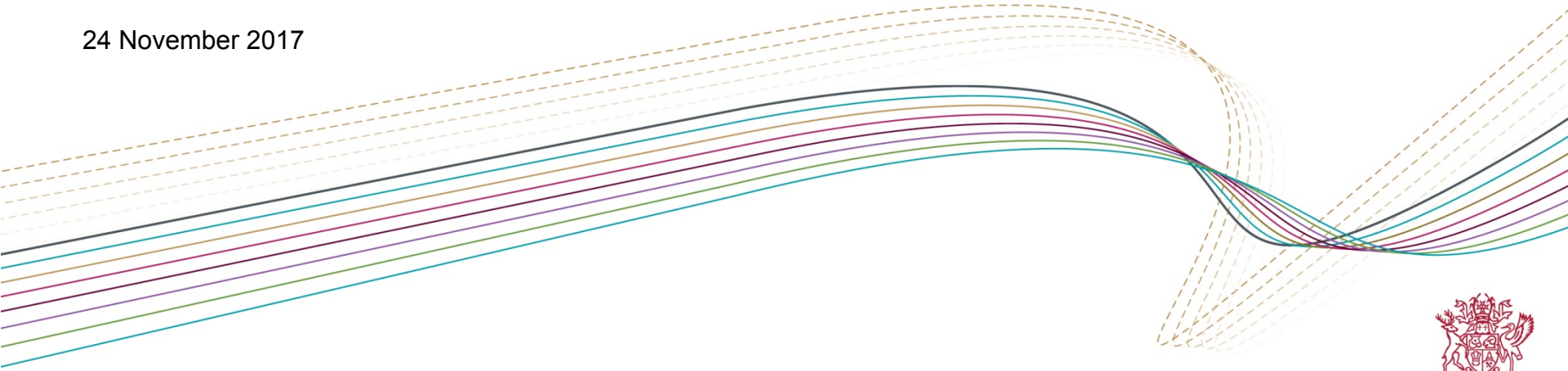
Contributors and Challenges to Good Governance

Liz Wells and Deb Donnelly – Queensland Treasury

24 November 2017



Queensland Government

Overview

- Prescribed requirements
- What is governance?
- Importance of governance
- Key factors for a strong governance framework
- Challenges to good governance
- What can go wrong

Prescribed requirements

For departments and statutory bodies:

- *Financial Accountability Act 2009*
- *Financial and Performance Management Standard 2009*
- *Financial Accountability Regulation*
- *Financial Accountability Handbook*
- *Financial Management Practice Manuals*

What is governance?

- The way the agency manages the performance of its functions and operations
- Includes/incorporates:
  - the cultural and operational aspects the agency
  - openness, integrity and accountability; due care; and public defensibility
  - ethics principles
  - performance management, risk management and internal controls

What is governance?

Good governance is about both:

- Performance
- Conformance

The way public servants make decisions and implement policies

Source: ANAO and APSC

Importance of governance

- Helps an agency achieve its objectives
- Increases accountability
- Reduces risk
- Clarifies roles and responsibilities
- Impacts on public and staff confidence

Contributors to good governance

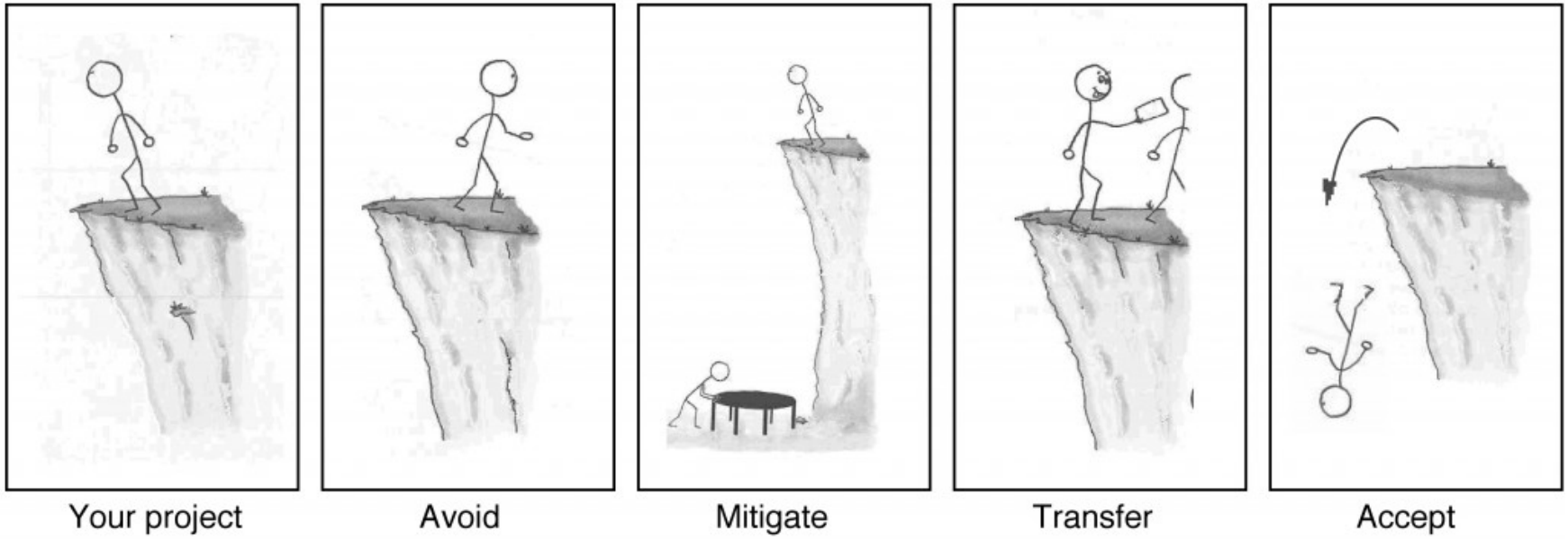
- Organisational structure
- Code of conduct
- Tone at the top

