

QAO Meeting with Public Sector Audit Committee Chairs

26 November 2013

Topics for discussion

- Welcome
 - Andrew Greaves
- Internal controls 2012-13 (Report 6)
 - Brahman
- Survey of committee chairs
 - Michael Booth
- Client survey results
 - Karen Johnson
- Strategic Audit Plan
 - Terry Campbell
- Other business

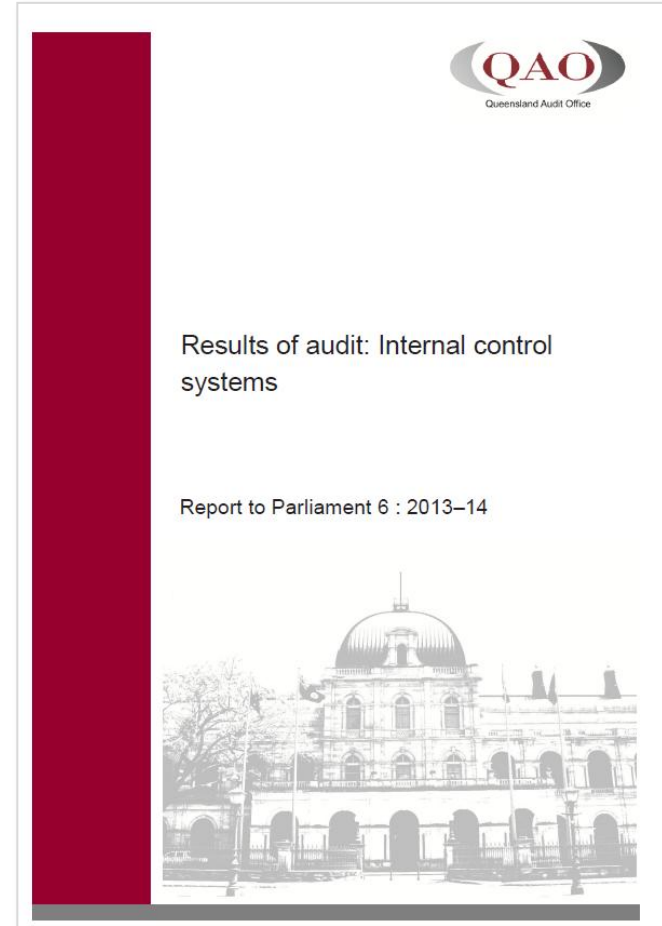
Internal Controls 2012-13

P Brahman

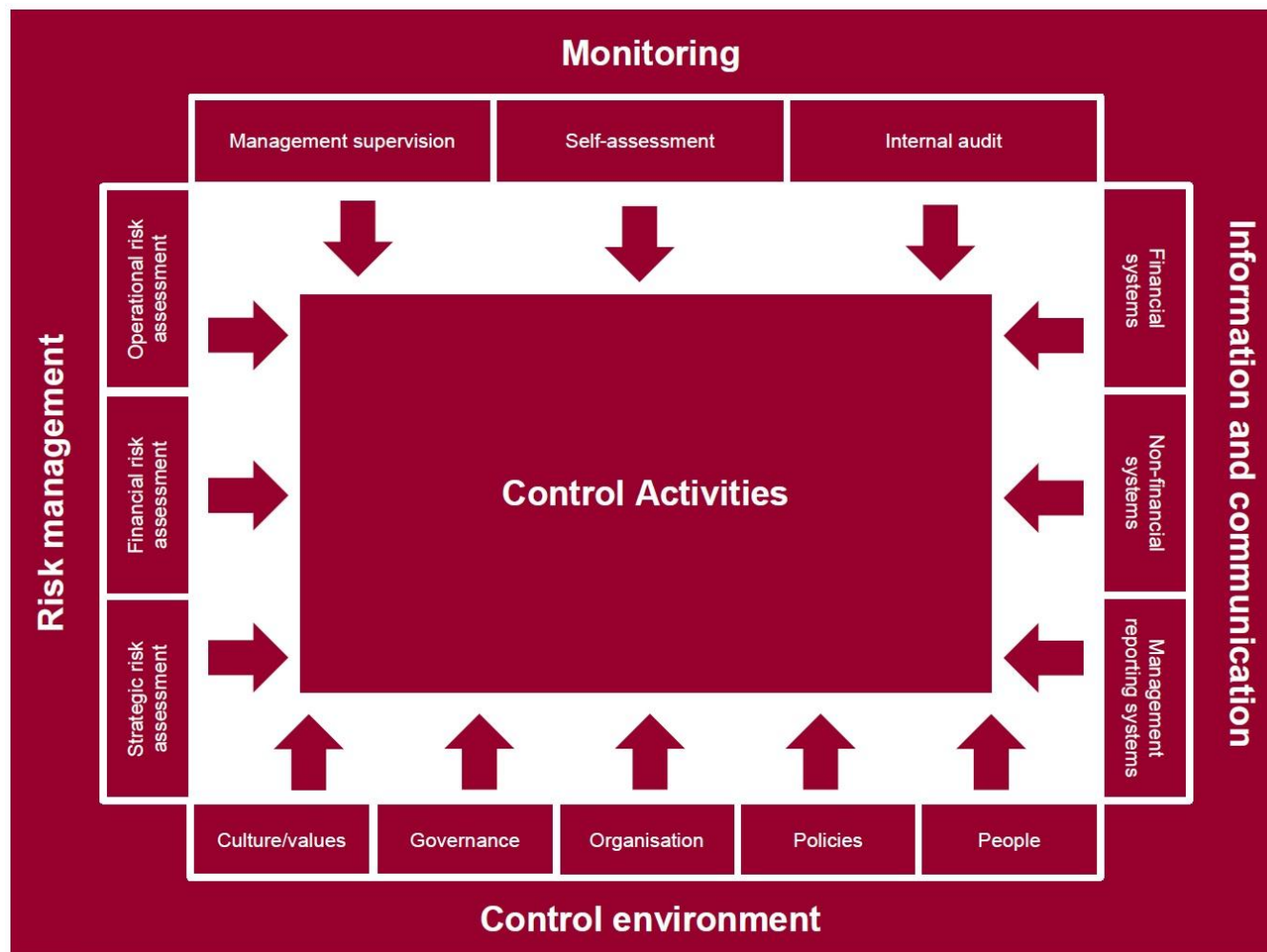
Assistant Auditor-General
Financial Audit Services

Internal Controls 2012-13 (Report 6: 2013-14)

