

Strategic Audit Plan 2016–19



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Summary

About us

We play a central role in Queensland’s integrity system for parliament. As the independent external auditor of all Queensland public sector entities, we provide parliament with assurance about the performance and accountability of the public sector, and insights into how well public services are being delivered.

Our vision — at the core of our role — is to assist both the parliament and the public sector to deliver better public services for Queenslanders. We aim to achieve this by delivering world-class financial and performance auditing services.

This plan

We are required to prepare and publish, by 30 June each year, a three-year strategic audit plan (SAP) which shapes and drives our program of performance audits.

Our 2016–19 SAP is the culmination of our ongoing efforts to understand the challenges, risks and opportunities facing the Queensland public sector, and a vehicle to communicate our future audit direction.

While our legislation requires that we publish a three year plan of our performance audits, to further enhance the transparency of our work, in this SAP we set out our proposed program across our audit functions:

- performance audits
- financial audits
- in-depth reviews of particular aspects of internal control (‘areas of control focus’).

Our planning approach

It is important that we focus our efforts where we can have greatest impact to maximise the value we provide to the community. This means having a sound approach as to how we identify, prioritise and select future audit topics.

To inform our planning, we have an ongoing program of environmental scanning and intelligence gathering. This involves, for example, considering projected long-term changes to social, environmental and economic conditions that impact users of public services. We also keep track of national and Queensland specific public sector priorities and developments. We continually engage our stakeholders to obtain their perspectives on risks and priorities so we are as informed as possible in performing our role.

We generate a list of potential audit topics from scanning our environment and engaging with stakeholders. Given our limited resources, we then apply assessment and prioritisation criteria to the list of potential topics. We select those topics that make most sense for us to do over the next three years. This assessment process is described in detail in [Appendix C](#).

Summary of proposed performance audit topics

The following table sets out the performance audits we propose to undertake over the next three years. This enables those entities that are to be subject to an audit to prepare for them well in advance. [Appendix A](#) outlines the objectives and background of each audit topic.

Our forward work schedule allows us to engage early in conversations with our stakeholders so we can refine and direct our efforts to the areas where we can have the greatest impact. [Appendix B](#) acquits the topics we included in last year’s plan.

Figure A
Proposed performance audit program 2016–19

2016–17	2017–18	2018–19
Agriculture and Environment		
Agricultural pest and disease management	Management of fisheries	Threatened species conservation
Security of critical water infrastructure		
Education, Tourism, Innovation and Small Business		
Aboriginal and Torres Strait Islander education and employment outcomes	Investing for success	Alternative trade training pathways
Teacher performance management and development		School program for students with disabilities
Finance and Administration		
Government advertising	Enforcement and recovery of unpaid fines	Effectiveness of Queensland Building and Construction Commission
	Use of confidentiality clauses in government contracts	Market-led proposals
		Collecting state revenue
Health, Communities, Disability Services and Domestic and Family Violence Prevention		
Hospital utilisation — high value equipment	National Disability Insurance Scheme (NDIS)	Chronic disease management
Managing mental health	Integrated care	
Infrastructure, Planning and Natural Resources		
Strategic procurement — value for money	Economic Development Queensland	Building Queensland
	Social housing and transfer initiatives	Managing the cost of local government services
	Local government rating practices	Development applications and approvals
	Strategic asset management in local government	
Legal Affairs and Community Safety		
Use of criminal justice data	Queensland Child Protection Commission of Inquiry	Prevention of and response to domestic violence
	Forensic services	Cyber security
Transportation and Utilities		
Integrated transport planning		

Source: Queensland Audit Office

1. The shifting public sector landscape

Gathering intelligence and scanning the environment

As the public sector environment continues to change, so must our audit approach. Failure to consider significant changes when designing our audit program may limit our ability to maximise our role and to add value to our clients, and by extension the general public. Our intelligence gathering and environmental scanning feed directly into our audit approach and are key drivers for our strategic audit direction.

When determining our three-year audit program, we keep abreast of the key risks, challenges, opportunities and trends impacting the wider public sector. This includes looking beyond Queensland and Australia, and identifying emerging issues in the global context. This forward-looking approach helps us to anticipate the major changes that are likely to impact Queensland, and to frame our future audit focus and topics accordingly.

[Appendix C](#) outlines in more detail our approach to gathering intelligence and environmental scanning.

Global and national themes

Global ‘megatrends’ are the factors that are likely to result in massive transformation in the way the world operates. They involve long-term changes to social, environmental and economic conditions and generally project trends over 15–20 years. We track these megatrends for context.

A careful analysis and appropriate response to these megatrends can assist governments in effectively anticipating how they may impact the delivery of public services, which in turn links to what, why and how we review public sector performance.

Through environmental scanning, we have identified the following megatrends with the greatest potential for impact:

- global economy and digital innovation
- consumer expectations
- demographics and urbanisation
- natural resources.

Global economy and digital innovation

International studies point to greater representation from eastern and southern economies at a global level and the growing adoption of digital technology to deliver public services, rather than through traditional face-to-face interactions.

India and China — Australia’s largest trading partner — continue to grow their economies and present ready and continuing export markets for Australia. On the back of this growth, the CSIRO forecasts that Australia’s economy will treble by 2050.

The government has been traditionally slow at adopting technology-led services. Given that it is a monopoly provider of public services, this is not acceptable to consumers, who expect the same service level as they do from business.

The Australian Government has recently launched its *National Innovation and Science Agenda*, committing \$1.1 billion over four years to encourage innovation and grow the economy. It proposes to make government datasets available to the public on open data platforms and has also launched its *Cyber Security Strategy*, with one of its aims being to address the risks posed by an increasingly digital economy.

The Queensland Government's *Advance Queensland* is a suite of programs designed to create the knowledge-based jobs of the future and to drive innovation.

Consumer expectations

The proliferation of social media and the changing ways in which people communicate has shifted the way in which businesses and governments communicate with their stakeholders. Reports suggest there is a growing alignment between government's role as the provider of public services and the micro decisions of how those public services are consumed by individuals. This will be brought into sharper focus as technology costs decline, efficiencies improve and consumer demand rises.

Australia has experienced year-on-year increases in online retail purchases and in experiential and entertainment expenditure. This has led to a rethink about how governments can better understand consumers and their behaviour to more efficiently target the delivery of services to them.

The Victorian, New South Wales and Australian governments have established behavioural insights teams to better understand consumer behaviour and use these insights to inform public policy and program initiatives.

Demographics and urbanisation

The developed world's population is ageing and people are living for longer as a result of advances in health care and improving access to food in developing countries. In line with the global trend, Australia has an ageing population. This contributes to increased pressures on the healthcare system and other aged care services. Research indicates that lifestyle illnesses such as diabetes and obesity are on the rise in Australia. This has caused national, state and territory governments to consider new models of health care and ways to fund these services. The Council of Australian Governments (COAG) has recently restated its focus on improved integrated health care and targeted treatment for chronic disease sufferers.

There is a general global shift towards urbanisation, where populations continue to migrate to cities and large towns. The Australian Government has focused on the growth of cities and impacts of rapid urbanisation, as announced in April 2016 in its *Smart Cities Plan*. The plan focuses on increasing affordable housing and includes a new funding model to fast-track transport projects to make Australian cities more liveable.

Natural resources

The growth in previously underdeveloped countries accompanied with increased standards of living has resulted in the rising global consumption of water and energy resources. Balancing that, there is a growing focus on sustainability and the protection of natural resources. In Australia, the CSIRO predicts that the nation's water use will double by 2050.

In Australia, there has also been a recent reduction in activity in the mining sector and an increased focus on alternative energy sources. The biofuel and biotechnology sector is growing internationally as a viable industry and has the potential to create new markets for agricultural producers and regional economies. The World Economic Forum estimates that by 2020, the market for biofuels, bio-based chemicals and bio-plastics will be close to \$US100 billion. The Australian Renewable Energy Agency is currently undertaking an assessment of Australia's biomass resources and their economic potential for the nation.

The Australian Government is also investigating the possibility of further development of northern Australia's minerals, energy, agricultural, tourism, defence and other industries, as well as a comprehensive assessment of risks and impediments to growth. This study involves a large tranche of northern Queensland.

The Queensland landscape

The Queensland public sector continues to evolve with new challenges, risks, opportunities and developments in how it delivers public services. There have also been rapid changes in how and when members of the public consume those services. It has become increasingly important that we are aware of the changes and that we reflect them in our work so we can deliver on our organisational vision of better public services.

Our environmental scanning enables us to stay informed about what is happening in Queensland across a number of areas, including:

- the Queensland Government's key objectives for the community
- major policy and program initiatives
- portfolio priorities for ministers and public sector agencies.

The recently released 2016–17 state budget reflects some of the emerging and ongoing challenges impacting the Queensland economy, including:

- economic downturns in some of Queensland's major Asian export markets
- falling global commodity prices
- the adverse consequences of the slow-down in the resources sector affecting regional Queensland.

More positively, the Queensland economy continues to benefit from the ramp-up of liquefied natural gas exports and the royalties they generate.

Queensland Government objectives for the community

The Queensland Government has identified four key objectives (and supporting sub-objectives) to achieve better public services for the community, and has committed to regularly reporting on the outcomes achieved against these four objectives. The objectives are:

1. creating jobs and a diverse economy
2. delivering quality frontline services
3. building safe, caring and connected communities
4. protecting the environment.

[Appendix D](#) sets out the linkages between our audit program, Queensland public sector priorities and global megatrends that may impact the delivery of public services.

Major initiatives and portfolio priorities

Since we published last year's SAP in June 2015, the Queensland Government has launched a number of program initiatives and identified ministerial portfolio responsibilities which relate to the global megatrends or are responsive to the changing face of public service delivery. We have identified (below) some examples of the initiatives that we considered in developing our future audit program.

Innovation and science

In the 2015–16 state budget, the government committed \$180 million to promote science and innovation under its *Advance Queensland* program. In April 2016, Queensland hosted an Advance Queensland Innovation and Investment Summit and continues to have a focus on attracting investment in innovation. The 2016–17 state budget proposes to allocate an additional \$225 million to the *Advance Queensland* program over five years, which would bring the total investment to \$405 million.

The government is currently working on a 10-year bio-futures action plan and the establishment of a bio-futures industry development fund. A 2014 study by the Queensland University of Technology and Deloitte Access Economics has projected that by 2035, the industrial bio-products could contribute \$1.8 billion to Queensland's annual gross state product.

New infrastructure investment and assessment models

The *State Infrastructure Plan* (SIP) outlines a new strategic direction for the planning, investment and delivery of infrastructure over a 15 year timeframe. It highlights indicative future service demand, such as public and road transport infrastructure and the need for an integrated, efficient and sustainable transport system.

The market-led proposals framework (MLP) is an initiative to encourage private sector investment and innovation in the delivery of state government programs and major infrastructure projects. It encourages submissions from the private sector without the need for a government request or tender having been issued. Queensland Treasury has established MLP assessment criteria and will coordinate the assessment of proposals by engaging with technical experts to assess and advise on applications.

Building Queensland (BQ) has been established as a statutory body under the Department of Infrastructure, Local Government and Planning (DILGP) to provide independent, expert advice to the government on major infrastructure projects. BQ will have visibility of project development at a whole-of-government level, and will provide advice and evaluate projects as they progress. It will provide strategic advice on infrastructure projects, evaluate proposals and assess business cases of projects with a capital cost of \$50 to \$100 million. For projects with a capital cost exceeding \$100 million, BQ will lead the preparation of the business case. Projects where BQ has taken on this role include: Cross River Rail, the train control system upgrade, Beerburrum to Nambour rail upgrade, and Queensland Health legacy information and communication technology (ICT) upgrades.

