

Financial statements

Queensland Police Service Financial Statements 2015-16 For the year ended 30 June 2016

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General Information

These financial statements cover the Queensland Police Service.

The Queensland Police Service is a Queensland Government Department established under the *Public Service Act 2008*. The department was first established by the *Police Act of 1863*.

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

The head office and principal place of business of the department is:

200 Roma Street
Brisbane Queensland 4000

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

For information in relation to the Queensland Police Service financial statements visit the following website:

<http://www.police.qld.gov.au>

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Statement of comprehensive income

Queensland Police Service
Statement of comprehensive income
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Income from continuing operations			
Departmental services revenue	2	1,716,658	1,678,009
User charges and fees	3	32,485	39,206
Grants and other contributions	4	358,218	321,316
Other revenue		4,548	4,485
Total revenue		2,111,909	2,043,016
Gains on disposal/remeasurement of assets		20	40
Total income from continuing operations		2,111,929	2,043,056
Expenses from continuing operations			
Employee expenses	5	1,529,730	1,498,007
Supplies and services	7	185,911	205,156
Grants and subsidies		5,862	3,724
Depreciation and amortisation	11,12	13,404	11,551
Impairment losses		452	60
Other expenses	8	375,423	323,564
Total expenses from continuing operations		2,110,783	2,042,061
Operating result from continuing operations		1,146	996
Other comprehensive income not reclassified subsequently to operating result			
Increase/(decrease) in asset revaluation surplus		221	381
Total other comprehensive income		221	381
Total comprehensive income		1,367	1,377

The accompanying notes form part of these statements.

Statement of financial position

Queensland Police Service
Statement of financial position
as at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash and cash equivalents		95,242	78,682
Receivables	9	63,683	62,250
Inventories		5,466	4,537
Other current assets	10	3,029	5,496
Total current assets		<u>167,419</u>	<u>150,965</u>
Non-current assets			
Intangible assets	11	20,089	23,927
Property, plant and equipment	12	40,866	38,123
Total non-current assets		<u>60,955</u>	<u>62,050</u>
Total assets		<u>228,374</u>	<u>213,015</u>
Liabilities			
Current liabilities			
Payables	13	28,436	33,275
Accrued employee benefits	14	69,082	68,084
Other current liabilities	15	30,537	5,054
Total current liabilities		<u>128,055</u>	<u>106,413</u>
Total liabilities		<u>128,055</u>	<u>106,413</u>
Net assets		<u>100,319</u>	<u>106,602</u>
Equity			
Accumulated surplus		99,717	106,221
Asset revaluation surplus		602	381
Total equity		<u>100,319</u>	<u>106,602</u>

The accompanying notes form part of these statements.

Statement of changes in equity

Queensland Police Service
Statement of changes in equity
for the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
Contributed equity		
Opening balance	-	670,995
Transactions with owners as owners:		
Appropriated equity adjustments. Refer to Note 2.	(8,800)	4,655
Net transfers in/(out) via machinery-of-government change	1,150	(1,689,196)
Net transfers in/(out) from restructuring	-	6,059
Transfers between classes	7,650	1,007,487
Closing balance	<u>-</u>	<u>-</u>
Accumulated surplus/(deficit)		
Opening balance	106,221	403,847
Operating result	1,146	996
Transactions with owners as owners:		
Transfers between classes	(7,650)	(298,622)
Closing balance	<u>99,717</u>	<u>106,221</u>
Asset revaluation surplus		
Opening balance	381	708,865
Increase/(decrease) in asset revaluation surplus. Refer to Note 12.	221	381
Transactions with owners as owners:		
Transfers between classes	-	(708,865)
Closing balance	<u>602</u>	<u>381</u>
Total equity	<u><u>100,319</u></u>	<u><u>106,602</u></u>

The accompanying notes form part of these statements.

Statement of cash flows

Queensland Police Service
Statement of cash flows
for the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
<i>Inflows:</i>			
Departmental services receipts		1,720,976	1,659,503
User charges and fees		27,151	44,306
Grants and other contributions		8,867	4,393
GST input tax credits from ATO		27,653	24,062
GST collected from customers		5,742	7,705
Other		3,888	10,885
<i>Outflows:</i>			
Employee expenses		(1,528,606)	(1,500,466)
Supplies and services		(162,718)	(212,462)
Grants and subsidies		(5,862)	(3,724)
GST paid to suppliers		(26,898)	(23,822)
GST remitted to ATO		(5,742)	(6,657)
Other		(26,593)	(9,210)
Net cash provided by/(used in) operating activities	16	<u>37,858</u>	<u>(5,487)</u>
Cash flows from investing activities			
<i>Inflows:</i>			
Sales of property, plant and equipment		-	1,205
<i>Outflows:</i>			
Payments for property, plant and equipment		(9,251)	(7,981)
Payments for intangibles		(1,148)	(1,623)
Net cash provided by/(used in) investing activities		<u>(10,399)</u>	<u>(8,399)</u>
Cash flows from financing activities			
<i>Inflows:</i>			
Equity injections		(9,041)	10,585
<i>Outflows:</i>			
Equity withdrawals		(1,859)	(1,612)
Net cash provided by/(used in) financing activities		<u>(10,900)</u>	<u>8,973</u>
Net increase/(decrease) in cash		16,559	(4,913)
Adjustment due to machinery-of-government change		-	(2,958)
Cash at beginning of financial year		78,682	86,553
Cash at end of financial year		<u>95,242</u>	<u>78,682</u>

The accompanying notes form part of these statements.

