

B. How we prepared this report

Queensland Audit Office reports to parliament

The Queensland Audit Office (QAO) is Queensland's independent auditor of public sector entities and local governments.

QAO's independent public reporting is an important part of our mandate. It brings transparency and accountability to public sector performance and forms a vital part of the overall integrity of the system of government.

QAO provides valued assurance, insights and advice, and recommendations for improvement via the reports it tables in the Legislative Assembly, as mandated by the *Auditor-General Act 2009*. These reports may be on the results of our financial audits, on the results of our performance audits, or on our insights. Our insights reports may provide key facts or a topic overview, the insights we have gleaned from across our audit work, the outcomes of an investigation we conducted following a request for audit, or an update on the status of Auditor-General's recommendations.

We share our planned reports to parliament in our 3-year forward work plan, which we update annually: www.qao.qld.gov.au/audit-program.

A fact sheet on how we prepare, consult on, and table our reports to parliament is available on our website: www.qao.qld.gov.au/reports-resources/fact-sheets.

Performance audits

Through our performance audit program, we evaluate the efficiency, effectiveness, and economy of public service delivery. We select the topics for these audits via a robust process that reflects strategic risks entities are facing. We develop or identify suitable criteria for each audit and evaluate the audited entities' performance against it. We report to parliament on the outcome.

Our performance audit reports help parliament hold entities to account for the use of public resources. In our reports, we provide recommendations or insights for improvement, and may include actions, advice, or better practice examples for entities to consider.

About this report

QAO prepares its reports on performance audits under the *Auditor-General Act 2009*:

- section 37A, which outlines that the Auditor-General may conduct a performance audit of all or any particular activities of a public sector entity.

This report communicates the findings, conclusions, and recommendations from our performance audit on managing funding from the mental health levy. Our audit was a reasonable assurance engagement, conducted under the *Auditor-General Auditing Standards* and guided by the Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements*.

We complied with the independence and other relevant ethical requirements related to assurance engagements. The conclusions in our report provide reasonable assurance about the audited entities' performance against the identified criteria. Our objectives and criteria are set out below.

The objective of this audit

The objective of the audit was to assess whether mental health levy funding is effectively managed to achieve its intended purposes.



What we cover

This report examines:

- the governance and management of the mental health levy as a whole
- Queensland Treasury’s management and financial administration of the levy
- the Department of Health’s management of its allocation of levy funding, as the largest funding recipient.

Entities we audited

- Queensland Treasury, which provides advice to government about using the levy and releases levy funds to entities
- Department of Health, which is responsible for planning and overseeing the delivery of specialised mental health, alcohol and other drug (MHAOD) services in Queensland
- Queensland Mental Health Commission, which develops and monitors a whole-of-government strategic plan for improving MHAOD outcomes
- 16 hospital and health services, which deliver specialised MHAOD services.

Our approach

Audit criteria

Sub-objective 1: Does Queensland Treasury have effective processes to manage the allocation of mental health levy funding?

Criteria

- | | |
|-----|--|
| 1.1 | Queensland Treasury applies an evidence-based framework to allocate funding from the mental health levy in line with its intended purposes and legislative requirements. |
| 1.2 | Queensland Treasury applies timely and effective processes to release levy funding and manage financial acquittals. |

Sub-objective 2: Does the Department of Health effectively manage its allocation of mental health levy funding to deliver intended outcomes?

Criteria

- | | |
|-----|---|
| 2.1 | The Department of Health applies an evidence-based framework to identify priorities to be funded by the levy in line with its intended purposes and mental health outcomes. |
| 2.2 | The Department of Health funds services, initiatives, and entities transparently, in a timely manner, and in alignment with approved priorities. |
| 2.3 | The Department of Health monitors the performance of mental health levy funding through measurable indicators and reliable data and applies this information to future funding decisions. |
| 2.4 | The Department of Health monitors how levy funds are spent to understand whether it is contributing to an increase in expenditure on mental health services. |



Scope exclusions

We did not do a full financial audit of the levy as part of this audit. In addition, we did not assess:

- workforce planning. The audit examined how responsible entities allocate funding to priorities such as workforce growth. However, we did not specifically examine how entities manage workforce planning in this audit, as QAO plans to examine health workforce planning in a future audit.
- collection of the mental health levy revenue. We examined how levy revenue is allocated to entities, and how funds are allocated, monitored, and reported. We did not assess how revenue is collected through payroll tax.
- individual initiatives that received levy funding.

Method

We used multiple audit methods to understand this complex topic. Wherever possible, we sought stakeholder observations and experiences to provide valuable context to our audit findings.

Interviews

We conducted interviews with a diverse range of stakeholders from across the mental health, alcohol and other drugs sector in Queensland. This included, but was not limited to:

- Queensland Treasury, including the Queensland Revenue Office
- Department of Health
- all 16 hospital and health services (HHSs)
- Queensland Mental Health Commission
- a Mental Health Select Committee member
- mental health, alcohol and other drugs peak bodies
- Royal Australian and New Zealand College of Psychiatrists – Queensland Branch
- Queensland Centre for Mental Health Research
- Queensland Reconstruction Authority
- Department of Youth Justice and Victim Support
- Health and Wellbeing Queensland
- Department of Trade, Employment and Training.

Subject matter experts

We engaged subject matter experts. This included an academic specialising in mental health evaluation, and an academic specialising in mental health funding accountability and service planning. We also met with a range of stakeholders including representatives from relevant peak bodies.

Document review

We obtained and reviewed relevant documents from the entities involved in the audit. This included legislation, strategic plans, annual plans, guidelines, correspondence, performance reports, reviews, and evaluations. We also considered research from other jurisdictions and academia.



HHS survey

We invited representatives from all 16 HHSs to complete a survey about their experience with the mental health levy. We received responses from 12 HHSs. We used this information to contextualise our key findings in Chapter 5.

Data analysis

We analysed the following data from Queensland Treasury and the Department of Health. We undertook walkthroughs with each entity to identify their respective processes for capturing, validating, and reporting on this data. We noted limitations that could impact the accuracy of the reported figures.

Entity	Data analysed	Limitations
Queensland Treasury	Levy revenue, allocations, expenditure, and deferrals.	<ul style="list-style-type: none"> Queensland Treasury uses a manual spreadsheet to track allocations, most expenditure, and deferrals. This has key-person and accuracy risks. Queensland Treasury does not undertake regular quality assurance or reviews of its spreadsheet.
Department of Health	Allocations, expenditure, and clawbacks for funding under the <i>Better Care Together</i> program	<ul style="list-style-type: none"> The Department of Health requires HHSs to acquit their expenditure. However, it does not validate or check the accuracy of this data. The Department of Health reports allocations to other government entities as fully spent once it transacts these funds to the entity. It does not track actual expenditure by these entities.
	Expenditure, beds, and FTE staff for specialised MHAOD services in Queensland	<ul style="list-style-type: none"> The Department of Health has implemented validation controls for this data. It also requires HHSs to attest to the accuracy of the data. However, it does not independently validate or check the accuracy of this information.

