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Briefing for audit committee chairs

6 December 2022

● *Queensland*
● ● **Audit Office**
Better public services

Agenda

10:25 am

Welcome

10:30 am–11:00 am

2022 Status of Auditor-General's recommendations, upcoming audits and recent reports to parliament

Patrick Flemming, Assistant Auditor-General

11:00 am–11:20 am

An update on QAO's maturity model and deep dives

Brydie Morris, Senior Director

11:20 am–11:45 am

AG insights

Brendan Worrall, Auditor-General

11:45 am–12:00 pm

Discussion and questions





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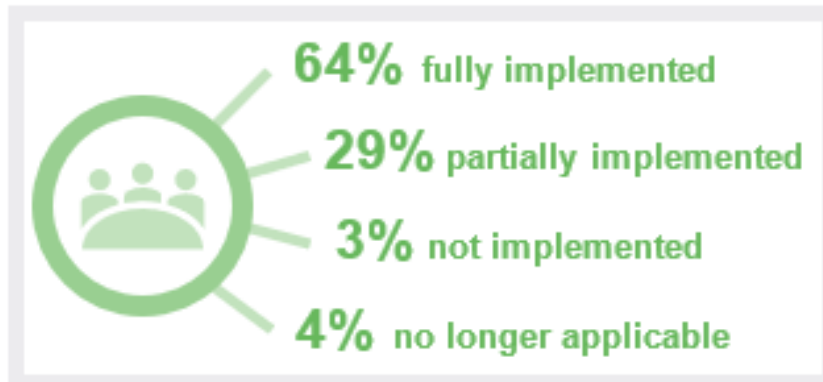


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Findings from 2022 status of recommendations, upcoming audits and recent reports to parliament

Patrick Flemming, Assistant Auditor-General

2022 status of Auditor-General's recommendations



- 56 governance-related recommendations in 2018–19 and 2019–20. Most common type entities failed to implement
- Performance monitoring and reporting – second-highest outstanding
- Some still do not have adequate processes to monitor and report progress. This limits their ability to drive improvement

Audit committees have a key role in monitoring performance – they should oversee how entities are tracking progress and hold them to account

Report and
interactive
dashboard

Takeaways for all entities

- ➔ Identifying risks before program design
- ➔ Increased collaboration between entities
- ➔ Strong performance measures
- ➔ Effective internal controls
- ➔ Clear information on where grants are going
- ✓ Maturity assessment – reporting results to audit committees

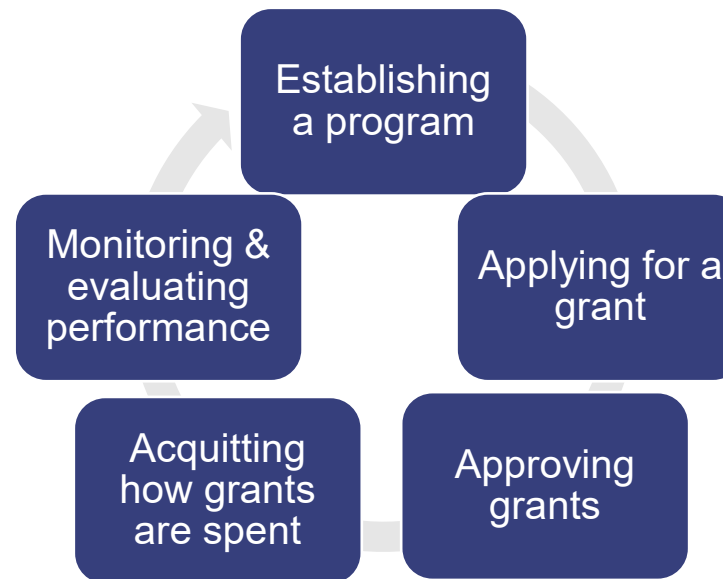
In 2020–21:

