

Financial statements

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Queensland Police Service
Statement of comprehensive income
For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Income from continuing operations			
Appropriation revenue	3	2,124,542	2,035,312
User charges and fees	4	95,843	96,912
Grants and other contributions	5	241,913	258,224
Other revenue		6,138	6,558
Total revenue		2,468,435	2,397,005
Gains on disposal/remeasurement of assets		105	34
Total income from continuing operations		2,468,540	2,397,039
Expenses from continuing operations			
Employee expenses	6	1,943,715	1,835,533
Supplies and services	8	273,510	278,995
Grants and subsidies		4,767	4,856
Depreciation and amortisation	11-13	23,216	17,113
Impairment losses (gains)		(29)	(1,603)
Interest on lease liability		341	-
Other expenses	9	237,902	258,761
Total expenses from continuing operations		2,483,421	2,393,656
Operating result for the year		(14,881)	3,384
Other comprehensive income not reclassified subsequently to operating result			
Increase/(decrease) in asset revaluation surplus		106	(1)
Total other comprehensive income		106	(1)
Total comprehensive income		(14,775)	3,383

The accompanying notes form part of these statements.

Queensland Police Service
Statement of financial position
As at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Assets			
Current assets			
Cash		83,450	143,485
Receivables	10	57,604	75,775
Inventories		8,955	5,006
Prepayments		19,277	5,076
Total current assets		169,287	229,342
Non-current assets			
Intangible assets	11	25,636	22,710
Property, plant and equipment	12	35,363	38,429
Right-of-use assets	13	19,279	-
Total non-current assets		80,279	61,139
Total assets		249,565	290,481
Liabilities			
Current liabilities			
Payables	14	31,090	48,380
Accrued employee benefits	15	72,416	95,542
Lease liabilities	13	6,313	-
Other current liabilities	16	10,653	20,599
Total current liabilities		120,472	164,521
Non-current liabilities			
Lease liabilities	13	13,512	-
Total non-current liabilities		13,512	-
Total liabilities		133,984	164,521
Net assets		115,581	125,960
Equity			
Contributed equity		16,832	12,436
Accumulated surplus		97,954	112,835
Asset revaluation surplus		794	688
Total equity		115,581	125,960

The accompanying notes form part of these statements.

Queensland Police Service
Statement of changes in equity
For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Contributed equity			
Opening balance		12,436	9,311
Transactions with owners as owners:			
Appropriated equity adjustment	3	4,396	3,125
Closing balance		16,832	12,436
Accumulated surplus/(deficit)			
Opening balance		112,835	108,870
Operating result		(14,881)	3,384
Net effect of changes in accounting policies		-	580
Closing balance		97,954	112,835
Asset revaluation surplus			
Opening balance		688	689
Increase/(decrease) in asset revaluation surplus		106	(1)
Closing balance *		794	688
Total equity		115,581	125,960

* Asset revaluation surplus balance by class - Major plant and equipment \$0.793m (2019: \$0.687m) and Buildings \$0.001m (2019: \$0.001m).

The accompanying notes form part of these statements.

Queensland Police Service
Statement of cash flows
For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
Cash flows from operating activities		
<i>Inflows:</i>		
Service appropriation receipts	2,113,282	2,038,235
User charges and fees	107,667	146,522
Grants and other contributions	8,672	22,078
GST input tax credits from ATO	35,194	31,730
GST collected from customers	12,045	11,422
Other	6,138	6,558
<i>Outflows:</i>		
Employee expenses	(1,973,517)	(1,845,666)
Supplies and services	(294,690)	(268,199)
Grants and subsidies	(4,767)	(4,856)
GST paid to suppliers	(35,113)	(32,074)
GST remitted to ATO	(12,045)	(11,422)
Other	(4,643)	(23,207)
Net cash provided by/(used in) operating activities	(41,778)	71,119
Cash flows from investing activities		
<i>Inflows:</i>		
Sales of property, plant and equipment	143	49
<i>Outflows:</i>		
Payments for property, plant and equipment	(6,449)	(5,181)
Payments for right-of-use assets	(1,416)	-
Payments for intangibles	(10,103)	(3,776)
Net cash provided by/(used in) investing activities	(17,825)	(8,908)
Cash flows from financing activities		
<i>Inflows:</i>		
Equity injections	6,209	5,055
<i>Outflows:</i>		
Equity withdrawals	(1,930)	(1,930)
Finance lease payments	(4,712)	-
Net cash provided by/(used in) financing activities	(433)	3,125
Net increase/(decrease) in cash *	(60,035)	65,336
Cash at beginning of financial year	143,485	78,150
Cash at end of financial year	83,450	143,485

* The reduction in cash is mainly attributable to a government wide initiative to expedite vendor payments due to COVID-19, in conjunction with the timing of trade debtor and capital payments.

The accompanying notes form part of these statements.

Queensland Police Service
Notes to the statement of cash flows
For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
Reconciliation of operating result to net cash from operating activities		
Operating result	(14,881)	3,384
Non-cash items included in operating result:		
Depreciation and amortisation	23,216	17,113
Donations	20	(592)
Net gain/loss on sale of property, plant and equipment	(71)	98
Impairment losses (gains)	-	(1,540)
Interest expense	341	-
Change in assets and liabilities:		
Increase/(decrease) in accrued employee benefits	(23,126)	728
(Increase)/decrease in annual leave reimbursement receivable	7,639	(9,075)
(Increase)/decrease in GST receivable	81	(345)
(Increase)/decrease in inventories	(3,949)	693
(Increase)/decrease in long service leave reimbursement receivable	819	(1,786)
(Increase)/decrease in other receivables	78	250
(Increase)/decrease in other current assets	(14,201)	(1,640)
Increase/(decrease) in payables	(18,199)	11,610
(Increase)/decrease in trade receivables	9,582	49,103
Increase/(decrease) in unearned revenue	2,135	195
Increase/(decrease) in other current liabilities	(11,260)	2,923
Net cash from operating activities	(41,778)	71,119

Accounting Policy - Cash

Cash assets includes cash on hand and all cash and cheques receipted but not banked as at 30 Jun e.

The department has authorisation to operate in overdraft within a specified limit in accordance with the *Financial Accountability Act 2009*. On 2 February 2013, an overdraft facility was approved with a limit of \$70m. This facility remained fully undrawn at 30 June 2020 and is available for use in the next reporting period.

Reconciliation of liabilities arising from financing activities

Opening balance as at 1 July *	24,196	-
Non-cash changes:		
Interest	341	-
Cash flows:		
Lease liability repayments	(4,712)	-
Closing balance as at 30 June	19,825	-

* The opening balance on 1 July 2019 represents the initial recognition of the lease liability in accordance with AASB 16, where no restatement of prior year balances is required.