- CFO certification
- Internal audit
- Audit committees
- Corporate cards



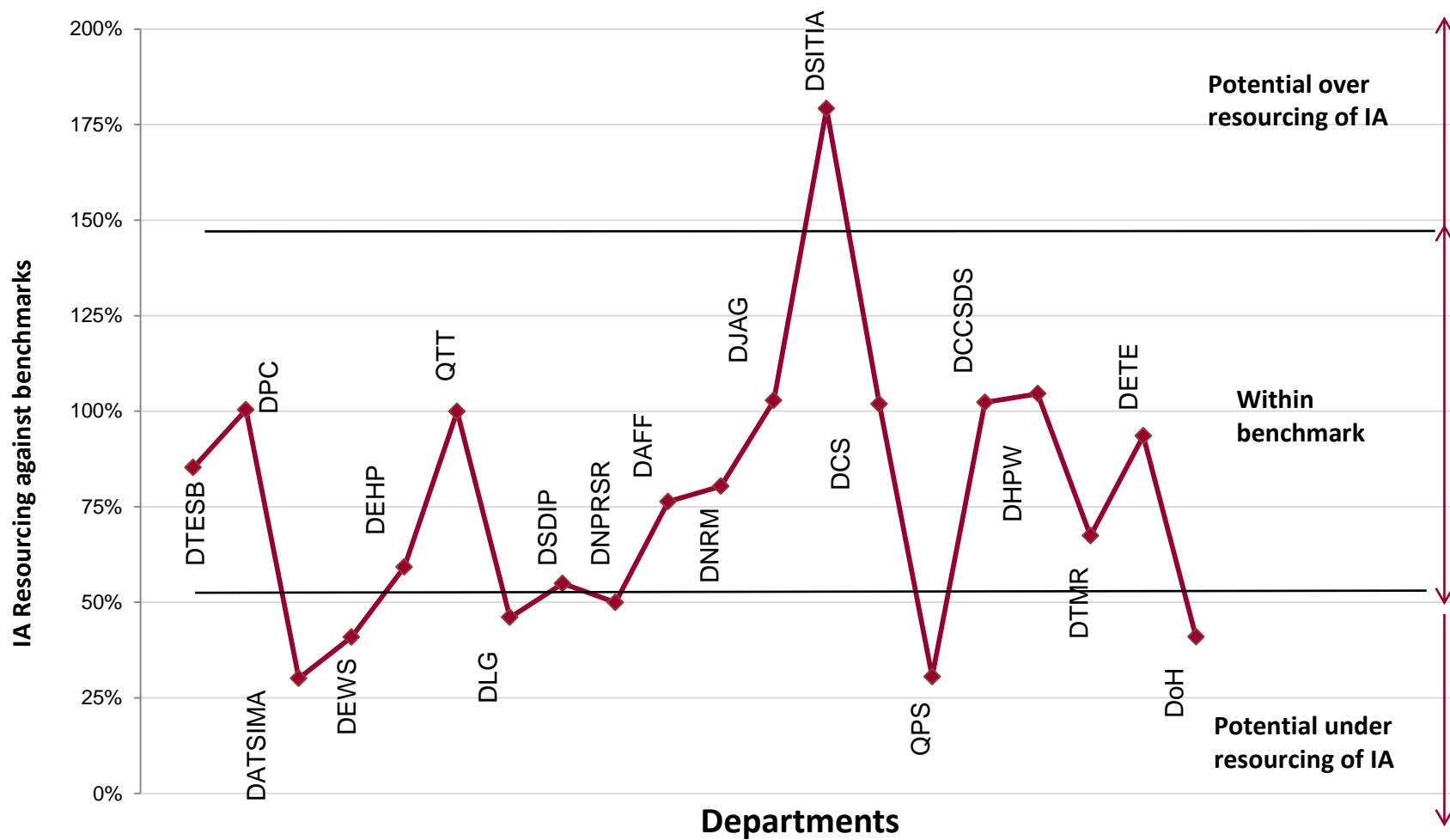
Internal Controls Framework



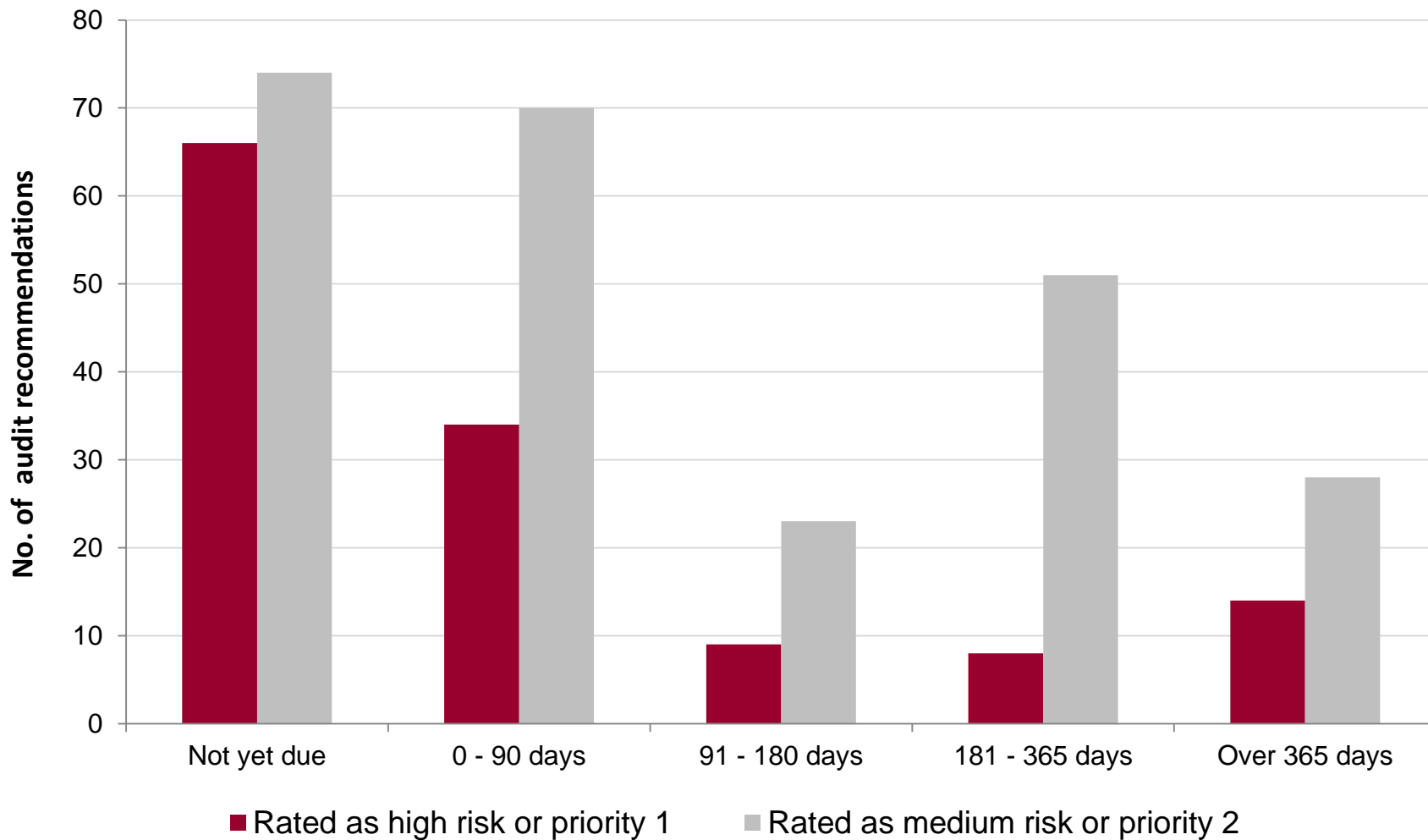
CFO Certification – Audit findings

- Most departments had robust CFO certification processes
- Improvements in the following areas:
