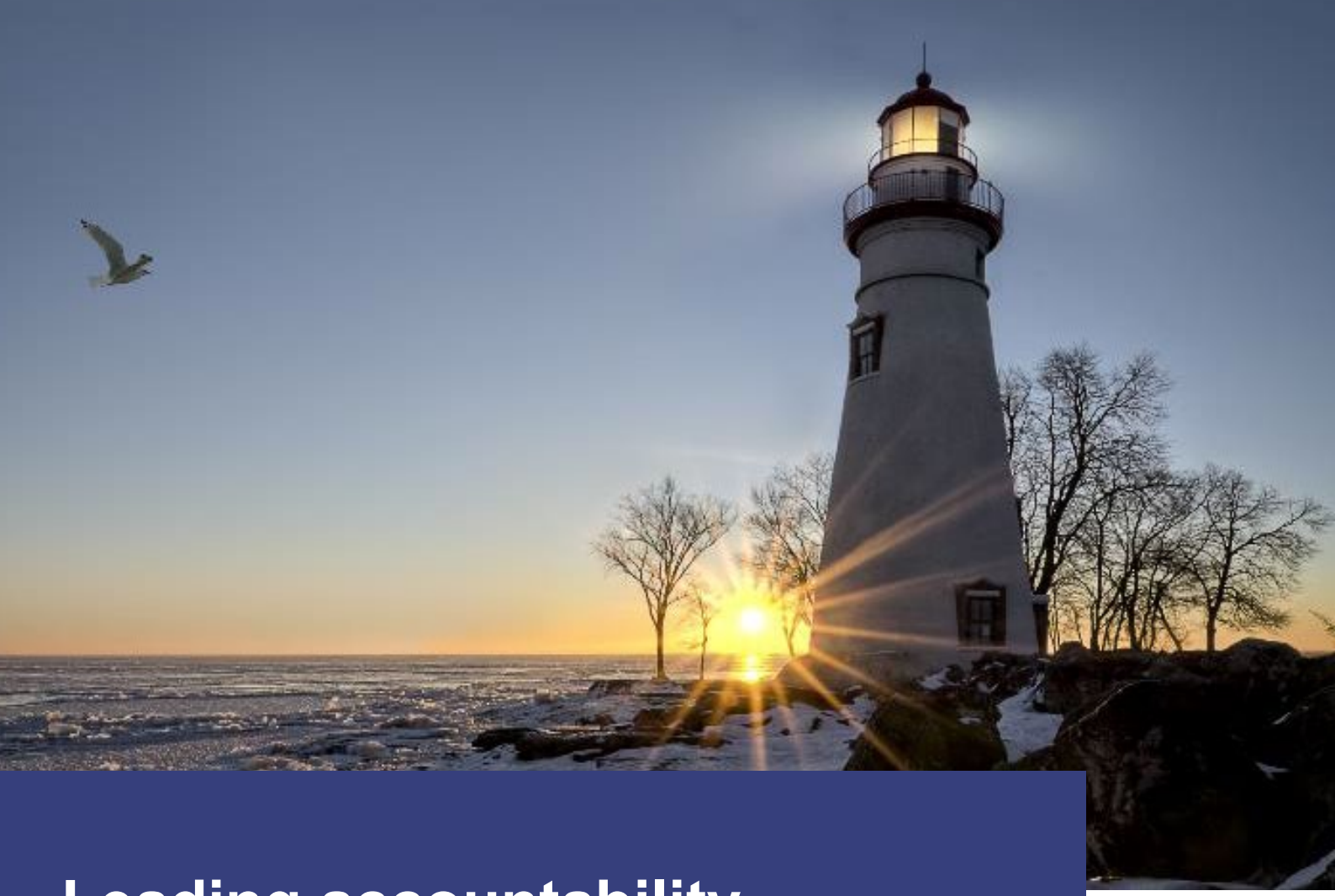


Leading accountability – Governance

QAO better practice guide

2026

Queensland Audit Office

Better public services

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1. Overview

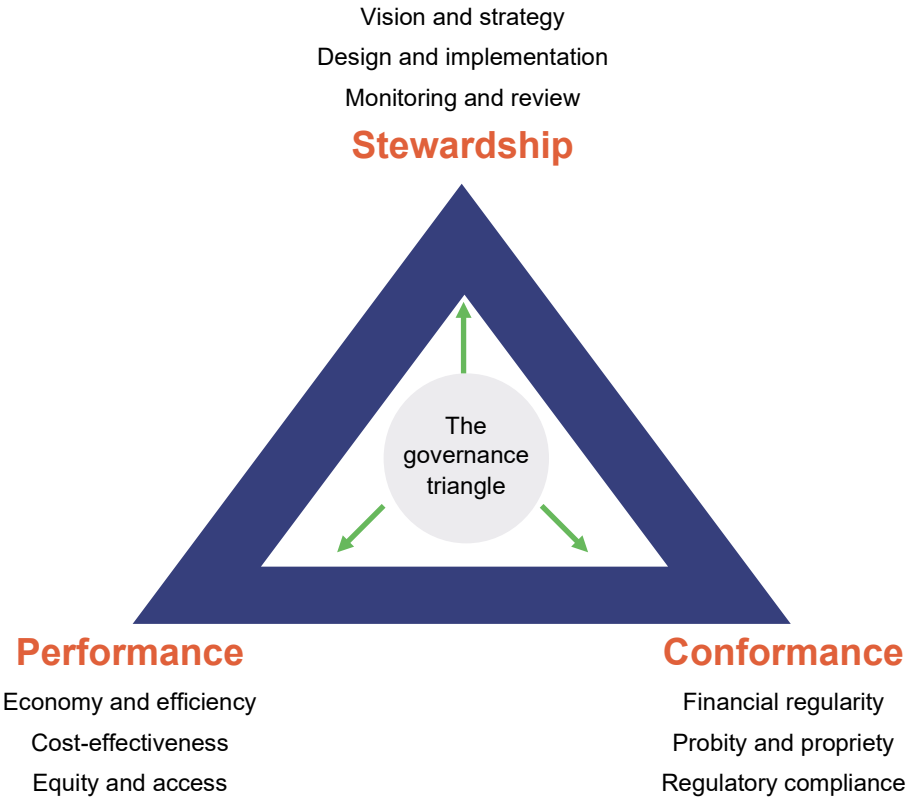
Background

The Auditor-General is responsible for auditing all Queensland public sector entities each year. While the *Auditor-General Act 2009* applies a broad definition of public sector entities, we designed this guide to provide insights into the key accountability requirements for Queensland departments and statutory bodies under the *Financial Accountability Act 2009* (FA Act). It does not cover the separate obligations that apply to government owned corporations and local governments.

What does leading accountability for governance mean?

It means understanding and actively driving an organisation's corporate governance through a clear framework of rules, relationships, systems, and processes. This allows accountable officers and boards to exercise authority, provide oversight, and hold management and decision makers to account.

Corporate governance in the public sector means balancing 3 areas of organisational leadership – stewardship, conformance, and performance. These are shown in the diagram below.



Stewardship of public resources

Public sector officers have an important stewardship role in exercising their powers and using public resources. Over and above the duties and obligations placed on their private sector counterparts, senior executives in public sector entities assume public trust and confidence by virtue of their role in public administration. Consistent with this, s.6 of the Financial and Performance Management Standard 2019 (FPMS) identifies that governance:

- incorporates the cultural and operational aspects of the agency that its actions and decisions influence
- includes concepts of
  - openness, integrity, and accountability
  - due care
  - public defensibility
- incorporates the ethics principles for public officials under the *Public Sector Ethics Act 1994*.

Accordingly, good governance in the public sector is dependent on:

- strong leadership
- clearly defined roles, responsibilities, and accountabilities
- high standards of ethical behaviour.

Conformance with legislative and policy requirements

Queensland public sector entities operate within a framework of various legislative and policy requirements, which address matters such as governance, resource management, and accountability. Entities' governance arrangements should conform to applicable legislative and policy requirements, as well as the public's expectations of openness, transparency, and integrity.

The *Public Sector Act 2022* (PS Act) and *Public Sector Ethics Act 1994* (Ethics Act) provide the guiding principles within which the public sector operates. They establish requirements addressing:

- the roles and responsibilities of departmental chief executives
- the role of the senior executive service
- public sector management and employment
- ethical principles and values
- governance of the public sector.

We explore the requirements of the PS Act and the Ethics Act in more detail in the section of this guide: Responsibilities of ministers and government employees.

The *Financial Accountability Act 2009* (FA Act) establishes the legal principles that apply to the financial administration and accountability of departments and statutory bodies. It also establishes the general functions of accountable officers and statutory bodies, including:

- achieving reasonable value for money by ensuring the department or statutory body carries out its operations efficiently, effectively, and economically
- establishing and maintaining appropriate systems of internal control and risk management
- ensuring annual financial statements are prepared, certified, and tabled in parliament in accordance with the prescribed requirements.

The FA Act is supported by the FPMS, which provides a framework for developing and implementing systems, practices, and controls for the efficient, effective, and economic financial and performance management of departments and statutory bodies. Both also refer to various policy and guidance documents that departments and statutory bodies must either comply with or at least have regard to in meeting their legal requirements.

Statutory bodies also operate under the provisions of their own enabling legislation. This typically sets out the purpose and specific powers of the agency and how the governing body is to be constituted.

We explore the requirements of the FA Act and FPMS in more detail in the section Queensland financial accountability framework.

Performance management

Governance arrangements for public sector entities should be designed to ensure that departments and statutory bodies carry out their operations efficiently, effectively, and economically, to achieve reasonable value for money.

The FPMS establishes specific performance management requirements for departments and statutory bodies, including establishing a performance management framework as part of their governance structure. Under the FPMS, this framework must provide for:

- compliance with the Department of the Premier and Cabinet's *Queensland Government performance management framework policy*
- obtaining information about whether the department or statutory body has
  - achieved the objectives identified in the strategic plan efficiently, effectively, and economically
  - delivered the services identified in the operational plan to the standard stated in the plan
- reporting of performance information to the accountable officer or statutory body and the relevant minister
- evaluating the department or statutory body's achievement of objectives.

The Queensland Framework

This document provides an overview of the legislative and policy framework that applies to governance arrangements for Queensland public sector entities. It also outlines the role of key bodies, including the Queensland Audit Office, in ensuring public sector entities implement and maintain appropriate governance arrangements.

It considers stewardship in the context of the relationship between ministers and public sector entities, as well as the overarching principles that public sector employees need to adopt in their performance and conduct.

We consider conformance by providing an overview of the current financial accountability requirements that apply to public sector entities through the FA Act and FPMS. This includes identifying how requirements for measuring, monitoring, and reporting on performance are addressed within this framework.

Appendix B of this guide provides a summary of Auditor-General's reports to parliament that have reported on key aspects of governance.