Queensland Police Service
Statement of comprehensive income by major departmental services
for the year ended 30 June 2020

	Crime and public order		Road safety		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income from continuing operations						
Appropriation revenue	1,727,178	1,654,637	397,364	380,675	2,124,542	2,035,312
User charges and fees	77,917	78,786	17,926	18,126	95,843	96,912
Grants and other contributions	196,667	209,927	45,246	48,297	241,913	258,224
Other revenue	4,990	5,331	1,148	1,227	6,138	6,558
Total revenue	2,006,751	1,948,681	461,684	448,324	2,468,435	2,397,005
Gain on sale/remeasurement of assets	85	28	20	6	105	34
Total income from continuing operations	2,006,837	1,948,709	461,703	448,330	2,468,540	2,397,039
Expenses from continuing operations						
Employee expenses	1,580,172	1,492,224	363,543	343,309	1,943,715	1,835,533
Supplies and services	222,354	226,813	51,156	52,182	273,510	278,995
Grants and subsidies	3,876	3,948	892	908	4,767	4,856
Depreciation and amortisation	18,874	13,913	4,342	3,201	23,216	17,113
Impairment losses (gains)	(24)	(1,303)	(5)	(300)	(29)	(1,603)
Finance costs	277	-	64	-	341	-
Other expenses	193,406	210,364	44,496	48,397	237,902	258,761
Total expenses from continuing operations	2,018,934	1,945,958	464,487	447,697	2,483,421	2,393,656
Operating result for the year	(12,097)	2,751	(2,783)	633	(14,881)	3,384
Other comprehensive income not reclassified subsequently to operating result						
Increase/(decrease) in asset revaluation surplus	86	(1)	20	-	106	(1)
Total other comprehensive income	86	(1)	20	-	106	(1)
Total comprehensive income	(12,011)	2,750	(2,763)	633	(14,775)	3,383

Accounting Policy - 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.

The expenses attributable to service delivery support includes information and technology costs, property and transport related operating and maintenance costs and cost of services received below fair value.

Queensland Police Service
Statement of assets and liabilities by major departmental services
as at 30 June 2020

	Crime and public order		Road safety		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Assets						
Current assets						
Cash and Cash equivalents	67,842	116,648	15,608	26,837	83,450	143,485
Receivables	46,830	61,602	10,774	14,173	57,604	75,775
Inventories	7,280	4,069	1,675	936	8,955	5,006
Prepayments	15,672	4,127	3,606	949	19,277	5,076
Total current assets	137,624	186,447	31,663	42,895	169,287	229,342
Non-current assets						
Intangible assets	20,841	18,462	4,795	4,248	25,636	22,710
Property, plant and equipment	28,749	31,241	6,614	7,188	35,363	38,429
Right-of-use assets	15,673	-	3,606	-	19,279	-
Total non-current assets	65,264	49,704	15,015	11,435	80,279	61,139
Total assets	202,888	236,151	46,677	54,330	249,565	290,481
Liabilities						
Current liabilities						
Payables	25,275	39,331	5,815	9,049	31,090	48,380
Accrued employee benefits	58,872	77,673	13,544	17,870	72,416	95,542
Lease liabilities	5,132	-	1,181	-	6,313	-
Other current liabilities	8,660	16,746	1,992	3,853	10,653	20,599
Total current liabilities	97,939	133,750	22,532	30,771	120,472	164,521
Non-current liabilities						
Lease liabilities	10,985	-	2,527	-	13,512	-
Total non-current liabilities	10,985	-	2,527	-	13,512	-
Total liabilities	108,925	133,750	25,060	30,771	133,984	164,521

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.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

1 Basis of financial statement preparation

(a) General information

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

The QPS is a not-for-profit entity and has no controlled entities.

(b) Statement of compliance

The department has prepared these financial statements in compliance with section 38 of the *Financial and Performance Management Standard 2019*.

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 beginning 1 July 2019 and other authoritative pronouncements.

(c) Taxation

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

(d) Basis of measurement

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

(e) 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 effect on the financial statements are outlined in the following financial statement notes:

- Valuation of property, plant and equipment - Note 12
- Depreciation - Note 12
- Amortisation - Note 11
- Services received below fair value - Notes 5 and 9.

(f) 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.

Comparative information has been restated where necessary to be consistent with disclosures in the current year reporting period. Where such restatements have occurred, they are not material to the financial statements.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

1 Basis of financial statement preparation (continued)

(g) Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 1058 - Income of Not-for-Profit Entities (effective 2021-22 for 'Peppercorn Leases')

AASB 1058 amends AASB 16 Leases so that the right-of-use assets arising from 'peppercorn leases' are measured at fair value (instead of cost under AASB 16 paragraphs 23-24). However, this has been amended by AASB 2018-8 which provides a temporary option for Not-for-profit lessees to not initially fair value a right of use asset arising from leases that have significantly below market terms when AASB 1058 and AASB 16 become effective for the 30 June 2019 year-end. The option relief is expected to remain in place until further guidance has been developed to assist Not-for-profit entities in fair valuing such right-of-use assets and the financial reporting requirements have been finalised. The department has elected to apply this temporary option, resulting in 'peppercorn leases' being measured at cost with no change to current financial reporting in the financial statements.

Other standards and interpretations

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the department or have no material impact.

(h) Accounting standards applied for the first time

AASB 1058 - Income of Not-for-profit Entities and AASB 15 - Revenue from Contracts with Customers

The department applied AASB 1058 and AASB 15 for the first time in 2019-20. The department does not have any revenue contracts with a material impact as at 30 June.

AASB 16 - Leases

The department applied AASB 16 for the first time in 2019-20. Under this standard, lessees are required to recognise a right-of-use asset representing the rights to use the underlying leased asset and a liability representing the obligation to make lease payments for all non-cancellable leases with a term of more than 12 months, unless the underlying asset is of low value. The department applied the modified retrospective transition method and comparative information for 2018-19 has not been restated and continues to be reported under AASB 117.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee.

In accordance with Queensland Treasury's policy, the department has not restated comparative information to recognise existing operating leases. Instead, the department will measure the new lease liability at 1 July 2019 by discounting the remaining lease payments by the QTC fixed borrowing rate.

Operating leases held with the Department of Housing and Public Works (DHPW) for non-specialised, commercial office accommodation through the Queensland Government Accommodation Office (QGAO) and residential accommodation through the Government Employee Housing (GEH) program are exempt from lease accounting under AASB 16. This is due to DHPW having substantive substitution rights over the non-specialised, commercial office accommodation and residential premises assets used within these arrangements. Costs for these services continue to be expensed as supplies and services when incurred.