 - Design of the process – top down risk assessment
 - Consulting earlier with the Director-General
 - Clearly aligning significant financial reporting risks with relevant account balances and key internal controls being assessed

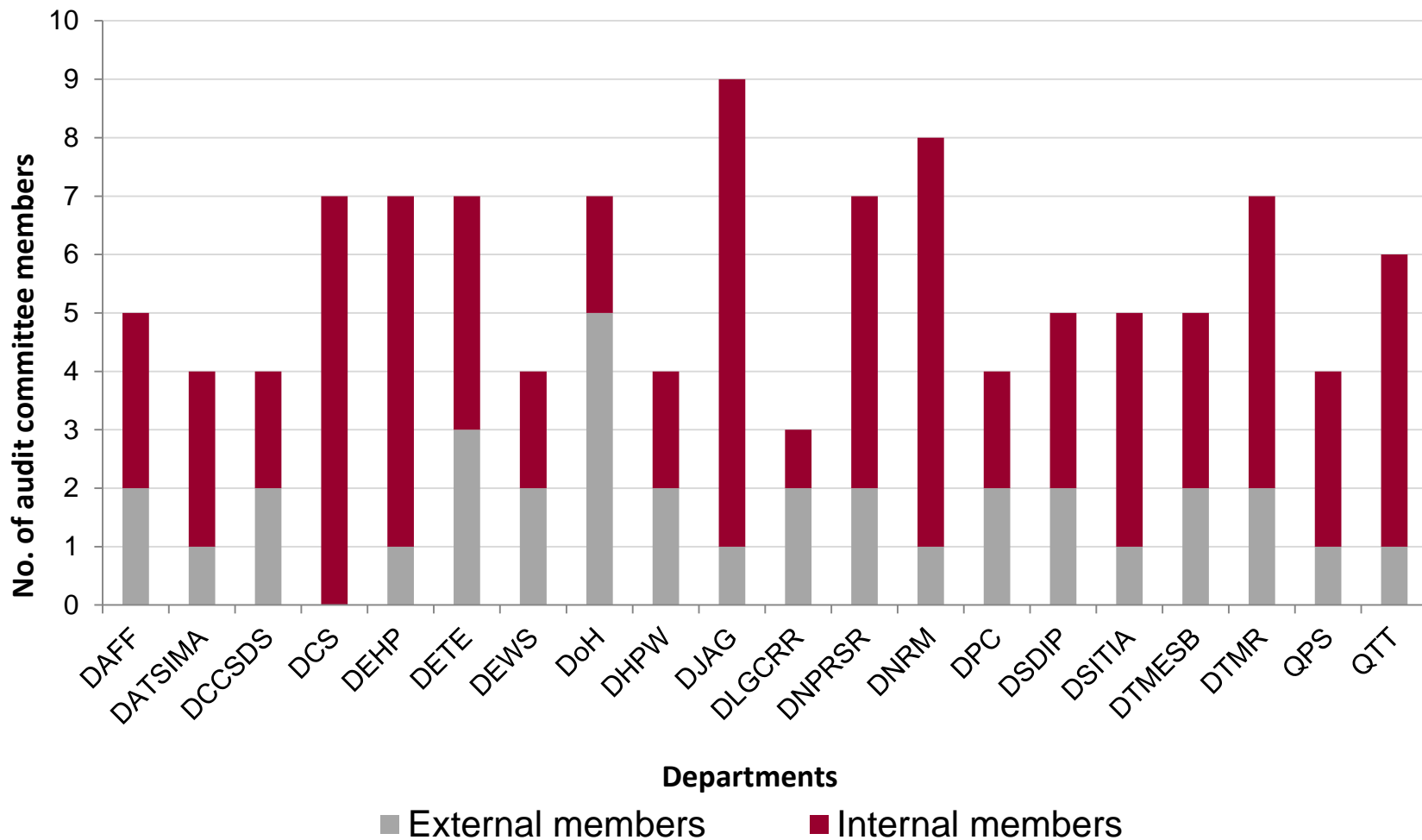
Internal audit resourcing against benchmarks