\$2.8 billion in grants payments published on Open Data

💡 94% of payments for grant programs were under \$100,000

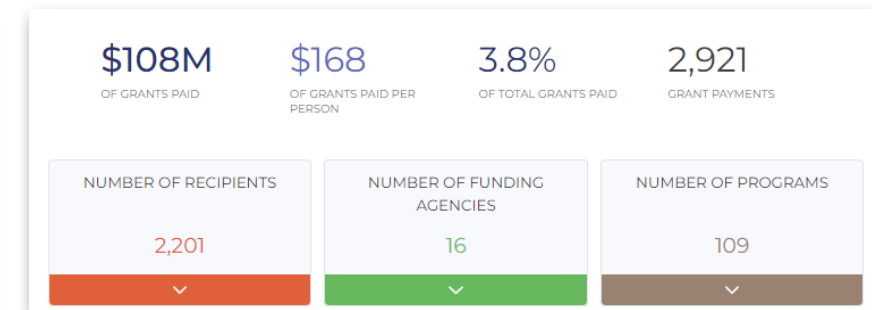
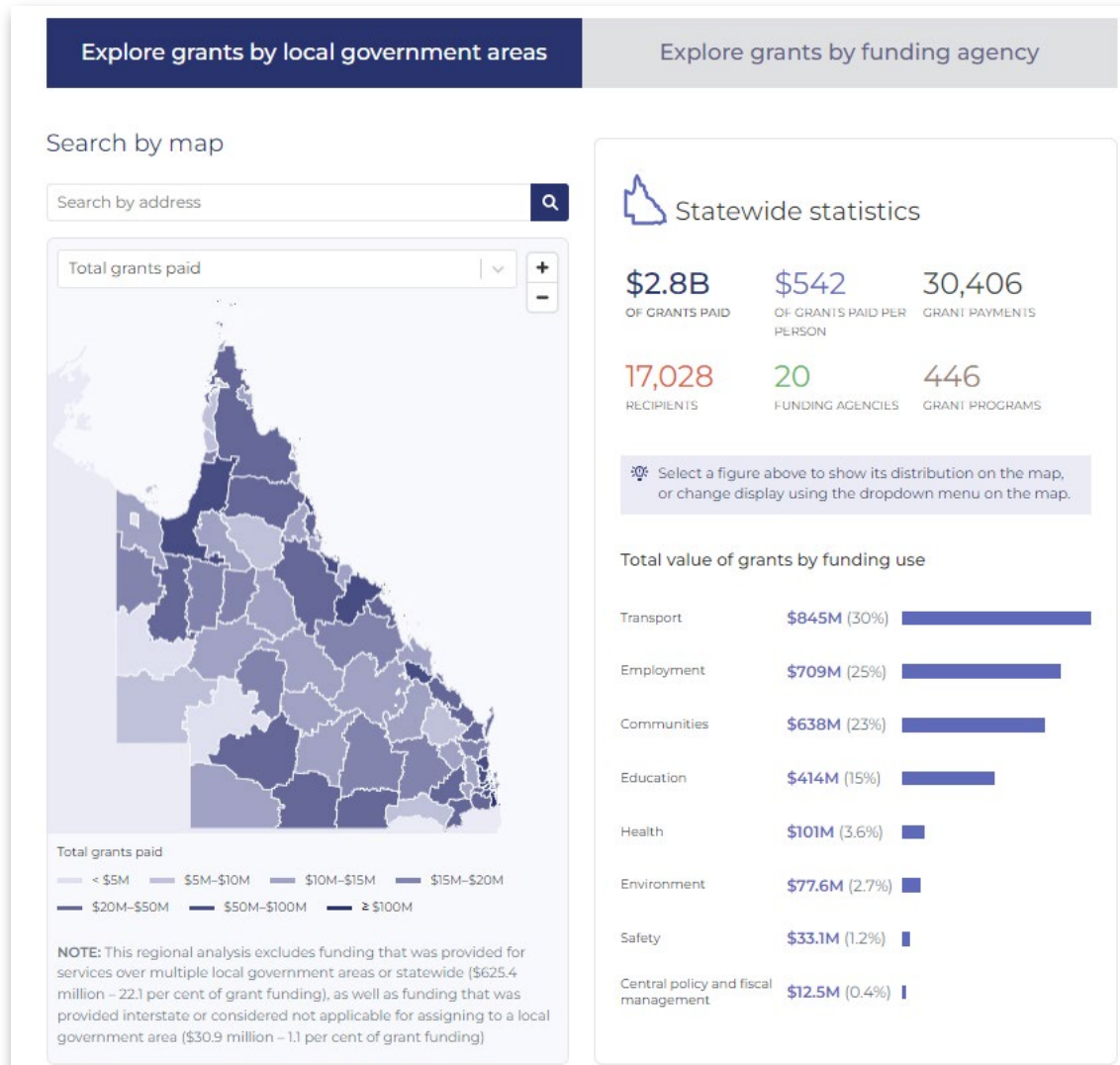
Improving grants management report

What our maturity assessment tool focuses on



Explore information on grants paid by the Queensland Government and compare local government areas, or explore the information by funding agency

