Office of the Inspector-General of Emergency Management

ABN: 25 602 110 705

Financial Statements

for the year ended

30 June 2015

General Information

These financial statements cover the Office of the Inspector-General of Emergency Management.

The Office of the Inspector-General of Emergency Management (the 'office') is a Queensland Government public service office established under the *Disaster Management Act 2003*.

The office is controlled by the State of Queensland which is the ultimate parent.

The head office is located at:

Level 23, State Law Building

59 Ann Street

BRISBANE QLD 4000

The financial statements have been prepared to provide the following users with information relevant to the office's performance and its financial position:

- Minister for Police, Fire and Emergency Services and Minister for Corrective Services;
- Members of the Legislative Assembly of Queensland;
- Community organisations;
- Government and semi-government instrumentalities; and
- Our partners.

A description of the nature of the entity's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Office of the Inspector-General of Emergency Management financial statements, visit the following website:

http://www.igem.qld.gov.au.

Note Contents

Office of the Inspector-General of Emergency Management

Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2015

	Note	2015 $'000
Income from continuing operations		
Appropriation revenue for services	4	3,789
Services received at below fair value		715
Other revenue		5
Total income from continuing operations		**4,509**
Expenses from continuing operations		
Employee expenses	5	2,628
Supplies and services	7	912
Depreciation expense		6
Grants and subsidies		36
Other expenses	8	756
Total expenses from continuing operations		**4,338**
Operating result from continuing operations		**171**

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Office of the Inspector-General of Emergency Management

Statement of Financial Position
As at 30 June 2015

	Note	2015 $'000
Current assets		
Cash and cash equivalents		1,438
Receivables	9	73
Total current assets		**1,511**
Non-current assets		
Plant & equipment	10	21
Total non-current assets		**21**
Total assets		**1,532**
Current liabilities		
Payables	11	597
Accrued employee benefits	12	72
Other liabilities	4	23
Total current liabilities		**692**
Total liabilities		**692**
Net assets		**840**
Equity		
Contributed equity		669
Accumulated surplus		171
Total equity		**840**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Office of the Inspector-General of Emergency Management

Statement of Changes in Equity
For the year ended 30 June 2015

	Note	Accumulated surplus $'000	Contributed equity $'000	Total $'000
Opening balance as at 1 July 2014		-	-	-
Operating result from continuing operations		171	-	171
Transactions with owners as owners				
Net assets transferred through Machinery of Government changes	2(m)	-	669	669
Total transactions with owners as owners		**-**	**669**	**-**
Closing balance as at 30 June 2015		**171**	**669**	**840**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Office of the Inspector-General of Emergency Management

Statement of Cash Flows
For the year ended 30 June 2015

	Note	2015 $'000
Cash flow from operating activities		
Inflows:		
Service appropriation receipts		3,789
GST input tax credits from ATO		22
Interest receipts		2
Total cash receipts from operating activities		**3,813**
Outflows:		
Employee expenses		(2,567)
Supplies and services		(489)
Grants and subsidies		(36)
GST paid to suppliers		(44)
Other payments		(18)
Total cash payments for operating activities		**(3,154)**
Net cash flow from operating activities	13	**659**
Net increase in cash and cash equivalents		**659**
Cash and cash equivalents as at 1 July		-
Increase/(decrease) in cash and cash equivalents from restructuring	2(m)	779
Cash and cash equivalents as at 30 June		**1,438**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Office of the Inspector-General of Emergency Management

Notes to the financial statements
For the year ended 30 June 2015

1. Objectives and principal activities of the office

The Office of the Inspector-General of Emergency Management was formally established as a public service office on 1 July 2014 under amendments to the *Disaster Management Act 2003*. The Office of the Inspector-General of Emergency Management (the 'office') provides assurance and advice that enables confidence in Queensland's emergency management arrangements.

The office is tasked with the establishment and implementation of an assurance framework to direct, guide and focus work of all agencies across all tiers of Government to the desired outcomes of the disaster management arrangements for Queensland. This framework will include outcome-focussed performance standards and a range of review activities designed to identify and action opportunities for improvement.

Funding for the office's services comes predominantly from parliamentary appropriations.

2. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements. Certain comparative amounts have been reclassified to conform to the current year's presentation.

(a) Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with section 42 of the *Financial and Performance Management Standard 2009*. In addition, the financial statements comply with Queensland Treasury's *Minimum Reporting Requirements* and Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) where applicable to not-for-profit entities. Unless otherwise stated, the financial statements have been prepared in accordance with the historical cost convention.

