

Your ref:  
Our ref: 12676

## OFFICIAL

24 November 2023

Professor Emeritus Ian O'Connor AC  
(by email)

Dear Ian

### **2023 Strategic Review of the Queensland Audit Office**

Thank you for your report on the 2023 Strategic Review of the Queensland Audit Office (QAO). We are immensely proud the review concluded that QAO has served the state well and that Queensland gets good value from its investment in QAO.

It has been my privilege to lead QAO over the past 6 and a half years. All our people, including our contracted audit service providers, work diligently towards QAO's vision of *better public services*. I thank them for their professionalism, expertise, and agility. I also wish to thank parliament, our audit clients and stakeholders for their work with us and for hearing our recommendations, insights, and advice. I also appreciate the time our people and clients took to speak with you during the review.

I welcome the overall conclusion that QAO's functions are performed economically, effectively, and efficiently. This reflects our focus on ensuring resourceful operations, value for money services, and remaining financially sustainable. The Brisbane consumer price index (CPI) has risen 25 per cent over the past 6 years, however, QAO's audit revenue from continuing clients<sup>1</sup> has grown by only 11 per cent. This translates to a 14 per cent efficiency dividend that we have delivered to state and local government entities, and ultimately the people of Queensland.

The report recognises the transformation QAO has undergone since I introduced the *Think and Act OneQAO* operating model in 2019. QAO pivoted from a structure that was based on service lines to one based on who we serve: parliament; entities; and our own people. This model built on our strengths, and ensured we provided more consistent, seamless, and client-focused services. A less hierarchical organisational structure, including having a Deputy Auditor-General only when the Auditor-General is on leave or overseas, has enabled a more collaborative and flexible approach. This includes improved engagement within QAO and with our clients. Our agile operating model was instrumental in minimising disruption to our services through the pandemic and continues to serve parliament and entities well.

The positive outcomes from these changes clearly demonstrate the value we gained, and delivered, by pivoting to who we serve. This is evidenced by the high satisfaction ratings in our independent client surveys. In our 2022–23 results, members of parliament gave us a 97 per cent satisfaction rating, our audit clients gave us 83 index points, and our audit committee chairs gave us 84 index points – all exceeding our performance targets. I provide the results of these ongoing surveys in QAO's annual reports.

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<sup>1</sup> Clients QAO audited for the financial years 2016-17 to 2022-23, excluding QIC Limited and Cross River Rail Delivery Authority due to significant changes in their operations during this time.

The review concluded that our performance audits are fundamentally sound and valued by our clients, and I note the feedback related to this service area. Performance audits by their very nature can be a challenging activity for some entities given we focus our audit topics where we see the greatest need for improvement or where there is the most to learn. In selecting our topics, we consider the key risks or issues facing state and local government entities and where we can provide the most value. We work closely with clients during these audits to ensure we carefully consider all input we receive. We will continue to engage early and consult widely on our audit program, so we examine what matters most to Queenslanders.

Relationships have been at the core of QAO's strategy, and effective client engagement is part of our comprehensive system of quality management. Upholding our values and quality standards remains ingrained in how we operate. Our quality framework ensures we meet professional requirements, maintain the confidence of parliament and the public, and deliver results that are outcomes focused.

I accept the 38 recommendations directed to QAO. We will now work to address these recommendations, including implementing the 13 that relate to matters QAO is already attending to.

I note the recommendations directed to the incoming Auditor-General about QAO's structure, planning, governance, and internal workforce matters. I support the review's recommendations to the Queensland Parliament and the Economics and Governance Committee (EGC) to further strengthen the independence of the Auditor-General's role and support active engagement of the EGC given its new responsibilities. The state's audit office has fought for strengthened independence for many years and it has been rewarding to see this progress during my tenure. In meeting parliament's needs, QAO better meets those of the public.

While I support the recommendations made to parliament and public sector entities, I recognise that these are not within QAO's power to act on. Most of these recommendations require legislative changes, which will further enhance the Auditor-General's independence when fully implemented. Changes to the budget management model for integrity agencies in New South Wales, as outlined in the report, would protect the independence of QAO if adopted in Queensland. It would reduce involvement of the executive government in setting our budget, per the recommendations also made in prior inquiries and reviews of QAO.

I also note your assessment of previous recommendations to remove limitations on the Auditor-General's independence, including when seeking access to information subject to legal professional privilege. I have recently written to the Premier and the Economics and Governance Committee seeking support to address this matter by timely amendment of our legislation.

Thank you for your insights into QAO's operations. I appreciate the professionalism shown by you and Murray McDonald, Robyn Speed and Michael Lam from Moore Australia Audit (QLD/NNSW) during this review. I look forward to seeing what the future holds for QAO and its integral services to Queensland.

Yours sincerely



Brendan Worrall  
Auditor-General