Reconciliation of operating lease commitments at 30 June 2019 to lease liabilities at 1 July 2019

	\$'000
Total undiscounted operating lease commitments at 30 June 2019 - Note 13	111,505
- less internal-to-government arrangements that are no longer leases	(108,146)
Total undiscounted operating lease commitments at 30 June 2019 for AASB 16 leases	3,359
- discounted AASB 16 leases using the incremental borrowing rate at 1 July 2019 (1.56%)	(1,127)
- add adjustments due to reassessments of lease terms	5,409
- add other adjustments	16,556
Lease liabilities at 1 July 2019	24,196

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

2 Objectives and principal activities of the department

The role of the QPS is to provide timely, high quality and efficient policing services, in collaboration with community, government and non-government partners, to make Queensland safer. The department's vision is to deliver safe and secure communities through innovation, collaboration and best practice.

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

Road Safety

Activities to enforce traffic law and reduce road trauma through targeting the prevention and detection of speeding, red light offences, driving while distracted, 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.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
3 Appropriation revenue		
Reconciliation of payments from Consolidated Fund to appropriation revenue recognised in Statement of comprehensive income		
Budgeted appropriation revenue	2,094,143	1,989,981
Transfers from/(to) other headings	4,262	950
Unforeseen expenditure	14,877	28,444
Total appropriation receipts (cash)	2,113,282	2,019,375
Less: Closing balance of deferred appropriation payable to Consolidated Fund	(7,600)	(18,860)
Plus: Opening balance of deferred appropriation payable to Consolidated Fund	18,860	15,937
Net appropriation revenue	2,124,542	2,016,452
Plus: Deferred appropriation refundable to Consolidated Fund (expense)	-	18,860
Appropriation revenue recognised in Statement of comprehensive income	2,124,542	2,035,312
Reconciliation of payments from Consolidated Fund to equity adjustment recognised in contributed equity		
Budgeted equity adjustment appropriation	8,541	4,285
Transfers from/(to) other headings	(4,262)	(950)
Equity adjustment receipts (payments)	4,279	3,335
Plus: Opening balance of equity adjustment payable	511	301
Less: Closing balance of equity adjustment payable	(394)	(511)
Equity adjustment recognised in contributed equity	4,396	3,125

Accounting Policy - Appropriation revenue

Appropriations provided under the *Appropriations Act 2019* are recognised as revenue when received or receivable. Where approved, appropriation revenue is recorded as a receivable if the approved amounts are not received at the end of the reporting period.

4 User charges and fees

Special services	32,557	39,833
Incident reporting	1,327	1,344
Criminal history checks	12,209	11,736
Security services	49,750	43,998
Total	95,843	96,912

Accounting Policy - User charges and fees

User charges and fees are recognised as revenues when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This occurs upon delivery of the goods to the customer or completion of the requested services at which time the invoice is raised. Accrued revenue is recognised if the revenue has been earned but not yet invoiced.

5 Grants and other contributions

Grants and contributions	8,356	21,570
Services received below fair value *	233,557	236,654
Total	241,913	258,224

* 2019-20 includes \$214.156m (2018-19: \$216.389m) of services received below fair value that represent costs for services incurred by the Public Safety Business Agency (PSBA) provided to the QPS. This amount is calculated using a cost attribution model that attributes the costs of services provided by the PSBA to its client agencies. The services provided includes information and communication services, financial and procurement services, fleet services, property and facilities management, Queensland Government air services, human resource services and other corporate services. The cost of services provided are materially represented at fair value.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

5 Grants and other contributions (continued)

Accounting Policy - Grants and contributions

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the agency to transfer goods or services to a third-party on the grantor's behalf, the transaction is accounted for under *AASB 15 Revenue from Contracts with Customers*. In this case, revenue is initially deferred and recognised as or when the performance obligations are satisfied. Otherwise, the grant is accounted for under *AASB 1058 Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding.

Accounting Policy - Services received free of charge, below fair value 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.

A number of corporate service functions within the department were transferred to the PSBA on 1 July 2014. The department has continued to receive these services at below fair value from the PSBA since that date.

6 Employee expenses

Employee benefits

	2020	2019
	\$'000	\$'000
Wages and salaries *	1,456,903	1,370,070
Employer superannuation contributions	220,265	209,674
Long service leave levy	37,947	32,141
Annual leave levy	180,098	173,207
Other employee benefits	6,990	11,188

Employee related expenses

Workers' compensation premium	41,512	39,252
Total	1,943,715	1,835,533

* Wages and salaries includes \$3.629m of \$1,250 one-off, pro-rata payments for 2,903 full-time equivalent employees (announced by the State Government in September 2019).

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

Full-Time equivalent employees (number)	15,580	15,272
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Accounting Policy - Employee expenses

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 the 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) and Long Service Leave Central Scheme. A levy is payable to cover the cost of employees' 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 and long service leave are claimed from the scheme quarterly in arrears.

Superannuation

Post-employment benefits for superannuation are provided through defined contribution (accumulation) plans or the Queensland Government's Qsuper defined benefit plan as determined by the employee's conditions of employment.

Defined contribution plans - Contributions are made to eligible complying superannuation funds based on the rates specified in the relevant Enterprise Bargaining Agreement (EBA) or other conditions of employment. Contributions are expensed when they are paid or become payable following completion of the employee's service each pay period.

Defined benefit plan - 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*. The amount of contributions for defined benefit plan obligations is based upon the rates determined on the advice of the State Actuary. Contributions are paid by the department at the specified rate following completion of the employee's service each pay period. The department's obligations are limited to those contributions paid.

Workers' compensation premium

The department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not counted in an employee's total remuneration package.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

7 Key Management Personnel disclosures

(a) Details of Key Management Personnel (KMP)

The department's responsible Minister is identified as part of the department's KMP, consistent with additional guidance included in the revised version of *AASB 124 Related Party Disclosures*. That Minister is the Minister for Police and Minister for Corrective Services.

The following details for non-Ministerial KMP personnel, being the members of the QPS Board of Management are those departmental positions that had authority and responsibility for planning, directing and controlling the activities of the department during 2019-20. Further information on these positions can be found in the body of the Annual Report under the section relating to Executive Management.