(b) The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the office. The office does not have any subsidiaries, investment in associates or jointly controlled operations that need to be included in these financial statements.

(c) Appropriation revenue for services

Appropriations provided under the *Appropriation Act 2014* are recognised as revenue when received or receivable. Where approved, appropriation revenue is recorded as receivable if amounts are not received at the end of the reporting period.

(d) Special payments

Special payments include ex gratia expenditure and other expenditure that the entity is not contractually or legally obligated to make to other parties. No special payments were made by the office during the financial year.

(e) Services received/provided free of charge or for nominal value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense in profit or loss.

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

2. Significant accounting policies (continued)

(f) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the office becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the office commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted). Financial instruments are recognised initially at cost which includes transaction costs, when the related contractual rights or obligations exist, except where the instrument is classified ‘at fair value through profit or loss in which case transaction costs are expensed to profit or loss immediately.

Cash and cash equivalents

Cash and cash equivalents include all cash and cheques receipted but not banked at 30 June with financial institutions.

Receivables and payables

Debtors are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is generally required between 14 to 30 days from the invoice date.

Unsecured payables are initially recognised at fair value, net of transaction costs and are usually paid within 30 days of recognition.

Classification and subsequent measurement

The office’s financial instruments are classified and measured as follows:

Cash and cash equivalents – held at fair value through profit or loss

Receivables – held at amortised cost

Payables – held at amortised cost

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition, less any reduction for impairment.

Receivables and payables

Receivables and payables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Further details of the office’s receivables are contained in note 10. Further details of the office’s payables are contained in note 12.

Impairment

At each reporting date, the office assesses whether there is objective evidence that a financial instrument has been impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative impact on the estimated future cash flows of that financial asset.

Individually significant financial assets are tested for impairment on an individual basis. Certain categories of financial assets that are assessed not to be impaired individually are assessed for impairment on a collective basis.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. All impairment losses are recognised in the profit or loss.

Derecognition of financial instruments

Financial assets are derecognised when the asset is disposed of to another party whereby the entity no longer has any continuing involvement in the risks and benefits associated with the financial asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire.

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

2. Significant accounting policies (continued)

(g) Plant and equipment

Recognition and measurement

All assets are initially recognised at their purchase price plus any costs that are directly attributable to the acquisition or incurred to bring the asset into operation. Administrative and overhead costs and costs of training staff in use of the assets are not included in the cost of acquisition, but are expensed to profit or loss when incurred.

Plant and equipment is then subsequently measured at cost less accumulated depreciation and any accumulated impairment losses in accordance with the Queensland Treasury's *Non-current Asset Policies for the Queensland Public Sector*. The carrying amount for plant and equipment at cost should not materially differ from their fair value.

Items of plant and equipment with a cost, or other value, equal to or in excess $5,000 are recognised in the financial statements in the year of acquisition.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland government agency, are recognised at their fair value at the date of acquisition in accordance with AASB 116 *Property, Plant and Equipment* and Queensland Treasury's *Non-current Asset Policies for the Queensland Public Sector*.

Where assets are received free of charge from another Queensland government agency (whether as a result of Machinery-of-Government or other involuntary transfer), the acquisition cost is recognised at the carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Depreciation

Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value commencing from the time the asset is held ready for use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, with the effect of any changes recognised on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Any expenditure that increases the originally 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 the office. A review has been conducted on all assets to determine the current economic life to the office. Any change to an asset's economic life was applied as at 30 June 2015.

Depreciation rates for each class of depreciable assets are outlined below:

Class	**Rate**
Plant and equipment	5% – 33.33%

Disposal

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

The office had no disposals of plant and equipment during the current financial year.

Impairment of non-financial assets

All non-current physical assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the office determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is immediately recognised as an impairment loss in profit or loss. An asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

2. Significant accounting policies (continued)

(h) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, employee superannuation contributions and annual leave and long service leave levies when it is probable that settlement will be required and they are capable of being measured reliably. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package. It is not classified as employee benefits and is therefore recognised separately as employee related expenses.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual and long service leave

The office is a member of the Queensland Government’s Annual Leave Central Scheme (ALCS). A levy is payable to cover the cost of employee’s annual leave (including leave loading and on-costs) and long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

Superannuation

QSuper is the superannuation plan for Queensland Government employees with employer contribution rates determined by the Treasurer on the advice of the State Actuary. These are expensed in the period in which they are paid or payable. The office’s obligation is limited to its contribution to QSuper.

