

A. Entity responses

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to the Under Treasurer, Queensland Treasury, and the Director-General, Department of the Premier and Cabinet.

This appendix contains their detailed responses to our audit recommendations.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.

This report has tabled prior to the dissolution of the Legislative Assembly, which aligns with the tabling protocols set out in the *Auditor-General Auditing Standards*. These are the standards by which we perform our audits, and the latest version was tabled in Parliament on 16 February 2023. The protocols are in place to ensure that we are consistent with our approach of tabling completed reports prior to caretaker period.

Queensland holds general state elections on the last Saturday of October every 4 years. Constitutionally, the Governor dissolves the Legislative Assembly and issues a writ 26 days before polling day. The caretaker period begins when the Governor dissolves the Legislative Assembly. In 2024, this will occur on 1 October 2024. The time when the caretaker period ends depends on the outcome of the election.

At the end of this appendix, we include our tabling protocols. The full standards are available on our website: www.qao.qld.gov.au/audits/audit-standards



Comments received from Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: 04126-2024

Ms Rachel Vagg
Auditor-General of Queensland
Queensland Audit Office
PO Box 15396
CITY EAST QLD 4002

Email: [REDACTED]

Dear Ms Rachel Vagg

Thank you for your letter of 4 September 2024 regarding the Queensland Audit Office's (QAO) report on *Central agencies' coordination of the state budget* (audit report).

The report recognises the complexity of the budget process and that Queensland Treasury's good planning, effective and extensive communication with agencies, close monitoring of economic and financial data, including revenue, and utilising the functionality of the BudgetPlus system are successful elements in supporting the government's objectives and fiscal principles.

Queensland Treasury has a very strong culture of continuous improvement and undertakes comprehensive annual reviews of the budget process. Consistent with this approach, we have worked collaboratively to assist the QAO to formulate practical recommendations that will further enhance and strengthen Queensland's already robust state budget process.

I particularly welcome the QAO's endorsement of Queensland Treasury's strategy of engaging with agencies early in the submission development phase to facilitate thorough review and timely feedback.

Our detailed response and implementation schedule for each recommendation is enclosed.

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If you require any further information, please contact

who will be pleased to assist.

Yours sincerely



Michael Carey
Under Treasurer

23 / 9 / 2024

Encl. (2)



Responses to recommendations



Queensland Treasury

Central agencies' coordination of the state budget

Response to recommendations provided by Michael Carey, Under Treasurer, Queensland Treasury (QT) on 24 September 2024

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend that Queensland Treasury:</p> <ol style="list-style-type: none"> strengthens the security of its revenue projection models by implementing enhanced data integrity controls to reduce the potential for inappropriate access or errors. 	Agree	Dec Qtr 2024	<p>QT notes the performance audit assessed QT processes for estimating the largest revenue sources in the budget with no calculation errors identified in the relevant revenue models. QT prides itself on utilising best practice methodologies in the development of its forecasting models.</p> <p>QT acknowledges this recommendation will build on the model's existing strong integrity controls to further reduce the potential for inappropriate access or errors. QT notes that the models already sit in a secure and access-controlled IT environment within QT.</p>
<p>We recommend that Queensland Treasury:</p> <ol style="list-style-type: none"> strengthens its assistance to agencies by providing detailed guidance materials on the financial information to support their budget submissions, including costing methodologies, staffing needs and consultation. 	Agree	March Qtr 2025	<p>The current budget process guides new submissions towards the government priorities and QT already provides substantial guidance to agencies and Treasury analysts. Although some level of difference in agency submissions is inevitable, and indeed appropriate to ensure they are 'fit for purpose', QT welcomes the opportunity to provide enhanced guidance material.</p>



