

Members of parliament guide to the auditor-general

Introduction

The aim of this guide is to give an overview of my role as auditor-general and outline the kind of interaction, advice, and support that you, as members of parliament, can expect from me and my office.

The Queensland public deserves a fair and transparent government and it is my role to help you hold public sector entities to account for the use of public money.

I look forward to working with you



Brendan Worrall
Auditor-General

February 2018

The auditor-general at a glance



The position of auditor-general is a statutory one and their role and functions are set out in the *Auditor-General Act 2009*.

They audit all Queensland public sector entities, meaning they check whether public money is being spent appropriately.

There has been an auditor-general in Queensland since 1860. Brendan Worrall is the current auditor-general and he commenced his seven-year non-renewable term in July 2017.

The auditor-general's audits and opinions about the use of public money are independent and free from political influence. It is very important that the auditor-general is independent to provide a check over government spending.

Fact sheet

By law, the auditor-general audits all public sector entities. They issue approximately 436 audit opinions each year covering both state government and local government. Public sector entities are wide ranging and include:

- departments
- local government/councils
- statutory bodies, such as universities and grammar schools
- government owned corporations, such as Port Authorities and Energy Queensland Limited
- controlled entities.

The auditor-general's staff, working at the Queensland Audit Office, and contracted auditors perform these audits. They have ongoing contact with all public sector entities each year, which gives the auditor-general a unique insight into the workings of government sectors. This insight informs our reports to parliament, and is a very important point of difference that the Queensland Audit Office in turn shares with the parliament.

The auditor-general appoints contract auditors to carry out work on their behalf. The auditor-general is still responsible for the audits performed. The Queensland Audit Office has about 20 private sector auditing firms located throughout Queensland working for us.

The work of the Queensland Audit Office is designed to give assurance to parliament, public sector entities and the public that public sector entities are fairly reflecting their activities in their annual financial statements.

Through performance audits, we also check on whether public entities are carrying out their activities effectively, efficiently, and economically, and complying with relevant laws.

Our reports to parliament detail findings and make recommendations so that those responsible for making improvements can take action. This includes incorporating good practice that can help improve public services.

The auditor-general's role does not include the power to enforce recommendations. But, most recommendations are accepted. The entities we report on always receive natural justice and we include their comments in our reports.

The Queensland Audit Office is not a complaints agency, but we do encourage and consider any referrals made to us. We receive referrals from a range of avenues including members of parliament, councillors, entity management, integrity agencies and the general public. We are not obliged to act on referrals and the final decision is with the auditor-general.

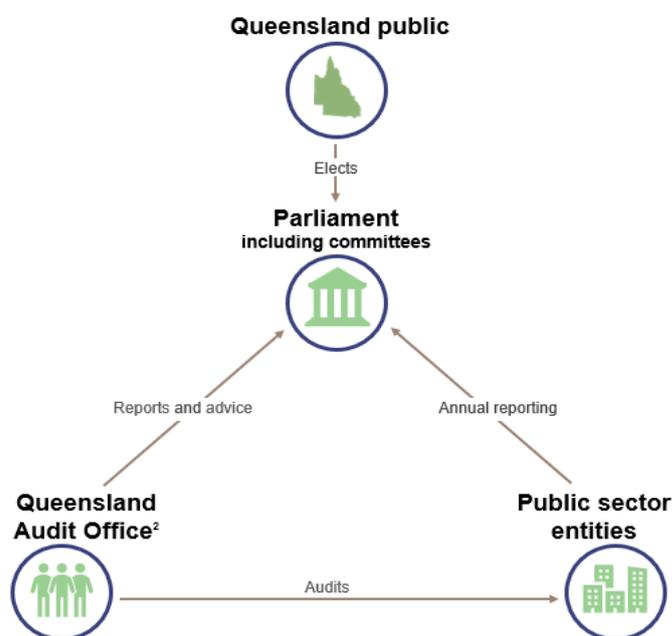
Work performed on referrals can be either included in our normal audit or, at times, result in a major inquiry.

Queensland Audit Office

The Queensland Audit Office, also known as QAO, supports the auditor-general. Our people are professional, capable and engaged. QAO employs about 200 staff.

QAO is mainly self-funded but also does receive funding through appropriation for performance audits and reporting to parliament. A fee is charged for the annual financial audit service we provide. The Treasurer approves fee rates.

Parliament's relationship with the auditor-general



¹ Finance and Administration Committee has oversight responsibility of the Queensland Auditor-General

² Queensland Auditor-General is a statutory position, fully independent of parliament.

³ QAO's financial audit program forms opinions about the reliability of public sector entity financial statements. QAO's performance audit program examines the efficiency and effectiveness of important aspects of public services.