The QSuper scheme has defined benefit and defined contribution categories. 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*.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 5 of the *Financial Reporting Requirements for Queensland Government Agencies* issued by Queensland Treasury. Refer to Note 6 for the disclosures on key management personnel and remuneration.

Further details of the office’s employee benefits are contained in note 5.

(i) Insurance

The office’s non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF) and other commercial insurance providers, with premiums being paid on a risk assessment basis. In addition, the office pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(j) Contributed equity

Non-reciprocal transfers of assets and liabilities between wholly owned Queensland State Public Sector entities as a result of Machinery-of-Government changes are adjusted to ‘Contributed Equity’ in accordance with Interpretation 1038 *Contributions by Owners Made to Wholly Owned Public Sector Entities*. Appropriation for equity adjustments is similarly designated.

(k) Other presentation matters

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest $1,000 or, where the amount is $500 or less, to zero, unless disclosure of the full amount is specifically required. Sub-totals and totals may not add due to rounding.

The reporting period covered by these financial statements is 1 July 2014 to 30 June 2015.

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

2. Significant accounting policies (continued)

(l) Taxation

The office is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

Revenue, expenses, assets and liabilities are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the ATO is classified within operating cash flows.

(m) Machinery-of-Government changes

Through an interim administrative arrangement, the office's activities and responsibilities were reported within Queensland Fire and Emergency Services ('QFES') during the 2013-14 financial year. From 1 July 2014 a separate entity for the Office of the Inspector-General of Emergency Management was created and as a result of these changes, the following asset and liabilities were transferred to the office:

Controlled	**Note**	**2015 $'000**
Assets		
Cash		779
Receivables		48
Other current assets		30
Property plant and equipment and other non-current assets		27
		884
Liabilities		
Payables		205
Employee benefits		10
		215
Net Assets		**669**

3. Adoption of new and revised accounting standards

(a) Standards and interpretation affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

(b) Standards and interpretation affecting presentation and disclosure

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the presentation and disclosure in these financial statements.

AASB 1055 'Budget Reporting' (effective 1 July 2014)

In response to this new standard, the office has included in these financial statements a comprehensive new note 'Budget vs Actual Comparison" (note 17). This note discloses the office's original published budget figures for 2014-15 compared to actual results, with explanations of major variances, in respect of the office's Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flows.

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

3. Adoption of new and revised accounting standards (continued)

(c) Standards and interpretation in issue not yet adopted

At the date of authorisation of this financial report, all other Australian accounting standards and interpretations with future commencement dates are either not applicable to the office's activities, or have no material impact on the office.

4. Reconciliation of payments from consolidated fund to appropriation revenue for services recognised in the Statement of Profit or Loss and Other Comprehensive Income

	Note	2015 $'000
Budgeted appropriation revenue		3,780
Unforeseen expenditure		9
Total departmental services receipts (cash)		**3,789**
Less: Closing balance of deferred appropriation payable to Consolidated Fund		(23)
Net appropriation revenue		**3,766**
Plus: Deferred appropriation payable to Consolidated Fund (expense)		23
Appropriation revenue for services recognised in Profit or Loss		**3,789**

5. Employee expenses

	Note	2015 $'000
Employee benefits		
Wages and salaries		2,024
Employer superannuation contributions		261
Long service leave levy		64
Annual leave levy		187
Employee related expenses		
Workers' compensation premium		12
Training expenses		76
Other employee related expenses		4
Total		**2,628**

The number of employees as at 30 June, including both full-time and part-time employees measured on a full time equivalent basis (reflecting Minimum Obligatory Human Resource Information (MOHRI)) is:

	Note	2015
Number of employees		22

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

6. Key management personnel and remuneration expenses

a) 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 the office during 2014-15. Further information on these positions can be found in the body of the Annual Report under the section relating to executive management.

