

# INFORM

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Pictured are Kaylene Cossart, Manager – Governance and Communications with Gary Biddle, Executive Director – Business Services with the Client Relationship Management Framework document.

## Improving our service

QAO continues to focus on improving our business processes and identifying opportunities to enhance the service we offer to our clients.

We recently released our Client Relationship Management Framework. A key aspect of this framework is our business improvement agenda. The business improvement agenda is a key strategic document through which we have investigated our audit practice and the way our leaders collaborate and work together.

From our analysis we have confirmed that there are three fundamental measures of client satisfaction:

- **Quality** – consistency of our practice and the level of our client relationship
- **Timeliness** – ensuring our commitments are met to produce relevant outputs
- **Cost** – being cost effective in how we conduct our business.

These factors impact on client relationship management. We are continually working to improve coordination and communication with our clients. We work with our own staff to instil a culture of client focus. Our first priority is an understanding of our client's key concerns to ensure we provide the audit assurance required.

QAO continues to assess our internal processes and identify improvement opportunities. We are committed to improving our client service.

As new strategies and practices are embedded clients will notice benefits to the service received through more efficient audits and better communication. Our business improvement agenda will assist us to provide greater assurance about of public sector accountability and performance.

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# QAO Strategic Plan 2009–2013

Our Strategic Plan for 2009–2013 has recently been released. It is a key document for QAO and is the foundation of our activities for this period. It clarifies our vision, purpose and future strategies required to achieve desired objectives, and emphasises our commitment to our clients.

**Our vision** – Excellence in enhancing public sector accountability.

**Our purpose** – To provide Parliament with independent assurance of public sector accountability and performance.

## IPSAM – our audit toolkit

The Integrated Public Sector Audit Methodology (IPSAM) is the fully computerised audit toolset used by QAO to perform and document our audits. The system guides our auditors through the audit process and allows for efficient and effective development of audit procedures and documentation of audit evidence in compliance with auditing standards.

IPSAM is a joint initiative by QAO and the Victorian Auditor-General's Office (VAGO) to develop a public sector specific audit methodology. IPSAM was implemented in QAO and VAGO in 2006.

Having a public sector audit toolset provides a number of advantages being:

- catering for the differences between the public and private sector audit
- improved linkage of client files through all stages of the audit
- establishment of common audit policies, procedures and guidance
- effective sharing of better practice to ensure quality audits.

IPSAM has become a well regarded toolset amongst other audit offices leading to it being implemented by the Tasmanian Audit Office and Australian Capital Territory's Auditor-General's Office. It is also currently being considered for use by the South Australian Auditor-General's Department and the Western Australian Office of the Auditor-General.

Since its introduction, IPSAM has been constantly updated to keep pace with emerging best practice and changes to the Australian Auditing Standards. In September 2009, a new release of IPSAM will be implemented in QAO for use on 2009–2010 audits.

To ensure these benefits are maximised and our audit processes remain effective and efficient we will continue to maintain an appreciation of Parliament's and our clients business and functions.

'To provide Parliament with independent assurance of public sector accountability and performance.'

# Reports to Parliament for 2009

## **Report No. 3 Transport network management and urban congestion in South East Queensland**

The objective of this audit was to determine whether performance management systems were in place to enable the entities, individually and at state and local government levels, to efficiently and effectively manage the South East Queensland transport network and address urban traffic congestion.

The audit examined transport network planning, management and reporting in the former Departments of Transport, Main Roads, and Infrastructure and Planning, Translink Transit Authority and Brisbane City Council.

The audit highlighted the need for agencies to collaborate and work together across agencies to manage transport congestion if an optimum outcome is to be achieved. The audit confirmed that this is a complex issue that cannot effectively be managed by a single entity.

The audit also highlighted the opportunities for coordination and collaboration created by the amalgamation of the former Departments of Transport and Main Roads.

## **Report No. 4 Results of Audits at 31 May 2009**

The report was tabled on 30 June 2009 and provides the results of the audits of public sector entities with financial statement balance dates other than 30 June 2008 as well as the results of a number of cross sector audits.

The results of these cross sector audits have identified a general trend of an absence of required policy along with governance mechanisms and coordination activity that should accompany policy determination and outcomes. Recommendations made in this report relate to the need for better whole-of-government coordination on a number of issues, including the need for a whole-of-government approach for management of project cost escalation, lease arrangements for land acquired for future infrastructure projects, security management systems and the monitoring of government IT security incidents.



# Training & industry

## New audit legislation update

Paul Christensen, Acting Director Audit Policy and Quality



On 1 July 2009 a new legislative framework for the financial accountability and audit of Queensland public sector entities replaced that previously contained within the *Financial Administration and Audit Act 1977* (FA&A Act) and associated subordinate legislation.