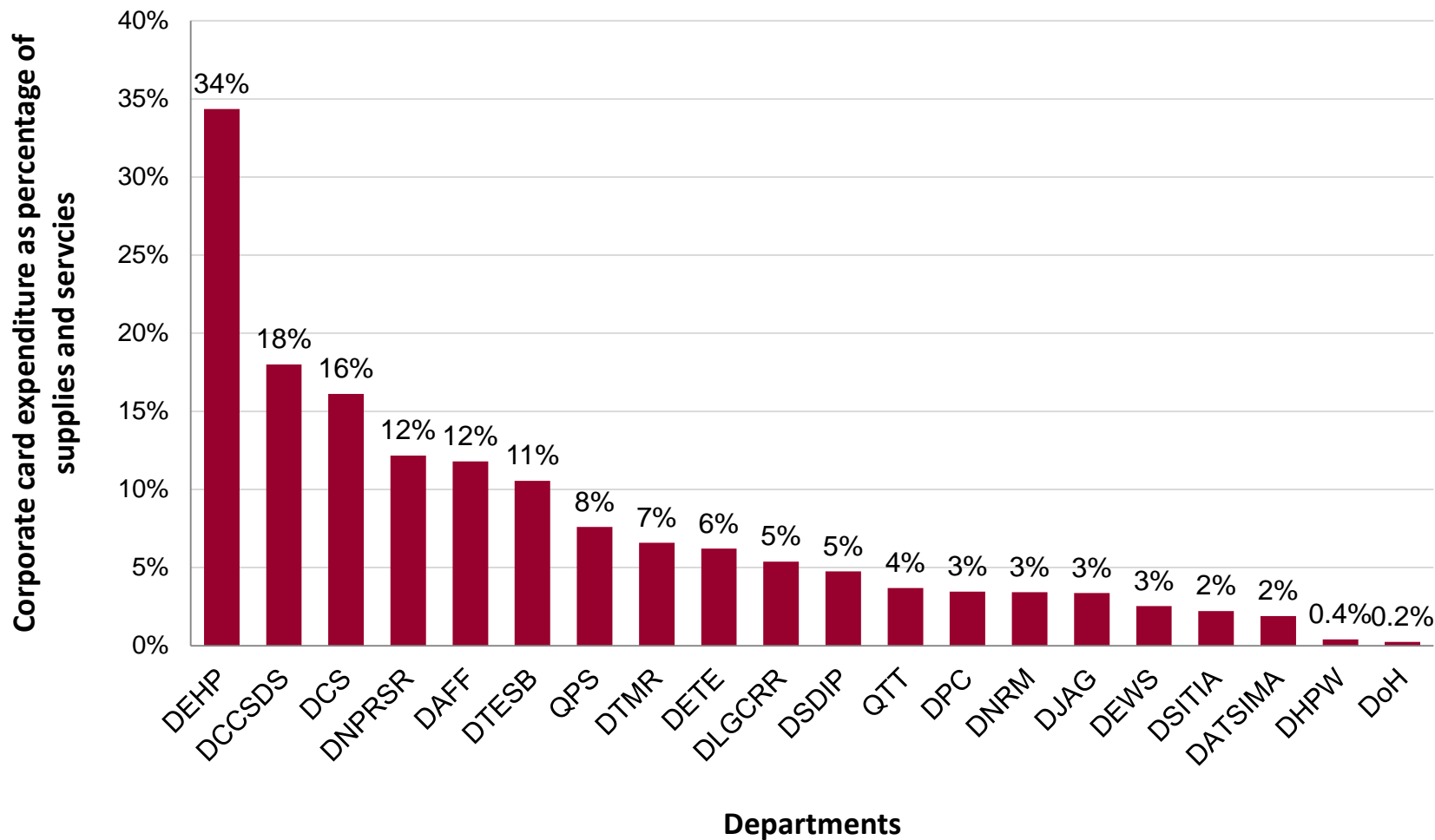
IA Recommendation status



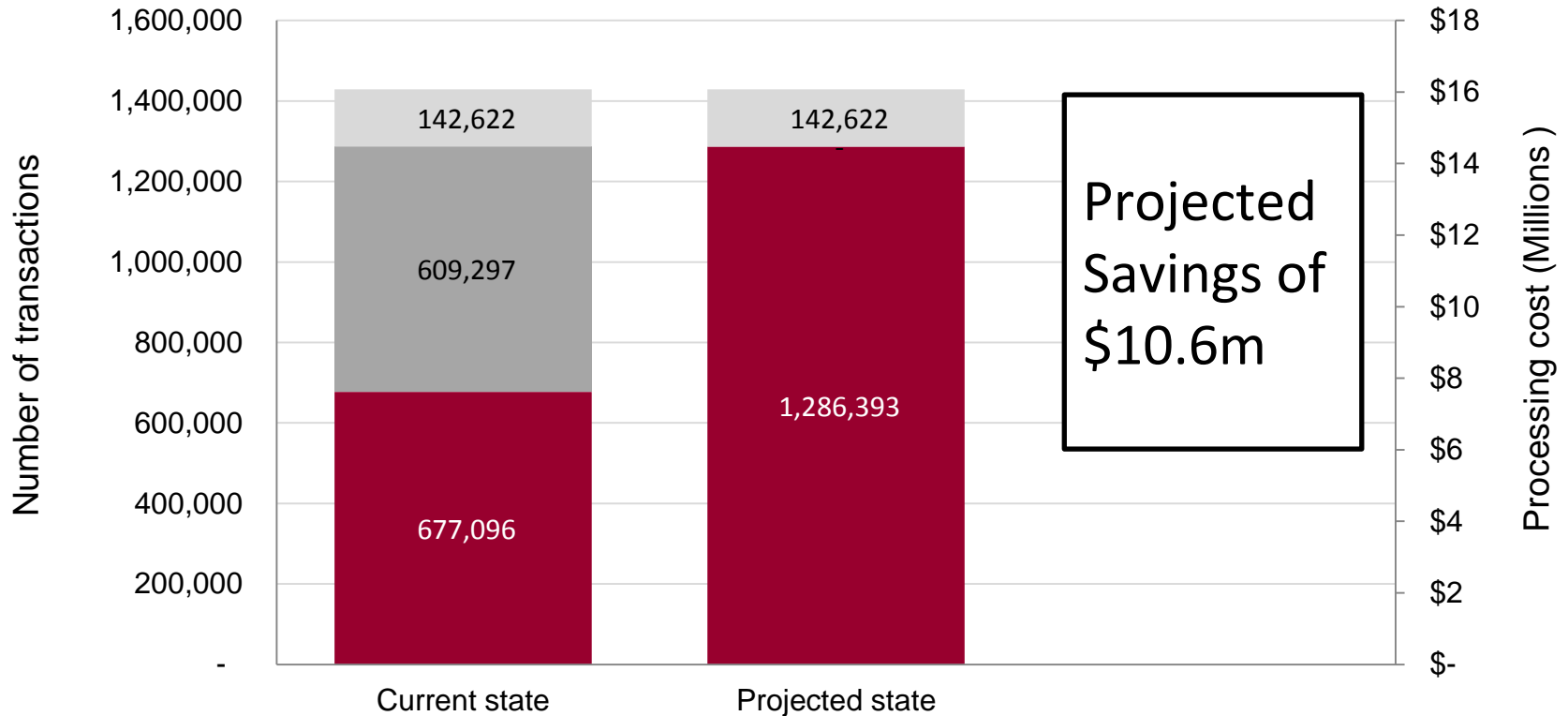
Audit Committee - extent of external membership



Card expenditure against supplies and services



Processing costs for Shared Services



- Purchase-to-pay transactions more than or equal to \$5 000
- Purchase-to-pay transactions less than \$5 000
- Corporate card transactions

Discussion / Questions?

