

**Department of Employment and Training  
Submission to Public Accounts Committee  
Inquiry into Government Financial Reporting**

### Responses to Terms of Reference

#### Clarity and utility of financial reports for decision making

The Department of Employment and Training:

- considers that financial reports alone do not provide sufficient information to enable stakeholders to make decisions, or to assess agency performance.
- utilises narrative and performance data components of relevant publications (MPS, Annual Report) to provide a fuller picture of performance. These publications link to financial statements and to management reporting. This approach also effectively links resources, outputs and outcomes.
- combines financial and non-financial performance data effectively as this is essential to ensuring utility of performance reports, particularly in terms of linking outputs and outcomes to the *Charter of Social and Fiscal Responsibility* and Government priorities and outcomes.
- continually reviews Output Performance Measures in terms of their relevance and utility in a) providing stakeholders with sufficient information to assess performance and b) driving appropriate behaviours within the organisation. Additionally, the department is committed to integrating internal and external performance measures.

#### Auditor General's reports for Parliament

The Department of Employment and Training:

- regards Auditor General's reports for Parliament as critical to informing Parliament about a range of issues linked to agency and Government performance including in terms of risk identification and management.
- acknowledges and supports the Queensland Audit Office's strategies to increase its focus on performance in audit processes.

#### Impact of Implementation of Accrual Accounting & Evolution and application of accounting standards including implementation of international accounting standards

The Department of Employment and Training recognises the value of the implementation of accrual accounting and international accounting standards but considers that there are still opportunities for improvements to achieve effectiveness in the medium and long terms.

The Department acknowledges the following positive aspects:

- Significant headway has been achieved in the implementation of accrual accounting and international accounting standards including in ensuring these approaches are "user friendly" for agencies.
- The implementation of these approaches has improved agencies ability to determine value for money and to measure performance.
- These approaches increase awareness of costs and accountabilities.
- These approaches enable a realistic comparison between the costs/benefits/efficiencies and achievement of value for money between the private and public sectors.
- Accrual Accounting has substantially improved financial management and reporting practices, as it provides a longer term view in relation to the investment government makes in the provision of services.

The Department of Employment and Training has identified the following opportunities for improvement:

- At a whole-of-Government level, the whole suite of financial reports is not fully utilised. For example- the Balance Sheet is not used, and this would provide a longer term view of the "health" of a specific agency and Government. The accounts/reports which are utilised most encourage a focus on the current financial year only and this is limiting. More effective use of the entire suite of accounts could play an important role in long term Government thinking.
- A number of Government and non-Government decision makers and stakeholders may not understand or may not be familiar with terminology. Performance information therefore may not be readily interpreted by non-expert users. It may be beneficial to adopt a more "lay person" approach to the terminology to increase a shared understanding. For example, in relation to the distinctions between surplus/deficit vs. profit/loss.

**Responses to Terms of Reference (con't)****Convergence of government Finance Statistics and Generally Accepted Accounting Principles reporting - No comment****Contact Details:**

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