terminated employees and fortnightly pay reconciliations) to extend the coverage of our testing to 30 April in our early close phase in May. • As part of our final audit, we evaluated controls to make sure there were no changes to these controls to 30 June. • We assessed the results of the Queensland Shared Services ASAE 3402 assurance report for reliance over the design and implementation, and operating effectiveness, of controls in place at the service

SENSITIVE

Risk	Description of risk	Audit conclusion
•	DPC may need to recognise employee expenses for employees provided by other departments to the 2032 Taskforce.	<p>provider and confirmed we can rely on these controls.</p> <p>Analytical procedures</p> <ul style="list-style-type: none"> In our early close phase, we recalculated expected employee expenses to 30 April and did not identify any issues. At year end, we extrapolated this recalculation to 30 June and were satisfied the balance was materially consistent with year-end employee benefits expenses. <p>Key management personnel disclosures:</p> <p>In our final audit, we:</p> <ul style="list-style-type: none"> evaluated management's determination of key management personnel for the current financial period. assessed management's process for ongoing collection and monitoring of related party declarations. made sure disclosures are compliant with financial statement prescribed requirements. <p>Conclusion:</p> <p>We obtained reasonable assurance that employee expenses reported in the financial statements (note B2-1) and key management personnel remuneration (note G1) are not materially misstated and were appropriately accounted for and disclosed in accordance with prescribed requirements.</p>
4	<p>Governance arrangements over procurement and contract management—\$46.6 million budgeted for 2022-23</p> <ul style="list-style-type: none"> The continuing need to achieve targeted savings under the government's Savings and Debt Plan will require robust governance arrangements over procurement and contract management. Supplies and services accounts for over 30 per cent of total expenses, with a significant increase budgeted for in 2022-23. Supplies and services include advertising and communications, consultancies and contractors, building services and information technology bureau services. High level of public scrutiny on consultants and contractors. 	<p>Reliance in department's key controls</p> <ul style="list-style-type: none"> In our early close visit, we performed top-up testing of key expenditure controls (invoice processing, changes to vendor masterfile records and corporate cards, appropriate approvals) to extend the coverage of our testing to 30 April. As part of our final audit, we evaluated controls to make sure there were no changes to these controls to 30 June. We also assessed the results of the Queensland Shared Services ASAE 3402 assurance report for reliance over the design and implementation, and operating effectiveness, of controls in place at the service provider and confirmed we can rely on these controls. <p>Substantive testing</p> <ul style="list-style-type: none"> In our early close visit, we performed top-up testing of expenditure transactions to extend the period of our coverage to 30 April. At final, we extrapolated 30 April balances to 30 June and investigated any corroborated management's explanations for significant variances to our expectation.

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Risk	Description of risk	Audit conclusion
	<ul style="list-style-type: none"> As highlighted in our recent report <i>2022 Status of Auditor-General's recommendations</i> (Report 4: 2022-23), inadequate governance and lack of forward planning, poor contract management practices, and lack of skills and experience, has resulted in entities not managing their contracts effectively. 	<p>Conclusion: We obtained reasonable assurance that supplies and services reported in the financial statements (note B2-2) were not materially misstated and were appropriately accounted for and disclosed in accordance with prescribed requirements.</p>
5	<p>BOCOG (Brisbane Organising Committee for the 2032 Olympic and Paralympic Games) established</p> <ul style="list-style-type: none"> Established by the <i>Brisbane Olympic and Paralympic Games Arrangements Act 2021</i> in December 2021. DPC provides assistance to support governance and set-up arrangements. There is a risk that DPC incurs costs that are not reimbursed and should be paid by BOCOG. 	<p>Processing of transactions on behalf of BOCOG</p> <p>We</p> <ul style="list-style-type: none"> gained an understanding of the setup costs incurred by DPC and the processes to recognise and on-charge these costs to BOCOG. made sure that all costs incurred on behalf of BOCOG have been appropriately on-charged to BOCOG (total of \$6.6m for the 2022-23FY). assessed the results of the audit of BOCOG for any impacts on the DPC audit. <p>Brisbane Coordination Office</p> <ul style="list-style-type: none"> We also assessed DPC's procurement of a Governance Arrangements report for Brisbane 2032. We found procurement processes were in line with DPC's policies and procedures and the Queensland Procurement Policy. We did not identify any conflicts of interest from members of the deciding panel. Out of 4 offers received (from 5 suitable suppliers who were deemed suitable), the chosen supplier was in the mid-range of quoted costs, and scored highest out of all offers overall (criteria also included supplier experience, ability meet timeframe/total cost, project methodology/process and a local benefits test). <p>Conclusion: We are satisfied that all costs DPC has incurred on behalf of BOCOG have been appropriately on-charged and reflected in the BOCOG 2022-23 financial report and that DPC has not incorrectly recognised any BOCOG costs.</p>