Audit Committee Chair Survey

Michael Booth

Assistant Auditor-General
Audit Policy and Standards

Client feedback

Karen Johnson

Assistant Auditor-General
Specialist Audit Services

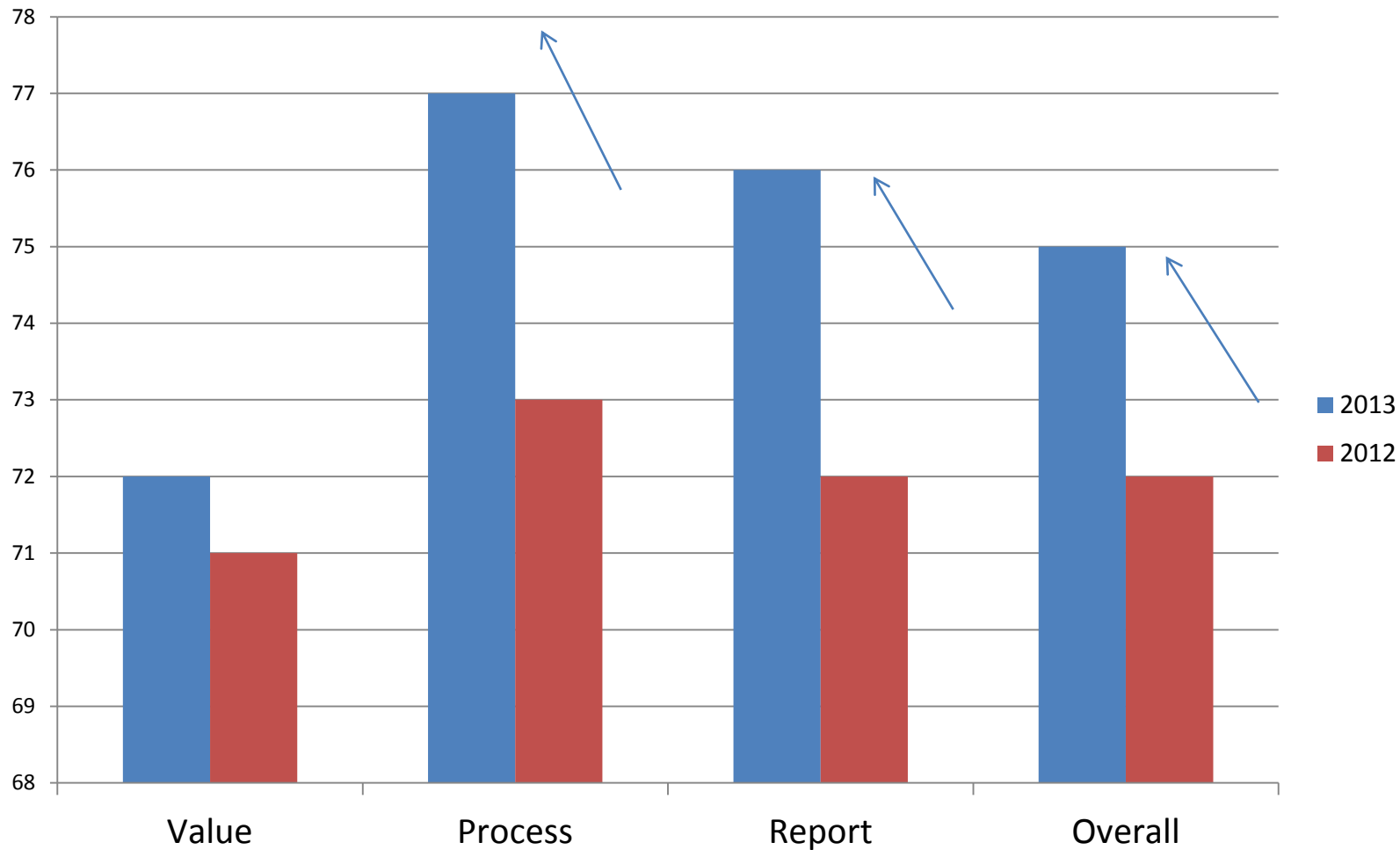
Client feedback

- QAO requests annual feedback from every audit client
- 198 responses to 2012 survey (66%)
- Respondents were from a wide cross section
 - Departments, Local government, GOC's, statutory bodies
 - In-house and contract
 - High, medium and low risk

Scores

- Index score of 51-100 indicates a favourable assessment
- Our aim is to achieve a client satisfaction index score of >80 for:
 - ✓ Cost / value of audit services
 - ✓ Audit process and client engagement
 - ✓ Effectiveness and fairness of audit communication and reporting
- Overall performance index score has risen from 72 in 2012 to 75 in 2013

Client feedback



Value drivers

- 54% positive response to “audit fees are reasonable relative to the level of audit activity undertaken” (2012 45%)
- Improvement of the organisations financial management
- Contribution of a sense of assurance (third line of defence)
- Quality of audit and reporting process

Drivers of Audit Process Quality

- Adequate understanding of audit organisation
- Audit undertaken in a timely manner
- Timely advice
- Auditors interaction with auditees staff
- Senior audit staff appropriately involved
- Effective communication between the auditor and the organisation
- Consultation about audit strategy and key milestones

Drivers of Reporting

- Management report clearly communicates findings and issues
- Balanced and fair reporting

Where QAO can improve

- Communication skills of senior auditors
- Continuity of staff
- Resource allocation – “senior audit resources being stretched too broadly”
- Catalyst for improvement of financial management
- Communication of audit strategy
- Communication of reports to parliament issues
- Accuracy of first draft conclusions