Position	Responsibilities	Current incumbents	
		Contract Classification and appointment authority	**Date appointed to position (Date resigned from position)**
Inspector-General of Emergency Management *(Chief Executive Officer)*	Responsible for providing the Premier, Government and people of Queensland an assurance of public safety, through the setting of standards, robust auditing and monitoring of performance regarding the preparedness and management of disasters and emergencies.	CEO *Public Service Act 2008*	1 November 2013
Director, Performance, Reporting and Policy Analysis	Responsible for developing and coordinating internal strategy, planning and governance arrangements. Liaises with stakeholders in regard to external policy and governance.	SO3 *Public Service Act 2008*	1 November 2013
Director, Interoperability and Innovation	Responsible for facilitating programs designed to help stakeholders deliver better disaster management outcomes. Also leads operational and emergent assessment work.	SO3 *Public Service Act 2008*	1 November 2013
Director, Community and Stakeholder Engagement	Responsible for overseeing the active engagement of stakeholders within disaster management. Also provides strategic advice regarding corporate communications, media relations and issues management.	SO3 *Public Service Act 2008*	16 February 2014
Director, Standards Best Practice and Evaluation	Responsible for development, implementation and evaluation of Emergency Management Assurance Framework and Excellence program.	SO3 *Public Service Act 2008*	1 November 2013

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

6 Key management personnel and remuneration (continued)

b) Remuneration expenses

Remuneration policy for the office's key management personnel is set by the Queensland Public Service Commission as provided under the *Public Service Act 2008*. For the period 1 July 2014 to 30 June 2015, remuneration of key management personnel increased by 2.2% in accordance with government policy.

The following disclosures focus on the expenses incurred by the office during the respective reporting period that is attributable to key management positions. Therefore the amounts disclosed reflect expenses recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Remuneration expenses for key management personnel comprise the following components:

i. Short term employee benefits which include:
   - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee occupied the specified position;
   - performance payments recognised as an expense during the year; and
   - non-monetary benefits – consisting of provision of vehicle, if applicable together with fringe benefits tax applicable to the benefit.

ii. Long term employee benefits include amounts expensed in respect of long service leave entitlements earned;

iii. Post-employment expenses include amounts expensed in respect of employer superannuation obligations; and

iv. Performance bonuses are not paid under the contracts in place

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

6 Key management personnel and remuneration (continued)

Position (date resigned if applicable)	Note	Short term employee benefits		Long term employee expenses	Post-employment expenses	Termination benefits	Total expenses
		Monetary expense $'000	Non monetary $'000	$'000	$'000	$'000	$'000
Inspector-General of Emergency Management *(Chief Executive Officer)*		254	-	5	26	-	**285**
Director, Performance, Reporting and Policy Anaylsis	6(a)	112	-	2	14	-	**128**
Director, Interoperability and Innovation		138	-	3	17	-	**158**
Director, Community and Stakeholder Engagement		136	-	3	17	-	**156**
Director, Standards Best Practice and Evaluation		115	-	2	15	-	**132**

(a) This employee was on secondment to another Queensland Government agency from 28 October 2014 to the 19 December 2014.

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

7. Supplies and services

	Note	2015 $'000
Communication expenses		20
Computer expenses		37
Consultancies and contractors		326
Maintenance and repairs		13
Operating lease rentals		182
Operational and other equipment purchases		44
Property expenses		32
Shared service provider expenses		82
Subscriptions		14
Travel and accommodation		75
Legal fees		18
Other		69
Total		**912**

8. Other expenses

	Note	2015 $'000
Deferred appropriation payable to Consolidated Fund		23
External audit fees	8(a)	13
Goods and services provided below fair value		715
Insurance premiums - QGIF		5
Total		**756**

(a) Total audit fees payable to the Queensland Audit Office relating to the 2014-15 financial year are estimated to be $13,000. There are no non-audit services included in this amount.

9. Receivables

	Note	2015 $'000
GST receivable		32
Annual leave reimbursements		35
Long service leave reimbursements		2
Accrued revenue		3
Sundry receivable		1
Total	**15**	**73**

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

10. Plant & equipment

	Note	2015 $'000
Plant & equipment		
Gross		28
Less: Accumulated depreciation		(7)
Plant & equipment at cost		**21**

Plant and equipment are valued at cost in accordance with Queensland Treasury's Non-current Asset Accounting Policies for the Queensland Public Sector.