Interactive dashboard – grants management



Upcoming reports of interest

www.qao.qld.gov.au/audit-program

	Energy 2022	Dec 2022	Analyses entities' financial performance and position. It also provides insights into the transition to renewable energy, and the impact on energy entities' profit and security of energy supply.
	Protecting our threatened animals and plants	Dec 2022	Follow-up audit of <i>Conserving threatened species</i> (Report 7: 2018–19). Assesses whether the Department of Environment and Science has effectively implemented the recommendations we made, and whether actions have addressed the underlying issues.
	Health 2022	Early 2023	Analyses entities' financial performance and position. Includes assessments of financial statement preparation processes, internal controls, and financial sustainability.
	State entities 2022	Early 2023	Summarises our audit results for state entities, and the financial performance of the Queensland Government and key transactions. Evaluates the timeliness of financial reporting and internal controls.
	Improving asset management in local government	Early–mid 2023	Examines whether local governments are effectively managing their infrastructure assets to maximise service potential, while minimising total cost.
	Queensland's regions 2022	Early–mid 2023	Explores how regional areas support economic activity and sustainable communities. Includes an analysis of port and water entities' financial performance and position.
	Implementing machinery of government changes	Early–mid 2023	Provides insights into change management processes used by departments when implementing machinery of government changes, and how it supports longer-term goals and strategies. Includes analysis of the maturity of departments' systems and processes, and how they are affected by change.
	Managing Queensland's debt and investments 2022	Early–mid 2023	Examines how the Queensland Government is managing its debt and investments, and provides the main transactions and the performance of investments.
	Education 2022	Early–mid 2023	Analyses entities' financial performance and position, and provides insights on meeting the educational requirements and needs of population growth in Queensland's regions.
	Local government 2022	Early–mid 2023	Summarises the audit results of Queensland's 77 councils' financial statement preparation, internal controls, and financial sustainability, and builds on focus areas from previous reports.
	Responding to and recovering from cyber attacks	Mid 2023	Provides crucial insights and lessons learned on entities' preparedness.

We share the wider learnings from our reports in our briefing papers for your committees

We also prepare blog posts on the most common issues, or opportunities and best practice we identify

www.qao.qld.gov.au/blog

Other reports tabled this financial year

Common words in our wider learnings



Q&A





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Update on maturity models and deep dives

Brydie Morris, Senior Director

Controls maturity model

- Annual assessment tool developed – consultation and trialling in 2021–22 for 33 entities
- Deep dives into key elements of internal control

Key elements of effective internal control

Asset management	Change management	Culture	Governance	Grants management
Information systems	Monitoring	Procure-to-pay	Records management	Risk management

41 questions in total 4 levels of maturity

**Annual
assessment**

Component	Number of questions
Governance	9
Culture	3
Monitoring	6
Risk management	4
Financial statements	7
Information systems	4
Records management	2
Asset management	4
Procure-to-pay	5
Grants management	2
Change management	1