Statement of comprehensive income by major departmental services

Queensland Police Service
Statement of comprehensive income by major departmental services
for the year ended 30 June 2016

	Crime and Public Order		Road Safety		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Income from continuing operations						
Departmental services revenue	1,395,583	1,340,729	321,075	337,280	1,716,658	1,678,009
User charges and fees	26,409	31,326	6,076	7,880	32,485	39,206
Grants and other contributions	291,218	256,731	66,999	64,585	358,218	321,316
Other revenue	3,697	3,584	851	901	4,548	4,485
Total revenue	1,716,908	1,632,369	395,001	410,647	2,111,909	2,043,016
Gain on sale/remeasurement of assets	16	32	4	8	20	40
Total income from continuing operations	1,716,924	1,632,401	395,005	410,655	2,111,929	2,043,056
Expenses from continuing operations						
Employee expenses	1,243,617	1,196,907	286,113	301,099	1,529,730	1,498,006
Supplies and services	151,139	163,920	34,772	41,236	185,911	205,156
Grants and subsidies	4,766	2,974	1,096	749	5,862	3,723
Depreciation and amortisation	10,897	9,229	2,507	2,322	13,404	11,551
Impairment losses	367	48	85	12	452	60
Other expenses	305,206	258,528	70,217	65,036	375,423	323,564
Total expenses from continuing operations	1,715,992	1,631,605	394,790	410,455	2,110,783	2,042,060
Operating result for the year	932	796	214	200	1,146	996
Other comprehensive income not reclassified subsequently to operating result						
Increase/(decrease) in asset revaluation surplus	180	304	41	77	221	381
Total other comprehensive income	180	304	41	77	221	381
Total comprehensive income	1,111	1,100	256	277	1,367	1,377

The department has systems in place to allocate income and expenses by departmental service. Crime and Public Order includes service standards related to personal safety, property security and public order and safety. Road safety includes service standards related to traffic policing.

Statement of assets and liabilities by major departmental services

Queensland Police Service
Statement of assets and liabilities by major departmental services
as at 30 June 2016

	Crime and Public Order		Road Safety		Total	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets						
Current assets						
Cash and Cash equivalents	77,428	62,867	17,814	15,815	95,242	78,682
Receivables	51,772	49,738	11,911	12,512	63,683	62,250
Inventories	4,444	3,625	1,022	912	5,466	4,537
Other current assets	2,462	4,391	566	1,105	3,029	5,496
Total current assets	138,106	120,621	31,313	30,344	167,419	150,965
Non-current assets						
Intangible assets	16,332	19,118	3,757	4,809	20,089	23,927
Property, plant and equipment	33,223	30,460	7,643	7,663	40,866	38,123
Total non-current assets	49,554	49,578	11,401	12,472	60,955	62,050
Total assets	185,660	170,199	42,714	42,816	228,374	213,015
Liabilities						
Current liabilities						
Payables	23,118	26,587	5,319	6,688	28,436	33,275
Accrued employee benefits	56,161	54,399	12,921	13,685	69,082	68,084
Other	24,825	4,038	5,711	1,016	30,537	5,054
Total current liabilities	104,104	85,024	23,951	21,389	128,055	106,413
Total liabilities	104,104	85,024	23,951	21,389	128,055	106,413

The Department has systems in place to allocate income and expenses by departmental service. Crime and Public Order includes service standards related to personal safety, property security and public order and safety. Road safety includes service standards related to traffic policing.

Notes to and forming part of the financial statements 2015-16

Queensland Police Service

Notes to and forming part of the financial statements 2015–16

Objectives and Principal Activities of the Department

The role of the Queensland Police Service (QPS) is to preserve peace and good order, protect and support the community, prevent and detect crime, uphold the law, administer the law fairly and efficiently, bring offenders to justice and help those in need of assistance. To deliver this, the QPS is committed to its vision of the community working with Queensland police to stop crime and make Queensland safer.

The identity and purpose of the major departmental services undertaken by the department during the year are as follows:

Crime and Public Order

- protect personal safety and prevent and detect related offences including homicide, assault, sexual assault and robbery
- protect property and prevent and detect related offences including unlawful entry, other property damage, motor vehicle theft, and other theft (excluding unlawful entry)
- maintain public order and safety during major events and natural disasters from planning to recovery, address public space enjoyment, street and nuisance offences, and liquor licensing issues and environmental design to reduce crime including alcohol fuelled violence.

Road Safety

Road safety services enforce traffic law and reduce road trauma including through the prevention and detection of speeding, red light offences, driving under the influence of alcohol or drugs, driving while fatigued and not wearing seatbelts.

The department is funded for the departmental services it delivers principally by parliamentary appropriations. The department also cost recovers on a fee for service basis for special services including:

- heavy vehicle road escorts
- traffic control at road works
- additional policing services at large sporting, entertainment and public events.

1. Summary of Significant Accounting Policies

(a) Statement of compliance

The department has prepared these financial statements in compliance with section 42 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for the year ending 30 June 2016 and other authoritative pronouncements.

Unless otherwise stated, the financial statements have been prepared in accordance with the historical cost convention.

(b) Administered transactions and balances

The department administers, but does not control, certain resources on behalf of the Government. In doing so, it has responsibility and is accountable for administering related transactions and items, but does not have the discretion to deploy the resources for the achievement of the department's objectives.

Administered transactions and balances are disclosed in Note 19. These transactions and balances are not significant in comparison to the department's overall financial performance/financial position.

(c) Trust/agency transactions and balances

The department undertakes certain trustee transactions and maintains related balances on behalf of various parties and also performs certain agency transactions.

As the department acts only in a custodial role in respect of these transactions and balances, they are not recognised in the department's financial statements, but are disclosed in Note 20.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015–16 (continued)

(d) User charges, taxes, fees and fines

User charges and fees controlled by the department are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty.

(e) Appropriation revenue

Appropriations forwarded under the *Appropriations Act* are recognised as revenue when received.

(f) Grants and contributions

Grants, contributions, donations and gifts that are non-reciprocal in nature are recognised as revenue in the year in which the department obtains control over them (control is generally obtained at the time of receipt). Where grants are received that are reciprocal in nature, revenue is recognised over the term of the funding arrangements as it is earned.

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

(g) Cash and cash equivalents

Cash assets include cash on hand, all cash and cheques receipted but not banked at 30 June.

