

Better Practice Guidelines and other value-added products

PMSAs performed by QAO have also resulted in the publication of a number of guidelines or self-assessment checklists which outline principles of better practice for particular topics.

Examples include —

- Achieving Effective Output Performance Measurement and Reporting — A Better Practice Checklist (2005);
- Self Assessment Program for the Management of Sponsorship Arrangements in Public Sector Entities (2004);
- Governance and Risk Management Self Assessment Program for Universities (2003); and
- Governance and Risk Management Self Assessment Program for Local Governments (2002).

QAO Auditing Standards

Section 97 of the FA&A Act requires the Auditor-General to prepare a set of auditing standards and practices to be observed during the conduct of audits.

The *QAO Auditing Standards* have equal application to audits of performance management systems and are available on the QAO website.

PMSAs are also conducted in accordance with the *QAO Guidelines for the Conduct of Audits of Performance Management Systems (Revised)*. These Guidelines require PMSAs to be —

- properly defined in a proposal document;
- adequately scoped and planned;
- professionally conducted; and
- objectively reported upon to the entity and Parliament.

Within the framework of the *QAO Auditing Standards*, the *QAO Auditing Manual* has been developed to ensure that audit engagements are carried out in the most effective and efficient manner and that audit staff apply a consistent approach to all audits conducted by QAO.

Confidentiality

The confidentiality of information obtained from individual entities is protected in accordance with s.92 of the FA&A Act.

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Queensland Audit Office

Performance Management Systems Audits

An overview

December 2006



Performance Management in the Queensland Public Sector

Section 80 of the *Financial Administration and Audit Act 1977* (the FA&A Act) makes provision for the Auditor-General of Queensland to conduct Performance Management Systems Audits (PMSA).

What is a PMSA?

A PMSA is an independent examination of whether an entity or part of an entity's activities have performance management systems in place to enable management to assess whether its objectives are being achieved economically, efficiently and effectively. While a PMSA will not review and comment on Government policy, it may extend to include a focus on the entity's performance measures, and whether, in the Auditor-General's opinion, the performance measures are relevant, purposeful and fairly represent the entity's performance.

The intent of a PMSA is to add value to the quality of public sector administration and to assist entities in the discharge of their governance obligations. A PMSA has a focus on ascertaining whether the systems and controls used by management to monitor and measure performance assist the entity in meeting its stewardship responsibilities.

The three E's

The generally accepted definitions used in a PMSA are —

Economy

Obtaining the appropriate quality and quantity of goods and services at the appropriate times and at the best prices.

Efficiency

Achieving the best possible productive use of goods, people and money.

Effectiveness

Extent to which outputs/ programs are actually accomplishing what they were intended to do.

Outcomes of a PMSA

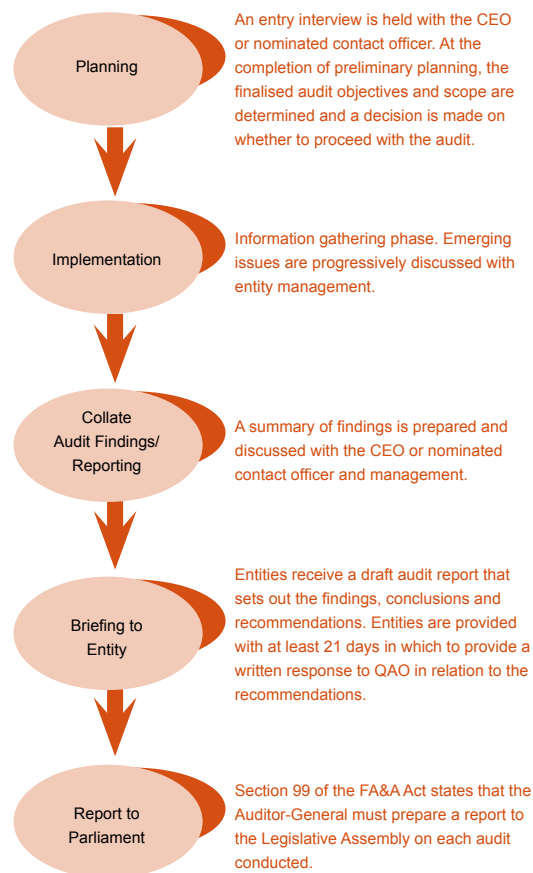
For Parliament outcomes of a PMSA include independent reporting —

- on the status of public sector entities performance management systems;
- on the relevance of performance measures and their fairness in representing an entity's performance; and
- of information to the Public Accounts Committee and its inquiries.

For Public Sector entities outcomes from a PMSA include ensuring systems provide for —

- improved economy and efficiency in the management of public resources;
- improved effectiveness in achieving public sector outcome objectives ;and
- better accountability to the Parliament.

The PMSA process



QAO PMSA examples

PMSAs performed by QAO have resulted in findings which have been positively received by management. Examples of previous Auditor-General of Queensland Reports include —

Financial management

Report to Parliament No. 8 for 2006: Results of Performance Management Systems Audit of Departmental Fees and Charges.

Report No. 5 for 2004-05: Review of the Management of the Community Ambulance Cover (CAC) Levy; Review of the Management of Taxes and Levies from Gambling Activities; and Preliminary Review of Sponsorship Arrangement across the Budget Sector.

Infrastructure

Report No. 5 for 2006: Results of Performance Management Systems Audits of Capital Works at Departments of Corrective Services, Education, Health and Housing.

Governance

Report No. 9 for 2003-04: Review of Governance and Risk Management at The University of Queensland.

Report No. 2 for 2003-04: Results of a Review of Governance at James Cook University and Queensland University of Technology.

Service delivery

Report to Parliament No. 6 for 2006: Results of Performance Management Systems Audit of Workforce Planning at Departments of Education and Health.

Report No. 2 for 2006: Results of Performance Management Systems Audits of Government Owned Corporations' Performance Reporting.

Report No. 5 for 2005: Results of Performance Management Systems Audits of Output Performance Reporting Phase 2.

Report No. 3 for 2005: Results of Performance Management Systems Audits of Output Performance Reporting.

Report No. 5 for 2004-05: Audit of the Management of Public Sector Office Accommodation; Follow-up Review of the Public Rental Housing Output; and Follow-up Review of the Regulatory Aspects of The Ensuring a Clean Environment Output.

Report No. 2 for 2004-05: Audit of the Queensland Disaster Management System.