Management override of controls

Our audit procedures to address this presumed significant risk included:

- evaluating manual journals and the extent of segregation of duties
- reviewing assumptions used in material estimates, including accruals for potential management bias
- assessing whether transactions with related parties are complete and have occurred on an arm's length basis.

During the finalisation of the 2022-23 audit, management advised us about identified control breakdowns related to instances of manual override of the controls in place for the approvals of leave and appointment extensions in payroll for ministerial services. We are continuing to assess this matter with management.

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Consolidated and group accounts

Screen Queensland (SQ) is a controlled entity of DPC and forms a material part of the economic entity. Key financial statement line items of Screen Queensland that have been consolidated into DPC include:

- **Cash at bank – \$92.0m** at year-end - Screen Queensland generally holds a large cash balance at year-end, for projects that are approved, but still in production, or not yet acquitted. This is further reflected in grant commitments of \$60.7m disclosed within Note D2 of DPC's financial statements.
- **Funding program/incentive expenses - \$17.6m** -- as part of our SQ audit, we reviewed key controls for awarding these grant programs and their invoice processing and approval at SQ. We also verified a sample of applications and payments back to supporting documentation.
- **DPC receives appropriation revenue (administered income) to provide grant funding (administered expense) to SQ.** The inflow of this funding into SQ is recorded as controlled income through note B1-3 Grants and other contributions.

We applied the requirements of ASA 600 *Special Considerations-Audits of a Group Financial Report* in gaining assurance over SQs balances for the purpose of auditing DPCs consolidated financial statements. This included reviewing:

- the process by which DPC perform the group consolidation;
- the accuracy and completeness of the consolidation of SQ transactions and balances
- the consolidation journals to ensure appropriate intra-group transactions have been eliminated.

Conclusion —

Based on the work we performed we did not identify any issues or exceptions that materially impact on the department's consolidated financial statements.

Other audit opinions

Public Reports of Ministerial Expenses and Leader of the Opposition

We have finalised our review of the Public Report of Ministerial Expenses and the Public Report of Office Expenses for the Office of the Leader of the Opposition.

On 18 May, the Premier announced a new Cabinet for the Queensland Government. This included changes to the portfolios of 8 ministers and impacted the Public Reports of Ministerial Expenses, requiring an additional 10 reports this year.

Management applied the principles of FRR 2F Machinery-of-Government Changes and s.80(2) of the *Financial Administration Act* to apply an effective date of 1 June 2023 for these changes. We accepted management's position and worked with management to make sure this approach was adequately disclosed within the public reports.

At the time of issuing this report, it is proposed that both public reports will be certified with an unmodified opinion.

Anzac Day Trust

We have finalised our audit of the Anzac Day Trust and have provided a draft closing report to management for feedback. At the time of issuing this report, it is proposed that an unmodified audit opinion be provided on the 2022–23 financial statements.

Queensland Veteran's Council

The *Queensland Veterans' Council Act 2021* established the Queensland Veterans' Council (QVC) with responsibility for the management of Anzac Square, administration of the Anzac Day Trust Fund and advising the Minister about veterans' matters.