Position	Position Responsibility
Commissioner	Responsible for the overall efficient and proper administration, management and functioning of the department
Deputy Commissioner - Southern Queensland	Responsible for providing the strategic direction, leadership, overview and review of the delivery of policing services across the southern region
Deputy Commissioner - Regional Queensland	Responsible for providing the strategic direction, leadership, overview and review of the delivery of policing services across the statewide regions
Deputy Commissioner - Crime, Counter Terrorism and Specialist Operations	Responsible for the provision of specialist police services within the department
Deputy Commissioner - Strategy and Corporate Services	Responsible for the provision of strategy and corporate services within the department

There were two independent external members appointed to the QPS Board of Management during 2019-20. For 2019-20 one external member received \$4,000 (2018-19: \$11,700) in remuneration and one member was remunerated by the Department of Transport and Main Roads. There were no other on-costs.

(b) Remuneration policies

Ministerial remuneration entitlements are outlined in the Legislative Assembly of Queensland's Members' Remuneration Handbook. The department does not bear any cost of remuneration of Ministers. The majority of Ministerial entitlements are paid by the Legislative Assembly, with the remaining entitlements being provided by Ministerial Services Branch within the Department of the Premier and Cabinet. As all Ministers are reported as KMP of the Queensland Government, aggregate remuneration expenses for all Ministers is disclosed in the Queensland General Government and Whole of Government Consolidated Financial Statements, which are published as part of Queensland Treasury's Report on State Finances.

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

Remuneration expenses for KMP 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 KMP; and
 - non-monetary benefits - may include provision of a motor vehicle and fringe benefits tax applicable to benefits.
- Long term employee benefits include amounts expensed in respect of long service leave entitlements earned.
- Post employment benefits include amounts expensed in respect of employer superannuation obligations.
- Termination benefits include payments in lieu of notice on termination and other lump sum separation entitlements (excluding annual and long service leave entitlements) payable on termination of employment or acceptance of an offer of termination of employment.

No KMP remuneration packages provide for performance or bonus payments.

Queensland Police Service
Notes to the financial statements
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7 Key Management Personnel disclosures (continued)

(c) Remuneration expenses

1 July 2019 – 30 June 2020

Position	Short Term Employee Expenses		Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
	Commissioner (Separated 07/07/2019)	25				
Commissioner (Appointed 08/07/2019)	443	3	10	60	-	517
Deputy Commissioner - Southern Queensland (Appointed 09/03/2020)	87	2	2	9	-	101
Deputy Commissioner - Regional Queensland (Appointed 09/03/2020)	87	2	2	8	-	98
Deputy Commissioner - Crime, Counter Terrorism and Specialist Operations (Appointed 09/03/2020)	87	2	2	13	-	105
Deputy Commissioner - Strategy and Corporate Services (Appointed 09/03/2020)	87	-	2	9	-	99
Deputy Commissioner - Strategy, Policy and Performance (Acting 12/08/2019 - 08/03/2020)	169	-	4	18	-	190
Deputy Commissioner - Specialist Operations (Acting 12/08/2019 - 08/03/2020)	161	-	4	27	-	192
Deputy Commissioner - Regional Operations (Acting 19/08/2019 - 20/12/2019)	94	9	2	13	-	117

During 2019-20, the department has transitioned from three to a four Deputy Commissioner model. This new model comprises a Deputy Commissioner for Regional Queensland, Southern Queensland, Crime Counter Terrorism and Specialist Operations and Strategy and Corporate Services.

1 July 2018 – 30 June 2019

Position	Short Term Employee Expenses		Long Term Employee Expenses \$'000	Post Employment Expenses \$'000	Termination Benefits \$'000	Total Expenses \$'000
	Monetary Expenses \$'000	Non-Monetary Benefits \$'000				
	Commissioner	511				
Deputy Commissioner - Strategy, Policy & Performance (Appointed 22/12/2017)	291	18	6	46	-	362
Deputy Commissioner - Specialist Operations (Appointed 01/07/2018)	302	-	6	45	-	354
Deputy Commissioner - Regional Operations (Resigned 22/05/2019)	282	-	6	42	-	330
Deputy Commissioner - Regional Operations (Acting 20/05/2019 - 30/06/2019)	27	-	1	4	-	32

(d) Related party transactions with people/entities related to KMP

There were no material related party transactions associated with the department's KMP during 2019-20 (2018-19: nil).

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
8 Supplies and services		
Contractors	11,172	9,526
Materials	46,294	47,393
Repairs and maintenance	42,536	39,035
Transfer costs	7,708	7,632
Travel	17,520	19,600
Communications	27,883	26,605
Accommodation and public utilities	16,752	17,445
Minor Equipment Purchases	5,257	6,143
Operating lease rentals	22,561	23,627
Crimtrac search fees	8,080	7,683
Aircraft Hire	-	4,822
Outsourced works	29,536	21,101
Computing Facilities Management	1,449	1,456
Postage	2,038	2,248
Management fees	19,778	20,379
Other	14,945	24,300
Total	273,510	278,995

Accounting Policy - Operating lease rentals

Operating lease payments are representative of the pattern of benefits derived for the leased assets and are expensed in the periods in which they are incurred. Material incentives received on entering into an operating lease are recognised as liabilities.

9 Other expenses

Audit fees *	235	249
Insurance premiums-QGIF	4,278	4,015
Insurance premiums-other	74	76
Services received below fair value **	233,315	235,561
Departmental services appropriation	-	18,860
Total	237,902	258,761

* Total audit fees quoted by the Queensland Audit Office for the 2019-20 financial statements are estimated to be \$282,000 (2018-19: \$275,000).

** Included in the 2019-20 Services received below fair value figure is \$214.156m (2018-19: \$216.389m) representing corporate services provided by the PSBA to the QPS (refer Note 5).

Accounting Policy - Insurance

The majority of the department's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF) with premiums being paid on a risk assessment basis. For litigation purposes, under the QGIF policy, the department would be able to claim back, less a \$10,000 deductible, the amount paid to successful litigants. The department privately insures its Air-wing pilots.

The department has no contingent liabilities which would have a material impact on the information disclosed in the 2019-20 financial statements.

Accounting Policy - Services received free of charge, below fair value 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 a revenue and an expense in the Statement of comprehensive income.

A number of corporate service functions within the department were transferred to the PSBA on 1 July 2014. The department has continued to receive these services at below fair value from the PSBA since that date.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
10 Receivables		
Current		
Trade debtors	15,970	25,552
Less: Allowance for impairment loss	(46)	(76)
	<u>15,923</u>	<u>25,476</u>
GST receivable	2,616	2,697
	<u>2,616</u>	<u>2,697</u>
Annual leave reimbursements	32,286	39,925
Long service leave reimbursements	6,170	6,989
Loans and advances	4	52
Other	605	635
	<u>39,065</u>	<u>47,602</u>
Total	<u>57,604</u>	<u>75,775</u>

Accounting Policy - 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 the invoice date.