	Note	Plant & equipment $'000
Carrying amount		
Balance at 1 July 2014		-
Transfers (to)/from other Queensland Government entities		27
Depreciation		(6)
Balance at 30 June 2015		**21**

11. Payables

	Note	2015 $'000
Payables		461
Tax liabilities		5
Intercompany creditors		131
Total	**15**	**597**

12. Accrued employee benefits

	Note	2015 $'000
Current employee benefits		
Annual leave levy payable		43
Long service leave levy payable		12
Wages & related costs outstanding		17
Total current employee benefits		**72**

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

13. Reconciliation of operating surplus to net cash from operating activities

	Note	2015 $'000
Operating surplus		**171**
Adjustments for:		
Depreciation property, plant & equipment		6
Changes in assets and liabilities:		
(Increase)/Decrease in Assets		
Receivables		(4)
GST receivables		(22)
Other current assets		30
Increase/(Decrease) in Liabilities		
Creditors		393
Unearned income		23
Employee Entitlements		62
Net cash flow from operating activities		**659**

14. Commitments for expenditure

(a) Operating lease commitments

Non-cancellable operating leases (inclusive of GST) contracted for but not capitalised in the financial statements include:

	Note	2015 $'000
Payable – minimum lease payments		
- not later than 12 months		188
- between 12 months and five years		822
- greater than five years		-
		1,010

(b) Other expense commitments

Other operating expenses (inclusive of GST) committed to but not recognised in the financial statements include:

	Note	2015 $'000
Payable		
- not later than 12 months		14
- between 12 months and five years		-
- greater than five years		-
		14

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

15. Financial instruments and risk management

The office has exposure to the following risks from their financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the office's exposure to each of the above risks, their objectives, and policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The totals for each category of financial instruments are as follows:

	Note	2015 $'000
Financial assets		
Cash and cash equivalents		1,438
Receivables	9	73
Total financial assets		**1,511**
Financial liabilities		
Payables	11	(597)
Total financial liabilities		**(597)**

(a) Overview of financial risk management policies

Financial risk management policies are established to identify and analyse the risks faced by the office, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the office's activities. Financial risk management is implemented pursuant to Government and office policy and is primarily managed by the Public Safety Business Agency (the 'PSBA') on behalf of the office.

(b) Credit risk

Credit risk is the risk of financial loss to the office if a customer or counterparty to a financial instrument fails to meet its contractual obligation, and arising principally from the office's financial instruments. The carrying amount of the office's financial assets represents the maximum credit exposure. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the office and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the office.

The office had no collateral and other credit enhancements as at reporting date. The office has $73,000 receivables which have been assessed as fully collectable and current as at 30 June 2015.

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

15. Financial instruments and risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the office will not be able to meet its financial obligations as they fall due. The office's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient funds to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk damage to the office's reputation. Mitigation of liquidity risk is achieved through maximising funds available in the office's bank account to meet expected operational expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

Currently due to the transfer of banking arrangements to Queensland Treasury, the office has an overdraft limit of $0.25 million but is not able to access these funds until such time as the new arrangements are in place.

Payables are the office's only financial liabilities. All payables are non-interest bearing. The office expects that all future obligations will be met within payment terms.

(d) Fair value

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Cash and cash equivalents, receivables and payables are short-term financial instruments whose carrying value is equivalent to fair value.

(e) Interest rate risk

Exposure to interest rate risk arises on financial assets recognised at the reporting date whereby a change in the interest rates will affect future cash flows from the financial instruments. The office is exposed to interest rate risk via its cheque account bearing interest.
The following table illustrates sensitivities to the office's exposures to changes in interest rates. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Note	2015 $'000
Change in profit		
Increase in interest rate by 2%		29
Decrease in interest rate by 2%		(29)
Change in equity		
Increase in interest rate by 2%		(29)
Decrease in interest rate by 2%		29

The effective interest rate on short-term bank deposits which are available at call was between 2.52% and 3.04%.

16. Subsequent events after reporting date

There were no subsequent events that occurred after reporting date.

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

17. Budget vs actual comparison

Statement of Profit or Loss and Other Comprehensive Income

	Note	Original Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance %
Income from continuing operations					
Appropriation revenue for services		3,780	3,789	9	0%
Grants and other contributions		715	715	-	0%
Other revenue		-	5	5	100%
Total income from continuing operations		**4,495**	**4,509**		
Expenses from continuing operations					
Employee expenses		2,678	2,628	(50)	-2%
Supplies and services	17(a)	1,077	912	(165)	-15%
Depreciation and amortisation		3	6	3	100%
Grants and subsidies	17(b)	-	36	36	100%
Other expenses		737	756	19	3%
Total expenses from continuing operations		**4,495**	**4,338**		
Operating result from continuing operations		**-**	**171**		