New service delivery models

In its 2015–16 budget, the government announced its pilot program to introduce social benefit bonds. Under the social benefit bonds model, the government seeks private investment to fund a service provider to deliver a social service or program. This form of investment is aimed at improving social outcomes and stimulating innovation in the delivery of social services. The government pays the private investor the principal delivery fee, as well as a financial return; however, the financial return is only paid when the social outcome is delivered. In this way, social bonds are considered to operate differently to grants as there is a focus on outcomes rather than only focusing on the delivery of the service.

Domestic violence

In September 2014, the government established a taskforce to tackle the issue of domestic and family violence. The taskforce's resulting report, *Not now, Not ever: Putting a stop to domestic and family violence in Queensland* outlines the findings and 140 recommendations resulting from the review. The government has commenced implementation of the recommendations including legislative changes, introduction of education and awareness programs and the introduction of specialist police and court programs to deal with domestic and family violence. The 2016–17 state budget proposes almost \$200 million over five years to address issues related to domestic and family violence.

Education strategy

The government has released the *Every student succeeding: State schools strategy 2016–2020*. The strategy focuses on three key areas:

- improving student academic achievement
- improving the Queensland Certificate of Education
- closing the gap on the attendance and retention of Aboriginal and Torres Strait Islander students.

The strategy aims to lift performance across the education system and has a focus on ongoing performance monitoring and review to drive improvement in student outcomes.

Biosecurity

In September 2015, an independent panel handed down its report on a wide-ranging review of Queensland's biosecurity capability. The report identified the need to address capability gaps, agree on risk management responsibilities across government and determine the level of investment to manage biosecurity in Queensland, now and into the future. The *Biosecurity Act 2014* comes into effect on 1 July 2016 and focuses on pests, diseases and contaminants and introduces a shared agency and a risk-based approach to biosecurity management.

National Disability Insurance Scheme

The National Disability Insurance Scheme (NDIS) will progressively roll out across Queensland from 1 July 2016 and is planned to be fully implemented by 30 June 2019. It will be rolled out geographically: people will move to the NDIS at different times depending on where they live. Disability services will be delivered by non-government organisations in an open market environment with providers engaged by people with disability through an agreement/contract. When the roll-out is completed in 2019, around 97 000 Queenslanders with significant or profound disability will have choice and control over the support they receive.

In the lead-up to full NDIS implementation in 2019, transitional arrangements will be put in place between the Queensland Government and the National Disability Insurance Agency (NDIA). During this period, the Queensland Government will be required to maintain the existing level of service to its current clients, as well as manage the complexities of new clients entering the scheme.

Between 2013 and 2019, \$868 million will be delivered incrementally to support preparations in the lead-up to NDIS commencement in 2016, and then support phasing in until all eligible Queenslanders are covered by 1 July 2019. The Queensland Government is expected to commit over \$2 billion annually once the NDIS is fully implemented in 2019.

Our key observations by sub-sector

Based on our ongoing environmental scanning and intelligence gathering, we have observed and identified themes across the following sub-sectors.

Central agencies and finance

Queensland Treasury continues its focus on restoring fiscal balance and alleviating revenue pressures through tax reform and upholding the state's debt action plan. The state plans to reduce its debt by \$9.6 billion by 2017–18, and is forecasting a 4.5 per cent increase in the gross state product in 2016–17, with liquefied natural gas exports expected to increase. In his 2016–17 state budget address, the Treasurer proposed a crackdown on state tax avoidance that will target an additional \$10 million in revenue over three years from state tax avoiders, as well as a 3 per cent surcharge on foreign buyers of Queensland residential property.

To improve its revenue collections, the state government has commenced a review of the State Penalties Enforcement Registry (SPER) to assess and improve its debt collection practices. A new business model is being developed for implementation in response to the review.

Central agencies have been coordinating key taskforces and reforms, such as the special taskforces on domestic and family violence and rural debt/drought assistance, as well as insurance reforms such as the National Injury Insurance Scheme.

Education

The education sector continues to focus on improving student academic results, closing the gap in the attendance of Aboriginal and Torres Strait Islander students, lifting the performance of teachers and principals, and providing better services for disabled students. The *State Schools Strategy 2016–2020*, the *Advancing education* action plan, and the Department of Education's strategic plan each identify these as key priorities for the sector. The *Investing for Success Initiative (IAS)* further supports the improvement of student outcomes and performance through its \$480 million program over 2016 and 2017. It replaces the *Great Results Guarantee*, allocating funding across Queensland state schools using a needs-based method.

Uncertainty still surrounds federal government funding in the vocational education and training (VET) and university parts of the sector; however, the Queensland Government has identified ongoing reform of TAFE as a major priority, allocating \$34.5 million for this initiative. In its 2016–17 budget, the Queensland Government proposed \$25 million over five years towards an international education and training strategy and \$72 million to develop and implement new senior assessment and tertiary entrance arrangements.

Other challenges for the sector include changes to the Year 12 curriculum, increasing demand for school services, and increased pressures on information technology infrastructure and support services, particularly as they attempt to keep pace with changes in technology and teaching approaches.

The government continues to invest in building new schools (\$439.2 million in 2015–16) and school maintenance. It also proposes to introduce a new classification and pay structure for teachers to improve and modernise existing arrangements.

Health

Increased population growth and an ageing population continue to increase the demand for Queensland health services, as does the rise in chronic disease and lifestyle illnesses such as obesity and diabetes. The Queensland Government expects to spend \$15.3 billion on health-related services and facilities in 2016–17, an increase of around 4.3 per cent on the previous year.

While the costs in healthcare are expected to rise, future federal funding remains a focus of COAG discussions, with a new hospital funding model being introduced from 1 July 2017. Under the new model the Commonwealth will provide an estimated additional \$2.9 billion in funding for public hospital services, with growth in Commonwealth funding capped at 6.5 per cent a year.

During 2015–16, Queensland received federal funding for a range of health-related services under national partnership agreements, including mental health (\$10.4 million) and adult dental care (\$30.3 million). Both of these agreements will expire in June 2016.

The health sector continues to classify the accessibility of care and services as a key priority, focusing specifically on the needs of those who are disadvantaged. It promotes the use of primary healthcare networks (PHNs) to improve access to services. In the 2016–17 state budget, \$35 million has been proposed for an Integrated Care Innovation Fund to achieve greater efficiency and to better integrate care in the health system.

The Queensland Government has also committed \$361.2 million from 2015–16 for the next four years to reduce the time patients wait for outpatient appointments.

Infrastructure

Changing demographics and population growth also impact the infrastructure sector, as increases in the aged population and number of single-person occupiers leads to a shift in the level of demand for housing and transport services. This impacts sustainability planning for capital projects and the urbanisation of new areas. Planning and development can also be complicated by legislative and regulatory requirements, with the state and local governments and the community all having a role to play. The government has introduced planning bills to parliament with the stated aim of streamlining Queensland's planning system. For larger scale areas identified for priority development, Economic Development Queensland facilitates strategic planning, working closely with local councils.

The *State Infrastructure Plan* (SIP) outlines a new strategic direction for the planning, investment and delivery of infrastructure over a 15 year timeframe. It highlights indicative future service demand, such as public and road transport infrastructure and the need for an integrated, efficient and sustainable transport system.

There is also a focus on increased partnering with the private sector to undertake major capital projects and develop new and innovative ways of delivering government services and programs. As mentioned earlier, Building Queensland has been established to provide independent, expert advice to the government on infrastructure projects and investments.

Significant projects for the sector include Brisbane's Queen's Wharf development, Gold Coast Commonwealth Games venues, and the Toowoomba Second Range Crossing. Government agencies are also preparing for the move to 1 William Street, and coordinating residual moves in the Brisbane CBD to minimise total spend and vacancy rates.

The 2016–17 state budget proposes \$50 million to establish the Cross River Rail Delivery Authority to investigate the cross river rail project and \$634 million to roll out a new train control system for South East Queensland to improve network capacity and reliability.

Justice and communities

The government has introduced reforms and initiatives to address key areas of public safety concern, including domestic and family violence, child protection, and alcohol-fuelled violence. Significant funding has been committed to each of these areas over the next four years, with the government investing \$31.3 million in response to the special taskforce review on domestic violence, \$406 million over five years from 2014–15 to support vulnerable families and children, and \$20 million to help police tackle alcohol- and drug-related violence.

Advances in technology have also seen an increase in cybercrime attacks, such as identity theft and cyber-bullying. While cyber issues affect all sectors, it is particularly important for the justice sector, as police are charged with the responsibility of investigating these matters. It is anticipated that as the public's online activity increases, so too will these types of attacks.

The availability and reliability of crime and sentencing statistics is important in ensuring the effectiveness of the state's justice system. In the 2015–16 budget, the government committed \$3.1 million over three years to establishing an independent body to collate and publish crime statistics for all criminal offences occurring across the state.

The increasing and ageing population continues to impact the accessibility and supply of social services. The increase in demand means that the prioritisation of assistance to individuals becomes increasingly important. The government has committed funding to assist in key areas, including the provision of appropriate levels of aged care for older people, the commencement of the Queensland Financial Resilience program, and preparations for the NDIS, which will see Queensland commit over \$2 billion annually once fully implemented.

Tourism

Tourism accounts for around 3.5 per cent of the state's economic output. The Queensland Government has made it a priority to work with Tourism and Events Queensland (TEQ) to boost tourism growth. Government funding has boosted the TEQ budget by \$128 million over the next four years to help in identifying and attracting new development opportunities in the industry. The 2016–17 state budget includes a proposed \$33 million for the development of a 'Connecting with Asia' tourism strategy to encourage Asian visitors to spend more time in Queensland.

The 2018 Commonwealth Games remains a major focus for the sector, along with the legacy opportunities it can provide for the state.

Local government (councils)

Councils operate autonomously and are directly responsible to their respective communities; however, the Department of Infrastructure, Local Government and Planning provides support and advice to them when implementing funding programs and initiatives.

A number of pressures exist for this sector, as many councils continue to face the overarching challenge of financial sustainability. Primarily, councils only have two levers available to them to manage financial sustainability. They can either increase their revenue through their rates, or decrease costs through better management of their services and assets. We continue to encounter related and recurring issues including poor quality management information and a failure to effectively manage council assets. This translates into councils being unable to accurately determine and monitor the cost of services they provide, which can potentially impact community confidence in the local council.

Councils continue to struggle with asset management, failing to implement effective total asset management plans, which often leads to poorly maintained assets that deteriorate quickly over time. In this current period of fiscal restraint, it becomes increasingly important for councils to better manage their assets, through routine inspection and maintenance, in order to extend their usability, as the financial position of some councils does not always allow for asset replacement.

Agriculture, natural resources and energy

Delivering water quality and promoting healthy waterways is a major focus area for this sector. The Queensland Government has committed funding to protecting the Great Barrier Reef through the *Reef 2050 Long-term sustainability plan*. The sector is also working to effectively maintain water infrastructure assets and ensure they remain secure.

Biosecurity preparedness is another important consideration for the sector, as relevant agencies work to implement the recommendations of the independent biosecurity review that was commissioned by the Queensland Government, identifying capability gaps and areas for improvement. Linked to biosecurity, the effective management of diseases and pests, the sustainability of fish stocks and the conservation of threatened species continue to be critical when protecting the state's flora and fauna. The new biosecurity legislation, commencing 1 July 2016, will also bring a change in focus to biosecurity regulation, as it moves to a shared, risk-based approach.

In the agricultural sector, the government has identified that partnering with industry, communities and the university sector will become increasingly important to boost growth. It anticipates that by taking a whole-of-supply-chain approach, it will help to increase productivity in the state's food and fibre industry, while creating jobs in regional and rural Queensland.

In terms of natural resources, there is ongoing work in the sector to reduce the health and safety risks associated with abandoned, unused and active mine sites. Concerns regarding land and water contamination at coal seam gas (CSG) sites have also received significant media attention in recent times, highlighting potentially significant impacts for the environment. Studies have identified a need for effective risk-based regulation of CSG development and a thorough assessment of its potential physical and environmental impacts. In its 2016–17 state budget, the Queensland Government proposed \$42 million over five years for the *Abandoned Mines Lands Program* to cover mine rehabilitation costs.

