Contributors and Challenges to Good Governance

Liz Wells and Deb Donnelly – Queensland Treasury

24 November 2017
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

Your project  Avoid  Mitigate  Transfer  Accept
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


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


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


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

A Guide to 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
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?