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend that Queensland Treasury, the Department of the Premier and Cabinet, and agencies:</p> <p>3. engage early in the submission development phase to facilitate a thorough review and timely feedback, with agencies adhering to lodgement timelines.</p>	Agree	Complete – QT will continue to encourage agencies to comply	<p>QT notes that the QAO has acknowledged that it effectively manages the budget process to ensure its timely delivery, including the establishment of clear processes and plans for each phase of budget development with realistic timeframes.</p> <p>This recommendation has been assigned to QT, the Department of Premier and Cabinet (DPC) and agencies. Early engagement is already a key strategy employed by QT. QT will continue to build on this approach and encourage agencies to participate further.</p> <p>The timelines of the budget process are heavily reliant on agencies engaging early with QT and obtaining feedback on their submissions prior to the final due date. QT agrees with the QAO that the timeliness of decision making and communication of outcomes creates risk to the delivery of consistent quality budget documentation.</p>
<p>We recommend that Queensland Treasury and the Department of the Premier and Cabinet:</p> <p>4. evaluate if stand-alone submissions that are made outside of the main budget can use the BudgetPlus system for preparing funding proposals.</p>	Agree	March Qtr 2025	<p>In terms of the evaluation process, QT will liaise further with DPC to determine if there are any impediments to the use of Budgetplus for out of cycle submissions implementation.</p> <p>QT acknowledges the benefits in broadening the use of BudgetPlus to include non-budget CBRC submissions to allow for more seamless assessment of spending proposals.</p>
<p>We recommend that Queensland Treasury:</p> <p>5. provides clarity to the Cabinet Budget Review Committee on whether costings have been reviewed and agreed upon in submissions</p>	Agree	March Qtr 2025	<p>Per the Queensland Cabinet Handbook¹, agencies must already consult closely with QT and agree on costing information in drafting CBRC submissions. QT will ensure that briefing material for CBRC routinely identifies any outstanding material concerns over costings.</p>

¹ Page 30, [Queensland Cabinet Handbook](#)



Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend that the Queensland Treasury:</p> <p>6. enhances the budget submission review process by implementing standard operating procedures that include:</p> <ul style="list-style-type: none"> clarifying how it agrees financial information with agencies describing the activities Treasury Analysts need to perform when reviewing submissions, including objectives, financial information, staffing needs, and consultation standardising the recording of review activities and critical documents in its information management system 	Agree	March Qtr 2025	<p>QT has a demonstrated culture of continually undertaking regular reviews of the budget process to incorporate best practice improvements.</p> <p>QT will enhance its existing comprehensive budget submission review process by consolidating and streamlining its current guidance material and developing enhanced standard operating procedures to include items identified in QAO's <i>Performance Audit Report: Central agencies' coordination of the state budget</i>. This will still allow for some variance in approach given the need to ensure proportionate fit for purpose analysis.</p>
<p>We recommend that Queensland Treasury:</p> <p>7. implements government-endorsed savings reviews, conducts and coordinates other targeted reviews, and uses independent program evaluations to identify opportunities for more efficient and effective service delivery.</p>	Agree	Ongoing	<p>QT considers that targeted reviews are much more likely to deliver results and allow for effective reprioritisation. As announced in the 2024/25 budget, the Queensland Government is implementing the <i>Smarter Spending, Better Jobs Plan</i> to deliver savings of \$3 billion across the next 4 years. This will provide the opportunity to prioritise spending across agencies.</p> <p>Opportunities for including independent program evaluations will be enhanced and embedded into the QT recommendations to CBRC where appropriate.</p>
<p>We recommend that Queensland Treasury:</p> <p>8. clarifies its strategic objectives, especially with regard to its current objective to improve outcomes and agency performance.</p>	Agree	At next strategic plan update	<p>The Government's fiscal principles guide the financial elements of the budget strategy and are well articulated and reported against.</p> <p>QT will review its strategic objectives as they relate to agency performance and outcomes.</p>



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

For reply please quote: ECP/BSL – TF/24/17809 – DOC/24/189149
Your reference: PRJ04188



Department of the
Premier and Cabinet

Ms Rachel Vagg
Auditor-General of Queensland
Queensland Audit Office
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Dear Auditor-General

Thank you for your email of 4 September 2024 regarding the proposed report titled Central agencies' coordination of the state budget (the Report).