4 levels of maturity used across QAO tools

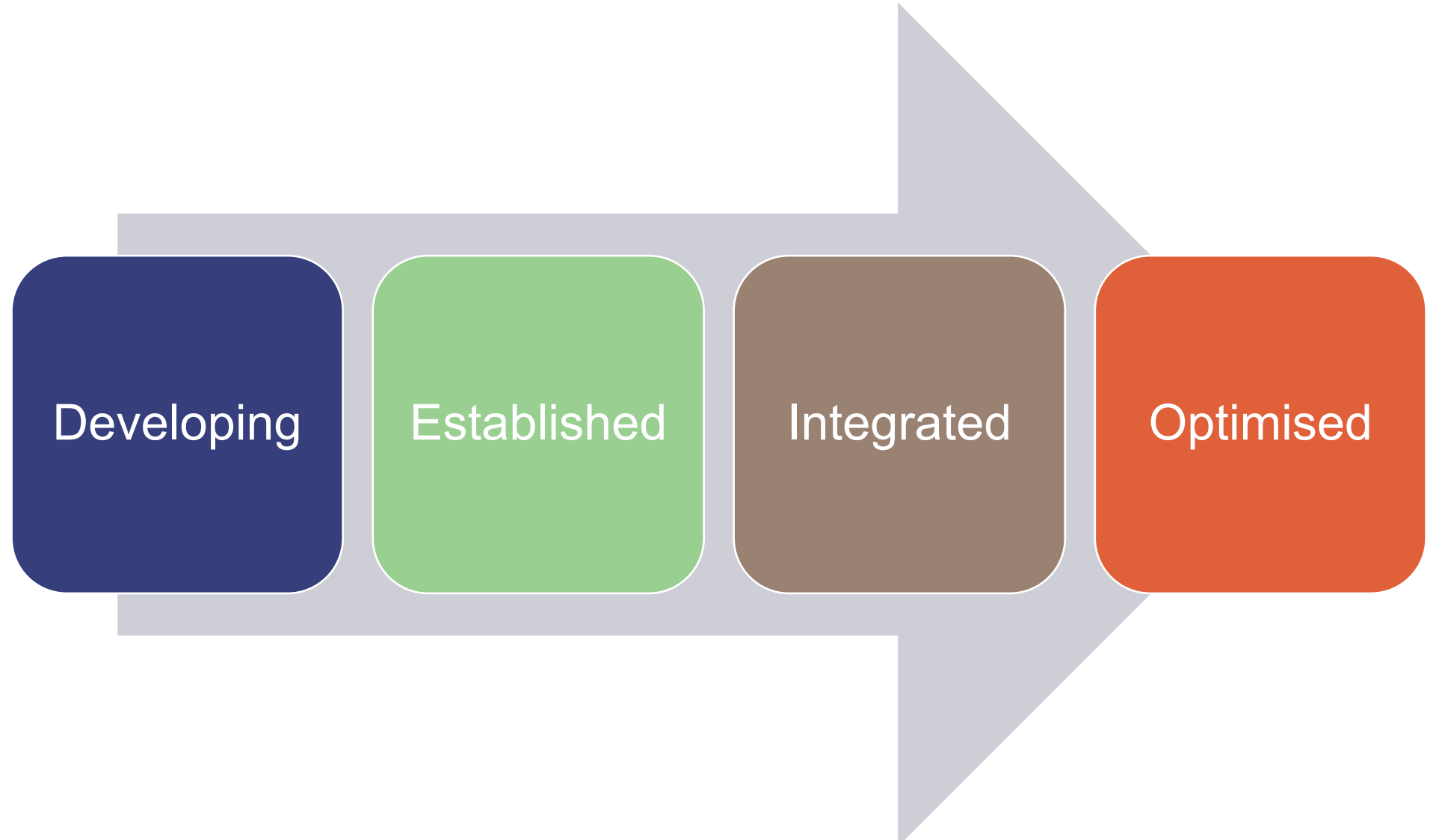
Maturities

Developing

Established

Integrated

Optimised





Maturities

Assessment tool	Prescribed req	Element	Key controls	Our understanding and assessment of controls
Governance	FPMS s8-10 Agency planning requirements prepared by the Department of the Premier and Cabinet	Strategic planning is an ongoing organisational process that helps agencies identify their objectives , the strategies they can implement to achieve them and the performance indicators to measure how well their outcomes achieved their objectives	Is there an overarching strategic plan for the entity? Strategic plan should be reviewed annually and comply with DPC's Agency Planning requirements. The strategic plan should clearly articulate an agency's direction to staff, customers and other stakeholders and set the parameters for operational plans.	3 (Integrated) Plan exists and is refreshed annually. It has been communicated to staff, and is generally understood and followed.

Overall maturity of department internal controls

	Developing	Established	Integrated	Optimised
Governance			← ● →	★
Culture			← ●	★
Risk management			← ● →	★
Financial statements			← ● →	★
Records management		●		★
Information systems		← ● →		★
Asset management		← ● →		★
Grants management		← ●		★
Procure-to-pay		← ● →		★
Change management		●		★
Monitoring			← ● →	★