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DPC has provided administrative support to QVC in 2022-23. QVC will prepare financial statements this year for the period 4 November 2022 to 30 June 2023.

Our first-year audit of QVC will commence 21 August. We anticipate issuing our closing report 28 August, management to sign the financial statements 30 August, and our audit report to be issued 31 August.

Premier Disaster Relief Appeal Fund

The Auditor-General is also responsible for auditing the financial statements of the Premier's Disaster Relief Appeal Fund (PDRAF) under the trust deed dated 29 March 2000.

There have been limited activities in the fund since 2012-13 but the fund has remained open in case it is required in the future. We will liaise with the department on the audit requirements for the 2022-23 financial year.

Materiality

We reassessed our audit materiality thresholds based on your year-end financial statement balances, and these have not changed since we communicated them in the external audit plan. We used these thresholds in finalising our audit and assessing misstatements.

Overall materiality	\$2,890,000
Performance materiality	\$2,460,000
Clearly trivial threshold	\$144,000
Specific – ministerial expenses¹	\$597,000
Specific clearly trivial threshold¹	\$29,950

Note: ¹ Specific materiality is applicable to the public reports on ministerial expenses and the office of the leader of the opposition. Given the nature of the public reports we also consider other qualitative factors in assessing any misstatements identified in ministerial expenses.

Evaluation of quantitative misstatements

At the date of this report, we have not identified any quantitative misstatements that required correction during the audit.

At the date of this report, we have identified quantitative misstatements of \$162k, relating to Screen Queensland Pty Ltd, that remain uncorrected by management. Because this amount relates to a prior period misstatement at 30 June 2022, there would be no impact on the current year operating result or position if this misstatement was corrected.

Details of these corrected and uncorrected misstatements are included in *section 6 Misstatements*.

Evaluation of disclosure misstatements

At the date of this report, we have not identified any uncorrected material disclosure misstatements in the financial report.

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2. Other key insights

General information technology controls (GITC)

Cyber security risks are well-publicised and continue to threaten the integrity of state government environments. Sensitive documents are stored within the DPC, Ministerial and Opposition networks. Because of these ever-increasing risks, we determined that detailed testing of the GITCs for these networks was required this year.



To understand DPC's overall control environment, we evaluated the relevant key systems and infrastructure supporting key systems, IT organisational structure, governance and risk management processes in place to manage the IT environment.

Our testing of GITCs focused on confirming the operating effectiveness of key controls for the

CTPI - Schedule 4

- We identified 3 deficiencies in the department's controls for CTPI - Schedule 4. Refer to the issues raised in *section 3 Status of issues*.
- Although these issues do pose cyber security risks for DPC, after further audit testing, we have been able to confirm these issues do not impact our audit strategy and our reliance in DPC's other key controls.

The department's accounting and payroll systems are managed by Queensland Shared Services. We also rely on the QSS assurance report for key GITCs relating to application security and change management for these information systems. We did not identify any deviations that would impact our audit approach.

Brisbane 2032 Coordination Office

The Brisbane 2032 Coordination Office has been formalised and will coordinate delivery of the Olympic and Paralympic Games in agreement with Games partners including the Commonwealth and Queensland governments, Brisbane 2032 Olympic and Paralympic Games Organising Committee, councils and council related entities, and other Olympic and Paralympic related bodies.

An independent report prepared by Deloitte recommended establishment of a Brisbane 2032 Coordination Office. Key financial statement line items that related to DPC's costs for the Brisbane Coordination Office departmental services stream this financial year are:


\$24.0m
Grants and
subsidies

Paid to Games partners, including the following key amounts paid to:

- \$15m Department of State Development, Infrastructure, Local Government and Planning
- \$6.5m Olympic and Paralympic Infrastructure Office


These amounts increased DPC's total grants and subsidies from \$11.7m in 2021-22 to \$33.2m in 2022-23.


\$6.2m
Employee
expenses

Employee expenses for the coordination office were 7% of DPC's total employee expenses.

- \$4.7m of these costs were for 25 employees, which grew from 9 employees at the start of the year.
- There was also a further \$1.3m expenditure for share of costs spread across departmental service areas.