The department has authorisation to operate in overdraft with a specified limit in accordance with the *Financial Accountability Act 2009*.

(h) Receivables

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. The department's standard settlement terms is 30 days from invoice date.

The collectability of receivables is assessed periodically with allowance being made for impairment. All known bad debts were written-off as at 30 June.

Other receivables generally arise from transactions outside the usual operating activities of the department and are recognised at their assessed values.

(i) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Actual cost is determined as the value provided as consideration plus costs incidental to the acquisition and costs incurred in getting the asset ready for use.

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

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service Notes to and forming part of the financial statements 2015-16 (continued)

(j) Property, plant and equipment and intangible asset thresholds

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

Major plant and equipment	\$5,000
Plant and equipment	\$5,000
Heritage and cultural	\$5,000
Intangibles	\$100,000

Items purchased or acquired for a lesser value are expensed in the year of acquisition.

(k) Amortisation and depreciation of intangibles and property, plant and equipment

All intangible assets are amortised on a straight line basis over its estimated useful life.

Property, plant and equipment is depreciated on a straight-line basis less its estimated residual value, progressively over its estimated useful life to the department.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant asset classes within property, plant and equipment.

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 department.

For each class of depreciable asset the following depreciation and amortisation rates are used:

Class	Rate (%)
Major plant and equipment	4% to 10% *
Plant and equipment	2.5% to 50%
Intangible assets	8% to 20%

* Aircraft are classified as major plant and equipment.

(l) Revaluations of non-current physical and intangible assets

Major plant and equipment is measured at fair value in accordance with *AASB 116 Property, Plant and Equipment*, *AASB 13 Fair Value Measurement* and Queensland Treasury's Non-Current Asset Policies for the Queensland Public Sector.

All other assets are measured at cost in accordance with the Non-Current Asset Policies.

Non-current physical assets are measured at fair value and revalued on an annual basis by appraisals undertaken by an independent professional valuer.

Details of how fair value was determined as at 30 June 2016 are reported in Note 12.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

(m) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, gross of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 day terms.

(n) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument.

Classification

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

The department has not entered into transactions for speculative purposes, nor for hedging in 2015-16. Apart from cash and cash equivalents, the department holds no financial assets classified at fair value through profit or loss.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the department are included in Note 18.

(o) Employee benefits

Wages, salaries and sick leave

Wages and salaries due but unpaid at reporting date are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months of reporting date, the liabilities are recognised at their undiscounted values.

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

Annual leave and long service leave

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

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable.

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*.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015–16 (continued)

(p) Allocation of revenues and expenses from ordinary activities to corporate services

The department discloses income and expenses attributable to service delivery support in the Statement of Comprehensive Income by Major Departmental Services.

Direct expenses are fully allocated to the relevant major departmental service. However indirect expenses are reported as service delivery support and are allocated to major departmental services based on the results of a state-wide activity survey. Income is distributed based on the allocation of expenses.

The expenses attributable to service delivery support includes information and technology costs, property and transport related operating and maintenance costs, PSBA costs incurred below fair value, Queensland Shared Services charges and other support costs.

(q) Insurance

The majority of the department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis. The department privately insures its Air-wing pilots.

In addition, the department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

(r) Other presentation matters

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

(s) Taxation

The department 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).

(t) Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect on the financial statements are outlined in the following financial statement notes:

- Valuation of Property, Plant and Equipment - Note 12
- Depreciation and Amortisation - Note 12
- Goods and services below fair value - Note 4

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015–16 (continued)

(u) Services received 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 fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense in the statement of comprehensive income.

The functions of the department responsible for providing corporate services, education and training services were transferred to the Public Safety Business Agency (PSBA) on 1 July 2014. The department has continued to receive these services at below fair value from the PSBA since that date. The value of these services for 2015-16 is disclosed in Note 4.

(v) Future impact of accounting standards not yet effective

The department did not voluntarily change any of its accounting policies during 2015-16. As at the date of authorisation of the financial report, the following accounting standards and interpretations have future commencement dates and have been assessed as either not applicable or have no material impact.

AASB 124 Related Party Disclosure, effective 1 July 2016.

The department already discloses detailed information about remuneration of its KMP, based on Queensland Treasury's Financial Reporting Requirements for Queensland Government Agencies. Due to the additional guidance about the KMP definition in the revised *AASB 124*, the department will be assessing whether its responsible Minister should be part of its KMP from 2016-17. If the responsible Minister is assessed as meeting the KMP definition, no associated remuneration figures will be disclosed by the department, as it does not provide the Minister's remuneration. Comparative information will continue to be disclosed in respect of KMP remuneration.

AASB 15 Revenue for Contracts with Customers, effective 1 January 2018.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014), effective 1 January 2018.

AASB 16 Leases, effective 1 January 2019.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB107, effective 1 July 2017.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

	2016 \$'000	2015 \$'000
2 Reconciliation of payments from Consolidated Fund		
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income		
Budgeted appropriation revenue	1,710,729	1,704,904
Unforeseen expenditure	10,247	-
Lapsed appropriation revenue	-	(45,401)
Total appropriation receipts (cash)	1,720,976	1,659,503
Less: Opening balance of appropriation revenue receivable	(4,318)	-
Plus: Closing balance of appropriation revenue receivable	-	4,318
Less: Closing balance of appropriation refundable to Consolidated Fund (payable)	(21,299)	-
Plus: Opening balance of deferred appropriation refundable to Consolidated Fund (payable)	-	14,188
Net appropriation revenue	1,695,359	1,678,009
Plus: Deferred appropriation refundable to Consolidated Fund (expense)	21,299	-
Appropriation revenue recognised in Statement of comprehensive income	1,716,658	1,678,009
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	17,289	6,157
Transfers from/(to) other departments	-	-
Lapsed equity adjustment	(28,189)	-
Unforeseen expenditure	-	2,816
Equity adjustment receipts (payments)	(10,900)	8,973
Plus: Opening balance of equity adjustment payable	4,318	-
Less: Closing balance of equity adjustment payable	(2,218)	(4,318)
Equity adjustment recognised in contributed equity	(8,800)	4,655
3 User charges and fees		
Special Services	19,886	26,952
Incident reporting	1,128	1,233
Criminal History Checks	11,472	11,021
Total	32,485	39,206
Comparative amounts have been restated following reclassification of line items.		
4 Grants and other contributions		
Grants and contributions	8,793	4,396
Services received below fair value *	349,425	316,921
Total	358,218	321,316