2. Responsibilities of ministers, chief executives and employees

Queensland operates within a Westminster style of government, which adopts a doctrine of responsible government. The Queensland Parliament website identifies this as incorporating 3 basic elements:

1. the King's representative (the Governor) should act on the advice of responsible ministers (the ministry/Cabinet), which is led by a chief minister (the Premier)
2. the government is collectively responsible to the parliament
3. ministers are individually responsible to the parliament for the administration of their portfolios, which includes the acts or omissions of public servants within their departments.

The responsibilities of ministers and their portfolios are set out in Administrative Arrangements Orders. For each minister, they detail the principal responsibilities; the Acts they administer; and the departments, agencies, and office holders responsible for them.

Section 2.1 of the Queensland Cabinet Handbook identifies the role and responsibilities of ministers. It describes the separation of responsibilities between ministers and chief executive officers of departments on the following basis:

> *Ultimate responsibility for departmental management rests with Ministers who are legally and politically accountable to the Parliament for the administration of their department(s).*
>
> *Ministers must be aware of their constitutional responsibilities to act in the public interest and not disclose confidential information or government information likely to injure the public interest.*
>
> *Individual Ministerial authority and responsibility should be balanced against the responsibility of Ministers to bring to Cabinet major issues of policy and any matter requiring collective consideration by the government.*
>
> *As far as possible, the management of departments is the responsibility of the departmental Chief Executive Officer. Chief Executive Officers are responsible for managing the day to day operations of departments, ensuring the efficient and effective delivery of departmental services and providing effective advice to the Minister on policy matters requiring Ministerial attention.*

Under the PS Act, the responsibilities of chief executives include:

- establishing and implementing goals and objectives in accordance with government policies and priorities
- managing the department in a way that promotes the effective, efficient, and appropriate management of public resources while ensuring appropriate accountability for ethical standards and effective management and leadership of human resources
- adopting management practices that are responsive to government policies and priorities
- establishing and implementing workforce and human resource planning and practices
- pro-actively managing the work performance and personal conduct of departmental employees.

The PS Act also recognises that public sector employment involves a public trust. On this basis, the PS Act identifies numerous aspects that a public sector employee's work performance and personal conduct must be directed towards, including:

- achieving excellence in service delivery
- ensuring the effective, efficient, and appropriate use of public resources
- giving effect to government policies and priorities
- providing sound and impartial advice to the government
- carrying out duties impartially and with integrity
- acting honestly, fairly, and in the public interest
- observing the ethics principles and complying with an approved code of conduct under the Ethics Act.

The Ethics Act identifies and defines the following ethics principles that are considered fundamental to good public administration:

- integrity and impartiality
- promoting the public good
- commitment to the system of government
- accountability and transparency.

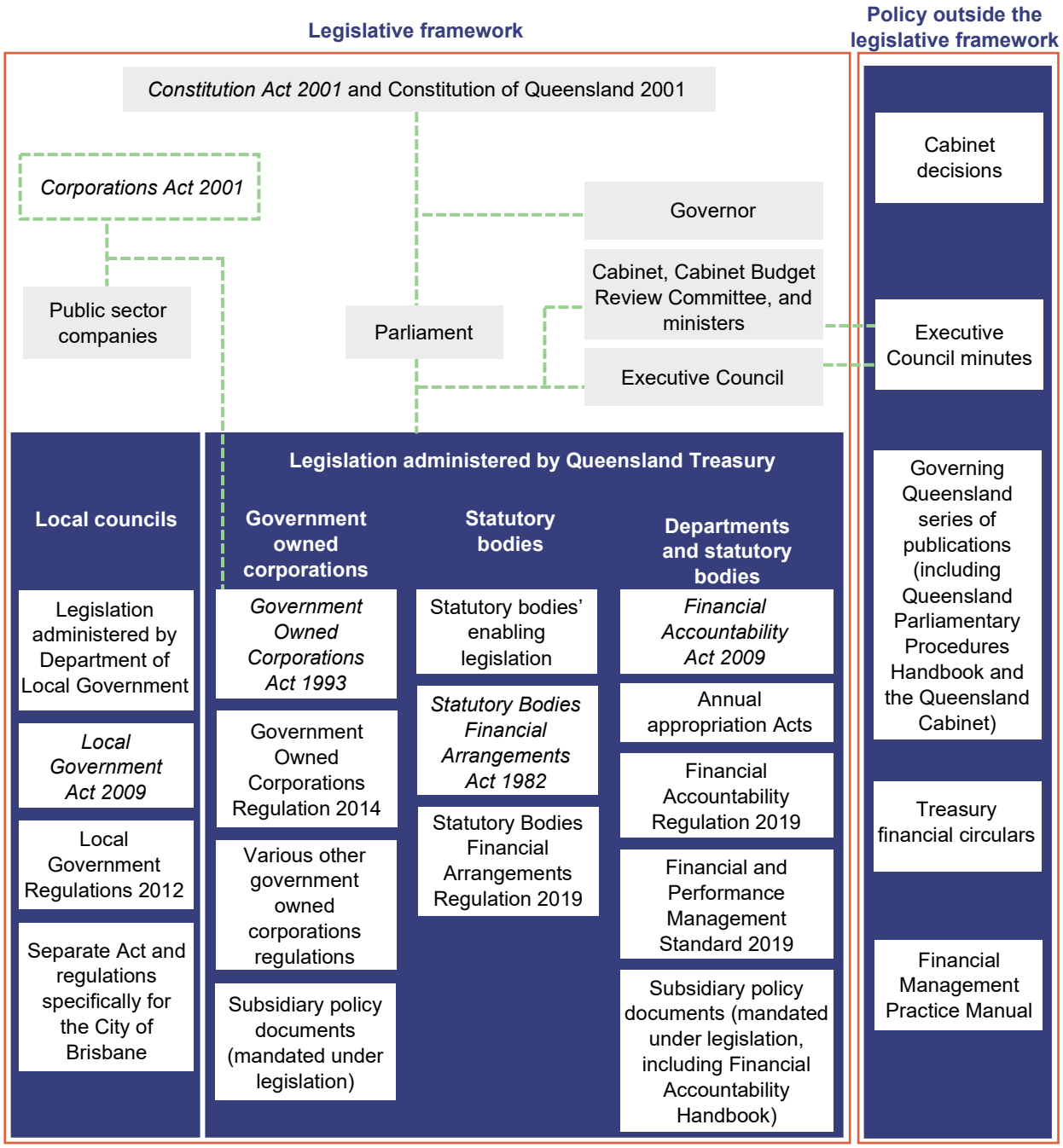
The FPMS also identifies that governance arrangements for departments and statutory bodies should incorporate these ethics principles.

Responsibilities for statutory bodies and their employees, including accountability to relevant ministers, is normally established through the statutory body's enabling legislation.

3. Queensland financial accountability framework

Overview of Queensland's legislative framework for financial management

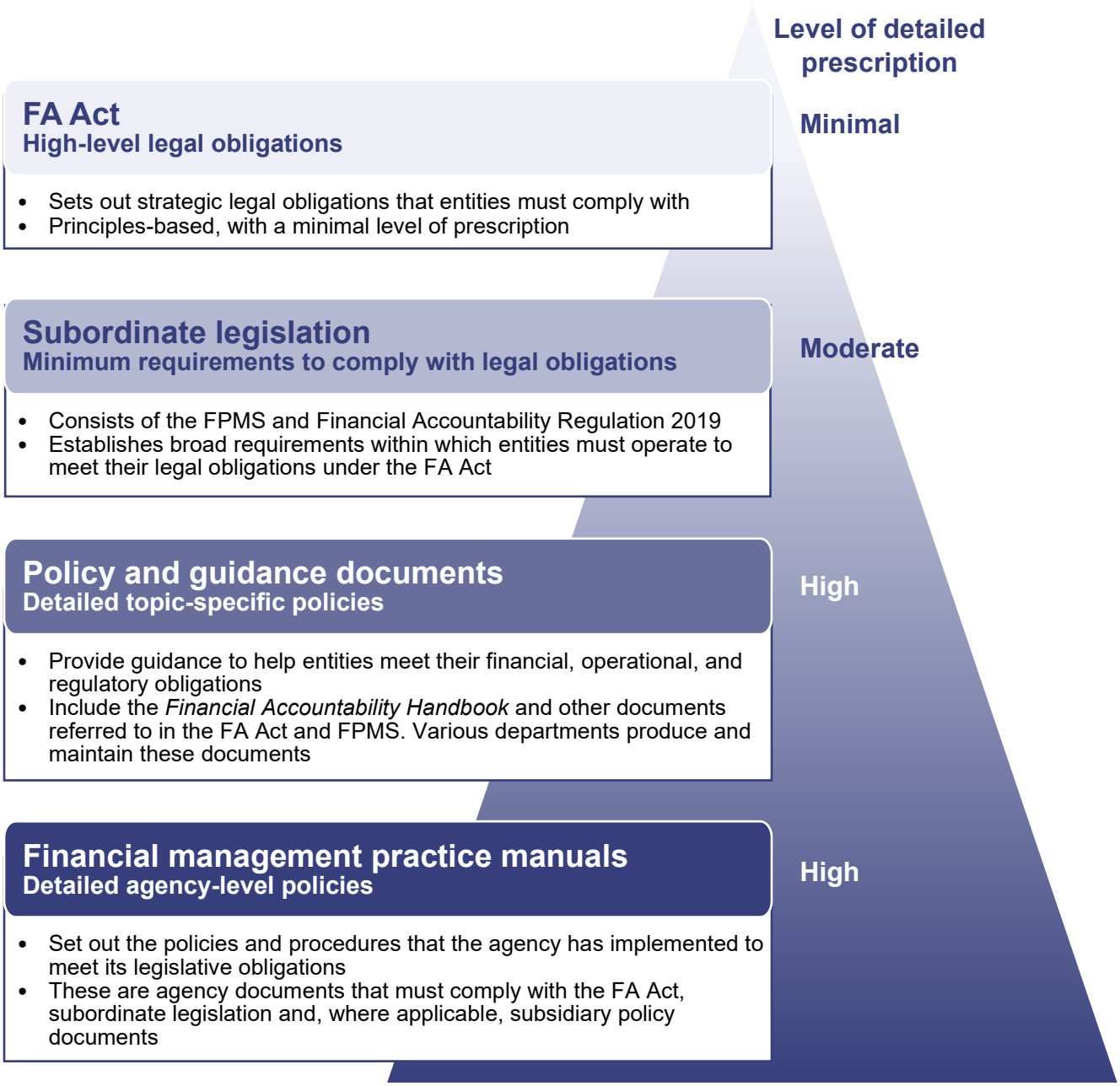
The following diagram outlines the legislative framework for financial management that applies to Queensland public sector entities at the state and local government levels. It appears as Appendix A in the *Overview of Queensland's Financial Accountability Framework (January 2020) – Queensland Treasury*, available on Queensland Treasury's website.