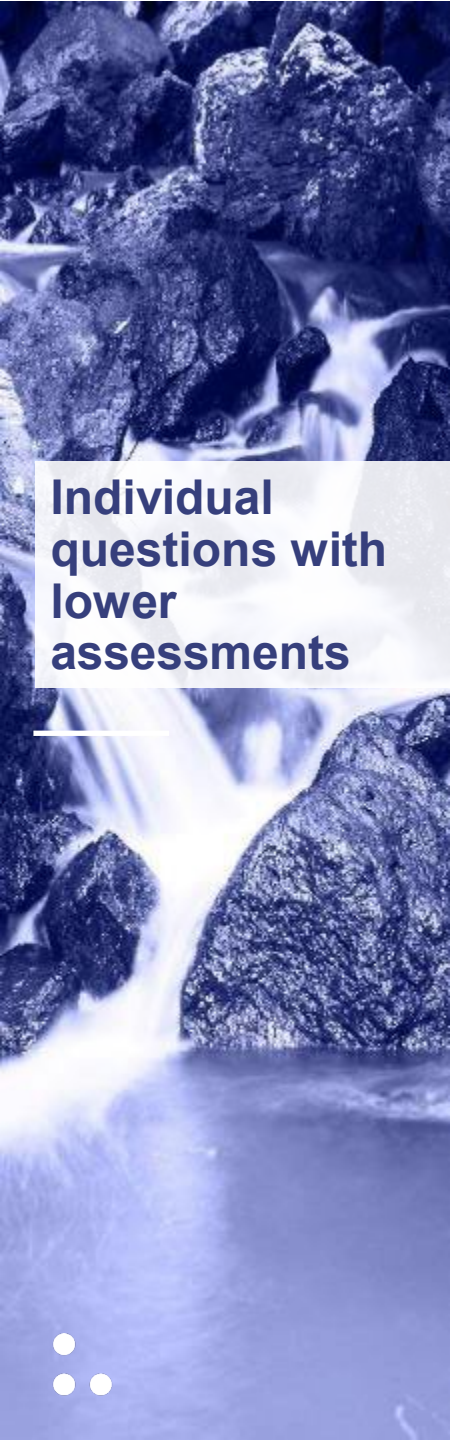
Overall maturity

● Current average maturity at departments

↔ Range of department averages


★ Desired maturity assessed by management





Individual
questions with
lower
assessments

- **Governance** – HR policies and related procedures exist and have been implemented to support staff attraction, development and retention (effective performance management)
- **Risk management** – The entity has strategic and operational risk registers (complete and up-to-date, and facilitate effective risk reporting)
- **Procure-to-pay** – The system allows for prompt identification, approval, management, recording and timely payment of expenses (integration between systems used for procurement, contract management and finance)
- The entity regularly **monitors compliance** with its obligations under legislative and prescribed requirements (data is used to monitor compliance)



Results of the annual assessment may also be used to inform our **forward work plan** – either deep dive programs or assurance engagements

Deep dives being reported for 2021–22

Local government

- Procure-to-pay at 6 councils

Departments

- Change management focusing on machinery of government changes at 4 departments
- *Improving grants management* (Report 2: 2022–23)

Future deep dives planned

Local government

- Information systems at 6 councils

Departments

- Records management at 4 departments

Universities

- Risk management

Internal
control
maturity model



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AG insights

Brendan Worrall, Auditor-General

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Better public services

With the insights we glean from our work across government, we aim to help entities respond better to existing issues, take advantage of improvement opportunities, and prepare for inevitable future challenges

Sharing our insights

Key reflections from the past 5 years



Strengthening governance and oversight



Using information technology and data better



Managing contracts and projects effectively



Understanding the impact of government restructuring

For real change → resolve and action of entities through a culture of learning

I look forward to the continued support and advice we can all share with our clients



QAO's forward work plan

We have commenced work on our next forward work plan for 2023–26



Strategic risks facing public sector entities and local governments



Areas of audit focus to guide all our audit work – which works together to provide a picture of public service delivery

We will continue to circulate our draft plan with parliamentary committees, ministers, departments, local governments, universities, and related statutory bodies and government owned corporations – likely in March 2023

Nov–Feb 2023

Analysis of intelligence and information sources

Mar–Apr 2023

Consultation and input on the draft plan topics and timings

May 2023

Publishing and sharing the final plan

We will also reflect the recommendations in the Coaldrake review on performance audits of government owned corporations and suggestions we audit the lobbying register, ministerial diaries, and public records to ensure recordkeeping obligations are being complied with

Integrity and Other Legislation Amendment Bill 2022

Proposed amendments to the *Auditor-General Act 2009* are aimed at strengthening our independence and QAO, while providing enhanced accountability to parliament

Primary changes

- Enable performance audits of GOCs
- Economics and Governance Committee approval of hourly rates instead of Treasurer – we do not expect changes to our client fees, we will continue with our current processes for setting these

Broader mandate (non-legislative change)

- Performance audits of lobbying register
- Monitoring how entities measure benefits from contractors and consultants and use of non-disclosure agreements

We are now considering the changes for our areas of audit focus and future work program

We of course remain committed to high quality and timely service delivery and our consultative style of engagement

Discussion

Presentation slides will be emailed to you and on our website

www.qao.qld.gov.au/reports-resources/events

Please answer our quick survey so we can improve our events

[Link](#)



Q&A



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