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

Accounting Policy - Impairment of receivables

The department has calculated the allowance for impairment based on *AASB 9 Financial Instruments* and has used historical data to calculate historical loss rates and the lifetime expected credit losses which provides the basis for the calculation for the allowance for impairment loss. The allowance for impairment reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information. Economic changes impacting the department's debtors and relevant industry data also form part of the department's impairment assessment.

Where the department determines that an amount owing by a debtor becomes uncollectible (after the appropriate debt recovery actions have occurred), the debt is written-off by directly reducing the receivable against the loss allowance. Where the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

Accounting Policy - Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets.

The department uses a provision matrix to measure the expected credit losses on trade and other debtors. The calculations reflect historical observed default rates calculated using credit losses experienced on past transactions during the last 5 years preceding 30 June 2020. The historical default rates are then adjusted by reasonable and supportable forward-looking information for expected changes in macroeconomic indicators that affect the future recovery of those receivables. For the department, a change in the CPI rate is determined to be the most relevant forward-looking indicator for trade and other debtors. The historical default rates are adjusted based on expected changes to that indicator.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

11 Intangible assets

	Software purchased	Software internally generated	Software work in progress	Total
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Gross value	2,220	58,297	10,291	70,808
Less: Accumulated amortisation	(1,656)	(43,515)	-	(45,172)
	563	14,782	10,291	25,636
Reconciliation				
Opening balance	560	20,074	2,076	22,710
Acquisitions	152	838	9,114	10,104
Transfers between classes	-	899	(899)	-
Amortisation	(148)	(7,029)	-	(7,177)
Closing balance	563	14,782	10,291	25,636

	Software purchased	Software internally generated	Software work in progress	Total
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Gross value	2,068	56,560	2,076	60,705
Less: Accumulated amortisation	(1,508)	(36,487)	-	(37,995)
	560	20,074	2,076	22,710
Reconciliation				
Opening balance	701	25,157	299	26,157
Acquisitions	-	320	2,872	3,192
Transfers between classes	-	1,679	(1,094)	584
Amortisation	(141)	(7,082)	-	(7,223)
Closing balance	560	20,074	2,076	22,710

Accounting Policy - Recognition thresholds for intangible assets

Intangible assets with a cost or other value equal to or in excess of \$100,000 are capitalised for financial reporting purposes in the year of acquisition. Items purchased or acquired for a lesser value are expensed in the year of acquisition. Any training costs are expensed as incurred.

Accounting Policy - Amortisation of intangible assets

All intangible assets are amortised on a straight line basis over their estimated useful life against an 8% - 20% amortisation rate.

Accounting Policy - Impairment of intangible assets

All intangible assets are assessed for indicators of impairment on an annual basis in accordance with *AASB 136 Impairment of Assets*. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

12 Property, plant and equipment

	Buildings	Heritage and cultural	Plant and equipment	Major plant and equipment	Work in progress	Total
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Gross value	47	1,643	100,568	1,066	1,122	104,446
Less: Accumulated depreciation	(2)	(25)	(69,008)	(47)	-	(69,083)
	45	1,617	31,560	1,019	1,122	35,363
Reconciliation						
Opening balance	45	1,601	35,650	1,125	8	38,429
Acquisitions	-	-	5,324	-	1,115	6,439
Donations made	-	-	(46)	-	-	(46)
Donations received	-	-	340	-	-	340
Revaluation increments/(decrements)	-	-	-	106	-	106
Transfers between classes	-	32	(95)	(63)	-	(127)
Disposals	-	-	(72)	-	-	(72)
Depreciation	(1)	(16)	(9,541)	(148)	-	(9,706)
Closing balance	45	1,617	31,560	1,019	1,122	35,363

	Buildings	Heritage and cultural	Plant and equipment	Major plant and equipment	Work in progress	Total
	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000
Gross value	47	1,610	97,255	1,327	8	100,247
Less: Accumulated depreciation	(1)	(9)	(61,605)	(203)	-	(61,818)
	45	1,601	35,650	1,125	8	38,429
Reconciliation						
Opening balance	25	-	40,387	1,272	1,324	43,008
Acquisitions	20	-	3,641	-	1,774	5,434
Donations received	-	-	609	-	-	609
Revaluation increments/(decrements)	1	-	-	(2)	-	(1)
Transfers between classes	-	1,610	895	-	(3,090)	(584)
Disposals	-	-	(147)	-	-	(147)
Depreciation	(1)	(9)	(9,735)	(146)	-	(9,890)
Closing balance	45	1,601	35,650	1,125	8	38,429

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

12 Property, plant and equipment (continued)

Accounting Policy - Ownership and acquisitions of assets

The PSBA was established on 1 November 2013 to provide corporate and business services to the QPS and other public safety entities. These services includes the ownership and management of assets on behalf of the QPS such as land, buildings, fleet assets, information, software and communications assets and aircraft (except one aircraft that has remained on the QPS asset register). Aircraft are classified as major plant and equipment in both PSBA and QPS asset registers.

The current net book value (NBV) of property, plant and equipment and intangibles (refer Note 11) owned and managed on behalf of the QPS and recognised in the PSBA asset register is as follows:

Class	NBV (\$'000)
Land	461,848
Buildings	963,411
Infrastructure	7,460
Heritage and cultural assets	24,245
Work in progress	72,232
Plant and equipment	151,548
Software - internally generated	46
Software work in progress	432

The balances disclosed above will transfer to the department as at 1 July 2020 - Refer to Note 22 for further details.

Historical cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Historical 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.

Accounting Policy - Recognition thresholds for property, plant and equipment

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:

Class	Threshold (\$)
Buildings	10,000
Plant and equipment	5,000
Major plant and equipment	5,000

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

Accounting Policy - Componentisation of complex assets

Complex assets comprise separately identifiable components (or groups of components) of significant value, that require replacement at regular intervals and at different times to other components comprising the complex asset.

On initial recognition the asset recognition thresholds outlined above apply to the complex asset as a single item. Where the complex asset qualifies for recognition, components are then separately recorded when their value is significant relative to the total cost of the complex asset.

When a separately identifiable component (or groups of components) of significant value is replaced, the existing component(s) is derecognised. The replacement component(s) are capitalised when it is probable that future economic benefits from the significant component will flow to the department in conjunction with the other components comprising the complex asset and the cost exceeds the asset recognition thresholds specified above. Replacement components that do not meet the asset recognition thresholds for capitalisation are expensed.

Components are valued on the same basis as the asset class to which they relate.