* 2015-16 includes \$317.605M (2014-15: \$310.865M) of services received below fair value representing costs for services incurred by the Public Safety Business Agency provided to the Queensland Police Service. The amount is calculated using a cost attribution model, that attributes the costs of services provided by the Public Safety Business Agency to its partner agencies.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

	2016 \$'000	2015 \$'000
5 Employee expenses		
Employee benefits		
Wages and salaries	1,143,328	1,138,999
Employer superannuation contributions	177,738	171,661
Long service leave levy	26,472	26,147
Annual leave levy	144,599	135,764
Other employee benefits	6,791	6,452
Employee related expenses		
Payroll tax	-	159
Workers' compensation premium	30,802	18,825
Total	<u>1,529,730</u>	<u>1,498,007</u>
Comparative amounts have been restated following reclassification of line items.		
Full-Time Equivalent Employees	14,302	14,089

6 Key Management Personnel Disclosures

(a) Details of key management personnel

The following details for key management personnel, being the members of the QPS Board of Management are the positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2015-16. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

An external member was appointed to the QPS Board of Management commencing 5 June 2014. For 2015-16 the independent external member received \$2,420 in remuneration. There were no other on-costs.

(b) Remuneration policies

Remuneration policy for the department's key management personnel is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. The remuneration and other terms of employment for the key management personnel are specified in employment contracts.

Remuneration expenses for key management personnel comprise the following components:

- Short term employee expenses including:
 - salaries, allowances and leave entitlements earned and expensed for the entire year or for that part of the year during which the employee was a key management person
 - performance payments recognised as an expense during the year; and
 - non-monetary benefits - may include provision of a motor vehicle and fringe benefits tax applicable to benefits.
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- Post employment expenses include amounts expensed in respect of employer superannuation obligations.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

6 Key Management Personnel Disclosures

(c) Remuneration expenses

1 July 2015 – 30 June 2016

Position	• Contract classification • Appointment authority • Date appointed to position • Date exited from position	Short Term	Long Term	Post	Total
		Employee Expenses	Employment Expenses	Employment Expenses	Expenses
		\$'000	\$'000	\$'000	\$'000
Commissioner	CEO Contract (CEO) Police Service Administration Act 1990 Appointed 01/11/2012	494	10	52	556
Deputy Commissioner (Strategy, Policy & Performance)	SES 4 Equivalent Police Service Administration Act 1990 Appointed 01/07/2013	257	5	37	299
Deputy Commissioner (Specialist Operations)	SES 4 Equivalent Police Service Administration Act 1990 Appointed 01/07/2013	257	5	37	299
Deputy Commissioner (Specialist Operations) - Acting	Higher Duties SES 4 Equivalent Police Service Administration Act 1990 22/04/2016 - 12/06/2016	28	-	5	33
Deputy Commissioner (Regional Operations) *	SES 4 Equivalent Police Service Administration Act 1990 Appointed 01/01/2010 Transferred to Queensland Racing 30/04/2016	251	4	31	286
Deputy Commissioner (Regional Operations) - Acting	Higher Duties SES 4 Equivalent Police Service Administration Act 1990 07/05/2016 - 17/06/2016	43	-	4	47

* The incumbent to this position was relieving at Queensland Racing for the period 29 February 2016 to 29 April 2016. Relieving arrangements were established for this position during this time and after the transfer, and were still in place at 30 June 2016.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service Notes to and forming part of the financial statements 2015-16 (continued)

6 Key Management Personnel Disclosures

(c) Remuneration expenses (continued)

1 July 2014 – 30 June 2016

Position	• Contract classification • Appointment authority • Date appointed to position • Date exited from position	Short Term	Long Term	Post	Total
		Employee Expenses	Employment Expenses	Employment Expenses	Expenses
		\$'000	\$'000	\$'000	\$'000
Commissioner	CEO Contract (CEO) Police Service Administration Act 1990 Appointed 01/11/2012	478	10	52	540
Deputy Commissioner (Strategy, Policy & Performance)	SES 4 Equivalent Police Service Administration Act 1990 Appointed 01/07/2013	252	5	37	294
Deputy Commissioner (Specialist Operations)	SES 4 Equivalent Police Service Administration Act 1990 Appointed 04/10/2010	252	5	37	294
Deputy Commissioner (Regional Operations)	SES 4 Equivalent Police Service Administration Act 1990 Appointed 01/01/2013	200	4	29	233
Deputy Commissioner (Regional Operations) - Acting	Higher Duties SES 4 Equivalent Police Service Administration Act 1990 01/07/2014 – 03/08/2014	27	1	3	31

7 Supplies and services

	2016	2015
	\$'000	\$'000
Contractors	4,655	4,691
Materials	37,640	38,071
Repairs and maintenance	34,746	33,994
Transfer costs	780	1,052
Travel	13,631	31,421
Communications	10,917	12,143
Accommodation and public utilities	18,982	16,344
Minor Equipment Purchases	8,847	9,284
Operating lease rentals	22,575	22,341
Crimtrac search fees	7,747	7,256
Aircraft Hire	4,682	4,600
Other	20,708	23,959
Total	<u>185,911</u>	<u>205,156</u>

Comparative amounts have been restated following reclassification of line items.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

	2016 \$'000	2015 \$'000
8 Other expenses		
Audit fees *	338	226
Insurance premiums-QGIF	4,769	6,740
Insurance premiums-other	89	56
Services received below fair value **	348,929	316,542
Departmental services appropriation	21,299	-
Total	375,423	323,564

Comparative amounts have been restated following reclassification of line items.

