

INFORM

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Latest on the impact of machinery of government changes

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Issue 3 of INFORM, June 2009, highlighted the significant issues brought about by the changes to the Queensland Public Service following the 27 March 2009 election. The overall effect of these changes was a reduction in the number of departments from 23 to 13, with 14 departments abolished and four new departments created.

Despite a substantial range of issues arising from the various amalgamations, it is pleasing to report that new and ongoing departments have had their audits concluded, and the audit opinion issued on the financial statements, within two months of the period end, i.e. 31 August 2009. The results of these audits have been communicated to the respective

entities and will be reported in the Auditor-General's Report to Parliament No. 8 for 2009 which is expected to be tabled in November 2009.

Given the extent of the changes in some agencies, this timely completion is a remarkable achievement and reflects an outstanding collaborative effort between departmental and QAO staff.

While the implications from the changes can be expected to continue, QAO staff are committed to working with departments to deal with them. To assist with this transition, QAO Engagement Leaders for the 13 departments for 2010-11 have now been appointed and are detailed on page 2.

QAO Engagement Leaders

To assist with changes to departmental structure, and to improve collaboration between departments and QAO, Engagement Leaders for the thirteen departments for 2010-11 have now been appointed and are listed below.

Department of Communities

Engagement Leader: Jim Beh
Director of Audit
Contact No.: 3405 1123

Department of Community Safety

Engagement Leader: Oliver Clare
Director of Audit
Contact No.: 3405 6103

Department of Education and Training

Engagement Leader: Damon Olive
Director of Audit
Contact No.: 3405 1196

Department of Employment, Economic Development and Innovation

Engagement Leader: Oliver Clare
Director of Audit
Contact No.: 3405 6103

Department of Environment and Resource Management

Engagement Leader: Michael Booth
Director of Audit
Contact No.: 3405 1187

Department of Health

Engagement Leader: P Brahman
Assistant Auditor-General
Contact No.: 3405 1199

Department of Infrastructure and Planning

Engagement Leader: Michael Booth
Director of Audit
Contact No.: 3405 1187

Department of Justice and Attorney-General

Engagement Leader: Jim Beh
Director of Audit
Contact No.: 3405 1123

Department of Police

Engagement Leader: Michael Hyman
Director of Audit
Contact No.: 3405 1163

Department of the Premier and Cabinet

Engagement Leader: Damon Olive
Director of Audit
Contact No.: 3405 1196

Department of Public Works

Engagement Leader: P Brahman
Assistant Auditor-General
Contact No.: 3405 1199

Department of Transport and Main Roads

Engagement Leader: Michael Hyman
Director of Audit
Contact No.: 3405 1163

Treasury Department

Engagement Leader: Paul Shipperley
Assistant Auditor-General
Contact No.: 3405 1152

'... timely completion reflects an outstanding collaborative effort between departmental and QAO staff'

Reports to Parliament for 2009

Report No. 5 Management of patient flow through Queensland hospitals – A Performance Management Systems audit

In response to predictions that demand for Queensland's public health services would significantly increase in the future, QAO undertook an audit to assess hospital performance management systems.

The audit involved determining whether the performance management systems enable the hospitals to assess whether management of inpatient flow, (including admissions/ discharges and interaction with external health service providers), was achieved economically, efficiently and effectively.

Key findings:

- Compliance with patient flow frameworks, policies and procedures
- Consistency across the state by identifying and sharing better practice
- Discharge planning from point of admission
- Investigation and development of consistent bed management systems
- A system to monitor staff skill mix
- Formal training on patient flow concepts and processes
- A suite of performance indicators for all aspects of patient flow
- Interaction with external health service providers reported consistently.

Report No. 6 Providing the information required to make good regulation – A Performance Management Systems audit

The audit examined agency systems and the impact of, proposed regulations and amendments to existing regulations.

The audit highlighted that while many staff involved in developing regulations are highly skilled, opportunities for improvement existed.

Key findings:

- Areas for improvement in the completeness of information provided in Explanatory Notes and Regulatory Impact Statements
- Systems to assess the impact of proposed regulatory solutions, often are not well documented or applied consistently
- Limited training or guidance available for agency officers on developing effective and efficient regulations and no training on how to implement best practice principles
- A 'gatekeeper' position is not in place to coordinate the regulatory reform process for both primary and subordinate legislation in Queensland.



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Financial Accountability Framework

Paul Christensen, Manager Audit Policy and Quality

Commencement of new financial accountability legislation



A new legislative framework for financial accountability and audit of Queensland public sector entities took effect on 1 July 2009.