At the time it was introduced, thirty years ago, the FA&A Act was considered innovative for consolidating the requirements for financial administration and audit matters into a single piece of legislation. In reviewing the legislative framework, however, it was determined that it would now be more appropriate to contain the requirements for financial accountability and audit in separate legislation.

The *Auditor-General Act 2009* replaces the requirements previously contained in Parts 5 and 6 of the FA&A Act.

While the *Auditor-General Act 2009* has not significantly amended the mandate or the powers of the Auditor-General, enhancements were made to reflect the changing environment in which QAO operates. Some of the key changes included in the Act are outlined in this article.

### Public sector entity definition

Under Section 30 of the Act the Auditor-General must, each financial year, audit the consolidated fund and 'all public sector entities', including auditing and preparing an independent auditor's report on the annual financial statements of 'public sector entities'

(Section 40). The definition of public sector entities was amended to specifically include government owned corporations (GOCs) and entities controlled by GOCs.

Previously, GOCs were required to be audited by the Auditor-General under the *Government Owned Corporations Act 1993*. Controlled entities of GOCs, however, were only required to be audited by the Auditor-General by virtue of the *Audit and Reporting Requirements for Government Owned Corporation Controlled Entities and Investments* policy issued by Treasury Department.

### Shareholders and overseas-based companies

Section 34 of the Act requires shareholders of public sector companies to appoint the Auditor-General as the auditor. The power of the Auditor-General to undertake audits of these companies extends beyond the requirements of the *Corporations Act 2001* (Section 37(4)). Issues have previously arisen where the public sector companies are based overseas. While these foreign-based companies fall within the Auditor-General's legislative mandate this is not generally recognised in the jurisdiction in which the companies are established.

To overcome these practical difficulties Section 32 was introduced which provides for a limited exemption from audit by the Auditor-General.



# Training & industry

Where public sector companies wish their foreign-based controlled entities to be exempt under Section 32 they will need to formally seek approval from the Auditor-General.

## Auditor-General legislative mandate

The Auditor-General has retained a legislative mandate in relation to the following types of audits:

- audits at the request of the Legislative Assembly (Section 35)
- by-arrangement audits (Section 36)
- audits of performance management systems (Section 38)
- audits of the consolidated fund accounts (Section 39)
- audits of expenditure for Ministerial Offices (Section 41)
- audits of consolidated whole-of-government financial statements (Section 42).

## Auditor-General legislative exception

The *Auditor-General Regulation 2009* continues an exemption from audit, by the Auditor-General, provided to parents and citizens associations under Section 31 of the Act. This exemption was previously included in the *Financial and Audit Regulation 1995*.

## Information disclosure

Under Section 53 of the Act authorised auditors are prevented from disclosing protected information gathered during the course of an audit. These requirements, however, were amended to provide a more practical framework for the Auditor-General in disclosing information for the investigation and prosecution of offences. The section also clarifies that provision of information by the Auditor-General to the Australian Securities and Investments Commission (ASIC) for audits conducted under the *Corporations Act 2001* is at the discretion of the Auditor-General.

Section 65 provides for an audit report to remain confidential. Those who receive part of, or a complete proposed audit report, may not disclose information contained unless:

- disclosure of the information to another person is required for the purpose of responding to the proposed report item or obtaining legal advice in relation to the matter raised, or
- the information has been made public by the Auditor-General.

The role and responsibilities of the Auditor-General have been provided for in legislation since 1861. The new *Auditor-General Act 2009* will ensure that the Auditor-General is able to continue providing Parliament with independent assurance of public sector accountability and performance.

'The *Auditor-General Act 2009*, replaces the requirements previously contained in parts 5 and 6 of the FA&A Act.'

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## New Standards, Interpretations and Exposure Drafts

### Australian Accounting Standards Board

The following have been issued by the Australian Accounting Standards Board since June 2009. Copies of these documents can be downloaded from [www.aasb.com.au](http://www.aasb.com.au)

#### Standards

No	Title	Issue	Operative date
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16]	May 2009	1 July 2009
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	May 2009	1 Jan 2010
AASB 2009-6	Amendments to Australian Accounting Standards	June 2009	# Operative for periods beginning on or after 1 Jan 2009 that end on or after 30 Jun 2009
AASB 2009-7	Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]	June 2009	1 July 2009

#### Interpretations

No new interpretations have been released since June 2009.

#### Open for comment

The following relevant proposal documents are currently open for comment.