* Total audit fees paid to the Queensland Audit Office relating to the 2015-16 financial statements are estimated to be \$299,300 (2014-15: \$299,300).

** Included in the 2015-16 Services received below fair value figure is \$317.605M (2014-15: \$310.865M) representing Public Safety Business Agency services provided to the Queensland Police Service.

9 Receivables

Current

Trade debtors	19,863	13,439
Less: Allowance for impairment loss	(1,115)	(663)
	<u>18,748</u>	<u>12,776</u>
GST input tax credits receivable	1,688	2,443
GST payable	(9)	(9)
	<u>1,679</u>	<u>2,434</u>
Annual leave reimbursements	37,051	36,964
Long service leave reimbursements	4,834	5,048
Departmental services appropriation receivable	-	4,318
Loans and advances	38	68
Other	1,332	642
	<u>43,255</u>	<u>47,040</u>
Total	63,683	62,250

Comparative amounts have been restated following reclassification of line items.

10 Other current assets

Prepayments	3,029	5,496
Total	3,029	5,496

Comparative amounts have been restated following reclassification of line items.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

11 Intangible assets	Software purchased	Software internally generated	Software work in progress	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Gross value	1,431	38,993	425	40,848
Less: Accumulated amortisation	(1,194)	(19,565)	-	(20,759)
	<u>237</u>	<u>19,427</u>	<u>425</u>	<u>20,089</u>
Reconciliation				
Opening balance at 1 July 2015	247	23,680	-	23,927
Acquisitions	239	484	425	1,148
Amortisation	(249)	(4,737)	-	(4,986)
Closing balance at 30 June 2016	<u>237</u>	<u>19,427</u>	<u>425</u>	<u>20,089</u>
	Software purchased	Software internally generated	Software work in progress	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Gross value	1,191	38,821	-	40,013
Less: Accumulated amortisation	(944)	(15,141)	-	(16,085)
	<u>247</u>	<u>23,680</u>	<u>-</u>	<u>23,927</u>
Reconciliation				
Opening balance 1 July 2014	1,279	58,688	1,215	61,182
Acquisitions	-	235	1,388	1,623
Transfers to other agencies	(764)	(31,286)	(2,602)	(34,652)
Amortisation	(269)	(3,957)	-	(4,226)
Closing balance at 30 June 2015	<u>247</u>	<u>23,680</u>	<u>-</u>	<u>23,927</u>

**Notes to and forming part of the financial statements
2015-16 (cont'd)**

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

12 Property, plant and equipment

	Buildings	Heritage and cultural	Plant and equipment	Major plant and equipment	Work in progress	Total
	2016	2016	2016	2016	2016	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross value	40	-	92,567	3,576	-	96,183
Less: Accumulated depreciation	-	-	(53,341)	(1,976)	-	(55,318)
	40	-	39,226	1,600	-	40,866
Reconciliation						
Opening balance at 1 July 2015	36	18	34,421	1,517	2,131	38,123
Acquisitions	135	-	12,292	-	-	12,427
Donations received	-	-	520	-	-	520
Transfers between classes	224	(18)	361	-	(567)	-
Disposals	-	-	(118)	-	-	(118)
Transfers through machinery-of-Government change	(355)	-	32	-	(1,564)	(1,887)
Donations Made	-	-	(1)	-	-	(1)
Net revaluation increments/(decrements)	-	-	-	221	-	221
Depreciation	-	-	(8,280)	(139)	-	(8,418)
Closing balance at 30 June 2016	40	-	39,226	1,600	-	40,866

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service											
Notes to and forming part of the financial statements 2015-16 (continued)											
12 Property, plant and equipment (continued)											
	Buildings	Heritage and cultural	Plant and equipment	Major plant and equipment	Work in progress	Land	Infrastructure	Total			
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000			
Gross value	37	18	82,083	3,052	2,131	-	-	87,322			
Less: Accumulated depreciation	(1)	-	(47,663)	(1,535)	-	-	-	(49,199)			
	<u>36</u>	<u>18</u>	<u>34,421</u>	<u>1,517</u>	<u>2,131</u>	<u>-</u>	<u>-</u>	<u>38,123</u>			
Reconciliation											
Opening balance at 1 July 2014	969,518	34,332	203,827	1,208	18,992	446,989	8,432	1,663,298			
Acquisitions	-	-	6,608	-	1,006	-	-	7,614			
Donations received	-	-	370	-	-	-	-	370			
Transfers through machinery-of-Government change	(969,478)	(34,296)	(168,800)	10	(17,867)	(446,989)	(8,432)	(1,645,852)			
Disposals	-	-	(364)	-	-	-	-	(364)			
Net revaluation increments/(decrements)	-	-	-	381	-	-	-	381			
Depreciation	(4)	(18)	(7,220)	(82)	-	-	-	(7,324)			
Closing balance at 30 June 2015	<u>36</u>	<u>18</u>	<u>34,421</u>	<u>1,517</u>	<u>2,131</u>	<u>-</u>	<u>-</u>	<u>38,123</u>			

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015–16 (continued)

12 Property, plant and equipment (continued)

Major plant and equipment was independently revalued by Bruce A McKenzie (AVAA Practising Valuer Number: 464) of JD Dodds Plant & Machinery Valuers as at 30 June 2016. The revaluations were determined using current market values.

Level 2 significant valuation inputs and relationship to fair value

Major plant and equipment categorises as Level 2. Major plant and equipment including aircraft are valued using the direct comparison valuation method. Aircraft have been valued with regard to the amount considered achievable (fair market) if sold on the open market, after investigating and analysing the sale prices of similar second-hand aircraft. Particular regard has been given to the aircraft's general appearance, condition and remaining time left to run on all major components.