The new framework takes a principles-based approach, which concentrates on outcomes and accountability, without prescribing the processes required to achieve these outcomes.

The key elements of the new financial accountability framework are:

- *Financial Accountability Act 2009*
- *Financial Accountability Regulation 2009*
- *Financial and Performance Management Standard 2009*
- *Financial Accountability Handbook.*

What changes will this mean for you?

One of the key amendments contained in the *Financial Accountability Act 2009* relates to the requirement for Accountable Officers to nominate an appropriately qualified Chief Finance Officer and Head of Internal Audit.

Accountable Officers are required to delegate certain minimum responsibilities to the nominated officers. In relation to the Chief Finance Officer this includes delegated responsibility for:

- financial resource management, including the establishment, maintenance and review of financial internal controls
- budget management
- preparation of financial information, including annual financial statements, to facilitate the discharge of statutory reporting obligations
- provision of advice on the effectiveness of accounting and financial management information systems and financial controls in meeting requirements
- provision of advice concerning the financial implications of, and financial risks to, current and projected services
- development of strategic options for future financial management and capability.

Each financial year the Chief Finance Officer will also be required to provide the Accountable Officer with a statement about whether internal financial controls are operating efficiently, effectively and economically.



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What changes will this mean for QAO?

The new financial accountability framework provides for a number of roles and responsibilities for the Auditor-General and QAO.

The Auditor-General is required to express an opinion on the annual financial statements of agencies as to compliance with prescribed accounting requirements.

Whilst not a new requirement, judgement will be required in making this assessment and agencies may be required to provide a greater level of evidence to support decisions made and actions taken in demonstrating compliance.

The framework identifies a number of areas where consultation is required with the Auditor-General. These areas include:

- proposed amendments to the standard
- exemptions sought from the Treasurer
- extensions of financial reporting periods.

Where this consultation takes place the Auditor-General will aim to ensure that changes made, or exemptions granted, will not in any way result in a reduced level of accountability. In relation to exemptions from application of the standard, agencies should also note that exemptions previously granted under the Financial Management Standard have lapsed and would need to be applied for again.

Going forward together to meet these changes

While addressing all the requirements of the new framework may not be achievable in a short period of time, agencies can benefit by developing appropriate project plans and timeframes. This will enable completion of the assessment in a timely manner.

QAO is available to discuss options. As a first step, we would advise that agencies review and assess their existing practices and policies in order to identify whether present practices are effective, efficient and economical.

Implementation of the new framework provides a real opportunity to implement internal systems that are appropriate for the needs of your organisation, are cost-effective and maintain an appropriate level of accountability.

Together we can work to ensure a smooth and clear implementation of this legislative framework.

'Implementation of the new framework provides a real opportunity to implement internal systems that are appropriate for the needs of your organisation.'

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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 August 2009. Copies of these documents can be downloaded from www.aasb.com.au

Standards

No	Title	Issue	Operative date
AASB 2009-8	Amendments to Australian Accounting Standards – Group cash-settled share-based payment transactions [AASB 2]	July 2009	1 Jan 2010

Interpretations

No new interpretations have been released since August 2009.

Open for comment

The following relevant proposal documents are currently open for comment.

No	Title	Issue	AASB comment close	Other comment close
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
ED 185	Rate-regulated activities	July 2009	9 October 2009	20 November 2009
ED 188	Improvements to IFRSs	September 2009	30 October 2009	24 November 2009

Auditing and Assurance Standards Board

At their September meeting, the Auditing and Assurance Standards Board (AUASB) considered and cleared the penultimate draft versions of forty proposed Auditing Standards in Clarity Format. The cleared proposed standards will return to the Board for final approval at their October meeting.

Future issues

Improving cost efficiency

QAO is committed to working with our clients to continually improve our service. A key aspect of this is working with our clients to ensure we keep fees at a reasonable level.

We regularly assess our business model, resourcing mix, clients and our fees, and measure them against internal key performance indicators and other Australian Audit Offices.

Simple planning and preparation can often assist clients in managing audit fees.

By having staff ready to engage with our auditors, and ensuring documentation is prepared and checked prior to audit it is possible to maintain greater control through the year.

By improving the process by which we work with our clients we hope to continue to manage audit fees charged and show greater focus on our clients operations.

Strategic Review of QAO

Section 68(2) of the *Auditor-General Act 2009* requires that a strategic review of QAO be conducted at least every five years. A strategic review includes a review of the Auditor-General's functions and performance to assess whether they are being performed economically, effectively and efficiently. The Governor in Council has appointed Mr Graham Carpenter and Mr Mark Gray to undertake the strategic review.