We continue to monitor developments in each of these sub-sectors and to draw on this intelligence to inform updates to our overall audit program for 2016–19.

2. Audit program 2016–19

In this section, we outline our proposed audit program for the next three years for:

- performance audits
- financial audits
- areas of control focus.

Performance audit program

Performance audits provide parliament and the general public with assurance that the delivery of public sector services and spending of public monies is accountable, transparent and valid. These audits focus on efficiency, effectiveness and economy of public service delivery, as well as compliance with legislative and prescribed requirements. They are funded by parliament through appropriation.

Each year we identify approximately ten performance audit topics for each of the following three financial years. Once we commence a performance audit, we provide information on our website and invite the public to become involved and make submissions via the website.

Planned performance audits

Figure 2A lists the performance audits we plan to table in parliament in 2016–17. Below this is a brief description of each audit.

Figure 2A
2016–17 planned tabling of performance audits

Parliamentary committee	Topic	Planned tabling
Agriculture and Environment	Agricultural pest and disease management	Quarter 3
	Security of critical water infrastructure	Quarter 3
Education, Tourism, Innovation and Small Business	Aboriginal and Torres Strait Islander education and employment outcomes	Quarter 3
	Teacher performance management and development	Quarter 4
Finance and Administration	Government advertising	Quarter 4
Health, Communities, Disability Services and Domestic and Family Violence Prevention	Hospital utilisation — high value equipment	Quarter 2
	Managing mental health	Quarter 4
Infrastructure, Planning and Natural Resources	Strategic procurement — value for money	Quarter 1
Legal Affairs and Community Safety	Use of criminal justice data	Quarter 2
Transportation and Utilities	Integrated transport planning	Quarter 4

Source: Queensland Audit Office

Agricultural pest and disease management

The audit will assess the effectiveness of Queensland's agricultural pest, weed and disease management programs.

Pest animals have significant economic, environmental and social impacts on Queensland's primary industries, natural ecosystems, and human and animal health. They reduce the viability of primary industries, which account for a significant proportion of Queensland's economy and export income. Feral pigs alone have been estimated to reduce grain production by \$12 million a year. Wild dogs cost \$33 million a year in livestock losses, diseases spread and associated control activities. The Queensland Parliament's Agriculture and Environment Committee is currently undertaking an inquiry into barrier fences (wild dog and rabbit fences).

Weeds have the potential to adversely alter ecosystem function, reduce primary industry productivity and profitability, and seriously limit the long-term sustainability of all the state's agricultural and natural resources. Highly invasive weeds threaten grazing lands, waterways, national parks and urban environments. In Australia, the cost of weeds for agriculture has been estimated at \$4 billion a year (excluding the impacts on the environment and community).

Biosecurity Queensland is responsible for coordinating the management of animal and weed pests and diseases, including the impact of introduced mammals, reptiles and amphibians. It minimises the risks posed by plant pests and diseases through surveillance, eradication and containment programs.

Security of critical water infrastructure

The audit will assess whether the information communication technology (ICT) systems used to manage and operate critical water infrastructure are secure and can be recovered in the event of disaster.

ICT systems in the utilities sector may be targets for security attacks. With cyber security threats on the rise, failure or security breaches in water infrastructure systems can result in wide-reaching adverse impacts, not only on the organisation, but for the community and the economy.

The increased interconnections between critical infrastructure and corporate networks, including the use of internet, may also increase security risks.

Aboriginal and Torres Strait Islander education and employment outcomes

The audit will assess Queensland's progress against the national partnership agreements and whether educational and employment improvements have been maintained.

There is a strong link between education and employment. At high levels of education there is virtually no employment gap between Indigenous and non-Indigenous Australians. In the decade since the commencement of the *Closing the Gap* campaign, there has been a 70 per cent increase nationally in the number of Aboriginal and Torres Strait Islander students enrolled in higher education courses. However, the original target nationally to halve the gap between Indigenous and non-Indigenous employment by 2018 is not on track.

In 2008, as part of the national *Closing the Gap* strategy, the Council of Australian Governments (COAG) committed to improving Indigenous education and employment outcomes. The objectives were set out in national partnership agreements (NPAs), and included specific targets for Queensland. The Queensland Government agreed to the objectives and set targets through a bilateral implementation plan for the period from 2009 to 2013.

The Department of Education and Training has specific programs and projects for Aboriginal and Torres Strait Islander learners. The Department of Aboriginal and Torres Strait Islander Partnerships currently provides a range of services to assist Aboriginal and Torres Strait Islander people to obtain employment and to grow their businesses.

Teacher performance management and development

The audit will assess whether the Department of Education and Training's performance review process for teachers in public schools is improving teacher performance.

The *National Partnership Agreement on Rewards for Great Teachers* was agreed on by participating jurisdictions in 2012 and will run until 2019. As part of the implementation of the reward payments scheme, a new performance and development framework for teachers was introduced in schools across Australia.

In 2013, the Queensland Government developed an initiative called *Great teachers = Great results* which aimed to elevate teacher standards and improve outcomes for students. This initiative introduced a mandatory performance review process for all Queensland state school teachers to begin from 2015. *Great teachers = Great results* has since been replaced by *Making it happen*, an initiative also aimed at improving teacher performance management in Queensland.

One of the key areas of focus in the recently released education strategy, *Every student succeeding: State Schools Strategy 2016–2020* is lifting the performance of teachers. The Queensland State Schools Annual Performance Review process is designed to support this objective, by prompting teachers to reflect on their performance and on areas requiring development. The process supports improved quality teaching and leadership, to enhance the learning experience of students.

Government advertising

The audit will assess the economy of purchasing and the effectiveness of government advertising, and whether advertising complies with the Queensland Government Advertising Code of Conduct.

The Queensland Government Advertising Code of Conduct — which Queensland Government departments must observe — sets out the conditions and policies which apply to Queensland Government departments in the development and production of advertising material. The code applies to print, electronic, outdoor and all other types of media services, including brochures, newsletters, direct mail-outs and other like forms of communications.

Key policies are:

- the advertising campaign must play an educative or informative role and be beneficial for the people of Queensland
- advertising must be presented in objective language, be free of political argument and not try to foster a positive impression of a particular political party or promote party-political interests
- funds that are designated for service delivery in the state budget must not be redirected towards advertising campaigns.

Hospital utilisation — high value equipment

The audit will assess whether Queensland public hospitals are using high value medical equipment cost-efficiently and are realising expected benefits.

An affordable, efficient health system is essential in meeting the challenges associated with a growing and ageing population, higher rates of chronic disease and the increasing complexity of health treatment. Given the increasing demand and costs associated with healthcare, it is critical that public hospitals are maximising the use of their key assets. This is particularly the case for high value medical equipment such as magnetic resonance imaging (MRI) and x-ray computed tomography (CT) equipment.

High levels of efficiency in the use of these assets has the potential to not only reduce surgery wait times but also significantly improve patient experience and outcomes. Conversely, inefficient use of hospital high value medical equipment can potentially have significant negative impacts on patient care and experience, including contributing to waiting lists and delays in patients receiving care.

Managing mental health

The audit will examine whether employers are effective in preventing mental illness and monitoring and managing the mental health of their employees in high risk professions.

Healthy employees are vital to Australia's economic prosperity. The World Health Organisation and Australian governments recognise the workplace as pivotal in the physical, mental and social health of workers and their families.

Mental health problems, especially depression and anxiety, are common in the community. Together, they are the third biggest health problem in Australia, behind heart disease and cancer. Workers may develop mental illness prior to employment or during employment. An 'unhealthy' work environment or a workplace incident can cause stress and exacerbate, or contribute to, the development of mental illness.

Mental health research suggests that both organisational and task-related stressors are contributors to poor mental health in high-risk professions, such as police. Organisational stressors can consist of lack of resources, time constraints, poor leadership and overwork. In comparison, task-related stressors are duty or role related, such as responding to dangerous or threatening situations or dealing with disturbing or traumatic incidents (for example, road fatalities).

Strategic procurement — value for money

The audit will examine whether state government departments are achieving and enabling value for money outcomes through effective strategic procurement.

Queensland public sector agencies procure over \$20 billion in goods and services each year (including social services procurement). This represents about 30 per cent of total government expenditure. A strategic approach to procurement can help departments create and realise opportunities to reduce their costs and maximise the value for money they obtain from their procurement spend.

In *Contract management: renewal and transition* (Report 10: 2013–14), we identified that some departments entered into supply contracts without considering how they could use the collective bargaining power of government to negotiate better value for money.

Use of criminal justice data

The audit will assess the reliability, accessibility and use of criminal justice system data.

The provision of accurate, timely and reliable criminal justice data is essential to the proper functioning of our criminal justice system and its key agencies.

Previous projects have been initiated in an attempt to improve the efficiency and effectiveness of the criminal justice sector and to provide better communication and sharing of data between relevant agencies responsible for police, justice, corrective services, juvenile justice and child safety.

Some of the proposed benefits of previous projects to better integrate elements of the criminal justice system included:

- greater capacity to investigate and prevent crime
- more effective policy development, evaluation and implementation
- more expeditious service and management of processes
- improved safety for the community and criminal justice personnel.

Integrated transport planning

The audit will assess whether the Department of Transport and Main Roads is achieving overall transport effectiveness and efficiency through its strategic planning and management of transport resources.

Transport is a key enabler of a number of the Queensland Government's strategic infrastructure and planning initiatives that impact the day-to-day lives of Queenslanders. A well planned and managed transport system plays an essential role in the development of a healthy, robust and growing economy — connecting communities, providing access to services and supporting commerce and industry throughout the state.

The *Transport Coordination Plan (TCP)* under the *Transport Planning and Coordination Act 1994* provides a framework for strategic planning and management of transport resources. The TCP sets the strategic direction for Queensland's transport system over a ten year period from 2008 to 2018, providing direction for other major strategies and plans. Ten objectives have been defined that respond to the challenges and opportunities facing the transport system.

The *Queensland Transport and Roads Investment Program 2015–16 to 2018–19 (QTRIP)* details the current transport and road projects that the Queensland Government plans to deliver over the next four years to meet the infrastructure needs of the state.

The *State Infrastructure Plan (SIP)* outlines a new strategic direction for the planning, investment and delivery of infrastructure over a 15 year timeframe. It highlights indicative future service demand for public and road transport infrastructure and the need for an integrated, efficient and sustainable transport system.

Financial audit program

Section 40 of the *Auditor-General Act 2009* requires the auditor-general to conduct annual audits over the financial statements of public sector entities, and prepare an auditor's report about those financial statements. We provide audit opinions for around 515 financial statements of public sector entities and 250 related audit certifications.

For each of the years during 2016–19 we plan to table a report on the results of our financial audits grouped by the following sectors:

- Queensland state government entities (including the whole-of-government statements)
- Public non-financial corporations
- Hospital and health services
- Local government
- Education.

As well as presenting the results of financial audits, our sector-based reports will continue to analyse and comment on significant areas of public sector financial governance including:

- how significant financial risks and reporting issues have been addressed
- timeliness and quality of financial reporting
- the effectiveness of systems of financial controls
- financial sustainability of selected entities and of the whole of government.

Areas of control focus

Our area of control focus reviews assess the effectiveness of entities' internal control frameworks. We assess controls using the Committee of the Sponsoring Organisations of the Treadway Commission (COSO) internal controls framework, which is widely recognised as a leading model for designing and evaluating internal controls.

We identify the elements for assessment during the course of our financial and performance audit work, and based on the results of our intelligence gathering and environmental scanning.

Figure 2B outlines the area of control focus reviews that we propose to undertake over the next three years.

