

# A. Entity responses

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We gave a copy of this report with a request for comments to Queensland Treasury and the Department of the Premier and Cabinet.

The head of each agency is responsible for the accuracy, fairness and balance of its comments.

This appendix contains each detailed response.



## Comments received from Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: 04089-2020  
Your Ref: 9187P

Mr Brendan Worrall  
Auditor-General of Queensland  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002

Email:

Dear Mr Worrall

Thank you for your letter of 7 August 2020, and subsequent correspondence from Queensland Audit Office staff to Treasury staff on 19 August 2020, regarding the Insights Report on the effectiveness of audit committees in state government entities (Insights Report).

I acknowledge the report's conclusions and thank you for the recommendations the report makes to improve effectiveness of audit committees. Our detailed response is enclosed and addresses each of the actions you have identified for consideration from both a whole-of-Government and, where appropriate, an agency specific view.

I note Treasury has commenced a comprehensive review of the *Audit Committee Guidelines – Improving Accountability and Performance*. A consultation paper has been circulated to departments and statutory bodies for comment. The issues raised in your Insights Report have been reflected in the consultation paper or included in our issues register for consideration as part of Treasury's review of the guidelines.

Yours sincerely

A handwritten signature in blue ink that reads "Rachel Hunter".


Rachel Hunter  
Under Treasurer

28 / 8 / 2020

Encl.

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## Responses to actions



**Queensland**  
**Audit Office**  
*Better public services*

### Queensland Treasury

*Effectiveness of audit committees*


Ref	Action	Agree/ Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<b>Audit committees</b>				
AC1	Review the language and responsibilities in the audit committee charter to clearly define the committee's role, ensuring it is appropriate and specific to the entity.	Agree	Fourth Quarter 2021-22	<p><b>Whole of Government</b></p> <p>The current <i>Audit Committee Guidelines: Improving Accountability and Performance</i> (ACG) aligns with this action. Further consideration will be given to enhancing this point as part of the comprehensive review of the ACG which is currently being undertaken.</p>
AC2	Remain informed of the entity's core functions, systems, and the key risks and issues facing the entity. Use this knowledge to focus the committee's attention throughout the year, and when developing the committee's annual workplan.	Agree	Fourth Quarter 2021-22	<p><b>Whole of Government</b></p> <p>The current ACG aligns with this action. Further consideration will be given to enhancing this point as part of the comprehensive review of the ACG.</p> <p>As part of the ACG review, a consultation paper was distributed to agencies (the 'consultation paper'). The consultation paper seeks feedback on the role of the audit committee in relation to risk management. Pending feedback, it is anticipated that the revised ACG will strengthen its position on risk management.</p> <p><b>Corporate</b> – How performance is carried out is best left to the discretion of the Individual Committees. Additional information on ways of approaching this provided by the guideline will be useful.</p>



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AC3	Review the committee's performance annually and tailor the assessment to align with and measure its performance against the committee's annual work plan.	Agree	Fourth Quarter 2021-22	<b>Whole of Government</b> The current ACG aligns with this action. Further consideration will be given to enhancing this point as part of the comprehensive review of the ACG.
<b>Audit committee chairs and chief executive officers</b>				
ACC/ CEO1	Initiate and ensure regular, ongoing engagement with each other throughout the year outside of committee meetings, to discuss key risks, issues and other matters facing the entity. Discuss outcomes from committee meetings, particularly those not attended by the chief executive officer.	Agree	Fourth Quarter 2021-22	<b>Whole of Government</b> The current ACG aligns with this action. In addition, the consultation paper also seeks feedback on inclusion of the following in the ACG: <ol style="list-style-type: none"> <li>1. more details on audit committees receiving reports from management, executives and executive groups on significant projects</li> <li>2. more details on the audit committee having access to management, executives and executive groups, and</li> <li>3. more details on the audit committee reporting to and having access to the Accountable Officer/Statutory Body board.</li> </ol>
<b>Chief executive officers</b>				
CEO1	Demonstrate commitment to an entity's audit committee. Where practicable, attend all meetings agreed with the audit committee chair as an observer.	Agree	Fourth Quarter 2021-22	<b>Whole of Government</b> The current ACG recommends the Accountable Officer attend meetings as an 'observer' if considered desirable. The ACG also recommends that the audit committee Chair meet with the Accountable Officer after each meeting, as well as at the end of the year (for planning purposes etc), and as significant issues arise. As part of the review of the ACG further consideration will be given to how the Accountable Officer can demonstrate commitment to an entity's audit committee in other ways, for example by: <ol style="list-style-type: none"> <li>1. supporting key staff to present at meetings on key issues</li> <li>2. providing strategic direction to the audit committee at least annually</li> <li>3. attending meetings as required (by invitation)</li> <li>4. meeting with the Audit Committee chair to discuss the annual work plan, and</li> <li>5. receiving a summary of the action items after each audit committee meeting.</li> </ol> <b>Corporate</b> – Agree with the recommendation that the accountable officer should be an invited guest at all Audit Committee meetings and attend where practicable.