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\$3.8m
Supplies and services

- The Coordination office's share of supplies and services costs that have been spread across departmental service areas was \$1.7m.
- Of the \$2.06m costs for supplies and services that purely related to the Coordination office, \$1.6m related to costs for consultants and contractors. Of this:
 - \$717k was to paid Deloitte Touche Tohmatsu for reporting on Governance Arrangements.
 - \$347k was paid to KPMG for reporting on the Brisbane 2032 Games Benefits reporting

Brisbane Organising Committee for the 2032 Olympic and Paralympic Games (BOCOG)

Since December 2021 and up until 30 June, DPC entered an arrangement with BOCOG to assist in the processing of BOCOG's accounts payable and payroll transactions. These expenses were on charged to BOCOG and at 30 June 2023 a receivable of \$674k was recognised.

Subsequent to 30 June, BOCOG commenced processing its own financial transactions and has been removed from DPC's ledger.

3. Status of issues

Internal control issues

The following table identifies the number of deficiencies in internal controls and other matters we have identified. Details of the deficiencies we identified during our final audit are outlined further in this section. Refer to *section 5 Matters previously reported* for the status of previously raised issues.

Issues	Significant deficiencies	Deficiencies	Other matters*
Current year issues	-	5 [^]	-
Prior year issues – unresolved	-	-	-
Total issues	-	5	-

Note: *QAO only tracks resolution of other matters where management has committed to implementing action.

[^] Includes issue 23IR-1 Timeliness of review of key reports and reconciliations and issue 23IR-2 Timeliness of contracts published on the Queensland Government Open Data Portal (resolved) raised in our interim report.

The following section details new control deficiencies and other matters identified as at since our last interim report dated 19 April 2023. It includes a response from management.

Our ratings are as follows. For more information and detail on our rating definitions, please see the webpage here: www.qao.qld.gov.au/information-internal-controls or scan the QR code.



Internal control issues



S

Significant deficiency



D

Deficiency



O

Other matter

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Deficiency

23CR-1 CTPI - Schedule 4

Observation

CTPI - Schedule 4

We found that:

CTPI - Schedule 4

Released under RTI - DPC

CTPI - Schedule 4

Released under RTI - DPC

Implication

CTPI - Schedule 4

GAO recommendation

CTPI - Schedule 4

SENSITIVE

CTPI - Schedule 4

Management response

Agreed [redacted]
This will be implemented for DPC by end of September 2023. Changes will be made to [redacted]

Responsible officer: Chief Information Officer (Director, IT Service Operations)

Status [redacted]

Action date: [redacted]

D Deficiency

23CR-2 [redacted]

Observation

[redacted]

Domain

Observation

[redacted]

DPC's IT standards do not address [redacted]

[redacted]

Implication

[redacted]

QAO recommendation

We recommend that the department implements a process to [redacted]

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Management response

Currently the department

process will be updated to

Responsible officer: Chief Information Officer (Director, Cyber security)

Status

Action date:

D Deficiency

23CR-3

Observation

Implication

QAO recommendation

We recommend that the Department:

1.
2.

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Management response

Current policies and work instructions will be updated to reflect CTPI - Schedule 4

Responsible officer: Chief Information Officer (IT Operations)

Status:

Action date:

4. Other required information

We are required to report certain matters to those charged with governance. The table below provides a summary of the matters we usually communicate at the end of our audit.