The financial legislative framework that applies to departments and statutory bodies is principles-based, focusing on accountability and outcomes. It provides an appropriate level of discretion to executives to optimise resource allocation and tailor systems for the administration of their departments and statutory bodies. The framework comprises a 4-tier system, which is illustrated below.

The specific elements of this framework are explored in detail in the following sections.

Additional information on the framework is available in the *Financial Accountability Handbook*, Information Sheet 1.2 – Framework for Financial Management Legislation.



Financial Accountability Act 2009

How is the Act structured?

The *Financial Accountability Act 2009* (FA Act) applies in 4 main parts.

Part 2 of the FA Act applies only to ministers and includes:

- a requirement for the Premier to prepare a statement of the state government's broad objectives for the community
- a requirement for the Treasurer to prepare a charter of fiscal responsibility giving details of the government's fiscal objectives
- requirements for the reporting of expenses for ministerial offices.

Part 3 of the FA Act applies to the Treasurer and includes:

- the Treasurer's responsibilities for the consolidated fund
- requirements applying to the annual appropriation process
- matters requiring the Treasurer's approval
- the Treasurer's investment and borrowing powers
- the Treasurer's power to make standards about financial and performance management.

Part 4 of the FA Act applies to departments and statutory bodies and includes:

- functions of accountable officers and statutory bodies
- financial statement and annual reporting requirements.

Part 5 of the FA Act applies only to departments and includes:

- identifying who is an accountable officer for the purposes of the FA Act
- responsibilities of accountable officers
- delegations by accountable officers
- banking, investment, and borrowing powers
- machinery of government changes.

Who does it apply to?

Departments

The FA Act contains its own definition of 'department'. This definition is broader than that which may be applied in other legislation. Accordingly, an entity may be a department for the purposes of the FA Act but not for the purposes of another Act, for example the PS Act.

Section 8 of the FA Act identifies that each of the following is a 'department' for the purposes of the Act:

a) a department of government under the PS Act, section 10

b) an entity for which an accountable officer is appointed under section 65(2)

c) an entity for which an accountable officer is prescribed under section 65(3)

d) the Office of the Governor

e) the Legislative Assembly and parliamentary service.

Under section 10 of the PS Act departments are *'entities declared to be departments of government by the Governor in Council by gazette notice'.*

These gazette notices are reflected in the Administrative Arrangements Orders. Administrative Arrangements Orders are re-issued or amended when a change in the structure of government – known as machinery of government – takes place.

Administrative Arrangements Orders can be accessed through the www.qld.gov.au/about/how-government-works/government-responsibilities.

A department may also be a body for which an accountable officer has been appointed by the Treasurer in the circumstances identified s. 65(2) of the FA Act.

An entity may also be a department where the accountable officer is prescribed by regulation under s.65(3) of the FA Act. These departments are presently identified in the schedule of the Financial Accountability Regulation 2019.

Statutory bodies

Section 9 of the FA Act defines a statutory body as an entity that is established under an Act, has control of funds, and includes, or whose governing body includes, at least one member:

i. who is appointed under an Act by the Governor in Council or a minister; or

ii. whose appointment is approved by the Governor in Council or a minister.

Departments (including parts of departments) and local governments, that may meet the above criteria, are specifically excluded from the definition.

Further, an entity's own enabling legislation may state that the entity is, or is not, a statutory body for the purposes of the FA Act.

It is also important to draw a distinction between a statutory authority and a statutory body under the FA Act. There is a common perception that these terms are interchangeable, which is not the case. Statutory authorities are typically established where the government wishes to establish a board, committee, or officer with statutory obligations but without any financial control. Accordingly, statutory authorities do not satisfy the criteria for having control over their own funds. Instead, the statutory authority is accounted for as part of the relevant administering agency.

Additional information on types of legal entities captured by the FA Act is available in the *Financial Accountability Handbook*, Information Sheet 1.4 – Entity Types.

Who is responsible under the FA Act?

Departments

Responsibility for the governance of departments under the FA Act ultimately rests with the accountable officer. For a department under s.10 of the PS Act, the accountable officer is the chief executive. For other entities, the accountable officer is the person appointed by the Treasurer, prescribed by regulation, or otherwise identified in the FA Act as being the accountable officer.

Statutory bodies

The statutory body itself is responsible for governance under both the FA Act and its own enabling legislation. This is typically achieved through the board or other governing body as established in the enabling legislation.

What are the key responsibilities and functions under the FA Act?

Section 61 of the FA Act identifies the functions of both accountable officers and statutory bodies as:

a) achieving reasonable value for money by ensuring the operations of the department or statutory body are carried out efficiently, effectively, and economically

b) establishing and maintaining appropriate systems of internal control and risk management

c) establishing and keeping funds and accounts in compliance with the prescribed requirements

d) ensuring annual financial statements are prepared, certified, and tabled in parliament in accordance with the prescribed requirements

e) undertaking planning and budgeting that is appropriate to the size of the department or statutory body

f) performing other functions conferred on the accountable officers or statutory bodies under this or another Act or a financial and performance management standard.

Responsibilities are also assigned to **accountable officers only** under Part 5 of the FA Act. These responsibilities include, but are not limited to:

- preparing an annual departmental budget (s. 68)
- establishing departmental accounts in accordance with prescribed requirements (s. 69)
- borrowing amounts from Queensland Treasury Corporation under a Treasurer's approval (s. 71)
- writing off losses and authorising special payments (s. 72)
- recovering money and property (ss. 73 and 74).

Additional functions and responsibilities for statutory bodies may be identified in their enabling legislation.

Can functions and responsibilities be delegated under the FA Act?

Departments

In accordance with s. 76 of the FA Act, an accountable officer may delegate their functions under the FA Act to an **appropriately qualified** public service employee or other employee of the state. Functions delegated by the accountable officer **cannot** be sub delegated.

Further, the FA Act requires the accountable officer to delegate certain responsibilities to the:

- chief finance officer (CFO)
- head of internal audit (HIA).

The responsibilities delegated to the CFO are identified in s.77 of the FA Act as:

- managing financial resources
- managing the budget
- preparing financial information, including annual financial statements
- providing advice on the effectiveness of accounting and financial management information systems and controls
- providing advice concerning the financial implications of, and financial risks to, the department's current and projected services
- developing strategic options for the department's future financial management and capability.

The responsibilities delegated to the HIA are identified in s. 78 of FA Act as:

- providing assessments and evaluations of the effectiveness and efficiency of departmental financial and operating systems, reporting processes, and activities
- providing assistance in risk management and identifying deficiencies in risk management.

Statutory bodies

The FA Act does not provide a statutory body with a power to delegate functions or responsibilities to an officer employed by the body. However, this may be provided for in the statutory body's enabling legislation.

The provisions in the FA Act that create the roles of CFO and HIA, and require the accountable officer to delegate responsibilities to those roles, do not apply to statutory bodies. However, the enabling legislation may create roles that certain functions and responsibilities are delegated to by the statutory body, for example the chief executive officer.

Financial and Performance Management Standard 2019

Basis and application

Section 57 of the FA Act provides the Treasurer with the power to make standards about the policies and principles to be observed in financial and performance management. Each accountable officer and statutory body must comply with the provisions of a standard that apply to them.

These standards are contained in the Financial and Performance Management Standard 2019 (FPMS). The FPMS applies to all accountable officers and statutory bodies, and also contains certain requirements that apply to departments and statutory bodies that have been abolished.

The FPMS provides a framework for accountable officers and statutory bodies to achieve value for money through effective financial and performance management systems, controls and practices. It also requires a proactive approach to monitoring organisational performance, operations and financial position.

The Treasurer may grant written exemptions from the FPMS, in whole or part, after consulting the Auditor-General. Exemptions must include an end or review date.

The requirements of the FPMS are effectively split into 2 main areas: governance and reporting.

Governance

Part 2 of the FPMS requires accountable officers and statutory bodies to establish and maintain governance frameworks that are appropriate for their entities and cost-effective internal control structures.

Section 6 of the FPMS defines governance as the way the agency manages the performance of its functions and operations. Further, it identifies that governance:

- incorporates the cultural and operational aspects of the agency that its actions and decisions influence
- includes concepts of openness, integrity, and accountability; due care; and public defensibility
- incorporates the ethics principles for public officials under the Ethics Act
- includes establishing and maintaining a performance management system, risk management system, and internal control structure.

Section 7 of the FPMS identifies that an internal control structure must strongly emphasise accountability, best practice management of the agency's resources, and internal control. It also requires that the internal control structure include:

- an organisational structure and delegations, supporting the agency's objectives and operations
- employment of qualified and competent officers, training of the officers, and assessment of their performance
- procedures for monitoring the performance of, and accounting for its investment in, any controlled entities (where relevant).

This part of the FPMS also includes more detailed requirements for:

- planning (s. 8)
- performance management (ss. 9–10)
- systems for managing the agency's financial resources (ss. 11–23)
- internal audit and audit committees (ss. 24–30).

Reporting

Part 3 of the FPMS identifies requirements for departments and statutory bodies about preparing annual financial statements and annual reports. This includes the:

- basis on which annual financial statements need to be prepared (ss. 38–39)
- timing for providing the annual financial statements to the Auditor-General (s. 41)
- time frame and requirements for preparing the agency's annual report (ss. 46–48).

This part also includes specific provisions that apply to preparing financial statements and annual reports for abolished and newly formed departments and statutory bodies. This includes identifying who is responsible for preparing the final financial statements and final annual report for the abolished entity where the people who would otherwise be responsible are no longer available.

Relationship with other documents and requirements

Entities are also required to either comply with or have regard to other documents referred to in the FPMS. For example:

- s. 7 requires entities to have regard to the *Financial Accountability Handbook,* published by Queensland Treasury, in establishing their internal control structure
- s. 9 requires entities to comply with the *Queensland Government performance management framework policy,* prepared by the Department of the Premier and Cabinet.

For the purposes of the FPMS, 'have regard to' means that an agency must consider the contents of the document and comply when its contents are applicable in the agency's circumstances.

A guide mapping the relationship between the requirements of the FPMS and other documents is included as Appendix A.

Financial Accountability Handbook and Financial Management Tools

The *Financial Accountability Handbook* (FAH) is designed to help accountable officers and statutory bodies discharge their obligations under the FA Act and FPMS.

Section 11(2) of the FPMS requires that accountable officers and statutory bodies have regard to the FAH in establishing, maintaining, and reviewing a resource management system. This means that agencies must comply with the FAH processes when they are applicable to their circumstances.