	2016 \$'000	2015 \$'000
13 Payables		
Current		
Trade creditors	22,866	27,556
Equity Adjustment Payable	2,218	4,318
Other	3,352	1,401
Total	<u>28,436</u>	<u>33,275</u>
Comparative amounts have been restated following reclassification of line items.		
14 Accrued employee benefits		
Current		
Annual leave levy payable	29,395	34,084
Long service leave levy payable	6,748	7,160
Salaries and wages outstanding	28,611	21,855
Other	4,330	4,985
Total	<u>69,082</u>	<u>68,084</u>
15 Other current liabilities		
Grants Payables	2,500	-
Unearned Revenue General	1,157	67
Departmental services appropriation	21,299	-
Intercompany Creditors	5,581	4,987
Total	<u>30,537</u>	<u>5,055</u>

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

	2016	2015
	\$'000	\$'000
16 Reconciliation of operating result to net cash from operating activities		
Operating result	1,146	996
Non-cash items included in operating result:		
Depreciation and amortisation	13,405	11,551
Donations	(520)	(370)
Net gain/loss on sale of property, plant and equipment	(20)	147
Impairment losses	452	60
Inventory write-offs	-	(484)
Change in assets and liabilities:		
Increase/(decrease) in accrued employee benefits	998	(211)
(Increase)/decrease in annual leave reimbursement receivable	(87)	1,937
(Increase)/decrease in appropriation revenue receivable	4,318	-
(Increase)/decrease in GST input tax credits receivable	755	2,466
(Increase)/decrease in inventories	(929)	61
(Increase)/decrease in long service leave reimbursement receivable	213	65
(Increase)/decrease in loans and advances	-	(53)
(Increase)/decrease in other receivables	(660)	538
(Increase)/decrease in other current assets	2,467	8,151
Increase/(decrease) in payables	(2,739)	(34,883)
(Increase)/decrease in trade receivables	(6,423)	14,010
Increase/(decrease) in other current liabilities	25,483	(9,276)
Increase/(decrease) in accruals	-	(191)
Net cash from operating activities	<u>37,858</u>	<u>(5,487)</u>

17 Commitments for expenditure

(a) Non-cancellable operating lease commitments

Operating lease commitments inclusive of non-recoverable GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

Not later than one year	24,570	24,718
Later than one year and not later than five years	43,015	31,357
Later than five years	8,126	1,808
Total	<u>75,711</u>	<u>57,884</u>

Comparative amounts have been restated for 2014-15 to exclude recoverable GST.

Operating leases are entered into as a means of acquiring access to office accommodation and storage facilities. Lease payments are generally fixed, but with inflation escalation clauses on which contingent rentals are determined.

(b) Capital expenditure commitments

Material classes of capital expenditure commitments inclusive of non-recoverable GST, contracted for at reporting date but not recognised in the accounts are payable as follows:

Class of asset		
Plant and equipment	578	2,175
Intangibles	-	78
Total	<u>578</u>	<u>2,254</u>
Not later than one year	578	2,254
Total	<u>578</u>	<u>2,254</u>

Comparative amounts have been restated for 2014-15 to exclude recoverable GST.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

	Note	2016 \$'000	2015 \$'000
18 Financial instruments			
Financial instrument categories			
Financial assets and financial liabilities are recognised in the Statement of Financial Position when the department becomes party to the contractual provisions of the financial instrument. The department has the following categories of financial assets and financial liabilities:			
Financial assets			
Cash		95,242	78,682
Receivables	9	63,683	62,250
Total		<u>158,925</u>	<u>140,932</u>
Financial liabilities			
Financial liabilities measured at amortised cost:			
Payables	13	28,436	33,275
Total		<u>28,436</u>	<u>33,275</u>

Financial risk management

(a) Risk exposure

The Police Service's departmental activities expose it to credit risk and liquidity risk.

Financial risk management is implemented pursuant to Government and Queensland Police Service policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the department.

The department's activities expose it to a variety of financial risks as set out in the following table:

Risk exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the agency may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The department is exposed to credit risk in respect of its receivables (note 9).
Liquidity risk	Liquidity risk refers to the situation where the agency may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The department is exposed to liquidity risk in respect of its payables (note 13).
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The department does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices. The department is exposed to interest rate risk through its finance leases and cash deposited in interest bearing accounts.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

18 Financial instruments (continued)

Financial risk management (continued)

(b) Risk measurement and management strategies

The department measures risk exposure using a variety of methods as follows:

Risk exposure	Definition	Exposure
Credit risk	Ageing analysis, earnings at risk	The department manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the department invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.
Liquidity risk	Sensitivity analysis	The department manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the agency has sufficient funds available to meet employee and supplier obligations as they fall due. This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.
Market risk	Interest rate sensitivity analysis	The department does not undertake any hedging in relation to interest risk and manages its risk as per the department's liquidity risk management strategy articulated in the department's financial management practice manual.

(c) Maximum credit risk exposure where carrying amounts do not equal contractual amounts

Certain contractual obligations expose the department to credit risk in excess of the carrying amount of any asset or liability recognised from entering the transaction.

The maximum exposure to credit risk at balance date in relation to each class of recognised financial is the gross carrying amount of those assets inclusive of any provision for impairment (refer note 9).

(d) Liquidity risk - contractual maturity of financial liabilities

The following table sets out the liquidity risk of financial liabilities held by the department. It represents the contractual maturity of financial liabilities, calculated based on undiscounted cash flows relating to the liabilities at reporting date.