It is expected that the review process will be completed by early next year. It is important that QAO, like any other public sector organisation is subject to regular review.

The Premier will table the final report in Parliament.

Auditor-General re-appointment

The Governor in Council recently approved the re-appointment of Glenn Poole as Auditor-General for a further two year term. This will take his appointment up to the seven year maximum period permitted under the *Auditor-General Act 2009*.

Over the last five years QAO has made a significant contribution to financial accountability in Queensland and staff members have achieved a demanding schedule of audits.

We have improved our quality assurance and scheduling systems to equip QAO for the future.



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If there is anything you would like to see featured in **INFORM** or you have an interesting story idea or picture you would like to contribute, please contact us at Inform@qao.qld.gov.au or on 07 3405 5003.

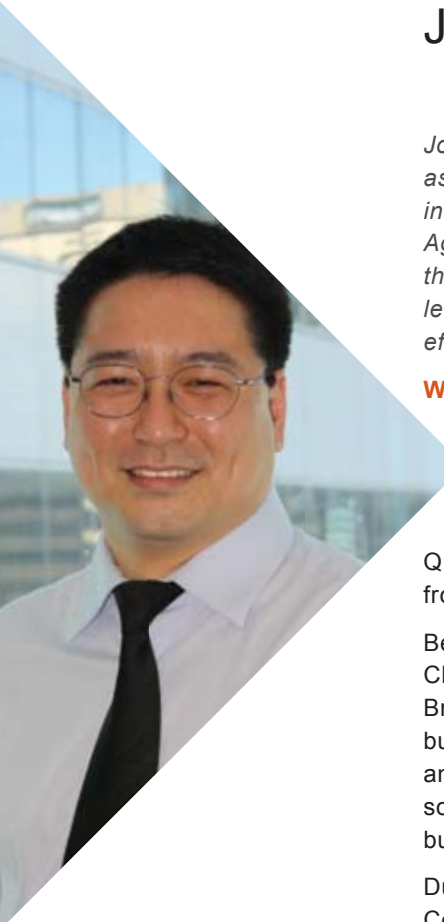
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Five minutes with...

John Yang, Audit Principal, Queensland Audit Office



John Yang joined QAO in September 1999 as a Graduate Auditor and is currently involved in the audit of the Shared Service Agency (SSA). The primary objective of the audit is the provision of assurance letters to the Agency auditors over the effectiveness of controls at SSA.

What did you do prior to joining QAO?

My family emigrated from Taiwan to Australia in 1988, where I attended a local Brisbane school. I obtained my Bachelor of Business degree from QUT and Masters of Commerce degree from University of Queensland.

Before joining QAO, I worked for a Chartered Accounting firm in the Brisbane CBD, specialising in the small business sector. It was a great experience and provided an opportunity to see some of the challenges faced by small business operators.

During the final year of my Masters of Commerce program, I became aware of the QAO's graduate recruitment program from a family friend working in Queensland Public Service. At that point I had never worked in, or considered, a position within the public sector.

My career at QAO has been very rewarding and has developed my professional skills.

What is the best aspect of your current position?

I am very fortunate to be part of a great team and under a supportive Director and Manager. The team is constantly facing the challenges of meeting audit milestones whilst assisting our client, the Shared Service Agency (SSA), to resolve various issues. I believe that at the SSA audit, our team has put in place a robust process

for meeting the needs of our internal and external stakeholders. Our team at the SSA have introduced a number of initiatives to create audit efficiencies and cost saving measures in association with Department of Public Works Internal Audit Unit in conducting this large and complex audit.

One of our key initiatives this year will be the development of the End-To-End Processing Project. This project aims to map the transaction processing flows between the Agency, the SSA, CorpTech and CITEC.

Following the recent machinery of government changes, all the systems and processes at SSA will be realigned to the new departmental structure. The SSA is subject to a dynamic and constantly evolving environment that presents great challenges for us at SSA. Our audit team at the SSA are in the process of establishing new audit procedures and to improving the existing processes in meeting the need of our Agency's auditors under the new departmental structure.

What are your interests outside of work?

I have been married for six years, and my wife and I have just recently had our first child. I am looking forward to spending more time with my family.

After spending the past eight years studying part-time for my Juris Doctor degree and for my CPA, I now look forward to a different lifestyle; maybe enjoying some quiet and relaxing time at home reading a favourite book with my new baby crying in the background!

In the long run, I am interested in spending some of my time providing community legal services and assisting disadvantaged people.