



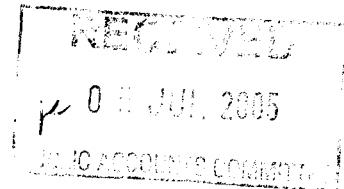
Queensland
Government

Office of the
**Minister for
Child Safety**

In reply please quote: CSM02480
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1 JUL 2005

The Honourable Gary Fenlon MP
Chair
Public Accounts Committee
Parliament House
George Street
BRISBANE QLD 4000



Dear Gary

Thank you for your letter of 13 May 2005 inviting me to make a submission to the inquiry into government financial reporting.

It is of the utmost importance that stakeholders can readily assess the efficiency and effectiveness of government financial management. The Department continually explores opportunities to enhance the quality of information provided, and works closely with lead agencies, community groups and its interstate and international counterparts to ensure that the information needs of key stakeholders are met.

The Department prepares General Purpose Financial reports in accordance with whole-of-government and legislative guidelines. These reports include the Financial Statements, Notes to the Financial Statements and accounting policies adopted by the Department, which when read in conjunction, enable readers from non-accounting backgrounds to better understand and interpret the Department's financial position and performance.

Accrual financial accounting better aligns the occurrence of revenues and expenses with the benefits received from their inflows and outflows. Accrual financial accounting also better reflects the true value of items on the balance sheet, bringing to account certain liabilities and assets that would not be recognised under a cash accounting method.

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Accrual Output Budgeting adopts accrual accounting principles in recognising the components of the Income Statement and the Balance Sheet in forecasting the performance of the Department in current and future years, which is disclosed through the Ministerial Portfolio Statement as both financial and non-financial data. Indeed, I and the Department have gone to great lengths over this last year to reorganise the Outputs specified in the 2005-06 Ministerial Portfolio Statement to ensure that stakeholders have a greater understanding of the services delivered and challenges faced by the Department.

I look forward to the outcome of your review, and will ensure the Department complies with any recommendations ultimately endorsed by the Government that may arise from your inquiry.

Yours sincerely

[Original Signed]

HON MIKE REYNOLDS AM MP
Minister for Child Safety