The department has one aircraft which is categorised as a complex asset.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

12 Property, plant and equipment (continued)

Accounting Policy - Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less any estimated residual value, progressively over its estimated useful life to the department.

Assets under construction (work-in-progress) are not depreciated until construction is complete and the asset is put to use or is ready for its intended use, whichever is the earlier. 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	Depreciation rate (%)
Buildings	2
Plant and equipment	3 to 50
Major plant and equipment	3 to 10

Accounting Policy - Revaluations of property, plant and equipment

Major plant and equipment assets (aircraft) are independently revalued on an annual basis by an independent professional valuer. The fair values reported are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

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

Revaluation methodology

Major plant and equipment

Major plant and equipment was independently revalued by the Australis Asset Advisory Group as at 31 March 2020. The fair value as at 30 June 2020 is materially the same as the valuation completed as at 31 March 2020.

Level 2 significant valuation inputs and relationship to fair value

Major plant and equipment including aircraft are categorised as Level 2 and 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 useful life on all major components.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

13 Right-of-use assets and lease liabilities

Right-of-use assets

	Buildings	Major plant and equipment	Total
	2020 \$'000	2020 \$'000	2020 \$'000
Gross value	9,470	16,142	25,612
Less: Accumulated amortisation	(962)	(5,371)	(6,332)
	8,509	10,771	19,279
Reconciliation			
Opening balance	8,054	16,142	24,196
Acquisitions	1,416	-	1,416
Amortisation	(962)	(5,371)	(6,332)
Closing balance	8,509	10,771	19,279
		2020 \$'000	2019 \$'000
Lease liabilities			
Current			
Lease liabilities		6,313	-
Non-current			
Lease liabilities		13,512	-
Total		19,825	-

A new accounting standard *AASB 16 Leases* came into effect in 2019-20, resulting in changes to the department's accounting for leases for which it is lessee. No restatement of prior year balances is required.

Accounting Policy - Recognition of right-of-use assets

Right-of-use assets with a lease term greater than 12 months and with a value equal to or in excess of \$10,000 are capitalised. Items for a short term period less than 12 months or for a lesser value are expensed.

The right-of-use asset will initially be recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee.

Right-of-use assets are recognised and carried at their cost less accumulated depreciation and any accumulated impairment losses, adjusted for any re-measurement of the lease liability in certain circumstances.

Accounting Policy - Amortisation of right-of-use assets

The lessee shall amortise the right-of-use asset from the commencement date to the end of the lease term.

Accounting Policy - Impairment of right-of-use assets

All right-of-use assets are assessed for indicators of impairment. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Accounting Policy - Lease liability

Lease liabilities are initially recognised at the present value of lease payments over the lease term that are not yet paid. Lease payments include fixed payments, variable lease payments that depend on an index or rate, option payments (if reasonably certain) and expected residual value guarantees. The present value of lease payments are discounted using the Queensland Treasury Corporation (QTC) fixed rate applicable to the term of the lease. Subsequently, the lease liabilities are increased by the interest charge and reduced by the amount of lease payments.

Disclosures - Leases as lessee

(i) Details of leasing arrangements as lessee

Major plant and equipment	The department has entered into a 8-year lease with Surf Life Saving Queensland for two helicopters.
Buildings	The department routinely enters into leases for buildings and office accommodation. Some of these leases are short-term leases or leases of low value assets. Lease terms for buildings and office space that are recognised on balance sheet can range from 3 to 25 years. A number of leases have renewal or extension options. The options are generally exercisable at market prices and are not included in the right-of-use asset or lease liability unless the department is reasonably certain it will renew the lease.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

	2020	2019
	\$'000	\$'000
13 Right-of-use assets and lease liabilities (continued)		
<u>Disclosures - Leases as lessee (continued)</u>		
(ii) Amounts recognised in profit and loss		
Interest expense on lease liabilities	341	-
Breakdown of 'Lease expenses' included in Note 8		
- Expenses relating to AASB 16 leases	2,129	-
- Expenses relating to short term leases	95	-
- Expenses relating to leases of low value assets	93	-
- Expenses relating to office accommodation provided by DHPW	19,760	-
(iii) Total cash outflow for leases - Note 8	22,077	-

2018-19 disclosures under AASB 117

Operating lease commitments at 30 June 2019

Not later than one year	16,649
Later than one year and not later than five years	58,830
Later than five years	36,026
Total	111,505

14 Payables

Current

Trade creditors	29,057	46,616
Equity Adjustment Payable	394	511
Other	1,640	1,253
Total	31,090	48,380

Accounting Policy - 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. From 25 March 2020, all payment terms for trade creditors were set to immediate for the remainder of 2019-20.

15 Accrued employee benefits

Current

Annual leave levy payable	39,694	37,755
Long service leave levy payable	9,893	7,930
Salaries and wages outstanding	21,515	38,060
Accrued allowances	1,294	11,797
Other	21	1
Total	72,416	95,542

Accounting Policy - Accrued employee benefits

No provision for annual leave or long service leave is recognised in the department's financial statements as the liability 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*.

16 Other current liabilities

Current

Unearned revenue general	2,374	239
Departmental services appropriation	7,600	18,860
Provision for claims	679	1,500
Total	10,653	20,599

17 Related party transactions with other Queensland Government-controlled entities

The department's primary ongoing sources of funding from Government for its services are appropriation revenue and equity injections, both which are provided in cash via Queensland Treasury.

The department has received below fair value services as disclosed in Notes 5 and 9 which includes \$16.352m for 2019-20 (2018-19: \$16.109m) for the Government Wireless Network (GWN) managed by the Department of Housing and Public Works.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

18 Commitments

Capital expenditure commitments

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

	Notes	2020 \$'000	2019 \$'000
Class of asset			
Plant and equipment		507	71
Work in progress		1,922	-
Intangibles		74	726
Total		2,503	797
		<hr/>	<hr/>
Not later than one year		2,503	797
Total		2,503	797

19 Financial instruments

Financial instrument categories

The department has the following categories of financial assets and financial liabilities:

Financial assets

Cash		83,450	143,485
Receivables at amortised cost:			
Receivables	10	57,604	75,775
Total		141,055	219,261

Financial liabilities

Financial liabilities at amortised cost:			
Payables	14	31,090	48,380
Total		31,090	48,380

No financial assets or financial liabilities have been offset and presented net in the Statement of financial position.

Accounting Policy - 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.

The department has not entered into transactions for speculative or hedging purposes in 2019-20. The department holds no financial assets classified at fair value through the profit or loss.