No	Title	Issue	AASB comment close	Other comment close
ITC 21	Request for Comment on IASB Discussion Paper DP/2009/2 Credit Risk in Liability Measurement	June 2009	7 August 2009	1 September 2009
AASB 139 Discussion Paper	IASB Request for Information – Impairment of Financial Assets: Expected Cash Flow Approach (Expected Loss Model)	June 2009	17 August 2009	1 September 2009
ED 184	ED 184 Financial Instruments: Classification and Measurement	July 2009	17 August 2009	14 September 2009
ED 181	Fair Value Measurement	June 2009	28 August 2009	28 September 2009
ED 179	Superannuation Plans and Approved Deposit Funds	May 2009	30 September 2009	-
ED 180	Income from Non-exchange Transactions (Taxes and Transfers)	June 2009	30 November 2009	30 November 2009
ED 183	Management Commentary	June 2009	31 December 2009	1 March 2010

#### Auditing and Assurance Standards Board

At their June meeting, the Auditing and Assurance Standards Board (AUASB) received a progress report on the AUASB Clarity project, noting that the project is on track for completion, as planned, in October 2009.

# Future issues

## Accommodation update

The current QAO lease at Central Plaza One expires in March 2010 and the lease at Brisbane Club Tower shortly after. We have therefore been looking at options available regarding our accommodation.

A lease was recently signed for Level 10 and Level 14, 53 Albert Street, Brisbane. Design requirements are currently progressing.

This location will enable us to consolidate our head office operations into one building and provide a more central operation for dealing with our clients.

The current proposed date for the relocation is December 2009. We are managing the process to ensure there is minimal disruption to our staff and clients during this transition.

## Client information session

Our client information sessions are important dates in our calendar. We hold these sessions during the year as an opportunity to meet with our clients and provide information on relevant topics.

The next client information session focuses on Performance Management Systems audit. It will be held on Friday 9 October at 111 George Street, Brisbane.

### Topics

1. Update by the Auditor-General.
2. The Performance Management Systems audit process.
3. Findings from Report to Parliament No. 2 for 2009 Health Service Planning for the future.
4. Findings from Report to Parliament No. 3 for 2009. Transport Network Management.
5. Performance Management Systems program/issues for 2009–10.

► Be part of our next client information session

RSVP via QAO website – Events page to confirm your attendance.

[www.qao.qld.gov.au](http://www.qao.qld.gov.au)

If you have any topics that you would like covered in a client information session, please feel free to contact Terry Campbell on Tel 07 3405 1179 or email at [terry.campbell@qao.qld.gov.au](mailto:terry.campbell@qao.qld.gov.au).

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## Five minutes with...

### Terry Campbell, Assistant Auditor-General



*Terry Campbell joined QAO in January 2004 and was appointed to the role of Assistant Auditor-General in 2007. Terry has extensive experience in systems risk management and information systems audits in both the private and public sectors. Terry is responsible for managing QAO's annual performance management systems audit program.*

*Terry is a Certified Information Systems Auditor (CISA) and also holds certificates in IT Service Management, Systems Analysis and Design, and was one of over 60 Queensland public servants who recently received a Graduate Certificate in Public Sector Leadership after successfully completing the Public Sector Management Program.*

#### **What is the Public Sector Management (PSM) Program?**

'The PSM Program is a leadership and management education program for Australia's public sector managers and emerging leaders. The Program has been successfully run in Queensland since 1992 and combines tertiary study with experiential learning.

#### **What were the benefits?**

As a relative newcomer to the Queensland public service, the program provided me with a greater understanding of the public sector operating environment in Australia. The course also covered topics that are critical for all public sector managers such as leadership, ethics and accountability and the increasing need to work collaboratively with a diverse range of stakeholders.

A distinguishing feature of the PSM Program is the work based project, which requires all participants to select, plan, implement and write up a project from their workplace. Using the knowledge and skills developed in the program, we had to solve a problem within our own organisation and for my project I looked at the external and internal performance reporting at QAO and then developed an integrated reporting framework that linked to our strategic planning process.

Like any form of study, I found the program required a high degree of commitment, and juggling work, family and study commitments was challenging at times. However, the benefits made the effort worthwhile and I enjoyed undertaking an academic program after such a long break from study.

I particularly valued the opportunity to work with people from across the Queensland public service. I gained a greater appreciation of the diversity of roles and the skills that are needed to deliver increasingly complex services to the community. It also reinforced my view that there are some great people in the public sector who are professional and committed to delivering a quality service.

#### **What next?**

Despite vowing to my family, late one night a day before one of my major assignments was due, that I would never study again, I have recently enrolled in the Masters of Arts in Public Sector Leadership at Griffith University through the Open Universities Australia. I am looking forward to furthering my knowledge and understanding of contemporary public policy and leadership in the public sector, although I try not to think too much about the late nights ahead'.