The FAH consists of 6 volumes, each comprised of information sheets and addressing a separate area of financial accountability:

- Volume 1 discusses the principles underlying the FA Act and the FPMS, the FAH's general purpose and scope, the framework within which it has been developed, and its application to the various forms of government entities.
- Volume 2 discusses the application of fundamental governance requirements, including the implementation and review of systems of internal controls, agency management, internal and external audit, and risk management.
- Volume 3 provides guidance to entities on the fundamental elements supporting the design and implementation of internal control systems.
- Volume 4 discusses the range of monitoring and assessment processes, tools, and reports that entities should employ in assessing their performance in delivering their services, the effectiveness of outsourcing arrangements, machinery of government changes, and consideration of internal/external audit findings.
- Volume 5 details reporting obligations under the Act and its subordinate legislation, the roles of internal and external audit functions in the reporting process, and guidance on the development and production of effective management reports for use by agency management.
- Volume 6 aims to achieve a whole-of-government approach to grant program development and administration while maintaining some flexibility to suit an individual agency's specific grant program requirements.

The Financial Management Tools contain numerous examples and consideration points to help entities assess their obligations under the financial legislation and FAH. The tools do not form part of the handbook and are prepared as guidance only.

The FAH and Financial Management Tools can be accessed on Queensland Treasury's website: www.treasury.qld.gov.au/resource/financial-accountability-handbook/.

Other requirements for statutory bodies

Enabling legislation

All statutory bodies are established and operate under the provisions of their own enabling legislation. The enabling legislation typically sets out the agency's purpose and specific powers and how the governing body is to be constituted. The governing body is typically a board, but in rare instances may be constituted by an individual.

Statutory Bodies Financial Arrangements Act 1982

The *Statutory Bodies Financial Arrangements Act 1982* (SBFA Act) establishes borrowing and investment powers for statutory bodies where these are not provided for in its own enabling legislation. The SBFA Act provides its own definition of statutory body, which is broader than that applied in the FA Act. For example, local governments are considered statutory bodies for the purpose of the SBFA Act but not for the FA Act.

4. Auditor-General and Queensland Audit Office

Role of the Auditor-General and the Queensland Audit Office

The Auditor-General is Queensland Parliament's independent auditor of state and local government public sector entities. They are an independent officer of the parliament, appointed by the Governor in Council.

The functions and powers of the Auditor-General are governed by the *Auditor-General Act 2009* (AG Act). The AG Act establishes the Queensland Audit Office (QAO) to support the Auditor-General in fulfilling their legislated mandate. It also identifies our responsibilities and provides the legal basis for QAO's powers, such as access to information.

QAO promotes transparency and accountability, acting as a safeguard for the Queensland community by asking if public sector entities are managing risks to service delivery and if services are meeting or improving outcomes for Queenslanders.

Through its work, QAO aims to support public trust in the system of government by:

- helping entities to improve their performance
- providing assurance to parliament that there is appropriate stewardship over public sector decision making
- informing Queenslanders about the public services they receive
- providing scrutiny over entities' use of public money.

Public sector audit objectives

In auditing public sector entities, the Auditor-General seeks to provide assurance to parliament that there is appropriate stewardship over public sector entities and the management of public resources. This includes, but is not limited to, assessing:

- the ethical decision making of senior executives and other public officials and management of public sector entities
- the transparency and public defensibility of key decisions and transactions
- whether public sector entities are appropriately accountable to parliament and key stakeholders for their performance and use of public resources
- whether public sector entities are achieving value for money through their significant procurement activities and investment in major projects
- whether appropriate systems of internal control are established and maintained, including systems designed to protect access to sensitive information and prevent its misuse
- acts or omissions that result in waste or misuse of public resources
- compliance with relevant legislation, regulations, and government policies.

These aspects of public sector auditing are also referred to as addressing audit objectives of probity, propriety, and compliance.

These requirements recognise that the Auditor-General forms part of the integrity framework that applies to the system of government in Queensland. Appropriate exercise of the Auditor-General's full mandate is important to provide confidence in the system of government in Queensland.

We address these public sector audit objectives through the conduct of financial audits, performance audits, other assurance engagements, or investigations into a specific matter of financial administration of one or more public sector entities.

Audit mandate

The AG Act provides the Auditor-General with a broad mandate for conducting audits. Under s. 30, the Auditor-General must audit all public sector entities each financial year. The AG Act defines 'public sector entity' as meaning a:

- department
- local government
- statutory body
- government owned corporation (GOC)
- controlled entity.

The Auditor-General is also required to audit each trust that is subject to the control of 1 or more public sector entities. These are commonly referred to as 'public sector trusts'.

The Auditor-General performs 2 types of audits of public sector entities: financial audits and performance and assurance audits.

In conducting audits, the Auditor-General and QAO staff are not subject to direction by any person about the exercise of their powers or the priority given to audit matters. While audits are conducted in accordance with relevant professional standards, the Auditor-General ultimately has the power to conduct an audit in the way they consider appropriate.

The AG Act also provides for the audit of non-public sector entities in certain circumstances.

Financial audits

The Auditor-General must audit all public sector entities each year. This includes auditing their annual financial statements and issuing an independent auditor's report on those statements.

The aim is to provide independent assurance to parliament and the community that the information contained in the financial statements is in all material respects:

- free of misstatement, whether due to fraud or error
- presented fairly in accordance with applicable accounting standards and legislative requirements.

We also consider whether departments, statutory bodies, and local governments have, in all material respects, complied with prescribed requirements for establishing and keeping accounts . This includes compliance with relevant financial accountability requirements identified in the FA Act and FPMS.

Performance and assurance audits

These audits provide parliament and the community with independent assurance over whether public sector entities are achieving the government's objectives in delivering their services. These audits extend beyond an assessment of the financial activities of a public sector entity and may include:

- determining whether the objectives of a public sector entity are being achieved economically, efficiently, and/or effectively, and in compliance with all relevant laws
- assessing whether value for money is being achieved in the delivery of public services and programs
- reviewing performance measures public sector entities have adopted and assessing whether they are relevant and fairly represent entity performance
- assessing compliance with relevant Acts, regulations, government policies, and other prescribed requirements
- identifying any opportunities for the public sector entity to achieve its objectives more economically, efficiently, and effectively.

Performance audits may also address other objectives identified in relevant assurance standards issued by the AUASB including matters relating to ethics, equity, probity, and sustainability.

Performance audits do not question the merits of government policy objectives. Responsibility for assessing this rests with parliament and the community. Instead, these audits may assess how well entities are implementing policies and whether policy objectives are achieved. They examine policy design and implementation and/or evaluation of the results of the policy once implemented.

Performance audits focus on specific areas of public sector performance. Given the breadth of potential performance audit topics and the limited resources available, QAO conducts a robust, consultative process to identifying potential topics where we can provide the most value. Further information is described in the section of this guide: 'Forward work plan'.

Audit investigations

Anyone with information or concerns about financial mismanagement in Queensland public sector entities can refer matters to the Auditor-General to consider. This includes information from the public, elected members, public sector and local government employees, and other integrity bodies. This information is a valuable input to our audit work.

We assess the information provided and, if appropriate, investigate the issue with the aim of strengthening and improving public sector performance and accountability. We assess these matters in accordance with the following guidelines:

- whether the matter is within the scope of AG Act
- whether another entity should investigate the matter
- the level of public interest and the significance of the matter raised
- the sufficiency, source, and nature of the evidence provided
- whether the matter is raised in good faith or appears to be vexatious.

Where a matter meets the above requirements, we may investigate it as part of our annual audit of a public sector entity or use it to identify a potential topic for a future performance audit. QAO does not investigate matters that are not within the Auditor-General's mandate but may refer these to another agency for consideration where appropriate.

Given the sensitive nature of the requests we receive, they are treated with strict levels of confidentiality when being investigated, including the requirements of the *Public Interest Disclosure Act 2010*, where appropriate.



Due to the confidentiality requirements of the AG Act, QAO cannot report back directly to the referrer about the results of an investigation. QAO may include any significant issues identified in a report to the relevant entity and/or a report to parliament.

We publish summaries of requests we receive from members of parliament (MPs) and Queensland councillors on our website to keep stakeholders informed about why and how we audit these matters.

In finalising the investigation, we may report our findings and any recommendations to management of the relevant public sector entities. Where the findings are significant, the Auditor-General may also include them in a report to parliament. We will report matters identified that give rise to a reasonable suspicion of corrupt conduct to the Crime and Corruption Commission as required by the *Crime and Corruption Act 2001*.

Further information on our process is available in our fact sheet: Requests for audit.

Information or concerns about financial mismanagement in public sector entities can be provided to QAO through our website at www.qao.qld.gov.au/contact-us, or via the following email address: requestforaudit@qao.qld.gov.au.

Reporting on our audit results

Reporting directly to entities

Under the AG Act and the Australian auditing standards, QAO may report to management any key findings, observations, and recommendations on matters identified during the audit. This includes reporting any significant deficiencies in internal controls.

Where matters identified require attention, we must give our report to the accountable person or governing body and any other person the Auditor-General considers as having a special interest in the report. If the suggestions and observations are considered significant, they must also be given to the appropriate minister and the Treasurer.

Reports to parliament

The Auditor-General must report to parliament on each audit of a public sector entity. They have discretion for determining the format, content, and timing of reports; however, as a minimum, the reports must draw attention to any significant matters relating to the financial management of public sector entities.

The Auditor-General's reports are publicly available once tabled in parliament. They highlight issues, risks, good practices, and opportunities for improvement relevant across public sector and local government entities, as well as industry-wide insights.

QAO prepares a separate report for each performance audit and sector-based reports for annual financial audits. Our reports aim to:

- report the results of the audits we conducted
- highlight risks and issues that we believe government needs to be aware of now and in the future
- set out key facts and underlying assumptions, and summarise information for parliament
- share insights and learnings from our work across public sector entities.

While the AG Act requires certain matters to be included in the reports, the Auditor-General is ultimately able to report on any matters they consider to be significant or in the public interest.

In addition to our reports on the results of our audits, we also prepare insights reports. These 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.

To ensure we present our reports fairly, QAO obtains comments on each proposed report from relevant ministers, audited entities, and others with a special interest. We also send all proposed reports to the Premier and the Director-General, Department of the Premier and Cabinet for their information.

Per s. 64 of the AG Act, recipients of proposed reports have 21 days to provide a written response or comment. This response, or a fair summary, is included in the final report tabled in parliament.

Entities' and ministers' input to, or comment on, the proposed version of the report is important. QAO reports to parliament aim to be objective, non-partisan, balanced, and reliable.

For complex or sensitive topics, QAO may also issue an earlier draft version of the report, or part of the report, to entities and ministers to validate information or findings.

The *Parliament of Queensland Act 2001* requires portfolio committees to consider the Auditor-General's reports to the extent they relate to the committee's portfolio area. The committees' consideration of the Auditor-General's reports can include examination of the report through a formal inquiry. The Auditor-General and QAO may assist a portfolio committee in considering a report by briefing it on the findings, opinions, and observations contained therein.

