

C. Status of recommendations made in prior reports

The following tables provide the current status of the issues raised in our prior reports.

Figure C1
Status of recommendations from our report *State entities 2021* (Report 14: 2021–22)

Advise on machinery of government changes, set performance measures, and monitor costs (central agencies)		Partially implemented – Recommendation accepted
REC 1	<p>We recommend the Department of the Premier and Cabinet and Queensland Treasury take the following actions for future government restructures:</p> <ul style="list-style-type: none"> • Provide advice to the incoming or returning government on potential impacts of restructures, including the key risks to be managed and estimated costs to implement, drawing on lessons learnt from past machinery of government changes. • Require departments to articulate, measure, and report on the benefits to be achieved from the machinery of government change and the cost to implement the restructure. This should include guidance on how to measure and report benefits and costs. 	<p>In its response to this recommendation, the Department of the Premier and Cabinet indicated its agreement in principle to the recommendations made. The time frame for implementation will be in the 2024–25 financial year following the completion of the 2024 state election.</p> <p>The Department of the Premier and Cabinet has advised it has undertaken significant work on this recommendation, and expects it to be completed ahead of proposed time frames.</p>
Improve timeliness of financial statements being made publicly available (departments and relevant ministers)		Further action needs to be taken
REC 2	<p>Departments and their ministers should explore opportunities for releasing the audited financial statements of public sector entities in a more timely way. This could involve departments progressively providing annual reports to the minister, instead of waiting to provide all annual reports in the portfolio at the same time.</p> <p>Queensland Treasury should consider legislative change to specify the maximum number of days between financial statement certification and tabling. This is the case for Queensland local governments, which must table their annual reports in council within one month of certifying their financial statements. Alternatively, the annual reports for abolished state government entities must be tabled within 14 days of being provided to the minister.</p>	<p>In its response to this recommendation, Queensland Treasury undertook to encourage tabling at the earliest opportunity but did not accept the recommendation to consider legislative change.</p> <p>While most annual reports were tabled by the legislative deadline this year, and some annual reports were tabled earlier than in prior years, there is still a lot of room to improve.</p>



Provide guidance on the exceptional circumstances that may result in a minister extending the tabling of an annual report beyond the legislative deadline (central agencies)		Fully implemented
REC 3	<p>The Department of the Premier and Cabinet and Queensland Treasury should update accountability requirements to provide clear and consistent guidance on the exceptional circumstances that are likely to require a minister to extend the tabling of an annual report beyond the legislative deadline. This should include examples of exceptional circumstances that impact on the preparation of the annual report.</p> <p>This may be included in the <i>Annual report requirements for Queensland Government agencies</i> published by the Department of the Premier and Cabinet and/or the <i>Financial Accountability Handbook</i> published by Queensland Treasury.</p>	<p>In its response to this recommendation, Queensland Treasury and the Department of the Premier and Cabinet indicated they are available to provide officer-level assistance to support agencies in understanding requirements for extending the tabling of annual reports.</p> <p>The 2021–22 <i>Annual report requirements for Queensland Government agencies</i> published by the Department of the Premier and Cabinet has been updated for officer-level contacts in section 22.2 <i>Late tabling of annual reports</i>.</p> <p>Queensland Treasury and the Department of the Premier and Cabinet consider this alternative action appropriate to address the underlying issue and no further action is required.</p>
Update accountability requirements to provide clarity and consistency on the minister's role in relation to annual reports (central agencies)		Fully implemented
REC 4	<p>The Department of the Premier and Cabinet and Queensland Treasury should review accountability requirements to ensure they provide clarity and consistency on the minister's role in relation to annual reports. This should be aligned with the minister's responsibilities for the portfolio and support the timely release of information.</p>	<p>In its response to this recommendation, the Department of the Premier and Cabinet advised the minister's role in relation to annual reports outlined in the <i>Annual report requirements for Queensland Government agencies</i> is clear and consistent with other prescribed requirements.</p> <p>Both the Department of the Premier and Cabinet and Queensland Treasury agreed to ensure continued consistency as part of regular reviews of accountability documents.</p> <p>Queensland Treasury and the Department of the Premier and Cabinet consider this appropriate to address the underlying issue and no further action is required.</p>
Ensure consistent payroll processes are implemented (all entities)		Further action needs to be taken
REC 5	<p>In addition to our recommendation from 2020–21 to promptly review payroll reports, we also recommend entities:</p> <ul style="list-style-type: none"> provide staff with internal policies and manuals that outline payroll processes ensure staff consistently comply with these, particularly for processes such as employee terminations and approval of employee overtime. 	<p>We continue to identify departments that have not reviewed payroll reports in a timely manner or at all. We identified one significant deficiency this year where an overpayment occurred.</p> <p>Some entities that have not yet resolved these deficiencies have revised their action dates for resolution of the issues.</p>

