


# Strategic Reviews of the Offices of Auditors-General

## The Queensland Experience

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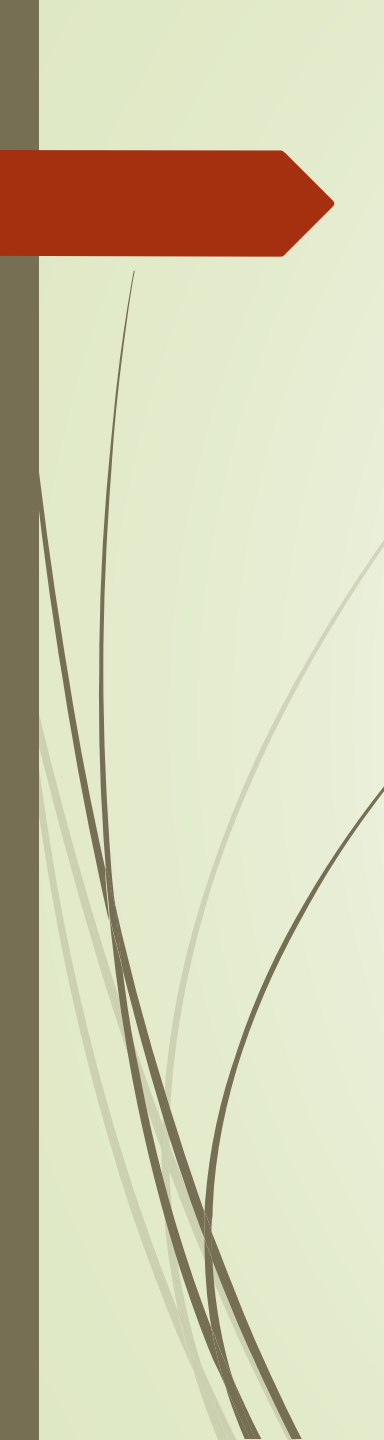


# Strategic Review of the Queensland Audit Office

Strategic review includes—

- (a) a review of the auditor-general's functions; and
- (b) a review of the auditor-general's performance of the functions to assess whether they are being performed economically, effectively and efficiently.

— Auditor-General Act 2009 (Qld), section 68(7)



	"Strategic"?	Efficiency and effectiveness?	AG's functions?	Compliance?
ANAO		Yes		
ACT	Yes	Yes	Yes	
NSW				Yes
NT	Yes	Purpose/scope of review not specified		
Queensland	Yes	Yes	Yes	
Tasmania		Yes		
Victoria		Yes		Yes
WA		Yes	Yes?	



# Terms of reference for Review

## Scope:

- Review of Auditor-General's functions
- Efficiency and effectiveness of performance of those functions
- Acquittal of the recommendations of the 2010 Strategic Review
- Independence of the Auditor-General.

## "Methodology":

- Extensive list of detailed questions concerning practices and processes
- Two "new" questions about the costs and benefits/effectiveness of performance audits.



# Our methodology

In brief:

- 40+ interviews with external stakeholders, in Brisbane and in three other locations;
- Frequent meetings with QAO's senior managers;
- 12 meetings with current and former staff of the QAO;
- Reviewed an extensive range of documents provided by the QAO to address the terms of reference;
- Consulted four other ACAG offices on various questions;
- Selected and reviewed files of financial audits and performance audits.



# Four reviews in one

- Effectiveness;
- Efficiency;
- Functions of the Auditor-General;
- Legislative provisions for the Auditor-General's independence.


Each of those elements could occupy at least one review by itself.



# Question

Is the current model for statutory reviews of Australian Audit Offices **efficient** and **effective**?


➡ I believe that there is room for improvement.



# Possible Approach to periodic audit office review (1)

- ▶ Independent review, and publication of the review report, is an important part of an Auditor-General's accountability;
- ▶ The primary value is in the independent, strategic review of **effectiveness**;
- ▶ Independent reviewer(s) should be appointed by Parliamentary Committees, as currently, to:
  - Assess effectiveness,
  - Review the Auditor-General's functions; and
  - Consider any other strategic issues relevant at the time of the review;
- ▶ The terms of reference for the effectiveness review should reflect what the Committee and audit office want from the review.





# Possible approach to audit office review (2)

- It is important that audit offices, parliaments and other stakeholders have assurance about **efficiency** and **compliance**, but
- There are other ways of assessing efficiency and compliance – for example:
  - Ad hoc review by the office's independent auditor
  - Ad hoc review by another independent assessor
  - ACAG peer review
  - Self review – eg using INTOSAI performance measurement framework
  - ACAG's annual macro benchmarking survey
  - CA ANZ practice review.



# 2010 Strategic Review of QAO

- ▶ Reviewers were Graham Carpenter and Mark Gray.
- ▶ Number of recommendations on the mandate for the QAO including concerning mandate with regard to Performance Audits (previously QAO had a limited performance mandate confined to Performance Management Systems Audits).
- ▶ In 2010 the then Premier gave a commitment to action key recommendations at time of commenting on the draft report – this letter was included in the Report to Parliament.



# Actions on 2010 Strategic Review

- ▶ Important role for any review to monitor and assess actions taken by Government and the Auditor-General on recommendations in previous Review.
- ▶ Parliamentary Committee consideration of the Review report is critical especially with regard to any changes to mandate and legislation.
- ▶ Parliament enacted the changes to Legislation.
- ▶ The then Auditor-General moved to apply the extended mandate with his successor further developing the mandate.
- ▶ A range of other recommendations including those related to audit productivity have been noted in the 2017 review as being actioned.



# Actions within the QAO

- ▶ It is evident that Auditors-General in Queensland have used the recommendations from the Strategic Reviews in both in 2004 and 2010 to ensure there is a focus in driving improvements within the Office.
- ▶ The action taken by the Queensland Auditor-General to develop what was referred to as a Portfolio report on actions taken within the QAO in implementing recommendations from the 2010 Report was extremely valuable for us as Reviewers. Also incorporated relevant information on matters incorporated in the terms of reference for the 2017 Strategic Review.



# Reviews should consider changing financial/commercial environment

- ▶ How financial and related commercial transactions have changed and are expected to change and impact on audit.
- ▶ Consideration in a Strategic sense of Audit Capability to meet future needs
- ▶ Developments in the use of Big Data – QAO decision with regard to the use of Audit Analytics
- ▶ Responses to cyber crime and related tactics
- ▶ QAO was very responsive to providing advice on control environment including following recent frauds in Qld including in Local Government



# Observations



- ▶ The Reviewers were able to hear from a wide range of Directors-General and CEOs including in regional Queensland - key element to ensure that audit clients can openly express their views including in confidence.
- ▶ Experience in 2010 and 2017 was that audit clients were keen to provide comments both those positive and on areas that could be improved.
- ▶ We believe this is critical to the continuing interest of the QAO to achieve high standards of audit.
- ▶ Feedback we received and our recommendations we hope will be of benefit to the incoming Auditor-General and the QAO generally.



# More observations

- ▶ Key is the terms of reference for the reviewers.
- ▶ A key area in Queensland Strategic Review for 2017 related to the expanded performance audit mandate and also on the question of independence.
- ▶ Selection of reviewers is important – would argue for persons with relevant background and experience