Financial liabilities	Note	2016 Payable in			Total \$'000
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	
Payables	13	28,436	-	-	28,436
Total		28,436	-	-	28,436

Financial liabilities	Note	2015 Payable in			Total \$'000
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	
Payables	13	33,275	-	-	33,275
Total		33,275	-	-	33,275

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

	2016 \$'000	2015 \$'000
19 Schedule of administered items		
Administered revenues		
Taxes, fees and fines	12,450	13,493
Other	272	179
Total	<u>12,722</u>	<u>13,672</u>
Administered expenses		
Transfers of Administered Income to Government	12,722	13,672
Total	<u>12,722</u>	<u>13,672</u>
Operating Surplus	<u>-</u>	<u>-</u>
Administered assets		
<i>Current</i>		
Cash	1,551	1,964
Receivables	(1)	(5)
Total	<u>1,549</u>	<u>1,958</u>
Total assets	<u>1,549</u>	<u>1,958</u>
Administered liabilities		
<i>Current</i>		
Payables	693	1,031
Other	856	927
Total liabilities	<u>1,549</u>	<u>1,958</u>
Net administered assets	<u>-</u>	<u>-</u>

20 Trust transactions and balances

The department holds various suspense monies temporarily before being transferred to appropriate parties (e.g. exhibits or drug money held pending determination by a court and unclaimed and returned Queensland Police Service cheques).

As the department performs only a custodial role in respect of these transactions and balances, they are neither controlled nor administered by the department and accordingly, are not recognised in the financial statements. They are however, disclosed in these notes for the information of users.

Trust assets and liabilities

<i>Current assets</i>		
Cash	20,557	17,898
Total	<u>20,557</u>	<u>17,898</u>
<i>Current liabilities</i>		
Total current liabilities	20,557	17,898
Total	<u>20,557</u>	<u>17,898</u>

The Queensland Auditor-General performed the audit of the department's trust transactions for 2015-16.

21 Events occurring after balance date

On 17 February 2016, Queensland Government accepted recommendations related to the review of the scope, function, and structure of the Public Safety Business Agency (PSBA), which provides corporate support functions to three government entities, including the Queensland Police Service (QPS). The review was commissioned by the Public Service Commission (PSC) in 2015. In accordance with the accepted recommendations, Public Service Departmental Arrangement Notice (No.2 2016) was made on 23 June 2016 and a number of functions will transfer from PSBA to the QPS including operational functions, strategy, recruitment, education and training, media and other services, effective 1 July 2016.

There were no events occurring after balance date, including the event described above, that management considers would have a material impact on the information disclosed in these financial statements.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

22 Budgetary reporting

Statement of comprehensive income	Variance Note	Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance percentage
Income from continuing operations					
Departmental services revenue		1,710,729	1,716,658	5,929	-
User charges and fees	22(a)	52,148	32,485	(19,663)	(38)%
Grants and other contributions	22(b)	319,254	358,218	38,964	12 %
Other revenue		2,764	4,548	1,784	65 %
Total revenue		2,084,895	2,111,909	27,014	1 %
Gains on disposal/remeasurement of assets		-	20	20	-
Total income from continuing operations		2,084,895	2,111,929	27,034	1 %
Expenses from continuing operations					
Employee expenses		1,492,447	1,529,730	37,283	2 %
Supplies and services	22(c)	254,816	185,911	(68,905)	(27)%
Grants and subsidies		2,951	5,862	2,911	99 %
Depreciation and amortisation		14,665	13,404	(1,261)	(9)%
Impairment losses			452	452	-
Other expenses	22(d)	320,016	375,423	55,407	17 %
Total expenses from continuing operations		2,084,895	2,110,783	25,888	1 %
Operating result from continuing operations		-	1,146	1,146	-
Operating result for the year		-	1,146	1,146	-
Total other comprehensive income		-	221	221	-
Total comprehensive income		-	1,367	1,367	-

Explanation of major variances

- 22(a) The variance in user charges and fees is due to the lower than anticipated Special Services revenue as a result of the downturn in mining activities.
- 22(b) The variance in grants and other contributions is due to an increase in the fair value recognition of cost of services to QPS, as provided by the PSBA for corporate support services and by QSS for the Government Wireless Network.
- 22(c) The variance in supplies and services is due to a realignment of costs following the finalisation of the 2014-15 machinery-of-Government (MOG) transfer to PSBA, decreases in costs associated with Special Services, and transfers to PSBA for activities delivered on behalf of the Queensland Police Service (QPS).
- 22(d) The variance in other expenses is mainly due to an increase in the fair value recognition of cost of services to QPS, as provided by the PSBA for corporate support services and by QSS for the Government Wireless Network.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

22 Budgetary reporting (continued)

Statement of financial position	Variance Note	Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance percentage
Assets					
Current assets					
Cash and cash equivalents	22(e)	69,563	95,242	25,679	37 %
Receivables	22(f)	71,502	63,683	(7,819)	(11)%
Inventories		4,475	5,466	991	22 %
Other current assets	22(g)	14,496	3,029	(11,467)	(79)%
Non-current assets classified as held for sale		-	-	-	-
Total current assets		160,036	167,419	7,383	5 %
Non-current assets					
Intangible assets	22(h)	28,007	20,089	(7,918)	(28)%
Property, plant and equipment	22(i)	70,699	40,866	(29,833)	(42)%
Total non-current assets		98,706	60,955	(37,751)	(38)%
Total assets		258,742	228,374	(30,368)	(12)%
Liabilities					
Current liabilities					
Payables	22(j)	61,269	28,436	(32,833)	(54)%
Accrued employee benefits		64,360	69,082	4,722	7 %
Other current liabilities	22(k)	97	30,537	30,440	100 %
Total current liabilities		125,726	128,055	2,329	2 %
Total liabilities		125,726	128,055	2,329	2 %
Net assets		133,016	100,319	(32,697)	(25)%
Total equity		133,016	100,319	(32,697)	(25)%