Figure 2B
2016–19 planned areas of control focus

Topic	Objective	2016–17	2017–18	2018–19
Control environment				
Organisational structure and accountability	Assess the appropriateness of the organisational structure and systems in place to hold individuals accountable for financial internal control responsibilities	●		
Risk assessments				
Strategic, financial and operational risk assessments	Assess the relevance and appropriateness of risk assessments	●		●
Fraud risk	Assess the appropriateness and effectiveness of fraud and risk management		●	
Information and communication				
Management reporting	Assess the timeliness and adequacy of key management information used to assess performance		●	
Monitoring activities				
Communication	Assess the adequacy and effectiveness of upward reporting of identified control deficiencies			●

Source: Queensland Audit Office

Follow-up of previous audits

The recommendations in our reports to parliament are framed primarily to improve how public sector entities deliver services, or to strengthen accountability and improve transparency. The primary responsibility for implementing our recommendations (where accepted) is vested in the entity concerned.

As an added accountability mechanism, each year we select one audit tabled three years ago to follow up on. Each year we write to the responsible agencies to ask them to consider the current status of our audit recommendations, and whether changes made by the entity have properly addressed the issues we originally raised.

One of our primary considerations when choosing the follow-up audit is whether or not there is likely to be any potential for systemic improvement in the public sector as a result of our follow-up audit.

Figure 2C lists all the performance audit reports to parliament we tabled in 2013–14.

Figure 2C
2013–14 Performance audits considered for follow-up in 2016–19 SAP

Report number	Title
Report 1: 2013–14	Right of private practice in Queensland public hospitals
Report 2: 2013–14	Supply of specialist subject teachers in secondary schools
Report 5: 2013–14	Traffic management systems
Report 10: 2013–14	Contract management: Renewal and transition
Report 13: 2013–14	Right of private practice: Senior medical officer conduct
Report 15: 2013–14	Environmental regulation of the resources and waste industries
Report 17: 2013–14	Queensland Ambulance Service performance
Report 18: 2013–14	Monitoring and reporting performance

Source: Queensland Audit Office

We have considered the status of recommendations from the above reports and decided to follow up on the progress and effectiveness of the implementation of recommendations in *Report 18: Monitoring and reporting performance*.

In the audit, we found that Queensland’s Performance Management Framework establishes a sound basis for public performance reporting. However, we found that the service standards reported by the majority of departments did not support accountability and inform policy development, and fell short of being direct measures of the efficiency or the effectiveness of the services they deliver. We also found that departments with external formal reporting requirements — such as the Report on Government Services prepared by the national Productivity Commission — were more likely to have better internal reporting of non-financial data. We made three recommendations:

Figure 2D
Recommendations — Report 18: Monitoring and reporting performance

Recommendations
1. Departments apply a service logic approach to define their service areas so that they only group services where they contribute to common objectives and outcomes.
2. Queensland Treasury and Trade and the Department of the Premier and Cabinet update their mandatory guidance to require: <ul style="list-style-type: none"> ▪ service standards that relate to whole-of-government objectives and outcomes to be reported at the ministerial portfolio or departmental level, not at the service standard level ▪ where a service area comprises multiple services, that each material service has a separate line item budget and at least one efficiency service standard and one effectiveness service standard.
3. Departments be required to publish an audited performance statement in their annual reports to complement their audited financial statements.

Source: Queensland Audit Office

We understand that, since the audit, the Department of Premier and Cabinet and line agencies have undertaken a number of measures to address recommendations 1 and 2. Recommendation 3 was not supported by the relevant central agencies.

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Appendix A — Strategic Audit Plan 2016–19 topic summaries

2016–17	2017–18	2018–19
<i>Agriculture and Environment</i>		
<p>Agricultural pest and disease management</p> <p><i>The audit will assess the effectiveness of Queensland's agricultural pest, weed and disease management programs.</i></p> <p>Pest animals have significant economic, environmental and social impacts on Queensland's primary industries, natural ecosystems, and human and animal health. They reduce the viability of primary industries, which account for a significant proportion of Queensland's economy and export income. Feral pigs alone have been estimated to reduce grain production by \$12 million a year. Wild dogs cost \$33 million a year in livestock losses, diseases spread and associated control activities. The Queensland Parliament's Agriculture and Environment Committee is currently undertaking an inquiry into barrier fences (wild dog and rabbit fences).</p> <p>Weeds have the potential to adversely alter ecosystem function, reduce primary industry productivity and profitability, and seriously limit the long-term sustainability of all the state's agricultural and natural resources. Highly invasive weeds threaten grazing lands, waterways, national parks and urban environments. In Australia, the cost of weeds for agriculture has been estimated at \$4 billion a year (excluding the impacts on the environment and community).</p> <p>Biosecurity Queensland is responsible for coordinating the management of animal and weed pests and diseases including the impact of introduced mammals, reptiles and amphibians. It minimises the risks posed by plant pests and diseases through surveillance, eradication and containment programs.</p>	<p>Management of fisheries</p> <p><i>The audit will assess whether the relevant departments are effectively managing Queensland's fisheries in a manner that is ecologically sustainable and that protects and conserves resources, habitats and supporting ecosystems.</i></p> <p>Queensland's commercial fisheries contribute significantly to the national and state economy. The 1 400 licensed commercial fishing boats contribute more than 10 per cent of the nation's seafood production in both quantity and value, in addition to the other valuable fish products such as bait and aquarium fish harvested under commercial harvest fishery licences. The commercial fishing industry is vital to the economy of coastal towns.</p> <p>Trawling, reef line fishing, crabbing and net fishing all contribute to the Queensland economy. Queensland's estimated 642 000 recreational fishers are an integral part of the identity of Queensland's fisheries and are a significant contributor to the economy.</p> <p>The <i>Fisheries Act 1994</i> and the <i>Sustainable Planning Act 2009</i> provide for the sustainability of fish habitats. Fisheries Queensland, within the Department of Agriculture and Fisheries, has a role in habitat protection along with the Department of National Parks, Sport and Racing and the Department of Environment and Heritage Protection.</p>	<p>Threatened species conservation</p> <p><i>The audit will assess whether the Department of Environment and Heritage Protection is effectively identifying, protecting and recovering threatened species.</i></p> <p>Australia is home to between 600 000 and 700 000 species, many of which are found nowhere else in the world. Changes to the landscape and native habitat as a result of human activity have put many of these unique species at risk. Over the last 200 years, many species of plants and animals have become extinct. For the other species of plants and animals whose survival is threatened, a range of management and conservation measures are in place.</p> <p>Under the <i>Nature Conservation Act 1992</i>, there are currently 794 species listed as threatened (extinct in the wild, endangered or vulnerable) in Queensland. Of these species, about 414 are listed as threatened nationally under the <i>Commonwealth Environment Protection and Biodiversity Conservation Act 1999</i>.</p> <p>The Department of Environment and Heritage Protection has responsibility for managing and conserving threatened species in Queensland via the <i>Nature Conservation Act 1992</i>. Other government agencies, the community and industry sectors also undertake activities relating to threatened species.</p>
<p>Security of critical water infrastructure</p> <p><i>The audit will assess whether the information communication technology (ICT) systems used to manage and operate critical water infrastructure are secure and can be recovered in the event of disaster.</i></p> <p>ICT systems in the utilities sector may be targets for security attacks. With cyber security threats on the rise, failure or security breaches in water infrastructure systems can result in wide-reaching adverse impacts, not only on the organisation, but for the community and the economy. 'Cybercrime' is defined as crimes directed at computers or other ICT.</p> <p>The increased interconnections between critical infrastructure and corporate networks, including the use of internet, may also increase security risks.</p>		

2016–17	2017–18	2018–19
Education, Tourism, Innovation and Small Business		
<p>Aboriginal and Torres Strait Islander education and employment outcomes <i>The audit will assess Queensland’s progress against the national partnership agreements and whether educational and employment improvements have been maintained.</i></p> <p>There is a strong link between education and employment. At high levels of education, there is virtually no employment gap between Indigenous and non-Indigenous Australians. In the decade since the commencement of the <i>Closing the Gap</i> campaign, there has been a 70 per cent increase nationally in the number of Aboriginal and Torres Strait Islander students enrolled in higher education courses. However, the original target nationally to halve the gap between Indigenous and non-Indigenous employment by 2018 is not on track.</p> <p>In 2008, as part of the national <i>Closing the Gap</i> strategy, the Council of Australian Governments (COAG) committed to improving Indigenous education and employment outcomes. The objectives were set out in national partnership agreements (NPAs), and included specific targets for Queensland. The Queensland Government agreed to the objectives and set targets through a bilateral implementation plan for the period from 2009 to 2013.</p> <p>The Department of Education and Training has specific programs and projects for Aboriginal and Torres Strait Islander learners. The Department of Aboriginal and Torres Strait Islander Partnerships currently provides a range of services to assist Aboriginal and Torres Strait Islander people to obtain employment and to grow their businesses.</p>	<p>Investing for success <i>The audit will assess the economy and effectiveness of the Queensland Government’s Investing for Success initiative.</i></p> <p>In 2016 and 2017, \$480 million will be made available to Queensland state schools through the <i>Investing for Success</i> (I4S) initiative. State schools will use I4S funding to support students in achieving improved outcomes at all levels of schooling.</p> <p>Schools decide how to invest I4S funding. Student performance will be measured throughout the year and schools will demonstrate to their communities how I4S funding is helping to maximise outcomes for all students, particularly those in most need of support. The funding for the initiative is needs-based in order to direct funding to students and schools requiring the most support.</p>	<p>Alternative trade training pathways <i>The audit will assess the effectiveness of the Department of Education and Training’s School to Trade Pathway incentive, and determine if it has improved the retention of apprentices.</i></p> <p>The <i>School to Trade Pathway</i> (STP) scheme commenced on 1 July 2013. It was designed to encourage apprenticeships and improve the retention of apprentices in the workplace. The initiative aims to generate additional apprenticeships by providing employers with an incentive to create meaningful and long-term employment-based skills pathways for school-based apprentices after completing school.</p> <p>The scheme provides up to \$5 000 to employers to take on a school apprentice, with up to \$15 million allocated for the scheme.</p>
<p>Teacher performance management and development <i>The audit will assess whether the Department of Education and Training’s performance review process for teachers in public schools is improving teacher performance.</i></p> <p>The <i>National Partnership Agreement on Rewards for Great Teachers</i> was agreed on by participating jurisdictions in 2012 and will run until 2019. As part of the implementation of the reward payments scheme, a new performance and development framework for teachers was introduced in schools across Australia.</p> <p>In 2013, the Queensland Government developed an initiative called <i>Great teachers = Great results</i> which aimed to elevate teacher standards and improve outcomes for students. This initiative introduced a mandatory performance review process for all Queensland state school teachers to begin from 2015. <i>Great teachers = Great results</i> has since been replaced by <i>Making it happen</i>, an initiative also aimed at improving teacher performance management in Queensland.</p> <p>One of the key areas of focus in the recently released education strategy, <i>Every student succeeding: State Schools Strategy 2016–2020</i> is lifting the performance of teachers. The Queensland State Schools Annual Performance Review process is designed to support this objective, by prompting teachers to reflect on their performance and on areas requiring development. The process supports improved quality teaching and leadership, to enhance the learning experience of students.</p>		<p>School program for students with disabilities <i>The audit will assess whether the Department of Education and Training (DET) is effectively supporting students with a disability in maximising their education outcomes.</i></p> <p>Students with a disability are educated in both mainstream and special schools. In 2014, there were 26 947 students with a disability enrolled in state primary and secondary schools. The number of students in special schools in 2014 was 4 209. The numbers of students with a disability have been steadily increasing over the years. The average cost per student with a disability in 2014–15 was approximately \$27 000, which was more than double the cost per student in primary and secondary schools.</p> <p>All education providers are required to adhere to the <i>Disability Discrimination Act 1992</i> and the <i>Disability Standards for Education 2005</i>. DET provides targeted funding to schools, and principals are responsible for the resources provided to support educational programs for all students.</p>