Queensland Police Service
Notes to the financial statements
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19 Financial instruments (continued)

Financial risk management

(a) Risk exposure

Financial risk management is implemented pursuant to Government and QPS policies. 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 department 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 (refer Note 10).
Liquidity risk	Liquidity risk refers to the situation where the department 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 (refer 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 is exposed to risk through future acquisitions in foreign currency including aircraft. The department is exposed to interest rate risk through its leases and cash deposited in interest bearing accounts.

(b) Risk measurement and management strategies

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

Risk exposure	Measurement method	Risk management strategies
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 department 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.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

19 Financial instruments (continued)

(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	2020 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	14	31,090	-	-	31,090
Lease liabilities	13	6,313	9,629	3,883	19,825
Total		37,403	9,629	3,883	50,915

Financial liabilities	Note	2019 Payable in			
		<1 year \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
Payables	14	48,380	-	-	48,380
Total		48,380	-	-	48,380

	2020 \$'000	2019 \$'000
20 Schedule of administered items		
Administered revenues		
Appropriation revenue	739	734
Taxes, fees and fines	12,548	14,163
Other	336	219
Total	13,624	15,116
Administered expenses		
Grants and subsidies	739	734
Transfers of Administered Income to Government *	12,885	14,382
Total	13,624	15,116
Administered assets		
<i>Current</i>		
Cash	1,899	1,232
Receivables	(3)	(12)
Total current assets	1,896	1,220
Administered liabilities		
<i>Current</i>		
Unclaimed Monies to Remit to Treasury	1,283	665
Payable to Government	614	552
Other	-	3
Total current liabilities	1,896	1,220

* The department periodically transfers to the Queensland Government the amount of all cash collected in respect of Administered revenue.

Queensland Police Service
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20 Schedule of administered items (continued)

The responsibility for the administration of the grant funding for the Prostitution Licensing Authority (PLA) was transferred from the Department of Justice and Attorney-General (DJAG) to QPS from 1 January 2018 as set out in Administrative Arrangements Order (No. 4) 2017.

Accounting Policy - 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 not significant in comparison to the department's overall financial performance/financial position.

Accounting policies applicable to administered items are consistent with the equivalent policies for controlled items, unless otherwise stated.

21 Trust transactions and balances

	2020	2019
	\$'000	\$'000
Trust assets		
<i>Current</i>		
Cash	31,014	23,997
Total current assets	31,014	23,997
Trust liabilities		
<i>Current</i>		
Payables	31,014	23,997
Total current liabilities	31,014	23,997

The Queensland Audit Office has performed an audit of the department's trust transactions for 2019-20.

Accounting Policy - Trust transactions and balances

The department undertakes certain trustee transactions and maintains related balances on behalf of various parties (e.g. exhibits or funds seized from alleged illicit activities, held pending determination by a court as well as unclaimed and returned QPS cheques).

As the department performs only a custodial role in respect of these transactions and balances, they are not recognised in the department's financial statements but are disclosed in these notes for the information of users.

22 Significant financial impacts from COVID-19

During the 2019-20 financial year \$22.3m has been recognised by the department in response to COVID-19 relating to expenses for overtime, allowances, protective equipment and annual leave (refer to Note 6).

23 Events occurring after balance date

PSBA will transfer \$1,681m in land, buildings, plant and equipment and intangible assets to QPS on 1 July 2020 as a result of a shift in asset accounting management and policy, which will impact the reporting of operational assets under AASB 116 - Property, Plant & Equipment from this date. This transfer was endorsed by the Queensland Treasurer on 13 June 2020. Capital commitments totalling \$58.127m comprising of buildings, plant and equipment will also be transferred over from PSBA to QPS as at 1 July 2020.

The State Government has provided a commitment in direct recognition of the work undertaken by police during the COVID-19 period for an additional 2 weeks leave (additional 1 week leave for Commissioned Officers) that must be used by 30 June 2022 (2 years) and a one off payment of \$1,250 to Sworn Officers (paid in July 2020) totalling \$14.984m.

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

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

24 Budgetary reporting

Statement of comprehensive income	Variance note	Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Income from continuing operations				
Appropriation revenue	24(a)	2,094,143	2,124,542	30,399
User charges and fees	24(b)	83,561	95,843	12,282
Grants and other contributions	24(c)	247,576	241,913	(5,663)
Other revenue	24(d)	2,756	6,138	3,382
Total revenue		2,428,036	2,468,435	40,399
Gains on disposal/remeasurement of assets		-	105	105
Total income from continuing operations		2,428,036	2,468,540	40,504
Expenses from continuing operations				
Employee expenses	24(e)	1,876,662	1,943,715	67,053
Supplies and services		277,428	273,510	(3,918)
Grants and subsidies		4,015	4,767	752
Depreciation and amortisation		21,913	23,216	1,303
Impairment losses (gains)		-	(29)	(29)
Finance costs		505	341	(164)
Other expenses	24(f)	247,513	237,902	(9,611)
Total expenses from continuing operations		2,428,036	2,483,421	55,385
Operating result for the year	24(g)	-	(14,881)	(14,881)
Total other comprehensive income		-	106	106
Total comprehensive income		-	(14,775)	(14,775)

Explanation of major variances

- 24(a) Appropriation revenue variance is mainly due to funding deferred for various projects from 2018-19 into 2019-20 (\$13.2m), additional funding for the QPS Enterprise Bargaining Certified Agreement 2019 (\$20.4m) and the public sector employees \$1,250 one-off payment (\$3.8m).
- 24(b) User charges and fees variance is mainly due to revenue from Protective Services (\$4.1m) and Criminal History Checks (\$1.6m) being higher than anticipated.
- 24(c) Grants and other contributions variance is mainly due to services received below fair value from PSBA being lower than anticipated (\$8.0m).
- 24(d) Other revenue variance is mainly due to general recoveries (\$1.0m) and FBT employee contributions relating to police officer accommodation (\$1.2m) being higher than anticipated.
- 24(e) Employee expenses variance is mainly due to additional expenses for the QPS Enterprise Bargaining Certified Agreement 2019 (\$20.4m), the public sector employees \$1,250 one-off payment (\$3.8m), and COVID-19 related direct expenses for overtime, allowances, protective equipment and annual leave impacts (\$22.3m).
- 24(f) Other expenses variance is mainly due to services received below fair value from PSBA being lower than anticipated (\$8.0m).
- 24(g) The operating deficit in 2019-20 is mainly due to COVID-19 related direct expenses for overtime, allowances, protective equipment and annual leave impacts.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