The portfolio committees may also make recommendations based on their findings. However, neither the Auditor-General nor the portfolio committees can force the government to accept their recommendations or take corrective action. Instead, they may conduct follow-up audits or reviews to assess the extent to which action was taken to address the Auditor-General's previous recommendations or findings. The results of follow-up audits and reviews are also tabled in parliament.

Status of Auditor-General's recommendations

Each year, QAO asks entities to self-assess their progress in implementing the recommendations the Auditor-General made in performance audit reports. Monitoring this progress enables QAO to gather key information for parliament, Queensland public sector entities and local governments, and the community on the public sector's commitment to performance improvements.

QAO publishes a yearly report to parliament on the implementation status and brings together insights on progress, and shared or key challenges and opportunities.

We also provide limited assurance over entity assessments for recommendations in selected reports. We assess whether evidence supported entities' reported progress and whether their actions addressed each recommendation's intent.

Alongside the report, QAO also publishes an interactive dashboard that allows users to explore entities' self-assessed progress. It reflects entities' responses at the time they completed their self-assessments.

The report and dashboard, and further information, is available on QAO's website: www.qao.qld.gov.au/reports-resources/status-auditor-generals-recommendations.

Audit program and forward work plan

The AG Act requires QAO to publish a 3-year plan outlining its planned performance audits by 30 June each year.

This forward work plan provides transparency to parliament and the community on the work we intend to perform including our reports to parliament and audit focus areas.

The plan is the result of a transparent and structured process entailing extensive environmental scanning and engagement to understand priority issues facing public sector service delivery, along with an analysis of QAO's prior audit work.

We review our rolling plan and publish a new version each year. QAO's current forward work plan is available on its website: www.qao.qld.gov.au/audit-program

Further information on how we develop the plan is available in the fact sheet: Our forward work plan.

Auditor-General powers and responsibilities

The AG Act provides authorised auditors with broad powers for gathering audit evidence, including access to information that might otherwise be subject to secrecy requirements, for example cabinet documents and commercial in confidence information. We request access to cabinet documents in accordance with protocols established under the Queensland Cabinet handbook.

Under s. 46 of the AG Act, authorised auditors are entitled to full and free access, at all times, to all documents and property belonging to, in the custody of, or under the control of the entity being audited.

Where considered reasonably necessary, a person may be required by written notice to:

- provide stated information or documents (s. 47)
- attend before an authorised auditor and answer questions under oath or affirmation (s. 48).

Due to the extent of information available to QAO, and the often sensitive nature of it, the AG Act imposes restrictions on the disclosure of information obtained during an audit. These restrictions do not prevent disclosure of information in the performance of duties under the Act, for example reporting to parliament, or disclosure to appropriate investigative and law enforcement agencies.

The AG Act also creates several offences where auditors are impeded in exercising their powers and fulfilling their duties under the Act:

- failure to provide reasonable assistance to an authorised auditor in the exercise of their powers
- failure to comply with the requirements of a written notice
- knowingly providing false or misleading information
- obstructing an authorised auditor in the exercise of their powers
- inappropriate disclosure of proposed reports to parliament.

Governance of public sector entities and the role of QAO

Management responsibility

Section 61 of the FA Act states that accountable officers and statutory bodies are to achieve reasonable value for money by ensuring the operations of the department or statutory body are carried out efficiently, effectively, and economically. They are also required to establish and maintain appropriate systems of financial controls and cost-effective internal control structures (s.61 of the FA Act and s.8 of the FPMS).

An adequate system of financial controls will help to ensure financial records and related information are complete and accurate; assets, including money, are safeguarded; and errors and other irregularities are prevented or detected and corrected. As the system of financial controls underpins the information presented in the annual financial statements, it helps these statements give a true and fair view of the entity's transactions and financial position for each financial year.

Information technology (IT) systems underpin government services and are a vital component of effective internal controls. Effective IT controls are not only important in ensuring that financial information is complete and accurate, but also to protect entities from increased exposure to cyber security risks at a time when attacks are becoming more sophisticated and frequent.

Audit responsibility

Because internal financial controls operate to produce reliable financial information and to comply with prescribed requirements, the AG Act requires QAO to consider their effectiveness as part of the annual audit of each entity’s financial statements.

This involves considering the design of relevant controls under each of the 5 core elements of the integrated control structure. QAO reviews and evaluates each entity's key internal controls to assess its capacity to prevent and detect errors that may result in a material misstatement of the financial statements.

QAO's assessment of the effectiveness of internal controls influences the timing and extent of the audit procedures performed. If QAO considers the controls to be well designed and implemented, we may choose to rely on the operation of selected controls. If QAO plans to rely on controls, the auditing standards require QAO to confirm that they operated throughout the year.

Our audits also review how well Queensland public sector entities are managing the IT systems that support their delivery of public services. Through our audits we form opinions about the security and integrity of key IT systems to ensure the financial data is reliable and protected.

If QAO determines, in its professional judgement, that controls are not well designed; that any of the controls tested did not operate as intended; or that controls should be in place but are missing, the auditing standards require QAO to communicate such control deficiencies to management. We do so in writing to those charged with the governance of the entity, and classifies them as either:

- a **significant deficiency**: a deficiency, or combination of deficiencies, in internal control that requires immediate remedial action. We may also increase the rating from a deficiency to a significant deficiency based on:
  - the risk of material misstatement in the financial statements
  - the risk to reputation
  - the significance of non-compliance with policies and applicable laws and regulations
  - the potential to cause financial loss including fraud
  - where management has not taken appropriate timely action to resolve the deficiency
- a **deficiency:** arises when internal controls are ineffective or missing, and are unable to prevent, or detect and correct, misstatements in the financial statements. A deficiency may also result in non-compliance with policies and applicable laws and regulations and/or inappropriate use of public resources.
- an **other matter**: where we identify a way to improve the efficiency and/or effectiveness of internal controls, but is a matter that does not constitute a deficiency in internal controls.

For more information and detail on our rating definitions, please see the webpage here: www.qao.qld.gov.au/information-internal-controls.

Section 60 of the AG Act requires the Auditor-General to draw attention in a report to parliament to any case in which the functions relating to the financial management of the public sector entity were not performed adequately and properly, if the Auditor-General considers the matter to be significant enough to require inclusion in the report.

Considering the work of QAO

QAO, as an independent external auditor, does not form part of a public sector entity's internal control structure or governance framework. However, entity follow up of audit issues is an integral part of good management. Entities must have systems in place to ensure audit issues are addressed in a timely manner. Further guidance on considering findings is available in the *Financial Accountability Handbook*:

- Information Sheet 4.5 – Audit Findings and Resolution
- Financial Management Tools – Register of Audit Findings and Resolution for XYZ Agency.

Additionally, the FPMS requires statutory bodies to consider the Auditor-General's report at the statutory body's first ordinary meeting after the financial statements have been certified.

The Auditor-General is also able to provide unique insights at a whole-of-government level, leveraging their broad mandate to access and collate information not readily available. There may be instances where the Auditor-General includes general comments in a report to parliament, without attributing them to particular entities. Alternatively, the Auditor-General may have targeted only particular entities to undertake a sector-wide audit, where entities are expected to consider the issues we reported, assess if they are appropriate to their entity, and take appropriate action.

Public sector entities should also consider QAO's 3-year forward work plan which give entities advance notice of QAO's audit focus and the opportunity to prepare for and engage constructively with the audit process.

5. Key oversight and accountability bodies

Integrity offices

Crime and Corruption Commission

The Crime and Corruption Commission (CCC) is Queensland's independent integrity agency responsible for combating major crime and corruption. It oversees the handling of corruption complaints across the public sector, including government departments, statutory bodies, universities, local governments, and other public entities.

The CCC receives allegations of corrupt conduct through complaints, mandatory notifications from public officials, referrals, and other information sources. Public sector chief executives must notify the CCC where they reasonably suspect corrupt conduct has occurred.

The CCC has developed and published *Corruption in focus: a guide to dealing with corrupt conduct in the Queensland public sector*. These guidelines, information on how to report suspected corrupt conduct to the CCC, and other information about the CCC's role can be accessed at www.ccc.qld.gov.au.

Guidance on how to report corruption is available on the CCC's website: www.ccc.qld.gov.au/corruption/report-corruption.

Queensland Ombudsman

The Queensland Ombudsman investigates complaints about the administrative actions and decisions of Queensland public sector entities that may be unlawful, unreasonable, unfair, discriminatory, or otherwise wrong. The Ombudsman also helps agencies improve decision-making, administrative practices, and complaints management through advice, training, and recommendations.

As the oversight agency for the Public Interest Disclosure (PID) framework, the Ombudsman monitors and reviews how public interest disclosures are managed and provides guidance and education on PIDs.

Further information, including how to lodge a complaint and resources for public sector entities, is available on the Queensland Ombudsman website: www.ombudsman.qld.gov.au.

The Queensland Ombudsman can be contacted via its website: www.ombudsman.qld.gov.au/about-us/contact-us.

Office of the Information Commissioner

The Office of the Information Commissioner (OIC) is Queensland's independent regulator for right to information and privacy. It reviews decisions made by government agencies and ministers under the *Right to Information Act 2009* and *Information Privacy Act 2009*, monitors compliance with these Acts, and handles privacy complaints.

The OIC also provides guidance and resources to help government agencies meet their right to information and privacy obligations.

Further information, including how to apply for an external review or lodge a privacy complaint, is available on the OIC website: www.oic.qld.gov.au.

The OIC can be contacted via its website: www.oic.qld.gov.au/contact-us.

Office of the Queensland Integrity Commissioner

The Queensland Integrity Commissioner (OIC) is an independent officer of Parliament who provides advice on ethics, integrity and conflicts of interest to ministers, members of parliament, senior public servants and other designated officials under the *Integrity Act 2009*. The Integrity Commissioner also maintains the Queensland Lobbyists Register and oversees compliance with lobbying requirements.

Further information, including guidance on ethics, integrity and lobbying obligations, is available on the Integrity Commissioner's website: www.integrity.qld.gov.au.

The OIC can be contacted via its website: www.oic.qld.gov.au/contact-us

Parliamentary committees

Section 88 of the *Parliament of Queensland Act 2001* requires the establishment of portfolio committees through the *Standing Rules and Orders of the Legislative Assembly*. The standing rules and orders identify the name of each committee and the portfolio area it is responsible for. Each department must be covered by a portfolio area. The listing of portfolio committees and their portfolio areas are included in Schedule 6 of the standing rules and orders.

The role of the portfolio committees is provided for in the Act. It includes, as relevant to their portfolio area, considering and reporting to the parliament on:

- Bills and subordinate legislation introduced into parliament
- the annual state budget Appropriation Bills through the estimates process
- issues of public importance
- performance of government entities.

Section 94 of the Act specifically identifies that to the extent they are relevant to their portfolio area, portfolio committees have responsibility for:

- assessing the integrity, economy, efficiency, and effectiveness of government financial management, including consideration of Auditor-General reports
- public works and major works if the committee decides to consider the works.