Strategic audit planning at the Queensland Audit Office

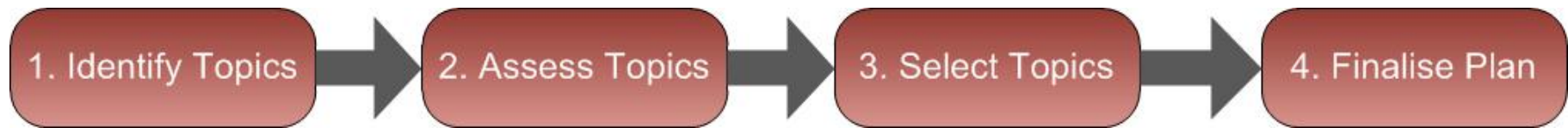
Terry Campbell

Assistant Auditor-General
Performance Audit Services

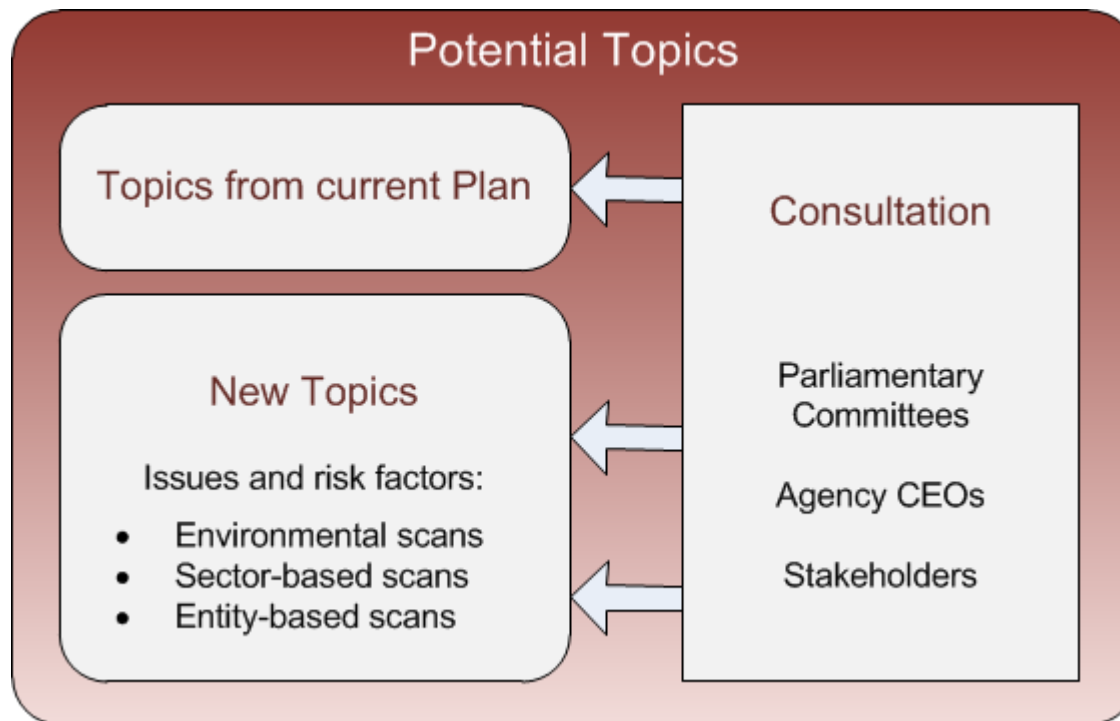
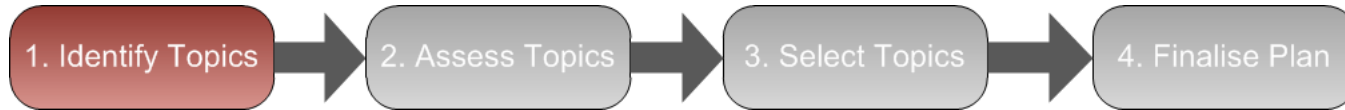
Introduction

- The *Auditor-General Act 2009* (the Act) establishes the independent audit mandate
- The Act provides for QAO to develop and publish a three year strategic audit plan to help Parliament, the public sector and the community to understand the priorities on which QAO's actions will focus