24 Budgetary reporting (continued)

Statement of financial position	Variance note	Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Assets				
Current assets				
Cash		66,281	83,450	17,169
Receivables	24(h)	107,511	57,604	(49,907)
Inventories		5,699	8,955	3,256
Other current assets		3,436	19,277	15,841
Total current assets		182,927	169,287	(13,640)
Non-current assets				
Intangible assets		18,055	25,636	7,581
Property, plant and equipment	24(i)	73,923	35,363	(38,560)
Right-of-use assets		-	19,279	19,279
Total non-current assets		91,978	80,279	(11,699)
Total assets		274,905	249,565	(25,340)
Liabilities				
Current liabilities				
Payables		32,461	31,090	(1,371)
Accrued employee benefits	24(j)	94,813	72,416	(22,397)
Lease liabilities		5,337	6,313	976
Other current liabilities		1,577	10,653	9,076
Total current liabilities		134,188	120,472	(13,716)
Non-current liabilities				
Lease liabilities		9,668	13,512	3,844
Total non-current liabilities		9,668	13,512	3,844
Total liabilities		143,856	133,984	(9,872)
Net assets		131,049	115,581	(15,468)
Total equity		131,049	115,581	(15,468)

Explanation of major variances

24(h) Receivables variance is mainly due to the timing of receipts.

24(i) Property, plant and equipment variance is mainly due to planned acquisitions that will be carried over to 2020-21.

24(j) Accrued employee benefits variance is mainly due to timing of payments for salaries and wages and related costs.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

24 Budgetary reporting (continued)

Statement of cash flows	Variance note	Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Cash flows from operating activities				
<i>Inflows:</i>				
Service appropriation receipts	24(k)	2,094,143	2,113,282	19,139
User charges and fees	24(l)	92,547	107,667	15,120
Grants and other contributions		5,140	8,672	3,532
GST input tax credits from ATO		-	35,194	35,194
GST collected from customers		-	12,045	12,045
Other		31,202	6,138	(25,064)
<i>Outflows:</i>				
Employee expenses	24(m)	(1,876,662)	(1,973,517)	(96,855)
Supplies and services		(305,874)	(294,690)	11,184
Grants and subsidies		(4,015)	(4,767)	(752)
GST paid to suppliers		-	(35,113)	(35,113)
GST remitted to ATO		-	(12,045)	(12,045)
Finance costs		(85)	-	85
Other		(14,063)	(4,643)	9,420
Net cash provided by/(used in) operating activities		22,333	(41,778)	(64,111)
Cash flows from investing activities				
<i>Inflows:</i>				
Sales of property, plant and equipment		-	143	143
<i>Outflows:</i>				
Payments for property, plant and equipment	24(n)	(24,646)	(6,449)	18,197
Payments for right-of-use assets		-	(1,416)	(1,416)
Payments for intangibles		-	(10,103)	(10,103)
Net cash provided by/(used in) investing activities		(24,646)	(17,825)	6,821
Cash flows from financing activities				
<i>Inflows:</i>				
Equity injections		10,471	6,209	(4,262)
<i>Outflows:</i>				
Equity withdrawals		(1,930)	(1,930)	-
Finance lease payments		(5,760)	(4,712)	1,048
Net cash provided by/(used in) financing activities		2,781	(433)	(3,214)
Net increase/(decrease) in cash		468	(60,035)	(60,503)
Cash at beginning of financial year		65,813	143,485	77,672
Cash at end of financial year		66,281	83,450	17,169

Explanation of major variances

- 24(k) Service appropriation receipts variance is mainly due to additional funding for the QPS Enterprise Bargaining Certified Agreement 2019 and the public sector employees \$1,250 one-off payment.
- 24(l) User charges and fees variance is mainly due to revenue from Protective Services and Criminal History Checks being higher than anticipated.
- 24(m) Employee expenses variance is mainly due to additional expenses for the QPS Enterprise Bargaining Certified Agreement 2019, the public sector employees \$1,250 one-off payment, and COVID-19 related direct expenses for overtime, allowances, protective equipment and annual leave impacts.
- 24(n) Payments for property, plant and equipment variance is mainly due to planned acquisitions that will be carried over to 2020-21.

Queensland Police Service
Notes to the financial statements
For the year ended 30 June 2020

24 Budgetary reporting (continued)

Schedule of administered items	Variance note	Budget 2020 \$'000	Actual 2020 \$'000	Variance \$'000
Administered revenues				
Appropriation revenue		739	739	-
Taxes, fees and fines		14,296	12,548	(1,748)
Other		2,463	336	(2,127)
Total	24(o)	17,498	13,624	(3,874)
Administered expenses				
Grants and subsidies		739	739	-
Transfers of administered revenue to government	24(p)	16,759	12,885	(3,874)
Total		17,498	13,624	(3,874)
Administered assets				
<i>Current</i>				
Cash		1,524	1,899	375
Receivables		(5)	(3)	2
Total current assets		1,519	1,896	377
Administered liabilities				
<i>Current</i>				
Payables		1,519	1,896	377
Total current liabilities		1,519	1,896	377

Explanation of major variances

24(o) Administered revenues variance is mainly due to lower than anticipated fees raised under the *Weapons Act 1990* and other revenue.

24(p) Transfers of administered revenue to government variance is mainly due to lower than anticipated revenue.

**Queensland Police Service
Management Certificate
For the year ended 30 June 2020**

These general purpose financial statements have been prepared pursuant to s.62(1) of the *Financial Accountability Act 2009* (the Act), section 38 of the *Financial and Performance Management Standard 2019* 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 2020 and of the financial position of the department at the end of that year; and

The Commissioner as the Accountable Officer of the department acknowledges responsibility under s.7 and s.11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



K Carroll APM

Accountable Officer
Commissioner



W Brummer
B.Bus (Acctg), Grad Cert Prof Acctg, MIPA, GAICD

Chief Finance Officer

Date 26/8/20

Date 26/8/20

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Queensland Police Service

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Queensland Police Service.

In my opinion, the financial report:

- a) gives a true and fair view of the department's financial position as at 30 June 2020, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards.

The financial report comprises the statement of financial position and statement of assets and liabilities by major departmental service as at 30 June 2020, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of comprehensive income by major departmental service for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

Basis for opinion

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

I am independent of the department in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Key audit matters

I have determined that there are no key audit matters to communicate in my report.

Responsibilities of the department 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 the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019* and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. This is not done for the purpose of expressing an opinion on the effectiveness of the department's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the department.
- Conclude on the appropriateness of the department's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the department's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the department to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year 30 June 2020:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the *Financial and Performance Management Standard 2019*. The applicable requirements include those for keeping financial records that correctly record and explain the department's transactions and account balances to enable the preparation of a true and fair financial report.



28 August 2020

John Welsh
as delegate of the Auditor-General

Queensland Audit Office
Brisbane