A portfolio committee can also refer issues within its portfolio area to the Auditor-General for consideration.

Committees have significant powers to help discharge their responsibilities, including the power to:

- hear evidence
- order people to come to committee hearings
- order documents or other items to be provided
- publish evidence and documents.

The standing rules and orders include Codes of Practice for:

- Assistance to Portfolio Committees by the Auditor-General and the Queensland Audit Office
- Public Service Employees Assisting or Appearing Before Parliamentary Committees.

Further information about the role of parliamentary committees can be found at www.parliament.qld.gov.au/work-of-committees.

A copy of the *Standing Rules and Orders of the Legislative Assembly* can be located on the Parliament of Queensland website (Standing Rules and Orders).

Central agencies

Queensland Treasury

Queensland Treasury (QT) is the custodian of Queensland's financial management framework and supports government agencies through financial legislation, policies and guidance. It plays a central role in developing and managing the State Budget, monitoring the state's financial performance, and managing the state's assets and liabilities. QT also provides advice to agencies on financial management and accounting matters.

Further information is available on QT's website: www.treasury.qld.gov.au/about-treasury/

Public Sector Commission

The Public Sector Commission (PSC) is the Queensland Government's central agency for public sector workforce leadership and stewardship. Established under the *Public Sector Act 2022*, its role includes building workforce capability, promoting integrity and ethical decision-making, supporting leadership development, fostering diversity and inclusion, and monitoring public sector workforce performance. The PSC also issues directives under the Act and supports the Public Sector Governance Council.

Further information, including directives, policies and guidance, is available at: www.psc.qld.gov.au.

Department of the Premier and Cabinet

The Department of the Premier and Cabinet (DPC) supports the Premier and Cabinet, provides leadership across the Queensland public sector, and helps deliver government priorities. Its responsibilities include strategic policy advice, support for Cabinet and Executive Council processes, whole-of-government communications, legislative drafting and publishing, and oversight of key governance and appointment processes. DPC also issues guidance on planning, performance management and annual reporting, and maintains a range of government handbooks.

Further information about the role of DPC can be found at www.premiers.qld.gov.au/

Key policy and guidance documents published by DPC are identified in Appendix B.

Appendix A – Relationship between the requirements of the FPMS and other documents

General governance

FPMS requirements		Other prescribed requirements	Other guidance
General requirements			
s.6	• Requires accountable officers and statutory bodies to establish an appropriate governance framework • Defines and identifies key elements of governance	• Must incorporate the ethics principles for public officials under the ***Public Sector Ethics Act 1994***	Financial Accountability Handbook • Information Sheet 2.1 What is governance? • Information Sheet 2.2 What is a control environment?
Planning			
ss.8	• Requires accountable officers and statutory bodies to develop operational and strategic plans	• Must comply with ***Agency planning requirements*** issued by Department of the Premier and Cabinet	Financial Accountability Handbook • Information Sheet 2.10 Planning
Internal audit and audit committees			
ss.24–29	• Identifies that each accountable officer must establish an internal audit function • Statutory bodies must establish an internal audit function where directed by minister or otherwise considered appropriate • Departments and statutory bodies must develop and implement systems for efficient, effective, and economical operation of internal audit • Identifies other key requirements for an internal audit function, including: – must operate under a charter of internal audit – must undertake appropriate planning – reporting by internal audit – consideration of internal audit reports – consultation between internal audit and authorised auditors (QAO)		Financial Accountability Handbook • Information Sheet 2.6 Head of internal audit • Information Sheet 2.9 Internal audit • Information Sheet 4.5 Audit findings and resolution Financial Management Tools • 18.0 Illustrative example of register of audit findings and resolution

	FPMS requirements	Other prescribed requirements	Other guidance
s.30	• Identifies that accountable officers must establish audit committees • Statutory bodies may establish an audit committee • Audit committees for statutory bodies must include members of the statutory body or governing body	• Accountable officers and statutory bodies must have regard to ***Audit committee guidelines – improving accountability and performance*** issued by Queensland Treasury	Financial Accountability Handbook • Information Sheet 2.7 Management committees Queensland Audit Office • Blog: Why audit committee independence matters more than ever
Chief Finance Officer			
s.54	• Identifies requirements for a statement given by the Chief Finance Officer under s.77 of the *Financial Accountability Act 2009*		Financial Accountability Handbook • Information Sheet 2.5 Chief finance officer • Information Sheet 4.2 Statement by chief finance officer Financial Management Tools • 15.0 Example Statement by chief finance officer

Internal control

	FPMS requirements	Other prescribed requirements	Other guidance
General requirements			
s.7	• Requires accountable officers and statutory bodies to establish and maintain a cost-effective internal control structure • Identifies key elements of an internal control structure • Includes procedures for monitoring the performance of controlled entities	• Must have regard to: – ***Financial Accountability Handbook*** published by Queensland Treasury – ***Queensland Government Enterprise Architecture*** (QGEA) QGEA is a collection of digital and ICT strategies, frameworks policies and associated enterprise architecture documents that guide agency digital and ICT investments to improve their compatibility and cost-effectiveness. While the QGEA generally only applies to departments as defined under the PSA, some additional government bodies may be directed to comply or have specific QGEA documents that apply to them. Further guidance on how to apply the QGEA is available here.	Financial Accountability Handbook • Information Sheet 2.3 What are internal controls? • Information Sheet 2.4 Limitations of internal controls • Information Sheet 3.2 Internal control structure • Information Sheet 3.3 Information systems (digital and ICT) • Information Sheet 3.4 Delegations • Information Sheet 3.15 Fraud control Financial Management Tools • 2.0 Internal control operational processes – Example of how functions and responsibilities may be allocated within an agency Queensland Audit Office • Fraud and corruption self-assessment tool • Fraud risk assessment planning model • Blog: Strengthening your internal controls against emerging fraud risks

	FPMS requirements	Other prescribed requirements	Other guidance
s.11	• Requires accountable officers and statutory bodies to establish and maintain systems for efficiently, effectively, and economically managing financial resources • Must regularly review systems to ensure they remain appropriate	• Must have regard to ***Financial Accountability Handbook*** published by Queensland Treasury	Financial Accountability Handbook • Information Sheet 4.1 Monitoring and assessment of internal control • Information Sheet 4.3 Regionalised functions/independent units • Information Sheet 4.4 Outsourced arrangements • Information Sheet 4.6 Machinery of government Financial Management Tools • 14.0 Monitoring/assessment of internal controls – Consider points when implementing processes to monitor and assess its internal controls • 16.0 Outsourced arrangements – consider points when initially establishing an outsourcing arrangement, or monitoring an ongoing one • 17.0 internal and external processing flows – Illustrative example of processing flows for purchasing, goods receipting, and supplier payment functions being passed onto an outsourced provider Queensland Audit Office • Annual internal control assessment • Fact sheet: Internal control assessments • Checklist for managing machinery of government changes • Implementing machinery of government changes maturity model
s.12	• Requires accountable officers and statutory bodies to prepare and maintain a financial management practice manual		Financial Accountability Handbook • Information Sheet 3.14 Financial management practice manuals
Revenue management			
ss.13	• Identifies key requirements for revenue management systems • Key considerations for identifying goods and services for which user charging is to apply	• Must have regard to ***Principles for fees and charges*** published by Queensland Treasury	Financial Accountability Handbook • Information Sheet 3.5 Revenue systems Financial Management Tools • 4.0 Revenue Management – Consider points when developing, implementing, and reviewing internal controls and processes applicable to an agency's revenue controls and processes

FPMS requirements	Other prescribed requirements	Other guidance
Expense management		
ss.14–17 • Identifies key requirements for expense management systems • Requires accountable officers and statutory bodies to keep a record of special payments • Identifies requirements for recording and reporting of losses by accountable officers and statutory bodies	• Accountable officers and statutory bodies must comply with ***Queensland Procurement Policy*** issued by the Department of Housing and Public Works • Accountable officers and statutory bodies must comply with ***Queensland Ministerial Handbook*** issued by the Department of the Premier and Cabinet • Accountable officers must implement systems that are consistent with ***Treasurer's guidelines for the use of the Queensland corporate purchasing card*** made by the Treasurer	Financial Accountability Handbook • Information Sheet 3.6 Expense management systems (excluding HR) • Information Sheet 3.7 Human resource and payroll systems • Information Sheet 6.1 Definition and framework (grant management) • Information Sheet 6.2 Grant program design • Information Sheet 6.3 Grant program administration • Information Sheet 6.4 Grant program evaluation and analysis • Information Sheet 6.5 Roles and responsibilities of the Minister, Accountable Officer (or delegate) and agency staff • Information sheet 6.6 Documentation requirements of grant management Financial Management Tools • 5.0 Expense Management – Consider points when developing, implementing, and reviewing internal controls and processes applicable to an agency's expense management • 6.0 HR and Payroll – Consider points when developing, implementing, and reviewing internal controls and processes applicable to an agency's HR and payroll • 22.0 Grant Management – Consider points when developing and implementing grant programs Queensland Audit Office • Grant management maturity model • Blog: Why is it important to report material losses to QAO? • Blog: Ex-gratia payments - what those charged with governance need to consider • Blog: Designing and delivering better grant programs
Asset management		
ss.18–19 • Identifies key requirements for asset management systems, including cash management • Includes specific requirements for significant assets	• Accountable officers and statutory bodies must comply with **Non-Current Asset Policies for the Queensland Public Sector** issued by Queensland Treasury • Accountable officers and statutory bodies must have regard to the **Project assessment framework** issued by Queensland Treasury	Financial Accountability Handbook • Information Sheet 3.8 Property, plant and equipment • Information Sheet 3.9 Asset systems Financial Management Tools • 7.0 Property, Plant and Equipment – Consider points when developing, implementing, and reviewing internal controls and processes necessary for the effective management of an agency's plant, property and equipment (PP&E) • 8.0 Evaluating and Reviewing Significant Assets – Additional guidance on evaluating and reviewing significant assets • 9.0 Asset Management – Consider points when developing, implementing, and reviewing internal controls and processes applicable to an agency's asset management functions

	FPMS requirements	Other prescribed requirements	Other guidance
			Queensland Audit Office • Asset management maturity model • Fact sheet: What to do when government restrictions prevent site visits by external valuers • Blog: Insights in determining the capitalisation point of major projects • Blog: Managing risk in major infrastructure projects • Blog: Understanding why budget overruns occur and how to prevent them
Liability management			
s.20	• Identifies key requirements for liability management systems	• Accountable officers and statutory bodies must comply with ***Queensland Leasing Approval Policy for Public Sector Entities*** issued by Queensland Treasury	Financial Accountability Handbook • Information Sheet 3.10 Liability systems • Information Sheet 3.11 Tax compliance systems Financial Management Tools • 10.0 Liabilities – Consider points when developing, implementing, and reviewing internal controls and processes applicable to an agency's liability management processes • 11.0 Taxation Compliance – Consider points when developing, implementing, and reviewing internal controls and processes applicable to an agency's management of its taxation obligations
Contingency management			
s.21	• Identifies key requirements for systems for managing contingent assets and contingent liabilities		Financial Accountability Handbook • Information Sheet 3.12 Commitments and contingencies Financial Management Tools • 12.0 Commitments and Contingencies – Consider points when developing, implementing, and reviewing internal controls and processes required to effectively manage an agency's commitments and contingencies