2016–17	2017–18	2018–19
Finance and Administration		
<p>Government advertising <i>The audit will assess the economy of purchasing and the effectiveness of government advertising, and whether advertising complies with the Queensland Government Advertising Code of Conduct.</i></p> <p>The Queensland Government Advertising Code of Conduct — which Queensland Government departments must observe — sets out the conditions and policies which apply to Queensland Government departments in the development and production of advertising material. The code applies to print, electronic, outdoor and all other types of media services, including brochures, newsletters, direct mail-outs and other like forms of communications.</p> <p>Key policies are:</p> <ul style="list-style-type: none"> the advertising campaign must play an educative or informative role and be beneficial for the people of Queensland advertising must be presented in objective language, be free of political argument and not try to foster a positive impression of a particular political party or promote party-political interests funds that are designated for service delivery in the state budget must not be redirected towards advertising campaigns. 	<p>Enforcement and recovery of unpaid fines <i>The audit will assess the effectiveness of responsible agencies' processes for the enforcement and recovery of unpaid fines.</i></p> <p>A number of public sector agencies perform compliance and enforcement functions and can issue infringement notices and levy fines in certain circumstances. For example, the Department of Transport and Main Roads and councils can issue infringement notices that attract a monetary penalty. Where fines remain unpaid, an agency may refer their matters to the State Penalties and Enforcement Registry (SPER).</p> <p>SPER is responsible for the collection and enforcement of unpaid infringement notice fines, court ordered penalties, offender debt recovery orders and offender levies. It was established as an alternative to prosecution of fine defaulters before a magistrate's court, and to reduce the cost to the state of enforcing fines and other monetary penalties.</p> <p>SPER forms part of the Office of State Revenue within Queensland Treasury. In 2016, the total balance of debt referred to SPER and outstanding is forecast to reach \$1 billion.</p>	<p>Effectiveness of Queensland Building and Construction Commission <i>The audit will assess whether the Queensland Building and Construction Commission (QBCC) is performing its role effectively.</i></p> <p>The Queensland Building and Construction Commission (QBCC) is a regulatory body that provides support to the state's building industry, ensuring that proper building standards are upheld and defective building work is investigated. QBCC provides four main services for Queensland home owners and contractors:</p> <ul style="list-style-type: none"> licensing services dispute prevention and resolution services home warranty insurance information and education. <p>In 2014–15, complaints about the QBCC made up 11 per cent of all complaints to the Queensland Ombudsman regarding statutory authorities.</p>
	<p>Use of confidentiality clauses in government contracts <i>This audit will assess the extent and appropriateness of the use of confidentiality provisions in Queensland Government contracts.</i></p> <p>Transparency is a cornerstone in modern public sector governance arrangements. It is imperative that parliament and members of the public are able to scrutinise major government contracts. The inappropriate and overuse of privacy provisions in government contracts was raised as an issue in Queensland as far back as 2002 by the Queensland Parliament's Public Accounts Committee in its report <i>Commercial-in-Confidence arrangements</i>.</p> <p>There is a need to strike a balance between legitimately protecting commercially sensitive and/or confidential information, and parliamentary accountability and the public's right to know details of those contracts.</p>	<p>Market-led proposals <i>The audit will assess the effectiveness of market-led proposals for major projects and programs.</i></p> <p>Successive Queensland governments have encouraged private sector investment to support the delivery of key government projects and programs. In his 2015–16 budget speech, the Queensland Treasurer announced the government would be launching a new market-led proposals (MLP) framework to enable the private sector to submit projects for potential partnership with the state.</p> <p>In July 2015 the government released a revised Project Assessment Framework (PAF) which created dedicated MLP guidelines aligned with the PAF. These guidelines form part of the suite of documents in the revised PAF.</p> <p>The aim of the MLP guidelines, and their alignment with the PAF, is to provide proponents with consistency and clarity about the process for submitting and assessing market-led proposals.</p>
		<p>Collecting the state revenue <i>The audit will assess how efficiently and effectively the Queensland Government collects taxes and royalties.</i></p> <p>Responsibility for the management of taxation and royalties within Queensland Treasury rests with the Office of State Revenue (OSR). For the 2014–15 financial year, Queensland Treasury recognised revenue of over \$10.370 billion from taxation and \$2.008 billion from royalties.</p> <p>Revenue from taxation and royalties represents approximately 29 per cent of total revenue for the general government sector and 25 per cent of total revenue for the total state sector. On average, taxation revenue has grown by 6.06 per cent over the past five years, with royalties growing by 2.11 per cent over that period.</p> <p>Taxation revenue includes transfer duties, payroll tax, land tax and gaming taxes. Royalties are charges for natural resources such as coal, petroleum and liquefied natural gas extracted and sold by the private sector.</p>

2016–17	2017–18	2018–19
Health, Communities, Disability Services and Domestic and Family Violence Prevention		
<p>Hospital utilisation — high value equipment</p> <p><i>The audit will assess whether Queensland public hospitals are using high value medical equipment cost-efficiently and are realising expected benefits.</i></p> <p>An affordable, efficient health system is essential in meeting the challenges associated with a growing and ageing population, higher rates of chronic disease and the increasing complexity of health treatment. Given the increasing demand and costs associated with healthcare, it is critical that public hospitals are maximising the use of their key assets. This is particularly the case for high value medical equipment such as magnetic resonance imaging (MRI) and x-ray computed tomography (CT) equipment.</p> <p>High levels of efficiency in the use of these assets has the potential to not only reduce surgery wait times but also to significantly improve patient experience and outcomes. Conversely, inefficient use of hospital high value medical equipment can potentially have significant negative impacts on patient care and experience, including contributing to waiting lists and delays in receiving patients receiving care.</p>	<p>National Disability Insurance Scheme (NDIS)</p> <p><i>The audit will assess if the National Disability Insurance Scheme (NDIS) is being rolled out in Queensland effectively, and is meeting its intended objectives.</i></p> <p>The National Disability Insurance Scheme (NDIS) will progressively roll out across Queensland from 1 July 2016 and is planned to be fully implemented by 30 June 2019. It will be rolled out geographically: people will move to the NDIS at different times depending on where they live. Disability services will be delivered by non-government organisations in an open market environment with providers engaged by people with disability through an agreement/contract. When the roll-out is completed in 2019, around 97 000 Queenslanders with significant or profound disability will have choice and control over the support they receive.</p> <p>In the lead up to full NDIS implementation in 2019, transitional arrangements will be put in place between the Queensland Government and the National Disability Insurance Agency (NDIA). During this period, the Queensland Government will be required to maintain the level of service to its current clients, as well as manage the complexities of new clients entering the scheme.</p>	<p>Chronic disease management</p> <p><i>The audit will assess the effectiveness of Queensland’s approach to the prevention and management of chronic disease.</i></p> <p>The term 'chronic disease' applies to a group of diseases that tend to be long lasting and have persistent effects. They account for 88 per cent of the burden of disease and 91 per cent of all deaths, and cost \$45.8 billion nationally, or 87 per cent of recurrent allocated health expenditure. Chronic disease costs Queensland up to \$5 billion per year, and can have a significant impact on work productivity. The management of chronic disease is shared between the Commonwealth, Queensland and primary care providers.</p> <p>The <i>National Partnership Agreement on Preventative Health</i> (NPAPH) commenced in 2009–2010 and provided funding for Queensland to further augment current initiatives to address preventable chronic diseases over the six year term of the agreement. However, the NPAPH was ceased in the 2014–15 budget and the funding agreement was withdrawn.</p> <p>The Council of Australian Governments (COAG) confirmed in April 2016 that all jurisdictions had agreed to reduce demand for hospital services through better coordinated care for people with complex and chronic diseases.</p> <p>Given the inter-relationship between the management of chronic disease and primary and preventative care, chronic disease management may ultimately be considered as part of the audit on integrated care (2017–18). Alternatively, chronic disease management may remain a stand-alone topic as a follow-on from the audit on integrated care.</p>
<p>Managing mental health</p> <p><i>The audit will examine whether employers are effective in preventing mental illness and monitoring and managing the mental health of their employees in high risk professions.</i></p> <p>Healthy employees are vital to Australia’s economic prosperity. The World Health Organisation and Australian governments recognise the workplace as pivotal in the physical, mental and social health of workers and their families.</p> <p>Mental health problems, especially depression and anxiety, are common in the community. Together, they are the third biggest health problem in Australia, behind heart disease and cancer. Workers may develop mental illness prior to employment or during employment. An ‘unhealthy’ work environment or a workplace incident can cause stress and exacerbate, or contribute to, the development of mental illness.</p> <p>Mental health research suggest that both organisational and task-related stressors are contributors to poor mental health in high-risk professions, such as police. Organisational stressors can consist of lack of resources, time constraints, poor leadership and overwork. In comparison, task-related stressors are duty or role related, such as responding to dangerous or threatening situations or dealing with disturbing or traumatic incidents (for example, road fatalities).</p>	<p>Integrated care</p> <p><i>The audit will assess whether Queensland Health and the hospital and health services (HHSs) are working effectively with primary health networks (PHNs) and general practitioners to provide patient-centred care, with a focus on demand management.</i></p> <p>Global healthcare trends are changing the way care is organised. The trend is towards putting patients at the centre, and ensuring they receive care in the right place for them. Integrated care aims to improve patient experience by better coordinating care for an individual across primary and preventative care, mental health and specialist and hospital care. The intent behind better coordination of care is also to avoid unnecessary services and hospitalisations, thereby reducing costs. NSW identified integrated care as one of three strategic directions in the <i>NSW State Health Plan: Towards 2021</i> and will invest \$180 million over six years in this strategy.</p> <p>While no state-wide strategy exists in Queensland, a number of hospital and health services are embarking on their own integrated care initiatives. The Queensland Government recently announced an innovation fund for integrated care projects of \$35 million over two years to further promote greater coordination between primary and community care and public hospitals.</p> <p>Given the inter-relationship between primary and preventative care and the management of chronic disease, this audit may also incorporate consideration of chronic disease management, rather than conducting it as a separate audit in 2018–19.</p>	