The Department of the Premier and Cabinet (DPC) and Queensland Treasury (QT), have a key role in advising government and supporting agencies in the annual state budget process.

It is pleasing to note from the Report that DPC and QT continue to offer good guidance to departments on upcoming milestones and instructions for lodging their budget submissions, and that the processes for preparing the state budget generally support the Queensland Government's objectives and fiscal principles.

I also appreciate your recognition in the Report that the delivery of the annual state budget is an intensive task for DPC, QT and agency staff.

Of the recommendations addressed to DPC in the Report, I can advise DPC agree with recommendations 3 and 4. As requested, please find enclosed further detail on the response to the recommendations.

Again, thank you for writing to me and providing the opportunity to respond to the Report.

Yours sincerely

A handwritten signature in blue ink, appearing to read "Mike Kaiser".

Mike Kaiser
Director-General

24/9/24

*Encl

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Responses to recommendations



Department of the Premier and Cabinet

Central agencies' coordination of the state budget

Response to recommendations provided by the Department of the Premier and Cabinet (DPC) on 24 September 2024

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend that Queensland Treasury, the Department of the Premier and Cabinet, and agencies:</p> <p>3. engage early in the submission development phase to facilitate a thorough review and timely feedback, with agencies adhering to lodgment timelines.</p>	Agree	Complete	<p>DPC has a leading role in advising Government on overarching strategic directions, but notes that budget strategy and Cabinet business lists are ultimately matters for Government.</p> <p>DPC endeavours to provide feedback to agencies on funding proposals and submissions at the earliest opportunity, but it should be noted that adherence to lodgment procedures is ultimately the responsibility of the relevant signing Minister/s under the <i>Queensland Cabinet Handbook</i>.</p>
<p>We recommend that Queensland Treasury and the Department of the Premier and Cabinet:</p> <p>4. evaluate if stand-alone submissions that are made outside of the main budget can use the BudgetPlus system for preparing funding proposals.</p>	Agree	March Qtr 2025	<p>DPC notes careful consideration is required to understand the potential benefits, risks and administrative burden associated with using BudgetPlus for all matters under consideration by the Cabinet Budget Review Committee (CBRC), acknowledging that long-established conventions exist for the management of Cabinet material.</p>



Queensland Audit Office *Auditor-General Auditing Standards – Tabling protocols*

Auditor-General Auditing Standards

Appendix C – Tabling protocols

General principle

The Auditor-General aims to table reports to parliament on parliamentary sitting days. Reports may be tabled on a non-sitting day where there are limited or no sitting days within 14 days of finalising a report. The same principle applies during periods of parliamentary recess.

Caretaker period

Queensland holds general state elections on the last Saturday of October every 4 years. Constitutionally, the Governor dissolves the Legislative Assembly and issues a writ 26 days before polling day. The caretaker period begins when the Governor dissolves the Legislative Assembly. The time when the caretaker period ends depends on the outcome of the election.

If a proposed audit report under s. 64 the Auditor-General Act has been issued for comment and responses are received prior to the Legislative Assembly being dissolved, these reports will be tabled during the caretaker period.

If the Legislative Assembly has been dissolved prior to the lapse of the 21-day comment period, these reports will be tabled after the election.

The Auditor-General has ultimate discretion as to when to table reports. An exception to the principles above is that, if the report contains information requested by parliament or of significant public interest, the Auditor-General may elect to table the report as planned.

Reports focusing on local government matters follow the same principles regarding local government elections.

Estimates hearings period

Parliament does not sit during estimates hearings. The Auditor-General will not table an audit report during the estimates hearing period. The estimates hearing period is considered final once the portfolio committee reports are tabled.

An exception to this principle is that, if the report contains information requested by parliament or of a significant public interest, the Auditor-General may elect to table the report.

Significant public interest

Information of significant public interest is a matter of judgement, and the following is a non-exhaustive list of public interest matters which the Auditor-General may consider:

- matters of public concern and importance
- the proper administration of government
- open justice
- public health and safety
- the prevention and detection of crime and fraud
- the economic wellbeing of the state or local government.