	FPMS requirements	Other prescribed requirements	Other guidance
Financial information management			
s.22	• Identifies key requirements for financial information management systems • Before introducing or significantly changing a financial information management system, accountable officers and statutory bodies must consult with – head of internal audit – authorised auditor (QAO) – chief finance officer for the department – person responsible for financial management of the statutory body	• Accountable officers and statutory bodies must have regard to the ***QGEA*** issued by the Queensland Government Chief Customer and Digital Officer • Accountable officers and statutory bodies must ensure compliance with the ***Public Records Act 2002***	Financial Accountability Handbook • Information Sheet 3.3 Information and communication technology (ICT) • Information Sheet 5.3 Financial record management Financial Management Tools • 3.0 Information and Communication Technology – Consider points when developing, implementing, and reviewing internal controls and processes applicable to an agency's ICT Queensland Audit Office • Checklist for managing third party cyber security risks • Guidelines for implementing new systems • Checklist for managing ethical risks in artificial intelligence • Role capability checklist for cyber attack response recovery • Cyber response recovery governance checklist • Delivering successful technology projects • Learnings from ICT projects • Blog: Putting our information systems advice into practice • Blog: Why QAO's 2020 report on technology projects still rings true in 2026 • Blog: Do you understand your third party cyber security risks?
Risk Management			
s.23	• Identifies key requirements for systems for managing operational and strategic risks • Accountable officers and statutory bodies may establish a risk management committee	• In establishing a risk management committee, accountable officers and statutory bodies must have regard to ***Audit committee guidelines – improving accountability and performance*** issued by Queensland Treasury • In managing the strategic and operational risks of the department or statutory body relating to digital, information or communication technology, the accountable officer or statutory body must have regard to the ***QGEA***	Financial Accountability Handbook • Information Sheet 2.7 Management committees • Information Sheet 3.1 Risk identification and management Queensland Audit Office • Risk management maturity model • Blog: Performing a risk assessment • Blog: What to include in a risk register

Performance management

	FPMS requirements	Other prescribed requirements	Other guidance
ss.9–10	• Requires accountable officers and statutory bodies to establish systems for obtaining performance information • Systems must provide for reporting on performance • Systems must provide for evaluating achievement of agency's objectives	• Accountable officer or a statutory body must manage performance in accordance with the document called ***Queensland Government Performance Management Framework Policy*** prepared by the Department of the Premier and Cabinet	Financial Accountability Handbook • Information Sheet 3.13 Performance management and assessment • Information Sheet 5.1 Management reporting Financial Management Tools • 13.0 Performance Management Systems – Consider points when developing, implementing, and reviewing internal controls and processes that underpin performance management systems which monitor and report on the effectiveness of the delivery of agency services and achievement of agency objectives • 19.0 Management Reporting – Consider points when designing and preparing reports for management Queensland Audit Office • Fact sheet: Measuring service performance

Reporting

	FPMS requirements	Other prescribed requirements	Other guidance
Financial statements			
ss.38–45	• Identifies financial reporting requirements for departments and statutory bodies • Includes financial reporting requirements for: – newly formed departments and statutory bodies – abolished departments and statutory bodies • Identifies who is responsible for preparing financial statements for abolished departments and statutory bodies	• Accountable officer must prepare department's financial statements under the minimum reporting requirements in the ***Financial Reporting Requirements for Queensland Government Agencies*** issued by Queensland Treasury • Statutory bodies must prepare financial statements having regard to the minimum reporting requirements in the ***Financial Reporting Requirements for Queensland Government Agencies*** issued by Queensland Treasury	Financial Accountability Handbook • Information Sheet 5.2 Preparation of financial statements • Information Sheet 5.4 Audit role in financial statements preparation Financial Management Tools • 20.0 Preparation of Financial Statements – Consider points when developing and implementing processes applicable to the preparation of an agency's financial statements Queensland Audit Office • Financial statement preparation maturity model self-assessment tool • Fact sheet: Financial reporting considerations in uncertain times • Fact sheet: Preparing position papers accounting matters and valuation • Blog: Using technology well when preparing financial statements

	FPMS requirements	Other prescribed requirements	Other guidance
Annual reports			
ss.46–51	• Identifies annual reporting requirements for departments and statutory bodies • Includes annual reporting requirements for: – newly formed departments and statutory bodies – abolished departments and statutory bodies	• Accountable officers and statutory bodies must comply with ***Annual Report Requirements for Queensland Government Agencies*** issued by the Department of the Premier and Cabinet	Financial Accountability Handbook • Information Sheet 5.5 Annual reports Financial Management Tools • 21.0 Annual Reports – Consider points when developing and implementing processes applicable to the preparation of an agency's annual report Queensland Audit Office • Fact sheet: Annual report finalisation and auditing standard ASA 720 Other information

Appendix B – Resources and reference material

QAO prepares and publishes a range of resources for all entities to use, which are available on its website:

- Reports to parliament: include annual financial audit reports and performance audit reports. The learnings and insights across QAO's reports are applicable to all public sector entities and local governments
- Interactive dashboards: illustrate insights collected from QAO's work. They enable users to find out more about the performance of public sector and local government entities based on where they live or the services they receive. The dashboards cover education, local government, water, health, and energy services, as well as Queensland grants and the status of Auditor-General's recommendations. Our QAO Queensland dashboard brings all this information together
- Blog: provides informed perspectives and practical, accessible advice drawn from our audit work and role, and shares insights, better practice, and lessons learnt widely
- Better practice: include guides, checklists, and self-assessment tools. QAO prepares these pieces of advice for state and local government public sector entities in response to the issues, challenges and opportunities identified through audit work and engagement
- Fact sheets: cover insights from QAO's work across the public sector, and which explain our role.
- Resources for audit committees: includes QAO resources that may be of value to committees, such as reports, better practice resources, dashboards, and blogs
- Cyber and digital resources: highlights relevant resources from QAO's large body of work on digital, data, and cyber-related topics. Browse by theme: cyber security risk management, internal controls and fraud, emerging technologies and artificial intelligence, and digital project delivery
- Information for elected members: provides useful information relevant to different roles, including members of parliament, ministers, parliamentary committees, and councillors
- Understanding an audit: outlines what an audit and audit opinion is, and further related resources.

Highlight – Status of Auditor-General recommendations reports to parliament

QAO makes recommendations to state and local government entities to help them improve the services they deliver to the community. Each year, we ask entities to self-assess their progress in implementing recommendations from our performance audit reports.

Our annual report on the status of Auditor-General's recommendations brings together information and insights on this progress and highlights common challenges and improvement opportunities.

www.qao.qld.gov.au/reports-resources/status-auditor-generals-recommendations

In this report, those charged with governance can explore insights and better practices across common themes impacting public sector entities. Our self-assessment process can also help them monitor their entity's implementation progress.

2026 Status of Auditor-General's recommendations (Report 2: 2026-27) was our sixth report to parliament in this series. We asked 124 entities to self-assess their progress in implementing 606 recommendations, from 37 performance audit reports to parliament tabled between 2015–16 and 2024–25. We also provided limited assurance over entities' self-assessed progress in implementing recommendations from 2 of our reports, by seeing if evidence supported their reported progress and whether their actions addressed the recommendations' intent.

We design the recommendations in our reports to help entities improve their practices, address identified issues and better manage risks. To analyse common themes for our report, we group the recommendations we made into 11 categories. The categories for our 2026 report are below.

FIGURE 1A RECOMMENDATION CATEGORIES



Note: Some categories, such as risk management, can form part of broader governance arrangements. We present them separately to support more detailed analysis.

Source: Queensland Audit Office.

Between 2015–16 and 2024–25, we made 406 recommendations to entities about governance. These focused on developing frameworks and guidance, and strengthening systems, processes, and oversight responsibilities to improve monitoring.

The 4 categories with the most outstanding recommendations for this period – which is those that entities had self-assessed as partially or not implemented – included:

- strategic and operational planning
- reviews and evaluation
- governance arrangements and oversight
- information systems and data management.

Some examples of the themes underlying the governance issues we addressed in our recommendations for departments, hospital and health services, and statutory bodies include across our reports include:

- ineffective processes for monitoring, oversight, and transparency
- no implementation plan to achieve strategic objectives
- inadequate policies and frameworks to provide clear direction
- limited guidance to support consistent practices

For this report, we also publish an interactive dashboard each year that allows users to explore entities' self-assessed progress. Users can tailor their search by year, report, entity, parliamentary committee, and implementation status. It reflects entities' responses for the period in which they completed their self-assessments.

Read our latest report, view the dashboard, and learn more: www.qao.qld.gov.au/reports-resources/status-auditor-generals-recommendations

Further information on our self-assessment program is available in our fact sheet: *Entity self-assessments on implementation of QAO recommendations*.

Highlight – Information systems reports to parliament

Information technology (IT) systems underpin government service delivery and should support the efficient and effective processing of information for the state.

As with any asset, entities need to actively manage, maintain, and keep these systems secure. Ensuring appropriate access to and security of these systems helps protect public sector information and assets. This is particularly important as entities increasingly use third-party, internet-based technologies (for example, cloud systems) to deliver computing services.

As part of our annual financial audit role, QAO audits key IT systems relevant for financial reporting. These systems record entities' financial transactions and balances.

Each year, the Auditor-General provides a report to parliament summarising the results of these audits for entities in Queensland's public sector. The report also discusses IT control weakness, maturity, and may cover major financial system implementations, and challenges associated with ageing legacy systems.

This report identifies common issues and opportunities for improvement across the public sector for strengthening controls, governance, and risk management.

Our *Information systems 2026 report* (Report 4: 2026- 27) shares that while entities generally have effective IT controls for finance systems, IT control environments are under pressure due to recurring weaknesses that are complex and time-consuming to address. Entities also need greater focus on embedding strong identity and access controls and processes.

Many entities are undergoing major projects for digital transformation, including Queensland Shared Services, which is leading a large and complex implementation of a finance system that many departments will use.

Gaps remain in data collection and reporting on IT projects, and departments do not consistently manage legacy risks.

Read our information systems reports on our website: URL to be inserted

Cyber, digital and data resources

Cyber security remains a significant risk for public sector entities. QAO has published a range of cyber, digital and data resources, available at: www.qao.qld.gov.au/reports-resources/our-cyber-digital-resources.