 <p><b>Queensland Audit Office</b> Better public services</p>				
CEO2	Support audit committee members to access appropriate training and other resources to ensure adequate knowledge of the role, and other subject matter areas relevant to committee discussions.	Agree	Fourth Quarter 2021-22	<p><b>Whole of Government</b></p> <p>The provision of training and on-going education is supported in the ACG. Further consideration will be given to enhancing this point as part of the comprehensive review of the ACG.</p>
Queensland Treasury				
QT1	Mandate that all members of audit committees for Queensland state government entities, must be independent of management and not an employee of the entity or another Queensland state government entity.	Agree in Principle	N/A	<p><b>Whole of Government</b></p> <p>Subject to consultation paper feedback, Queensland Treasury (QT) supports a combination of internal to agency, internal to public sector and external members.</p> <p>An internal to agency and internal to public sector member will bring their knowledge/skill set specific to public sector employment and operation. The current ACG aligns, with members required to be independent of areas in scope of the audit committee.</p> <p>The consultation paper seeks feedback on:</p> <ol style="list-style-type: none"> <li>1. how independence should be defined in the ACG</li> <li>2. whether the ACG should require majority independence, and</li> <li>3. whether the current recommendation to have two independent members be revised.</li> </ol> <p><b>Corporate</b> – Agree in principle that further diversification of skills and experience should be encouraged with the decision on the makeup of the Committee residing with the accountable officer. Agree that ideally the Chair should be independent, but that additional independent members can include those from within the sector who can make significant contributions.</p>



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QT2	Coordinate with the Department of the Premier and Cabinet to actively promote the use of its Queensland Register of Nominees to prospective audit committee candidates, and to entities looking for new members.	Agree	Fourth Quarter 2021-22	<p><b>Whole of Government</b></p> <p>QT will consult with the Department of the Premier and Cabinet (DPC) on expanding the use of the Queensland Register of Nominees to cater for individuals nominating for the position of chair or member of audit committees.</p> <p>QT will consult with DPC to expand pool to, for example, include regional members who attend virtually and candidates who are internal to the public sector.</p> <p>Further consideration will be given to enhancing this point as part of the comprehensive review of the ACG.</p>
QT3	Support regional audit committees with clear guidance about how they can source suitable candidates and use technology to attract or connect with nominees.	Agree	Fourth Quarter 2021-22	<p><b>Whole of Government</b></p> <p>QT supports the use of video conferencing to overcome barriers for regional members and regional audit committees.</p> <p>The consultation paper seeks feedback on whether barriers such as distance and a lack of appropriate digital technologies limit finding appropriate members.</p>
QT4	Support audit committees and entities to access appropriate training and guidance materials	Agree	Fourth Quarter 2021-22	<p><b>Whole of Government</b></p> <p>The current ACG supports the provision of training and on-going education. Further consideration will be given to enhancing this point as part of the comprehensive review of the ACG.</p>
QT5	Provide improved guidance to audit committees on how to effectively assess and improve their performance practices.	Agree	Fourth Quarter 2021-22	<p><b>Whole of Government</b></p> <p>The current ACG supports the provision of training and the regular assessment of audit committee performance.</p> <p>The ACG supports peer reviews being undertaken. Further consideration will be given to enhancing this point as part of the comprehensive review of the ACG.</p>



## Comments received from Director-General, Department of the Premier and Cabinet

For reply please quote: CS/CS – TF/20/18300 – DOC/20/165886



Department of the  
**Premier and Cabinet**

Mr Brendan Worrall  
Auditor-General  
Queensland Audit Office  
qao@qao.qld.gov.au

Dear Mr Worrall

Thank you for your letter dated 7 August 2020 enclosing the proposed report to Parliament on the effectiveness of audit committees for my information and comment.

I appreciate your consideration and adoption of my feedback on the preliminary draft report.

I support the intent of the report and agree that effective audit committees provide insight from their experience and promote accountability, integrity, and transparency.

Regarding the specific action relating to the Department of the Premier and Cabinet, QT2, I support the action and will continue to encourage prospective audit committee members to register on the Queensland Register of Nominees. My department will also support Queensland Treasury to promote awareness of the register as a source of potential committee members.

I look forward to the report being tabled in Parliament in September.

Yours sincerely

A handwritten signature in black ink, appearing to read "Dave Stewart".

Dave Stewart  
**Director-General**

28 / 08 / 2020

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