Strategic Audit Planning Process



Identify topics

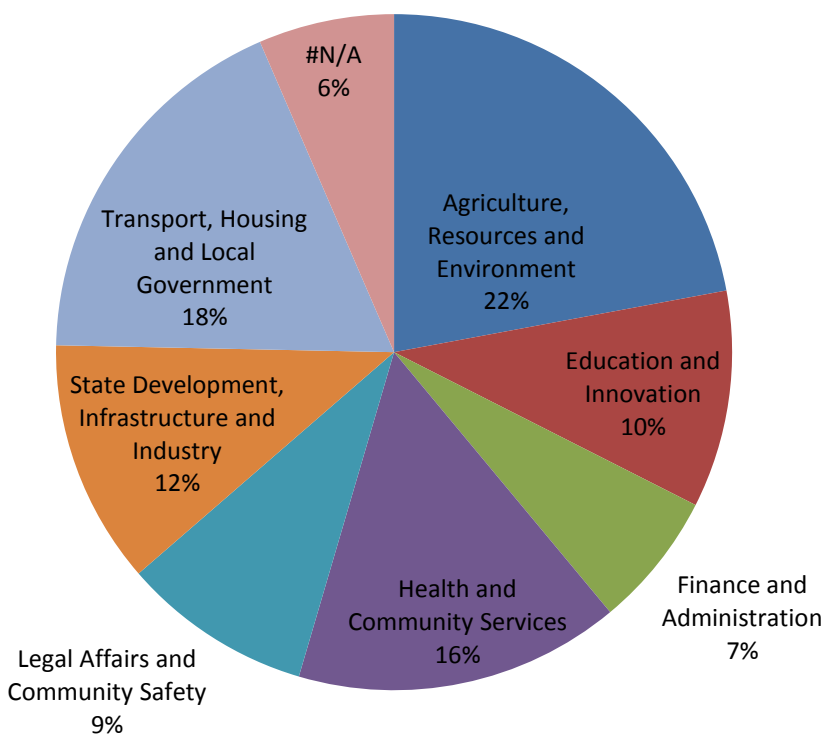


Input sought from agencies and stakeholders

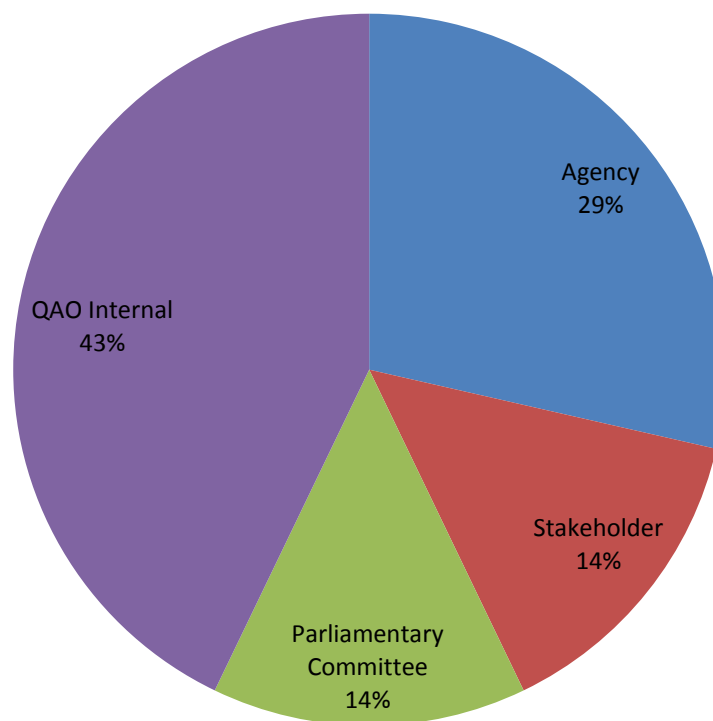
- Whether proposed topics are still relevant and timely
- New topics to address:
 - Portfolio risks and the potential to improve performance
 - Key issues that presents risks or challenges to public administration
 - Parliamentary and public interest
- Information to help focus scope of audit to areas of greatest value

Results of recent consultation

New Topics by Portfolio

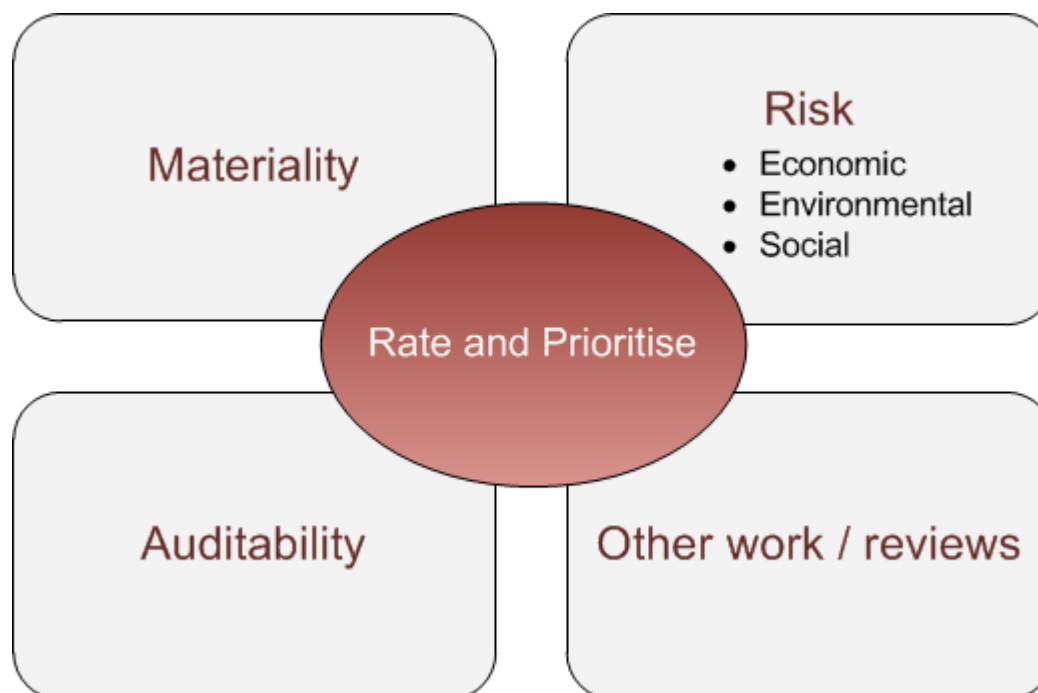
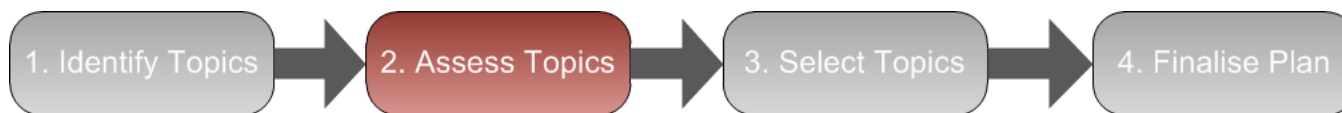


New Topics by Source

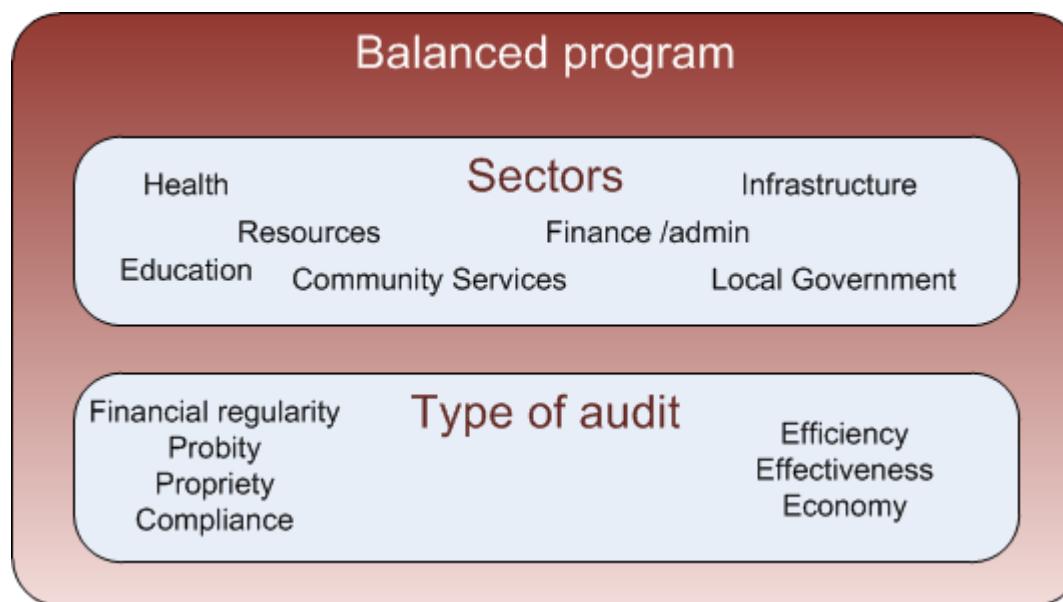
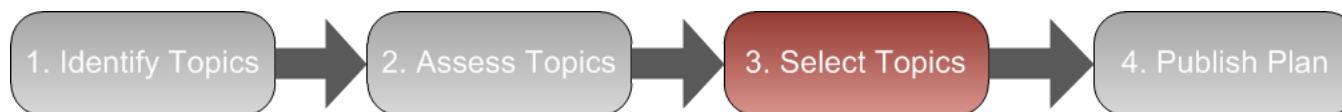