2016–17	2017–18	2018–19
Infrastructure, Planning and Natural Resources		
<p>Strategic procurement — value for money <i>The audit will examine whether state government departments are achieving and enabling value for money outcomes through effective strategic procurement.</i></p> <p>Queensland public sector agencies procure over \$20 billion in goods and services each year (including social services procurement), which represents about 30 per cent of total government expenditure. A strategic approach to procurement can help departments create and realise opportunities to reduce their costs and maximise the value for money they obtain from their procurement spend.</p> <p>In <i>Contract management: renewal and transition</i> (Report 10: 2013–14), we identified that some departments entered into supply contracts without considering how they could use the collective bargaining power of government to negotiate better value for money.</p>	<p>Economic Development Queensland <i>The audit will assess how well Economic Development Queensland (EDQ) is achieving its objectives.</i></p> <p>EDQ commenced operations on 1 February 2013, replacing the Urban Land Development Authority (ULDA) and Property Services Group (PSG). EDQ is a state government commercialised business unit and plays a key role in streamlining, facilitating and delivering property and project solutions, including significant projects for the benefit of Queensland communities.</p> <p>EDQ also undertakes a strategic planning function for priority development areas (PDAs) and works closely with local governments to undertake planning within PDAs. PDAs are parcels of land within Queensland, identified for specific accelerated development with a focus on economic growth. There are currently 23 PDAs — 13 in South East Queensland and 10 in regional Queensland.</p>	<p>Building Queensland <i>The audit will assess if Building Queensland is performing its role effectively.</i></p> <p>Building Queensland was established to provide objective and transparent advice to the Queensland Government to inform better infrastructure decisions. Its purpose is to assist state government entities with the early stage development of projects, including cost benefit analysis and assistance with business cases for projects worth \$50 to \$100 million. For those infrastructure projects exceeding \$100 million, Building Queensland will take the lead on the business case.</p>
	<p>Social housing and transfer initiatives <i>The audit will assess whether social housing programs are meeting the needs of vulnerable Queenslanders.</i></p> <p>Social housing is secure and affordable rental housing for low to moderate income families and individuals, in particular, those who have difficulties accessing accommodation in the private market. Community housing is a form of social housing assistance, delivered by community organisations and local governments and funded by the Queensland Government under the <i>Housing Act 2003</i>. This assistance is aimed at ensuring households in the greatest need are supported. Improving housing affordability, reducing homelessness and assisting Queenslanders to access the private housing market are key priorities.</p> <p>The <i>Housing 2020</i> strategy, launched in July 2013, aimed to provide a stronger service delivery role for community housing providers and to expand the range of housing services available to low-income households, including opportunities to secure appropriate and affordable housing in the private rental market.</p> <p><i>Housing 2020</i> proposed a change, from the government being a direct provider of long-term housing, to it being a regulator and purchaser of these services from the community housing sector.</p> <p>In March 2016, the Queensland Government released a discussion paper seeking feedback on a range of housing issues from homelessness and social housing through to affordable rental housing, home ownership and retirement. The aim of this discussion paper is to lead to the development of a new housing strategy.</p>	
	<p>Local government rating practices <i>The audit will assess whether councils are setting appropriate rates, fees and charges that are supported by data that is appropriate, reliable and relevant.</i></p> <p>For many local governments (councils), rates are generally a key revenue item outside of federal assistance grants. Rates provide one of the few financial tools available to councils to address financial sustainability issues. Councils have discretion to set rates, and may do so without assessing future service delivery requirements, or longer term financial risks. Inequitable or insufficient rating practices can lead to community disharmony and financially unsustainable councils that may be overly reliant on grant funding or borrowings for the provision of community services.</p> <p>Non-Indigenous councils generate in excess of \$6.4 billion in rates and charges annually, representing 58 per cent of their total revenue. (Indigenous councils do not charge rates.)</p>	<p>Managing the cost of local government services <i>The audit will assess whether councils are delivering their services to the community efficiently and economically.</i></p> <p>Sustainability of local government is a key factor in determining the longevity of councils all around Australia. Limited federal funding has challenged councils to review their services and ensure their resources are used effectively to get better outcomes for their particular communities. In ensuring sustainability, it is important councils are aware of what services they provide, the cost of these services and how they can improve the delivery of these services to achieve cost efficiency.</p>

2016–17	2017–18	2018–19
	<p>Strategic asset management in local government</p> <p><i>The audit will assess if councils are effectively managing their infrastructure assets to maximise their service potential while minimising their total cost of ownership.</i></p> <p>Asset management is critical to the long-term financial sustainability of the local government sector. Without full knowledge of the type, performance, cost and age of their assets, councils are limited in their ability to make fully informed decisions about their renewal, maintenance and replacement.</p> <p>As at 30 June 2015, councils were responsible for \$77.5 billion worth of infrastructure assets, including roads and bridges, buildings, water supply and sewerage networks and stormwater drainage. Only 37 per cent of Queensland councils had up to date asset management plans at this time.</p> <p>During 2014–15, the local government sector spent \$1.5 billion on the renewal of their assets. To provide the best level of service to their communities, it is important that councils implement and practise optimal asset management principles.</p>	<p>Development applications and approvals</p> <p><i>This audit will assess whether local government development application and approval processes are timely, efficient and effective, and are compliant with relevant regulatory requirements.</i></p> <p>Over the past few years there have been several changes to the legislative framework that underpin the development application and approval process.</p> <p>These changes can contribute to increased risk and complexity in how applications are processed. Further complexity arises as a result of other factors including changing regulatory instruments, local versus state government requirements and the nature of the application itself.</p> <p>Depending on the development, the application may be assessed by either the local government or the state government.</p>
<p>Legal Affairs and Community Safety</p>		
<p>Use of criminal justice data</p> <p><i>The audit will assess the reliability, accessibility and use of criminal justice system data.</i></p> <p>The provision of accurate, timely and reliable criminal justice data is essential to the proper functioning of our criminal justice system and its key agencies.</p> <p>Previous projects have been initiated in an attempt to improve the efficiency and effectiveness of the criminal justice sector and to provide better communication and sharing of data between relevant agencies responsible for police, justice, corrective services, juvenile justice and child safety.</p> <p>Some of the proposed benefits of previous projects to better integrate elements of the criminal justice system included:</p> <ul style="list-style-type: none"> ▪ greater capacity to investigate and prevent crime ▪ more effective policy development, evaluation and implementation ▪ more expeditious service and management of processes ▪ improved safety for the community and criminal justice personnel. 	<p>Queensland Child Protection Commission of Inquiry</p> <p><i>The audit will assess how well the Queensland Government has implemented the recommendations for reform arising from the Queensland Child Protection Commission of Inquiry (QCPCI).</i></p> <p>In response to the Queensland Child Protection Commission of Inquiry (QCPCI), the Queensland Government is implementing a new child and family support system over the next 10 years that will have a greater focus on supporting families in providing a safe and secure home for their children.</p> <p>The response reinforces that parents and families are responsible for the care and safety of their children, with government's role to support parents and families and provide the right services at the right time for families and children in need. Implementing the reforms will require a fundamental shift in the way government agencies, child safety professionals and community organisations work with vulnerable families, and with each other.</p> <p>The Queensland Government will invest \$406 million over five years from 2014–15 to 2018–19 to better support the state's most vulnerable families and children, including \$25 million spent in the financial year 2014–15 to implement immediate reforms .</p>	<p>Prevention of and response to domestic violence</p> <p><i>The audit will examine the actions taken to address recommendations made in a task force report on domestic and family violence, released in 2015, and to assess the effectiveness of these actions.</i></p> <p>On 10 September 2014, the Special Taskforce on Domestic and Family Violence in Queensland was established. In February 2015, the taskforce finalised its report, <i>Not now, Not ever: Putting a stop to domestic and family violence in Queensland</i>. Through the report, the taskforce worked to define the domestic violence landscape, and made recommendations for a long-term vision to address the issue.</p> <p>The report found that domestic violence in Queensland has continued to increase. Domestic violence costs the state's economy between \$2.7 and \$3.2 billion annually.</p> <p>The Queensland Government will commit \$31.3 million over four years to action the recommendations of the report and has passed new laws aimed at addressing family and domestic violence in Queensland.</p>
	<p>Forensic services</p> <p><i>The audit will examine the effectiveness and efficiency of forensic service providers and determine if the services are provided in a timely manner and can meet increasing demand while complying with quality standards.</i></p> <p>Forensic services branches across various government agencies provide expert analysis and advice in civil emergencies, criminal investigations and coroners' inquiries into reportable deaths. They are increasingly important in the detection and conviction of crime. Delays to forensic testing and analysis can reduce the chances of successfully detecting and apprehending offenders and delay the administration of justice. Failures of quality assurance in the system can lead to the failure of prosecutions, and in extreme cases to miscarriages of justice.</p> <p>The availability of an increasing range of forensic tests as well as the more regular use of forensics for the investigation of volume crime (such as burglary, robbery and vehicle crime) has seen a growth in the number of tests conducted in all jurisdictions, including Queensland. This growth has significant cost and resource implications.</p>	<p>Cyber security</p> <p><i>The audit will assess how effectively state government entities are protecting the information they collect that may be at risk of cybercrime.</i></p> <p>'Cybercrime' is defined as crimes directed at computers or other information communication technologies (ICT). The cost of cybercrime to Australia according to an industry estimate is \$1 billion a year. In Australia, the responsibility for managing and preventing cybercrime lies with the federal and state governments. As more and more services are delivered online, the Queensland Government is establishing a Cyber Security Unit with a whole-of-government focus to combat potential cyber threats.</p> <p>The recently released <i>2015 Threat Report</i> by the Australian Cyber Security Centre states that it sees daily cybercrime activity targeting Australian Government networks. While there was an increase in cyber security incidents in 2014 according to the report, the number of confirmed compromises of the Federal Government networks has decreased since 2012. Their estimated cost is likely to be lower than the reality, as it does not capture the impact to Government and business.</p>

2016–17

2017–18

2018–19

Transportation and Utilities

Integrated transport planning

The audit will assess whether the Department of Transport and Main Roads is achieving overall transport effectiveness and efficiency through its strategic planning and management of transport resources.

Transport is a key enabler of a number of the Queensland Government's strategic infrastructure and planning initiatives that impact the day-to-day lives of Queenslanders. A well planned and managed transport system plays an essential role in the development of a healthy, robust and growing economy — connecting communities, providing access to services and supporting commerce and industry throughout the state.

The *Transport Coordination Plan* (TCP) under the *Transport Planning and Coordination Act 1994* provides a framework for strategic planning and management of transport resources. The TCP sets the strategic direction for Queensland's transport system over a ten year period from 2008 to 2018, providing direction for other major strategies and plans. Ten objectives have been defined that respond to the challenges and opportunities facing the transport system.

The Queensland Transport and Roads Investment Program 2015–16 to 2018–19 details the transport and road projects that the Queensland Government plans to deliver over the next four years to meet the infrastructure needs of the state.

The *State Infrastructure Plan* (SIP) outlines a new strategic direction for the planning, investment and delivery of infrastructure over the next 15 years. It highlights indicative future service demand for public and road transport infrastructure and the need for an integrated, efficient and sustainable transport system.

Appendix B — Strategy Audit Plan acquittal 2015–18

2015–16	Status	2016–17	Changes	2017–18	Changes
Agriculture, Resources and Natural Environment					
<ul style="list-style-type: none"> Agriculture science research and development programs 	Tabled November 2015	<ul style="list-style-type: none"> Agricultural pest and disease management 		<ul style="list-style-type: none"> Management of fisheries and marine parks 	Refined to exclude marine parks and renamed
<ul style="list-style-type: none"> Flood management of river catchments 	Tabled April 2016	<ul style="list-style-type: none"> Security of critical water infrastructure 		<ul style="list-style-type: none"> Biomedical waste 	Removed due to lower relative priority
Education and Training					
<ul style="list-style-type: none"> Early childhood education 	Tabling May 2016	<ul style="list-style-type: none"> Aboriginal and Torres Strait Islander education and employment outcomes 		<ul style="list-style-type: none"> Alternative trade training pathways 	Moved out to 2018–19 due to significant reforms
		<ul style="list-style-type: none"> Teacher performance in public schools 	Refined and renamed	<ul style="list-style-type: none"> Independent school roll-out 	Removed due to lower relative priority
Finance and Administration					
<ul style="list-style-type: none"> Cloud computing management 	Tabled February 2016	<ul style="list-style-type: none"> Government advertising 		<ul style="list-style-type: none"> Use of confidentiality clauses in government contracts 	
		<ul style="list-style-type: none"> Strategic procurement—value for money 			
Health and Ambulance Services					
<ul style="list-style-type: none"> Hospital utilisation (split into two audits: tranche 1 — operating theatres, tranche 2 — high value equipment) Theatre efficiency High value equipment 	Tabled April 2016 Tabling September 2016	<ul style="list-style-type: none"> Patient management and administration systems 	Subsumed into our performance audit of Building Queensland	<ul style="list-style-type: none"> Health non-government organisation community based support 	Subsumed into our performance audit of National Disability Insurance Scheme
		<ul style="list-style-type: none"> Management of mental health 		<ul style="list-style-type: none"> Patient length of stay 	Removed due to lower relative priority
				<ul style="list-style-type: none"> Chronic disease management 	Moved out to 2018–19 due to parliamentary inquiry into the proposed Queensland Health Promotion Commission
				<ul style="list-style-type: none"> Forensic services 	Moved to Legal affairs and community safety
Legal Affairs and Community Safety					
<ul style="list-style-type: none"> Management of privately operated prisons 	Tabled February 2016			<ul style="list-style-type: none"> Reporting of crime data 	Moved in to 2016–17 to balance portfolio coverage and renamed
<ul style="list-style-type: none"> Follow-up of selected 2012–13 audit: <i>Community Benefits Funds: Grant Management</i> 	Tabled February 2016				