Matters for QAO to consider	How these were addressed
Disagreements with management	During our audit, we received full cooperation from management and had no unresolved disagreements over the application of accounting principles and the scope of our audit.
Significant difficulties	We did not encounter any significant difficulties.
Compliance with laws and regulations	We did not identify any instances of non-compliance with laws and regulations having a material effect on the financial report.
Matters significant to related parties	We did not identify any significant matters relating to related parties during the audit.
Changes to accounting policies	We confirm there were no significant changes to accounting policies during the period.
Other matters significant to the oversight of the financial reporting process	We did not identify any significant matters relating to the financial reporting process during the audit.
Fraud and illegal acts	<p>We enquired of management regarding:</p> <ul style="list-style-type: none"> • knowledge of any fraud or suspected or alleged fraud affecting the entity involving management, employees who have significant roles in internal control, or others where fraud could have a material effect on the financial report • knowledge of any allegations of fraud, or suspected fraud, affecting the financial information. <p>In addition to the above enquiries, we have also undertaken certain testing that we had detailed in our external audit plan and we are not aware of any fraud or illegal acts during our audit.</p>
Other information in the entity's annual report	We have not yet performed audit procedures to verify the other information in the entity's annual report as required by Australian Auditing Standard ASA 720 <i>The Auditor's Responsibilities Relating to Other Information</i> . Our review will examine whether financial and non-financial information in the annual report are consistent with the financial report.

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5. Matters previously reported

The following table summarises control deficiencies, financial reporting issues and other matters that we previously reported this year in our interim report and unresolved issues we raised in prior years.

Ref.	Rating	Issue	Status and comment
22IR-1	D	<p>Untimely review of system user access reports provided by Queensland Shared Services</p> <p>User access security reports for [CTPI - Sch] and [CTPI - Sch] provided by the QSS were not reviewed in a timely manner.</p> <p>2023 interim audit update:</p> <ul style="list-style-type: none"> We found the DPC review of [CTPI] Users and Roles, and New User reports for August 2022, were not performed until December 2022. 	<p>Resolved</p> <p>Issue on [CTPI - Sch] reports for 2021/22 has been resolved. No issues for 2022/23.</p> <p>Responsible officer: [s.73 Irrelevant in</p>
22IR-2	D	<p>Untimely review of monthly reporting packs by the ministerial offices and submission back to the department's Ministerial Services Branch</p> <p>Monthly reporting packs not submitted back to the Ministerial Services Branch by ministerial offices in a timely manner.</p> <p>QAQ comments:</p> <ul style="list-style-type: none"> We acknowledge management have implemented processes to encourage earlier certification by ministerial offices. To resolve this issue, better engagement and commitment by the ministerial offices to certify financial monthly reporting packs in a timely manner is required. With the upcoming review of the Ministerial Handbook, we recommend management use this as an opportunity to include wording that requires reports to be certified within one month of the offices receiving this information. Currently the Ministerial Handbook only specifies that the Offices must examine and certify the reports and return the certification to Ministerial Services – no time frame is mentioned. 	<p>Resolved pending audit verification</p> <p>QAQ comment:</p> <ul style="list-style-type: none"> Management should continue to emphasise the importance of a timely review to Ministerial Offices. We will perform further testing as part of our 2024 audit to confirm management's view that this issue is now resolved. <p>Management comment:</p> <p>Ministerial Services (MS) takes a proactive approach by reaching out to Ministerial Offices before monthly reporting packs become overdue to ensure timely certification.</p> <p>MS employs various communication channels, including fortnightly newsletters, emails, meetings, and phone calls, to inform officers of the certification requirement and encourage timely certification of reports.</p> <p>In addition to the various communication channels, MS Finance has now included the Chief of Staff into all communication with Office Managers concerning the certification of the ebudgets.</p> <p>As a result of these efforts, certifications are now current and up to date.</p> <p>Responsible officer: [s.73 Irrelevant in s.73 Irrelevant</p>