Explanation of major variances

- 22(e) The variance in cash and cash equivalents is due to the movements in receivables, prepayments, employee benefits, and payables.
- 22(f) The variance in receivables is due to the timing of receipts as at the end of the financial year.
- 22(g) The variance in other current assets is due to a reduction in pre-payments of supplies and services.
- 22(h) The variance in intangible assets is due to the difference between the estimated and final balance transferred to PSBA as part of the MOG change.
- 22(i) The variance in property, plant and equipment is due to funding transfers to PSBA for acquisition and management of non-current assets, including land and buildings.
- 22(j) The variance in payables reflects anticipated timing of payments to trade creditors.
- 22(k) The variance in other current liabilities reflects the timing of expenditure reimbursements to other agencies within the Public Safety portfolio.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

22 Budgetary reporting (continued)

Statement of cash flows	Variance Note	Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance percentage
Cash flows from operating activities					
<i>Inflows:</i>					
Departmental services receipts		1,710,729	1,720,976	10,247	1 %
User charges and fees		52,148	27,151	(24,997)	(48)%
Grants and other contributions		5,160	8,867	3,707	72 %
GST input tax credits from ATO		-	33,395	33,395	-
Other		2,764	3,888	1,124	41 %
<i>Outflows:</i>					
Employee expenses		(1,492,447)	(1,528,606)	(36,159)	(2)%
Supplies and services	22(l)	(254,816)	(162,718)	92,098	36 %
Grants and subsidies		(2,951)	(5,862)	(2,911)	(99)%
GST paid to suppliers		-	(26,898)	(26,898)	-
GST remitted to ATO		-	(5,742)	(5,742)	-
Other		(5,922)	(26,593)	(20,671)	(349)%
Net cash provided by/(used in) operating activities		14,665	37,858	23,193	158 %
Cash flows from investing activities					
<i>Outflows:</i>					
Payments for property, plant and equipment	22(m)	(31,954)	(9,251)	22,703	71 %
Payments for intangibles		-	(1,148)	(1,148)	-
Net cash provided by/(used in) investing activities		(31,954)	(10,399)	21,555	67 %
Cash flows from financing activities					
<i>Inflows:</i>					
Equity injections		19,148	(9,041)	(28,189)	(147)%
<i>Outflows:</i>					
Equity withdrawals		(1,859)	(1,859)	-	-
Net cash provided by/(used in) financing activities		17,289	(10,900)	(28,189)	(163)%
Net increase/(decrease) in cash		-	16,559	16,559	-
Cash at beginning of financial year		69,563	78,682	9,119	13 %
Cash at end of financial year	22(n)	69,563	95,242	25,679	37 %

Explanation of major variances

- 22(l) The variance in supplies and services is due to a realignment of costs following the finalisation of the 2014-15 machinery-of-Government (MOG) transfer to PSBA, decreases in costs associated with Special Services, and transfers to PSBA for activities delivered on behalf of the Queensland Police Service (QPS).
- 22(m) The variance in property, plant and equipment is due to funding transfers to PSBA for acquisition and management of non-current assets, including land and buildings.
- 22(n) The variance in cash at end of financial year is due to the movements in receivables, prepayments, employee benefits and payables.

Notes to and forming part of the financial statements 2015-16 (cont'd)

Queensland Police Service

Notes to and forming part of the financial statements 2015-16 (continued)

22 Budgetary reporting (continued)

Schedule of administered items	Variance Note	Original budget 2016 \$'000	Actual 2016 \$'000	Variance \$'000	Variance percentage
Administered revenues					
Taxes, fees and fines	22(o)	8,711	12,450	3,739	43 %
Other		877	272	(605)	(69)%
Total		9,588	12,722	3,134	33 %
Administered expenses					
Transfers of administered revenue to government	22(o)	9,588	12,722	3,134	33 %
Total		9,588	12,722	3,134	33 %
Operating surplus		-	-	-	0 %
Administered assets					
<i>Current</i>					
Cash		1,752	1,551	(201)	(11)%
Receivables		(13)	(1)	12	(89)%
Total current assets		1,739	1,549	(190)	(11)%
Total assets		1,739	1,549	(190)	(11)%
Administered liabilities					
<i>Current</i>					
Payables		1,738	693	(1,045)	(60)%
Other		1	856	855	100%
Total liabilities		1,739	1,549	(190)	(11)%
Net administered assets		-	-	-	100%

Explanation of major variances

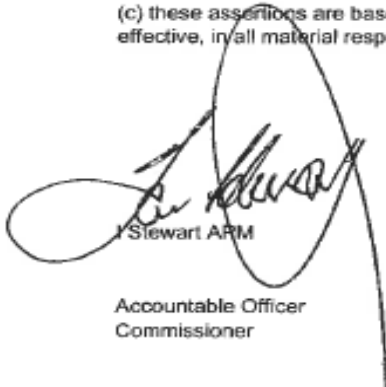
22(o) The increase in taxes, fees and fines revenues collected under the *Weapons Act 1990* is due to timing of licence renewals. The revenue collected is subsequently transferred to government.

Management Certificate for the year ended 30 June 2016

Queensland Police Service Management Certificate for the year ended 30 June 2016


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

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Queensland Police Service for the financial year ended 30 June 2016 and of the financial position of the department at the end of that year; and
- (c) 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.



I Stewart ARM
Accountable Officer
Commissioner

Date 25/8/16



R Wilson
B.Bus (Mgt), Grad Cert Exec Leadshp, MIPA, GAICD
Chief Finance Officer
Executive General Manager, Public Safety Business Agency

Date 25/8/16

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Queensland Police Service

Report on the Financial Report

I have audited the accompanying financial report of the Queensland Police Service, which comprises the statement of financial position and statement of assets and liabilities by major departmental services as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental services for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and the certificates given by the Commissioner and 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.

Independent Auditor's Report (cont'd)

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* –

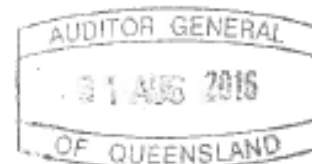
- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of the Queensland Police Service for the financial year 1 July 2015 to 30 June 2016 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.



A M GREAVES FCA FCPA
Auditor-General of Queensland



Queensland Audit Office
Brisbane