Independence

The auditor-general must be and be seen to be independent and impartial. Independence of the position is protected through the *Auditor-General Act 2009*.

Annual work plan

At the start of each financial year, our strategic audit plan is available on our website ([link](#)). This plan includes our annual work plan for performance audits and proposed reports for financial audits. The plan covers three years.

When deciding on what audits we are going to perform, we scan the environment that the Queensland Government operates in and consult widely with stakeholders including the Finance and Administration Committee.

You can make suggestions to us on potential performance audit topics at any time.

Reports to parliament

The auditor-general can report to parliament at any time on matters arising from the performance of their functions, duties and powers. An exemption to this is if a report contains sensitive material that they consider is against the public interest to disclose in a report. In this situation, the auditor-general can report directly to the Finance and Administration Committee rather than the parliament.

Oversight by committee

The Finance and Administration Committee has a monitoring and review function over the performance of the functions of the auditor-general. This includes:

- monitoring our performance reported in our annual report
- being consulted about our budget, the appointment of the auditor-general, strategic audit plan and the strategic review of the Queensland Audit Office.

Support the auditor-general can give to members of parliament

The auditor-general can help members of parliament in your role of holding state public sector entities accountable.

The results of all audits are reported to parliament. We are available to provide you with a briefing on our reports and answer any questions you may have on the reports.

The legislative assembly can by resolution request the auditor-general to conduct an audit of a matter relating to financial administration of a public sector entity.

Types of assistance provided includes:

- briefing a portfolio committee on the findings, opinions and observations contained in an audit report or a draft report
- assisting a portfolio committee by providing evidence at a public hearing, in relation to a strategic review of the Queensland Audit Office

- providing advice to a portfolio committee for the purposes of a committee inquiry. This can be in relation to draft terms of reference, the conduct of the inquiry, lines of inquiry and relevant questions that could be asked of witnesses for the inquiry, if the inquiry relates to matters in which the auditor-general and the Queensland Audit Office have particular responsibilities, knowledge or expertise
- providing advice to a portfolio committee in relation to a Bill that has been referred to the portfolio committee, where that Bill includes matters in which the auditor-general and Queensland Audit Office has particular responsibilities, knowledge or expertise (mandate matters).

The auditor-general's reports to parliament are referred to the relevant portfolio committees. The committee's responsibilities include assessing the public accounts of each department by examining government financial documents and considering the annual and other reports of the auditor-general.

Queensland Audit Office's staff are available to brief, advise or assist members of committees at any time.

The work of the auditor-general

The audit function includes annual financial audits and performance audits.

Annual financial audits

Each year we audit the financial statements of public sector entities. The number of entities varies and when a public sector entity is created or abolished the relevant minister must notify the auditor-general.

The auditor-general can exempt small low-risk audits from audit.

When performing audits, we comply with the Auditor-General of Queensland Auditing Standards. These standards include compliance with standards issued by the Australian Auditing and Assurance Standards Board.

An annual financial audit provides a high level of assurance about whether the entity's financial statements comply with generally accepted accounting practices and reflect their financial position and performance.

Any significant issues that the auditor-general identifies are reported to parliament.

Performance audits

Results of performance audits provide parliament with independent assurance over the performance and accountability of entities' activities.

These audits detail whether an entity is delivering on what they have been asked to and whether public money has been used well.

The aim of the audit includes deciding whether the objectives are being achieved economically, efficiently and effectively and in compliance with all relevant laws.

Good and poor performance is reported, as well as wider learnings for the public sector as a whole.

What we can't audit

The auditor-general can only audit public sector entities not private sector entities. There are, however, two exemptions to this.

We can perform a by-arrangement audit of an entity that is not a public sector entity where there is a public interest. We only perform these audits if the minister or a public sector entity asks and only if the entity agrees.

We can also conduct an audit of a matter relating to property that is, or was, held or received by a public sector entity and given to a non-public sector entity. These are called follow-the-dollar audits.

The auditor-general also does not have the authority to question matters of government policy. In other words, they cannot question whether it is appropriate for the government to pursue particular objectives through its policies or what priority the government places on the policy objectives. It is the job of elected officers to make policy. The auditor-general can, however, audit the implementation of that policy. This restriction ensures the auditor-general remains independent and does not become involved in political debate.

The auditor-general does not audit their own agency. The Governor in Council appoints a private sector firm to audit the Queensland Audit Office

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Executive team



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Auditor-General



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Sector directors

Our financial audit services are grouped into sectors to assist with improving sector knowledge and reporting, and enhance client engagement. Sectors include:

- Education and housing
- Central agencies and financial services
- Health
- Community services
- Energy and natural resources
- Water and infrastructure
- Local government.



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