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

17. Budget vs actual comparison (continued)

Statement of Financial Position

	Note	Adjusted Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance %
Current assets					
Cash and cash equivalents	17(c)	781	1,438	657	84%
Receivables		47	73	26	55%
Other current assets		30	-	(30)	-100%
Total current assets		**858**	**1,511**		
Non-current assets					
Property, plant & equipment		24	21	(3)	-13%
Total non-current assets		**24**	**21**		
Total assets		**882**	**1,532**		
Current liabilities					
Payables	17(c)	206	597	391	190%
Accrued employee benefits	17(d)	10	72	62	620%
Total current liabilities		**216**	**669**		
Total liabilities		**216**	**669**		
Net assets		**666**	**863**		
Equity					
Contributed equity		666	669	3	0%
Accumulated surplus		-	171	171	100%
Total equity		**666**	**840**		

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

17. Budget vs actual comparison (continued)

Statement of Cash Flows

	Note	Adjusted Budget 2015 $'000	Actual 2015 $'000	Variance $'000	Variance %
Cash flow from operating activities					
Inflows:					
Service appropriation receipts		3,780	3,789	9	0%
GST input tax credits from ATO		-	22	22	100%
Interest receipts		-	2	2	100%
Total cash receipts from operating activities		**3,780**	**3,813**		
Outflows:					
Employee expenses		(2,678)	(2,567)	111	-4%
Supplies and services	17(d)	(1,077)	(489)	588	-55%
Grants and subsidies		-	(36)	(36)	100%
GST paid to suppliers		-	(44)	(44)	100%
Other payments		(22)	(18)	4	-18%
Total cash payments for operating activities		**(3,777)**	**(3,154)**		
Net cash flow from operating activities		**3**	**659**		
Net increase in cash and cash equivalents		**3**	**659**		
Cash and cash equivalents as at 1 July		-	-		
Increase/(decrease) in cash and cash equivalents from restructuring		778	779	1	0%
Cash and cash equivalents as at 30 June		**781**	**1,438**		

Office of the Inspector-General of Emergency Management

Notes to the Financial Statements
For the year ended 30 June 2015

17. Budget vs actual comparison (continued)

Explanations of major variances

(a) Consultancies and contractors expense was lower than the budgeted figure due to the realignment of resources to the Callide Creek Flood review.

(b) The variance has arisen due to expenditure for the Innovation Hub Project run by the Department of Science, Information Technology and Innovation.

(c) Variance in cash and cash equivalents is due to the timing of cash outflows relating to accounts payable. The remainder of the variance is due to factors outlined in the explanations of major variances in the Statement of Profit or Loss and Other Comprehensive Income.

(d) Variance is due to annual leave levy payable to the Queensland Government's Annual Leave Central Scheme (ALCS) which was previously administered through an interim arrangement within Queensland Fire and Emergency Services (QFES).

QAO
certified statements

Office of the Inspector-General of Emergency Management

Accountable Officers' declaration
For the financial year ended 30 June 2015

Certificate of the Office of the Inspector-General of Emergency Management

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Finance and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1) (b) of the Act, we certify that in our opinion:

1. the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects: and

2. 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 Inspector-General of Emergency Management for the financial year ended 30 June 2015 and of the financial position of the office at the end of that year; and

3. these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.

Iain S MacKenzie AFSM Accountable Officer Inspector-General of Emergency Management	R. Wilson B.Bus (Mgt), MIPA, GAICD Grad Cert Exec Ldrshp Chief Finance Officer
Date: 28th August 2015 Brisbane, Queensland	Date: 28th August 2015 Brisbane, Queensland

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Office of the Inspector-General of Emergency Management

Report on the Financial Report

I have audited the accompanying financial report of the Office of the Inspector-General of Emergency Management, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and certificates given by the Inspector-General of Emergency Management and the Chief Finance Officer.

The Accountable Officer's Responsibility for the Financial Report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Accountable Officer's responsibility also 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.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards,* which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Accountable Officer, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009*:

(a) I have received all the information and explanations which I have required

(b) In my opinion:

- (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects
- (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Office of the Inspector-General of Emergency Management for the financial year 1 July 2014 to 30 June 2015 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

AUDITOR GENERAL
2 SEP 2015
OF QUEENSLAND

A M GREAVES FCA FCPA
Auditor-General of Queensland

Queensland Audit Office
Brisbane