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Ref.	Rating	Issue	Status and comment
22IR-2	D	<p>Corporate card transactions have not been acquitted in a timely manner</p> <p>Staff members identified with transactions which remained unacquitted after 60 days. The total value of these transactions was \$16,731.</p> <p>2023 interim audit update:</p> <p>We found issues with the approval of 189 transactions, totalling \$48,265.30. Issue to remain open.</p> <ul style="list-style-type: none"> • 175 transactions (totalling \$41,712 across 30 cardholders) were not acquitted within 60 days. • 12 transactions (totalling \$1,898 for one cardholder) had not been acquitted yet. These were from the period between September 2022 and November 2022. • 2 transactions (totalling \$4,655 for one cardholder) had not yet been submitted by the cardholder. These were from August 2022 and November 2022. 	<p>Resolved pending audit verification</p> <p>Management comment: This issue is now resolved. Please note that as at 30 June 2023 there were no unreconciled transactions over 60 days</p> <p>QAO comment: We will perform further testing in the 2023-24 financial year to make sure corporate card transactions are acquitted in a timely manner.</p>
23IR-1	D	<p>Timeliness of review of key reports and reconciliations</p> <p>Our interim audit identified untimely reviews across the department. We observed untimely review for bank reconciliations, vendor maintenance reports, system user access reports, and the acquittal of credit card transactions.</p>	<p>Resolved pending audit verification</p> <p>Management have advised all administered reconciliations were performed in a timely manner and this matter is considered resolved.</p> <p>QAO comment: Because we identified multiple areas where reconciliations were untimely, we will perform additional testing in the 2023-24 financial year to confirm the resolution of this issue.</p>

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6. Misstatements

Summary of corrected quantitative misstatements

We did not identify any quantitative misstatements that required correction during the audit.

Summary of uncorrected quantitative misstatements

Our audit identified the one quantitative misstatement which we reported to management and have included in the table below. Management has assessed this misstatement as not material (either to the financial statements as a whole or to individual line item presentations). We concur with management's assessment.

#	Details	Profit or loss	Asset	Liabilities	Equity
		Dr/(Cr)	Dr/(Cr)	Dr/(Cr)	Dr/(Cr)
		\$'000	\$'000	\$'000	\$'000
1	Adjustment for recognition of lease liabilities				(162)
	<i>This relates to an adjustment required to Screen Queensland's 30 June 2022 lease liabilities that was identified after the 2021-22 audit.</i>				
	<i>Because of the immaterial nature, this adjustment has been recognised in the Statement of Changes of Equity this year as an adjustment to retained earnings. Because it relates to a prior period misstatement, there is no impact on current year result, or net assets. This adjustment was also communicated in this year's DPC interim management letter.</i>				
	Total	-	-	-	(162)

Summary of uncorrected disclosure misstatements

We have not identified any material uncorrected disclosure misstatements.

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7. Next year planning considerations





We identified the following matters during the current year audit for consideration in planning next year's audit.

Next year audit planning considerations	Potential effect on financial statements	Potential effect on audit
<p>Brisbane 2032 Coordination Office</p> <p>Per DPC's SDS, DPC will receive additional funding of \$100.3 million over four years and \$13.6 million per year ongoing from 2027–28, for delivering the Brisbane 2032 games.</p>	<p>Expenditure is expected to increase by \$34 million (to \$78m) to support the Brisbane 2032 Coordination Office to lead and oversee the Brisbane 2032 Olympic and Paralympic Games activities across three tiers of Government.</p> <p>Staff are also budgeted to increase from budgeted 40 to 63 (including allocations of corporate staff).</p>	<p>Games related expenditure and procurement will continue to be a focus in our 2023-24 audit.</p> <p>We will test a sample of procurements to make sure DPC's procurement policy and the Queensland Procurement Policy are being followed.</p> <p>We will also consider the department's use of contractors and consultants and whether the department's evaluation processes show that value for money for significant contracts was obtained.</p>
<p>Ministerial services – payroll controls</p> <p>During the finalisation of the 2022-23 audit, management advised us about instances they identified where control breakdowns had occurred in ministerial services payroll. These breakdowns related to instances of manual overrides of the controls for:</p> <ul style="list-style-type: none"> • leave approvals • approvals for appointment extensions. 	<p>We continue to work with management to assess the impact of these identified control weaknesses on our audit opinion and overall conclusion over DPC's control environment.</p>	<p>We will consider if we need to build in any additional procedures into our 2023-24 work program.</p> <p>Our testing may include additional work over DPC's manual controls in the Ministerial Services Branch, and any related system (information technology) controls in place.</p>

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