Contributors to good governance

- Visibly not accepting bad governance/behaviours

Contributors to good governance

- Risk management



Contributors to good governance

- Internal controls
- Internal audit
- External audit
- Audit/risk committee/s

Contributors to good governance

- Employees encouraged to report poor governance/internal controls
- Staff training
- Community expectations/ transparency

Challenges to good governance

- Changes of Government
- Machinery of Government changes
- Internal restructures

Challenges to good governance

- Decentralisation/ outsourcing

- General staffing changes

Challenges to good governance

- Staff morale

Governance factors to bear in mind

- No ‘one size fits all’
- Cannot ‘set and forget’

Examples

- When things go wrong…

Governance failures – Health payroll

- “The replacement of the QH payroll system must take a place in the front rank of failures in public administration in this country. It may be the worse.”

- “What is clear, and should have been obvious at the time, is that the appointment of a Prime Contractor did not absolve the State from its responsibilities… That is to say the State could not, having appointed a Prime Contractor, sit back and await the delivery of a complete and completely functional Shared Service Initiative. It had to monitor the performance of the contract and intervene … where appropriate. … it did not do so.”

Source: “Queensland Health Payroll System Commission of Inquiry”, by Honourable Richard N Chesterman

Governance failures – Home Insulation Program

- “Irreconcilable policy objectives, flawed program design, rushed implementation and inadequate monitoring.”
- “Mediocre record-keeping …”
- “Responsibility … was diffuse and opaque. Accountability … was unclear.”
- “Post-implementation reviews … identified problems with the department’s governance structure, program design capability, corporation administration, risk management behaviours, audit and compliance mechanisms, and effective monitoring.”
- “… while safety concerns were raised early … by industry representatives, they were not added to the risk register, and did not inform the risk management strategy. Warnings appear to have been ignored.”

Source: “Learning from Failure”, by Professor Peter Shergold AC

Resources

Overview of Queensland's Financial Accountability Framework

- https://www.treasury.qld.gov.au/resource/overview-queenslands-financial-accountability-framework/

- General information for interested readers
- Outlines processes and legislative requirements

Resources

Financial Accountability Handbook

- https://www.treasury.qld.gov.au/resource/financial-accountability-handbook/

Six volumes

- 1 – Introduction
- 2 – Governance
- 3 – Designing Internal Controls
- 4 – Monitoring / Assessment
- 5 – Reporting
- 6 – Grant Management

Resources

Financial Management Tools

- https://www.treasury.qld.gov.au/resource/financial-management-tools/

- Guide only
- Examples and consideration points
- Tools may be modified to individual agency needs
- Cross-referenced to Financial Accountability Handbook

Resources

Audit Committee Guidelines

- https://www.treasury.qld.gov.au/resource/audit-committee-guidelines-improving-accountability-performance/

- Financial and Performance Management Standard, section 35
- Better practice principles

Resources

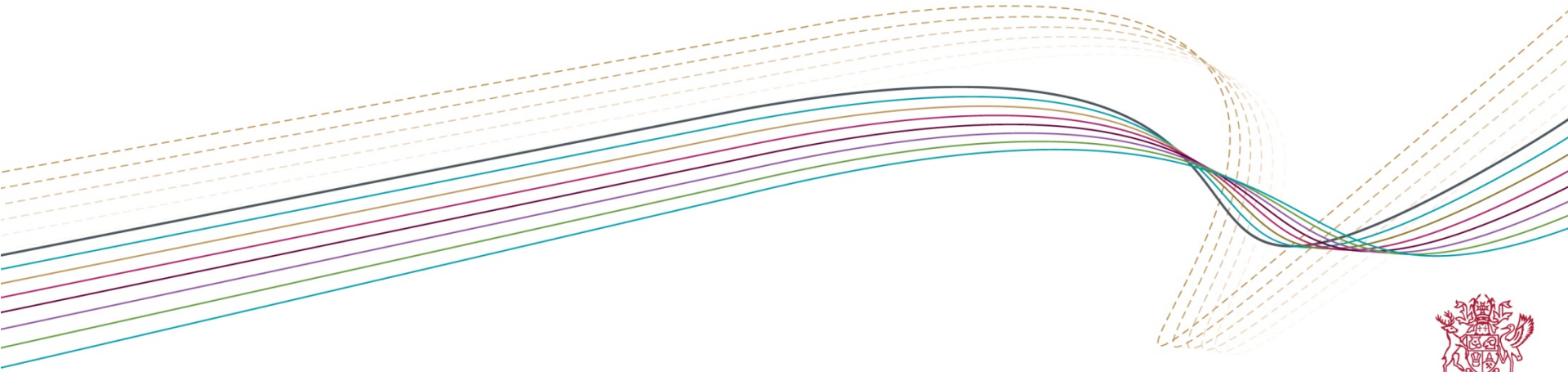
A Guide to Risk Management

- https://www.treasury.qld.gov.au/resource/guide-risk-management/

- Financial and Performance Management Standard, section 28
- Overview of key concepts of risk management
- Complements Australian/New Zealand Standard ISO 31000:2009 *Risk management – Principles and guidelines*

Resources

QAO risk management maturity model

- Five levels of maturity across six key attributes
  - Leadership
  - People and accountability
  - Process integration
  - Response
  - Monitoring
  - Achieving outcomes and innovation

Questions?