Review appropriateness of financial delegations and of controls in place to prevent unauthorised grant approvals (all entities)		Appropriate action has been taken
REC 6	<p>Departments should review their delegations and ensure all financial authority rests with the director-general or their delegate.</p> <p>Entities should ensure staff understand their roles, responsibilities, and assigned financial delegations; and should ensure enough controls are in place to prevent grants being approved by staff who do not hold delegations with high enough financial limits.</p>	<p>Departments have taken appropriate action to review their delegations and ensure controls are in place for the approval of grants.</p> <p>No further deficiencies were identified in 2021–22 relating to grant approvals.</p>
Review procurement policies and manuals (all entities)		Further action needs to be taken
REC 7	<p>Entities should review their procurement policies and manuals to ensure they give clear guidance for staff to follow when making procurement decisions. The policies and manuals should also specify what documentation staff should maintain to record the process and decisions.</p>	<p>Not all departments with specific issues last year have fully implemented this recommendation.</p> <p>We also identified more deficiencies relating to procurement and contract management processes at departments this year, meaning that further action needs to be taken by departments to enhance their procurement practices.</p>

Source: Queensland Audit Office.

Figure C2
Status of recommendations from our report *State entities 2020* (Report 13: 2020–21)

Use recent financial statement preparation experiences, including responses to the COVID-19 pandemic, to identify improvements and plan for the year ahead (all entities)		Further action needs to be taken
REC 1	<p>We recommend all entities use their recent financial statement preparation experiences to update their initial self-assessment against the maturity model available on our website at www.qao.qld.gov.au/reports-resources/better-practice. This should include reflection on the process changes made in response to the COVID-19 pandemic, and planning early for the 2020–21 financial statements, given the uncertainty about what challenges the year ahead might bring.</p> <p>Where areas for improvement are identified, each entity should establish an implementation plan, with oversight by its audit committee.</p> <p>Where a machinery of government change has resulted in functions moving between departments, departments should conduct a review to align their financial statement preparation processes within the new department and reassess the maturity of those processes.</p>	<p>Not all departments revisited their financial statement maturity self-assessments in 2021–22.</p> <p>Departments subject to machinery of government changes have not reassessed their level of maturity since 2019–20.</p> <p>Further action needs to be taken by departments to ensure assessments are current and action plans are put in place to address areas requiring improvement.</p>



Improve timeliness of financial statements being made publicly available (relevant ministers and central agencies)		Further action needs to be taken
REC 2	<p>We continue to encourage relevant ministers and central agencies to explore opportunities for releasing the audited financial statements of public sector entities in a more timely way. This could be by specifying the maximum number of days between financial statement certification and tabling (as has been done for Queensland local governments, with one month to table their annual report in council), or by allowing entities to publish financial statements on their websites prior to the tabling of their annual reports in parliament.</p>	<p>This recommendation has been superseded by REC 2 in our report <i>State entities 2021</i> (Report 14: 2021–22).</p>
Strengthen the security of information systems (all entities)		Further action needs to be taken
REC 3	<p>We recommend all entities strengthen the security of their information systems. They rely heavily on technology, and increasingly, they must be prepared for cyber attacks. Any unauthorised access could result in fraud or error, and significant reputational damage.</p> <p>Their workplace culture, through their people and processes, must emphasise strong security practices to provide a foundation for the security of information systems.</p> <p>Entities should:</p> <ul style="list-style-type: none"> • provide security training for employees so they understand the importance of maintaining strong information systems, and their roles in keeping them secure • assign employees only the minimum access required to perform their job, and ensure important stages of each process are not performed by the same person • regularly review user access to ensure it remains appropriate • monitor activities performed by employees with privileged access (allowing them to access sensitive data and create and configure within the system) to ensure they are appropriately approved • implement strong password practices and multifactor authentication (for example, a username and password, plus a code sent to a mobile), particularly for systems that record sensitive information • encrypt sensitive information to protect it • patch vulnerabilities in systems in a timely manner, as upgrades and solutions are made available by software providers to address known security weaknesses that could be exploited by external parties. <p>Entities should also self-assess against all of the recommendations in <i>Managing cyber security risks</i> (Report 3: 2019–20) to ensure their systems are appropriately secured.</p>	<p>While entities have mostly resolved the specific issues we reported to them, ongoing changes in people and systems mean new control weaknesses continue to be identified. Entities need to be vigilant to maintain effective internal controls and protect systems from attack.</p>