- 190 letters sent
- 50 responses received

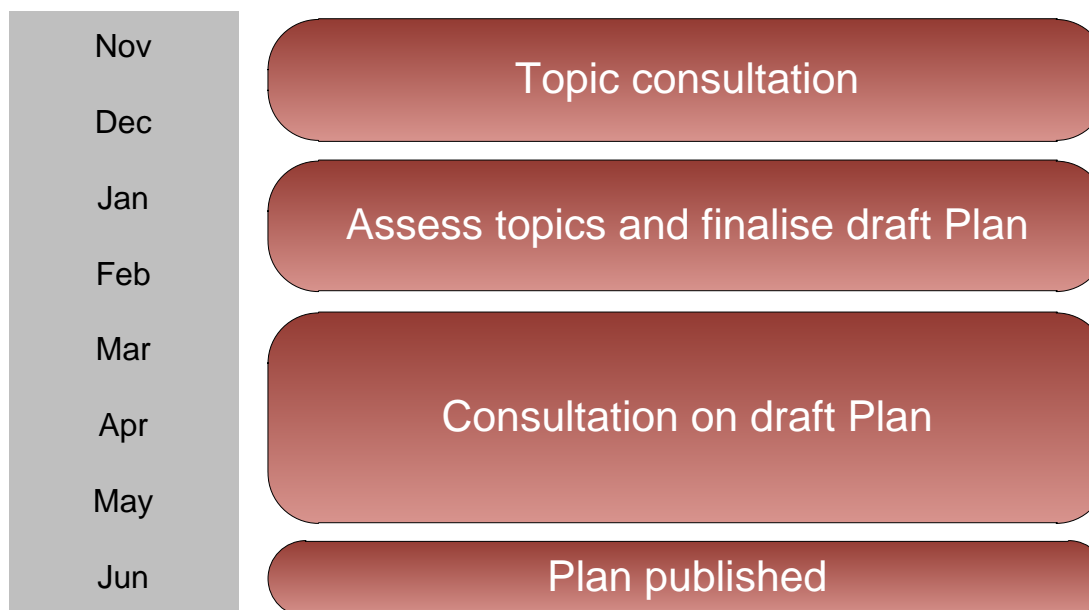
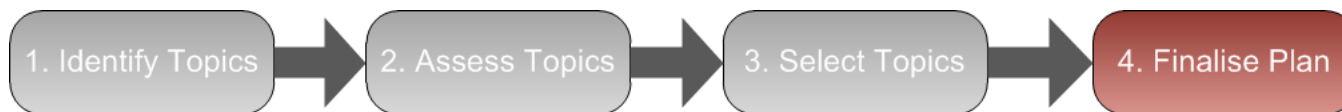
Assess topics



Select topics



Finalise plan



Audits in progress

Audits in progress - Windows Internet Explorer provided by Queensland Audit Office

http://www.qao.qld.gov.au/audits-in-progress

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Audits in progress

Through our audit program we seek to monitor and add value to the Queensland public sector. From our audits we highlight findings and make recommendations for improvement, recommendations which are provided to Parliament through our reports to Parliament. We have added the opportunity, via the 'Contribute to this audit' links below, for anyone to contribute to many of our current audits in progress. Certain audits in progress listed below are collecting audit evidence and seeking input from any interested parties. We particularly value information that deals with significant matters or insights into the administration of the subject of the relevant audit.

Information can be provided confidentially. The confidentiality of contributions is protected by legislation. Information provided in a submission can only be disclosed to other agencies for purposes defined under section 53 of the *Auditor-General Act 2009*. Any personal information submitted is protected by the *Information Privacy Act 2009* and will only be used for the conduct of this audit. Personal details (if submitted) will not be provided to other organisations or agencies.

Topic	Audit objective	Portfolio	Expected tabling date
Right of Private Practice Arrangements Contribute to this audit	<p>A report to Parliament was tabled on this topic on Thursday 11 July 2013. Submissions will though remain open until November 2013 for interested parties who wish to make confidential submissions to the Auditor-General.</p> <p>Click here to contribute to this audit</p> <p>Medical practitioners (both specialists and non-specialists) employed by Queensland Health in hospital and health services participate in private practice arrangements. This includes practitioners employed in public hospitals, psychiatric hospitals, community clinics and other health facilities. The private practice arrangements form part of the overall employment package for both specialist and non-specialist medical staff.</p> <p>The objective of this audit is to determine whether the Right of Private Practice arrangements in the public health system are achieving their intended public health outcomes in a financially sustainable manner.</p> <p>The audit will address the objective through the following sub-objectives:</p> <ul style="list-style-type: none"> the intended health and financial benefits of the scheme are being realised the scheme is being administered efficiently practitioners are participating in the scheme with probity and propriety and in full compliance with their contractual conditions. 	Health	A report on this topic was tabled in July 2013. The topic remains open until 30 November 2013.
Contract management: renewal and transition Contribute to this audit	<p>The State Procurement Policy is the overarching policy for government procurement. Deciding whether a contract should be renewed or terminated and the service retendered, requires sound contract administration and consideration of the likely market conditions at the end of the contract term.</p> <p>The audit objective is to examine whether government agencies achieve value from their existing multi-year contracts, and their decisions to renew or</p>	Finance and Administration	December 2013

Future planned topics

Portfolio committee	2014–15	2015–16
Agriculture, Resources and Environment	Reef water quality protection	Agriculture science research and development programs
		Biomedical waste
Education and Innovation	Vocational and educational training outcomes	Digital education revolution
	Maintenance of public schools	Cloud computing
Finance and Administration	WorkCover claims management	Reliability of the budget process
	Protective security services	
Health and Community Services	Service delivery by Hospital and Health Services	Forensic services
	Security of sensitive information	Dental care services
	Management of chronic disease	
Legal Affairs and Community Safety	Bushfire preparedness	Management of prison services
State Development, Infrastructure and Industry		2018 Commonwealth Games – progress
Transport, Housing and Local Government	Maintaining Queensland's roads	Major roads projects
	Regulating rail safety	Road safety - school zones
	Road safety – traffic cameras	Road safety – heavy freight vehicles
	Forecasting long-term sustainability in Local Government	Public and community housing
		Fraud management in Local Government

Questions?

Other Business

Thank you for attending