2015–16	Status	2016–17	Changes	2017–18	Changes
Built Environment					
▪ Royalties for the regions	Tabled December 2015	▪ Integrated transport planning in South East Queensland		▪ Economic Development Queensland	
▪ Major transport infrastructure projects	Tabled December 2015			▪ User experience of public transport	Removed due to lower relative priority
▪ Effectiveness of the National Heavy Vehicle Regulator	Tabling July 2016				
Local Government					
▪ Forecasting long-term sustainability in local government	Tabling August 2016	▪ Development applications and approvals in local government	Moved out to 2018–19, to address proposed legislative change	▪ Local government rating practices	
Social and Community Services					
		▪ Social housing transfer initiatives	Moved out to 2017–18 due to delays in implementation	▪ National Disability Insurance Scheme	
		▪ Prevention and response to domestic violence	Moved out to 2018–19 due to new strategy		

Appendix C — Strategic audit planning process

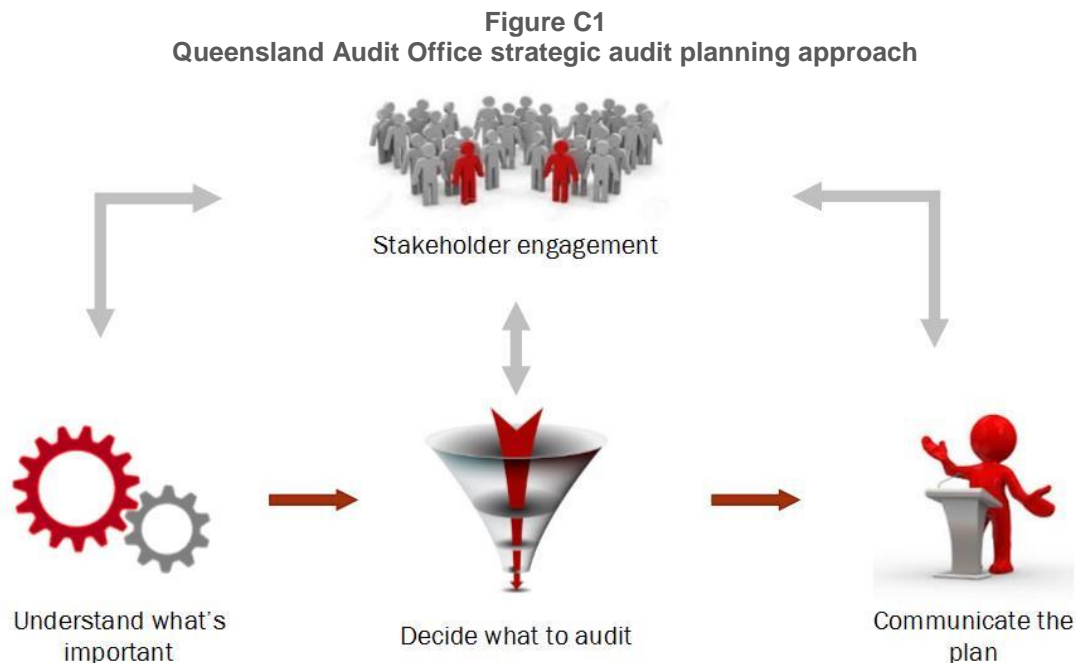
Process

Our strategic audit planning process has three main phases and incorporates ongoing discussions with our stakeholders to inform the development and refinement of audit topic ideas.

The three main phases can be summarised as follows:

- Understand what's important.
- Decide what to audit.
- Communicate the plan.

Figure C1 shows our three-step planning approach.



Source: Queensland Audit Office

Understanding what's important

We understand what is important through ongoing intelligence gathering including by:

- consulting parliament, public sector entities and integrity agencies and other relevant stakeholders, including peak bodies
- scanning the environment to identify key risks and challenges to public administration, internationally, nationally and at state and local government levels
- closely monitoring agencies' operations to identify opportunities for improved performance
- monitoring referrals we receive from the public, government, media and the public sector.

Our audit teams are aligned to specific portfolios, led by sector directors who interact with our clients and other stakeholders and maintain a deep understanding of the sector in which they operate.

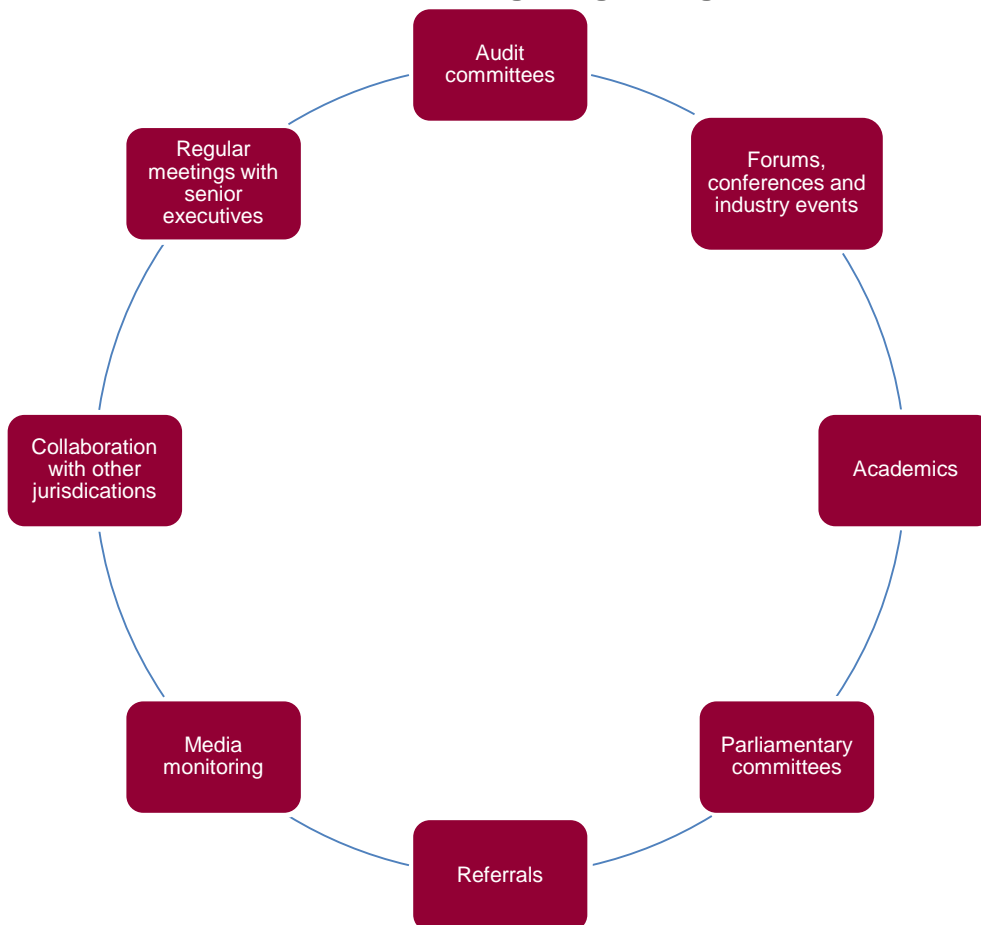
Each year, we use our ongoing intelligence gathering to shape audit themes and priorities into potential performance audit topics. We then assess changes to government priorities, reviews, or any general factors that may influence suitability or timing to determine what is important.

We identify the factors that contribute to these changes through close analysis of ongoing developments, considering the impact of the following:

- cross-sector themes
- significant challenges
- new risks/opportunities
- legislative reform and public inquiries
- national and international events that impact Queensland.

The outcome of our intelligence gathering efforts directs our focus and informs our development of the Strategic Audit Plan (SAP).

Figure C2
Sources for intelligence gathering



Source: Queensland Audit Office

Deciding what to audit

Our internal SAP process commences with the generation of an idea and follows a series of stage-gate processes until a topic is listed on our draft SAP. This is then released for consultation with the Finance and Administration parliamentary committee.

Figure C3 below demonstrates the overarching process we use.



Source: Queensland Audit Office

We apply a structured and rigorous process and encourage all financial and performance auditors to participate through their suggestion of potential ideas for performance audits that arise from their audit work. These ideas are then researched in more detail and, if viable, are added to the long list of potential future performance audits.

We critically assess each performance audit topic against our customised ‘business drivers’ — our key assessment criteria — to determine if the topic should progress to the short list for consideration by our executive management group for inclusion in the SAP.

Assessment against our QAO business drivers

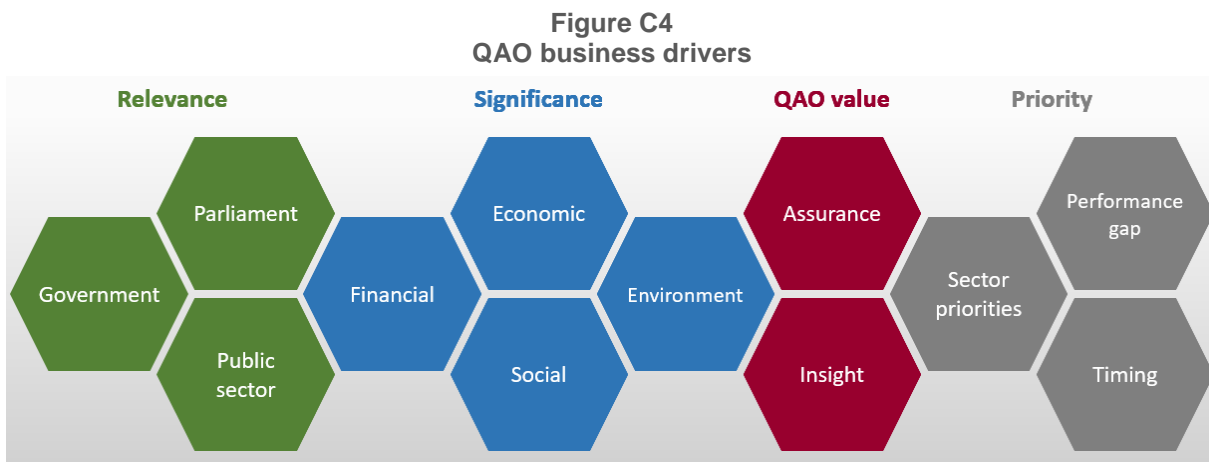
Our assessment of proposed performance audit topics is critical in ensuring that we have a consistent way to assess each topic and its relative merits. We assess each topic against our business drivers spanning four main elements:

- **relevance to our key stakeholder groups** — parliament, the current government and the public sector
- **significance of the issue** — financial, economic, social and environmental
- **QAO contribution** — our ability to provide assurance and valuable insights
- **priority and timing** — consideration of time-critical events and competing priorities.

These criteria provide a structured and disciplined approach for us to compare and contrast what can be disparate topics across the entire public spectrum. The results of the assessments are then used to inform our executive team as part of its deliberations to choose audit topics for the SAP. Some of the other relevant considerations in the deliberative process include:

- the coverage of audit types across our performance audit mandate — economy, efficiency, effectiveness and compliance audits
- the coverage across sub-sectors and by relevant parliamentary committee
- whether specific skill sets are required (and available) for particular audits, for example, whether external technical expertise may be required to assist with the audit
- the impact of current or proposed public sector reforms on proposed audits.

Figure C4 provides an overview of the business drivers we use in our assessment of each topic.