- **Checklist for managing third-party cyber security risks**
  Helps entities assess and strengthen third-party cyber security arrangements. www.qao.qld.gov.au/reports-resources/better-practice/checklist-managing-third-party-cyber-security-risks Related report: *Managing third-party cyber security risks* (Report 13: 2025–26).
- **Guidelines for implementing new systems**
  Provides guidance on effective controls for new information systems and governance oversight. www.qao.qld.gov.au/reports-resources/better-practice/guidelines-implementing-new-systems
  Related report: *Information systems 2025* (Report 6: 2025–26).

- **Checklist for managing ethical risks in artificial intelligence**
  Supports entities to manage AI-related ethical risks and align with governance expectations. www.qao.qld.gov.au/reports-resources/better-practice/checklist-managing-ethical-risks-artificial-intelligence . Related report: *Managing the ethical risks of artificial intelligence* (Report 2: 2025–26).
- **Role capability checklist for cyber attack response and recovery**
  Helps entities assess and strengthen the people, processes and technology needed to respond to and recover from cyber incidents. www.qao.qld.gov.au/reports-resources/better-practice/role-capability-checklist-cyber-attack-response-recovery . Related report: *Responding to and recovering from cyber attacks* (Report 12: 2023–24).
- **Cyber response and recovery governance checklist**

  Provides governance-focused questions to support cyber incident response and recovery planning. www.qao.qld.gov.au/reports-resources/better-practice/cyber-response-recovery-governance-checklist. Related report: *Responding to and recovering from cyber attacks* (Report 12: 2023–24).

Resources for audit committees

Audit committees are a key component of good governance, providing independent oversight and advice on financial reporting, risk management, internal controls, compliance and audit activities. Under the *Financial and Performance Management Standard 2019*, departments and statutory bodies are required to establish audit committees. Effective audit committees are supported by strong leadership engagement, clear charters, regular meetings and appropriate documentation.

Queensland Treasury also issues Audit committee guidelines – improving accountability and performance, which combine best practice principles identified in both the public and private sectors.

QAO has published reports and blogs that share insights and better practice guidance on audit committee effectiveness.

- *Effectiveness of audit committees in state government entities* (Report 2: 2020–21)
- *Why audit committee independence matters more than ever*
- *The role of audit committees in financial reporting*
- *You have an audit committee, but is it effective?*
- *Does your audit committee comply with Treasury's composition requirements?*

Better practice – key elements of an effective audit committee

Area	Better practice considerations
Entity leadership	• An engaged leader is critical to the committee's effectiveness. • Where practicable—a leader should attend all meetings as an observer. • An entity's leader should not be the chair or a member. **What should committees consider?** • Is the CEO appropriately engaged? • How often does the CEO attend meetings, and in what capacity? • Does the CEO regularly meet with the audit committee chair and have meaningful conversations?
Right members	• To guard against perceived conflicts, state government entities should not appoint members who are – management – employed by the entity – employed by another Queensland state government entity. **What should committees consider?** • Does your committee have the 'right' members? • How long have members served on the committee?

Valuable meetings	Effective audit committee meetings are more than an acquittal of the information the business presents. **What should committees consider?** • Is the quality and volume of papers for committee meetings appropriate? • Is the committee talking about the right things? • Are the right people in the room?
Focused role	Entities should engage key stakeholders to develop and document the committee's role and responsibilities. **What should committees consider?** • Have we tailored our charter? • Does the charter clearly define our roles and responsibilities? • Has the committee identified areas of focus?
Continuous improvement	Most audit committees that perform an annual self-assessment use the example questionnaire in the Queensland Treasury guidelines. **What should committees consider?** • Does the committee perform an annual performance assessment? • Is the performance assessment tailored? Does it measure performance against the annual work plan?

The full better practice guide is available on QAO's website: www.qao.qld.gov.au/reports-resources/better-practice/key-elements-effective-audit-committee

Resources on risk management

The *Financial Accountability Act 2009* requires accountable officers to establish and maintain appropriate risk management systems. Under the *Financial and Performance Management Standard 2019*, these systems must help manage risks that could impact service delivery and mitigate unacceptable costs or losses. Effective risk management supports informed decision-making, resilience, innovation and value-for-money outcomes.

QAO has published various resources relating to risk management, some of which are outlined below:

- *Risk management – where do we start?*
- *Using risk appetite in the public sector*
- *Strengthening your internal controls against emerging fraud risks*
- *What does it mean to have a 'culture of risk leadership'?*
- *Advice on setting your risk appetite*
- *The importance of culture*
- *Are your 'everyday' internal controls strong enough to prevent a fraud attempt?*

Better practice resources

- **Risk management maturity model**
  Helps entities assess the maturity of their risk management practices and identify priorities for improvement.
  www.qao.qld.gov.au/reports-resources/better-practice/risk-management-maturity-model
- **Annual internal control assessment**
  Supports entities to evaluate the effectiveness of internal controls and identify areas for improvement using a scalable maturity-based approach.
  Link: www.qao.qld.gov.au/reports-resources/better-practice/annual-internal-control-assessment

- **Fraud risk assessment and planning model**
  Provides a structured process for identifying, assessing, treating and monitoring fraud risks, aligned with relevant Australian standards and guidance.
  Link: www.qao.qld.gov.au/reports-resources/better-practice/fraud-risk-assessment-planning-model
- **Fraud and corruption self-assessment tool**
  Helps entities assess the effectiveness of their fraud and corruption control framework and identify areas for improvement.
  www.qao.qld.gov.au/reports-resources/better-practice/fraud-corruption-self-assessment-tool

Further references

Queensland Treasury resources

Queensland Treasury (QT) provides economic and financial advice to the government, as well as services to the community, to enhance the state's financial position and economic performance. It is also responsible for energy and climate planning.

The following documents are available on the QT: www.treasury.qld.gov.au/budget/financial-reporting-and-policies/. The following documents are available on the QT website: www.treasury.qld.gov.au/budget/financial-reporting-and-policies/.

A Guide to Risk Management – June 2020

Provides an overview of the key concepts of risk management, and guidance on how the risk management process can be practically applied by any Queensland public sector agency. It supports the requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2019 and is consistent with the principles set out in AS/NZS ISO 31000:2018 Risk management – Principles and Guidelines.

View the guide: Risk management guide

Statutory Body Handbook — A practical guide to establishment and management of Statutory Bodies – February 2021

A practical guide to establishing and managing statutory bodies, covering governance, compliance, reporting, investments and financial management requirements.

Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies

Outlines the requirements and considerations for agencies seeking Treasurer approval to form a company under the *Financial Accountability Act 2009*, including governance, accountability and monitoring arrangements.
www.treasury.qld.gov.au/files/Guidelines-for-the-Formation-of-Companies-June-2020-FINAL.pdf

Company Financial Reporting in the Queensland Public Sector

Outlines the requirements for Queensland public sector companies to prepare and publicly release financial statements, supporting transparency and accountability to the community. View the policy: www.treasury.qld.gov.au/files/Company-Financial-Reporting-in-the-Queensland-Public-Sector-2021.pdf

Project Commencement Approval policy

Outlines the approvals a department requires before starting a high-value project or for significant increases to the value of such a project. Compliance with this policy is mandated by Cabinet decision.

View the policy: Project Commencement Approval Policy

Queensland Leasing Approval Policy for Public Sector Entities

Outlines the policy, framework and approval process in relation to State Government asset leasing arrangements. Under section 20(3) of the FPMS, departments and statutory bodies must comply with this policy.

View policy: Queensland Leasing Approval Policy for Public Sector Entities

Cash Management Handbook for Departments and Agencies

Provides a guide to departments and agencies in applying effective cash management concepts and principles, assisting them in maximising the funds available to meet the social and economic objectives of the government.

View handbook: Cash Management Handbook

Project assessment framework (PAF)

A suite of documents used to ensure a common, rigorous approach to assessing projects at critical stages in their lifecycle – from the initial assessment of the service required through to delivery.

View the PAF: Project assessment framework

Department of the Premier and Cabinet resources

The Department of the Premier and Cabinet provides support and advice for Queensland's Premier and Cabinet and leads the public sector in delivering the government's priorities.

The following documents are available on the department's website (www.premiers.qld.gov.au/) and you can browse the Governing Queensland suite of handbooks here: /www.premiers.qld.gov.au/publications/categories/policies-and-codes/handbooks.aspx

Welcome Aboard: A Guide for Members of Queensland Government Boards, Committees and Statutory Authorities

Explains the role of government boards and board members, and outlines how boards are established.
www.premiers.qld.gov.au/publications/categories/policies-and-codes/handbooks/welcome-aboard.aspx

Queensland Cabinet Handbook

Sets out the procedures and conventions governing Cabinet operations, including the preparation, consideration and management of Cabinet business.
www.premiers.qld.gov.au/publications/categories/policies-and-codes/handbooks/cabinet-handbook.aspx

Queensland Ministerial Handbook

Provides guidance for ministers, assistant ministers and their staff on the policies, practices and procedures for managing ministerial offices.
www.premiers.qld.gov.au/publications/categories/policies-and-codes/handbooks/ministerial-handbook.aspx

Queensland Executive Council Handbook

Explains the role and processes of the Executive Council and provides guidance on preparing matters for consideration by the Governor in Council.
www.premiers.qld.gov.au/publications/categories/policies-and-codes/handbooks/exec-council-handbook.aspx

Queensland Legislation Handbook

Outlines Queensland's legislative development process and provides guidance for preparing drafting instructions for legislation.
www.premiers.qld.gov.au/publications/categories/policies-and-codes/handbooks/legislation-handbook.aspx

Code of Conduct for the Queensland Public Sector

Sets out the standards of behaviour and ethical principles expected of public sector employees in carrying out their duties and representing government.
www.premiers.qld.gov.au/publications/categories/policies-and-codes/code-of-conduct.aspx

Legislation

The following legislation can be accessed at www.legislation.qld.gov.au:

- *Auditor-General Act 2009*
- *Crime and Corruption Act 2001*
- *Constitution of Queensland 2001*
- *Financial Accountability Act 2009*
- *Financial and Performance Management Standard 2019*
- *Financial Accountability Regulation 2019*
- *Government Owned Corporations Act 1993*
- *Government Owned Corporations Regulation 2024*
- *Information Privacy Act 2009*
- *Integrity Act 2009*
- *Local Government Act 2009*
- *Local Government Regulation 2012*
- *Ombudsman Act 2001*
- *Parliament of Queensland Act 2001*
- *Public Interest Disclosure Act 2010*
- *Public Records Act 2023*
- *Public Sector Ethics Act 1994*
- *Public Sector Ethics Regulation 2010*
- *Public Sector Act 2022*
- *Public Sector Regulation 2023*
- *Right to Information Act 2009*
- *Statutory Bodies Financial Arrangements Act 1982*
- *Statutory Bodies Financial Arrangements Regulation 2019.*



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