Verify changes to supplier and employee information to prevent fraud (all entities)		Further action needs to be taken
REC 4	We recommend all entities ensure requests to change employee and supplier bank account details are verified using independently sourced information and reviewed by a person who is not involved in processing the change.	While no new deficiencies were identified this year relating to a lack of independent checking of supplier details, not all significant deficiencies identified last year have been resolved. Entities with these specific issues need to ensure effective controls are in place to address significant deficiencies in a timely manner.
Promptly review employee payments (all entities)		Further action needs to be taken
REC 5	All entities need to ensure managers: have ready access to payroll reports that are easy to use and contain all required information; understand the importance of reviewing these reports in a timely manner each fortnight; and have a consistent and efficient process for documenting their review.	We continue to identify departments that have not reviewed payroll reports (in a timely manner or at all). Refer to further information on the status of this recommendation in REC 5 in Figure C1.
Automate financial approvals and monitoring of internal controls (all entities)		Further action needs to be taken
REC 6	All entities need to ensure their systems and processes (internal controls) are set up so financial approval occurs correctly in the financial system. They also need to invest in tools that will promptly detect breakdowns in internal controls.	We continue to identify some departments with weaknesses in this area, including a significant deficiency where expenditure approval was obtained above financial delegation, as well as inconsistent evidence of financial approval. We recommend entities ensure staff understand the assigned financial delegations and that sufficient monitoring controls are in place to prevent expenditure being approved by staff above delegation limits.
Ongoing compliance with financial accountability requirements following a machinery of government change (departments)		Appropriate action has been taken
REC 7	When a machinery of government change occurs and functions move between departments, departments should promptly conduct a review to ensure consistency of fundamental processes (such as approvals) and compliance with the <i>Financial Accountability Act 2009</i> and the Financial Accountability Handbook.	Departments have now finalised their initial implementation of machinery of government changes from 2020, and their associated reviews of fundamental processes such as policies, procedures, and delegations. Reviews to achieve consistent and integrated practices within departments are ongoing.

Source: Queensland Audit Office.

Recommendation status definitions

Where a recommendation is specific to an entity, we have reported on the action that entity has taken and whether the issue is considered to be *fully implemented*, *partially implemented*, *not implemented*, or *no longer applicable*.



Status	Definition
Fully implemented	Recommendation has been implemented, or alternative action has been taken that addresses the underlying issues and no further action is required. Any further actions are business as usual.
Partially implemented	Significant progress has been made in implementing the recommendation or taking alternative action, but further work is required before it can be considered business as usual. This also includes where the action taken was less extensive than recommended, as it only addressed some of the underlying issues that led to the recommendation.
Not implemented	Recommendation accepted No or minimal actions have been taken to implement the recommendation, or the action taken does not address the underlying issues that led to the recommendation.
	Recommendation not accepted The entity (or entities) did not accept the recommendation.
No longer applicable	Circumstances have fundamentally changed, making the recommendation no longer applicable. For example, a change in government policy or program has meant the recommendation is no longer relevant.

Where a general recommendation has been made for all entities to consider, we have assessed action on issues reported to specific entities in the prior year, as well as any further issues identified in the current year. On this basis, we have concluded whether *appropriate action has been taken* across the sector, or if *further action needs to be taken* to address the risk identified.

Status	Definition
Appropriate action has been taken	Recommendations made to individual entities have been implemented, or alternative action has been taken that addresses the underlying issues and no further action is required. No new issues have been identified across the sector that indicate an ongoing underlying risk to the sector that requires reporting to parliament.
Further action needs to be taken	Recommendations made to individual entities have not been fully implemented, and/or new recommendations have been made to individual entities, indicating further action is required by entities in the sector to address the underlying risk.