Source: Queensland Audit Office

Each of the business drivers has its own customised five point scale that allows us to score each topic from 0–4 for each business driver. As an example, here is the scoring scale we apply to the business driver ‘Significance — social’:

**Figure C5
Social significance business driver rating scale**

Rating	Definition of rating
0	Negligible impact on community wellbeing safety security or amenity.
1	Program or project being examined has some minor short-term relationships to community well-being safety or security; Long term impacts and external effects are minor
2	Substantial impact on wellbeing amenity safety or security of Queenslanders or on a specific community population group or workforce.
3	Immediate and high impact on wellbeing amenity safety or security of Queenslanders or on a specific community population group or workforce The external effects of this program or project are tangible and quantifiable
4	Of critical importance to the preservation of life and social fabric in Queensland or specific communities. Community safety security wellbeing public health or civil society will be placed at high risk if this program or project fails.

Source: Queensland Audit Office

Communicating the plan

Once we have considered and assessed each of the topics on its merits and they have been moderated to ensure balance across our program, we consult with relevant agencies and parliamentary committees on our draft SAP. This provides an opportunity for agencies to provide comment on the proposed performance audit topics. As a result of this consultation, we may refine our SAP.

The consultation process involves:

- providing key stakeholders such as public sector agencies, ministers and parliamentary committees with the draft SAP relevant to them for comment
- refining and incorporating changes based on feedback from these stakeholders
- formally issuing the proposed SAP to the Finance and Administration parliamentary committee for comment for 42 days and incorporating accepted changes.

Our final SAP is published on our website before 30 June each year, as required under the *Auditor-General Act 2009*.

Our consultation process supports the main objective of our approach, being an intelligence-led and evidence-driven process. This means that we are focusing on what is actually happening in the Queensland public sector environment rather than what we think is happening. This underpins our vision, which is to support the delivery of better public services by identifying topics that are likely to have greater impact and positive outcome for Queensland public sector agencies and the wider community.

We are continuing to refine this process by engaging with our stakeholders at regular intervals throughout the year and designing ways to streamline the flow of intelligence gathered through our engagements.

Changes to the program

Each year, we identify approximately ten performance audit topics we intend to conduct for each of the following three financial years. While we expect to deliver on the topics we commit to in our SAP, we may reconsider or refine particular topics for a range of reasons, including:

- introduction of new legislation or new policy or program initiatives
- changes in the proposed timing or delivery of government services/programs
- machinery of government changes or delivery agency restructure
- a government program or service becoming redundant.

We may also undertake a performance audit into a matter that was not originally planned but is referred to us for consideration. This situation arises because, under our mandate, anyone with information or concerns about financial mismanagement in the Queensland public sector can refer these concerns to us. We assess the information provided and, if appropriate, investigate the referral. Our investigations may lead us to determine that a performance audit of the matter is warranted.

From year to year, other changes to our plan may also include:

- addition of a new topic
- removal of an existing topic
- refocus or refinement of the topic and its audit objective
- reschedule of an existing topic to another year.

Future focus and enhancements

While we have continued to apply a collaborative approach when nominating proposed performance audit topics for the SAP, this year, we have made changes to how the results of our stakeholder engagement and intelligence gathering are collated. We have designed a tool that can be used to centrally record potential topics we may explore in future performance audits. This allows us to capture and track possible topics and continue to update topics for new information that presents itself through our ongoing engagement and research.

The tool is available to all audit staff, whether working in financial, performance or information systems audit, or area of control focus reviews. This encourages staff to share the knowledge and evidence gathered from their respective areas, and together identify which topics should be selected to best contribute to better public sector services.

There continues to be aspects of the SAP process that we continue to refine. These include:

- further refining our business drivers
- enhancing the way we communicate with stakeholders and expanding on the methods we use
- increasing the range of our environmental scanning and intelligence gathering
- investigating collaboration with other jurisdictions.

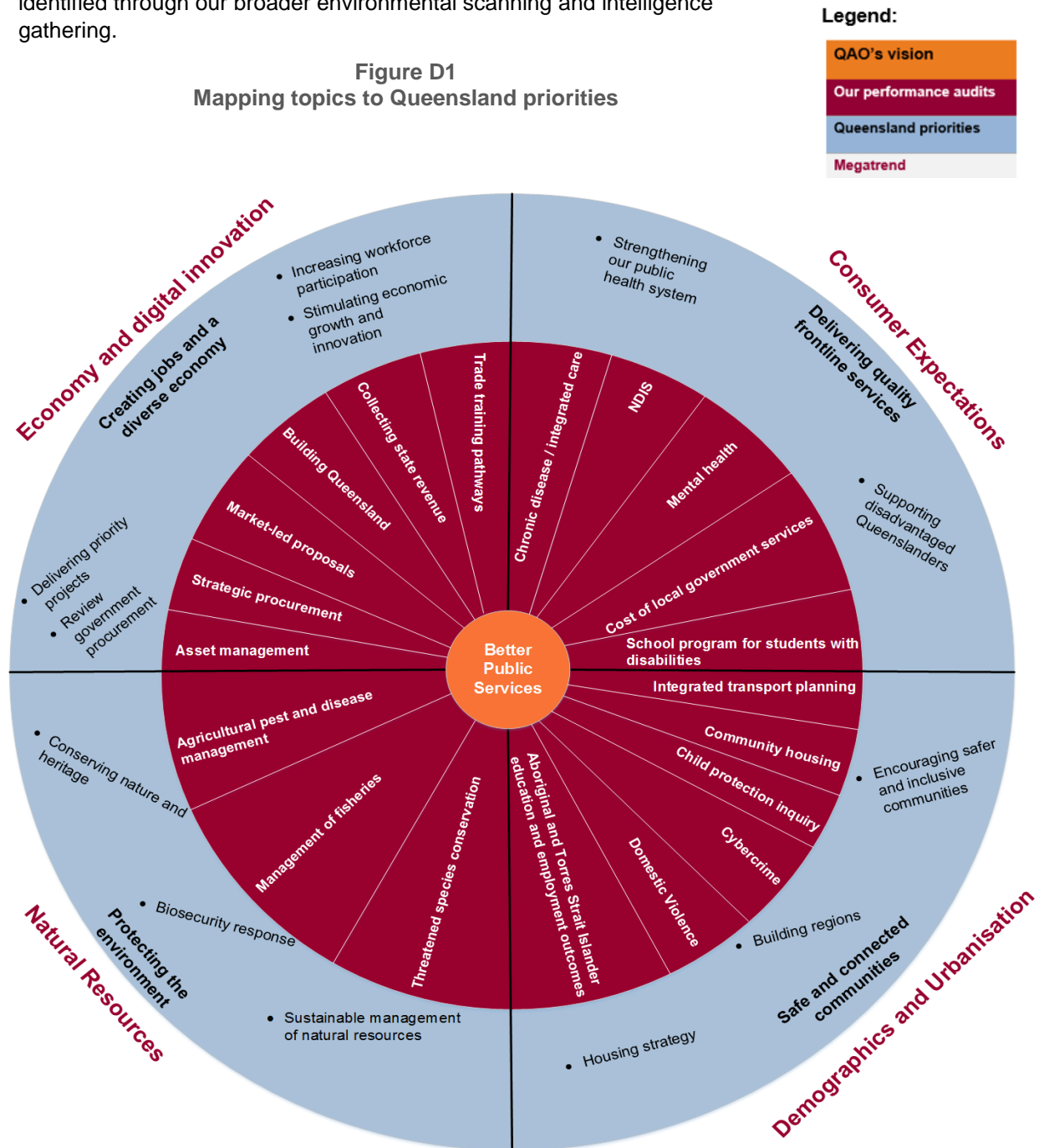
Appendix D — Linking our topics to Queensland priorities and global trends

Our vision is to assist parliament and the public sector to deliver better public services for Queenslanders.

In the diagram below, we set out how our performance audits deliver on that vision. We also show how our audits contribute to the Queensland Government’s strategic objectives for the community as well as some key priority areas for public sector agencies.

We have then further linked these Queensland issues to the global megatrends we have identified through our broader environmental scanning and intelligence gathering.

Figure D1
 Mapping topics to Queensland priorities



Source: Queensland Audit Office

Appendix E — Our audit services and mandate

Our mandate

The Queensland Auditor-General undertakes an independent, statutory role for the Queensland Parliament, supported by the Queensland Audit Office (QAO) in delivering financial and performance auditing services. The results of these audits are reported to parliament to provide it with necessary assurance about the reliability of financial reporting by, and the performance of, the public sector.

We audit all state and local government public sector entities and any entities they control. We can exempt entities from annual financial audits by QAO for periods of up to three years, but only if the audit is small and low risk. Section 60 of the *Auditor-General Act 2009* requires that we report at least once each year to parliament on the results of the financial audits we undertake for public sector entities.

At the request of a minister or a public sector entity, we may also undertake audits of non-public sector entities, with their agreement.

Our mandate was extended from August 2011 to allow us to audit matters relating to property, money or other assets given to non-public sector entities, including deciding whether they have been applied economically, efficiently and effectively for the purposes for which they were given. If such an audit is carried out, the auditor-general must prepare a report to the Legislative Assembly, setting out the reasons for conducting the audit and results of the audit.

Section 37A of the *Auditor-General Act 2009* became effective in August 2011 and governs performance audits. This section provides the mandate to the auditor-general to conduct a performance audit of all or any particular activities of a public sector entity, or in limited circumstances, a government owned corporation.

Section 38 of the *Auditor-General Act 2009* provides the mandate to the auditor-general to conduct a performance management systems audit of a government owned corporation, or a controlled entity of a government owned corporation.

Auditing standards

We undertake our audits in accordance with the Auditor-General of Queensland Auditing Standards, which incorporate the Australian auditing standards. These require us to analyse each entity's internal control structure and assess the risks associated with its financial report. We design our audit procedures to address these risks.

Our audit services

We provide independent audit services that assure parliament and the community of the performance and accountability of the public sector. We do this through reports to public sector entities on their financial statements and reports to parliament on the results of our financial and performance audits.

Performance audit services

Performance audits provide parliament and the community with independent assurance that public monies have been used appropriately and well, and that the results achieved from their use meet parliament's expectations. Performance audits assess whether an entity, program or activity achieves its objectives economically, efficiently and effectively and complies with relevant laws. Performance audits do not question the merits of policy objectives — they assess how well the policy objectives are being achieved.

Performance audits provide parliament and the general public with assurance that the delivery of public sector services and spending of public monies, is accountable, transparent and valid. These audits focus on efficiency, effectiveness and economy of public service delivery, as well as compliance with legislative and prescribed requirements. Our performance audits are funded by parliament through appropriation.

Financial audit services

Financial audits provide the users of financial statements of public sector entities with independent assurance that the statements are reliable and comply with prescribed requirements. We conduct financial audits over the following types of public sector entities:

- **general government sector (GGS):** government bodies that are legally distinct from the governments that own them and that provide non-regulatory, non-financial market goods and services, including all government owned corporations other than those classified as public financial corporations (PFCs)
- **public non-financial corporations (PNFC):** bodies that are legally distinct from the governments that own them and that provide non-regulatory, non-financial market goods and services, including all government owned corporations other than those classified as PFCs
- **public financial corporations (PFC):** government controlled entities performing centralised banking functions. For the purposes of this report, PFCs include the Queensland Investment Corporation and QSuper and their controlled entities
- **local government:** Queensland councils and the entities they control either individually or jointly
- **universities:** government universities and their controlled entities, and grammar schools within Queensland.

We undertake a risk-based approach to our financial audits. We incorporate the results of our environmental scanning and stakeholder engagement to determine the transactions, account balances, significant projects and financial statement disclosures we would like to focus on for the upcoming year.

Financial audits are funded by fees charged to each audited entity, while performance audits and reports on the results of financial audits are funded by parliament.