

Question on Notice
No. 606
Asked on 20 May 2004

Mr HOPPER asked the Minister for Public Works, Housing and Racing (Mr SCHWARTEN) –

QUESTION:

- 1) How many internal audits were conducted by each department's internal audit unit for 2003-04?
- 2) What issues were covered by each report and what, in summary, were its findings?

ANSWER:

Department of Housing

- 1) As at 31 May 2004, 17 audits had been conducted by the Department of Housing internal audit unit in 2003-04. The titles of each audit are listed in **Attachment A**.
- 2) The issues covered by each report are listed under the audit titles in **Attachment B**, with a summary of the findings from each audit.

Department of Public Works

- 1) As at 31 May 2004, 20 audits/reviews had been conducted.
- 2) The issues and findings of 17 audits completed by the Internal Audit Unit in 2003-2004 are listed in **Attachment C**. Please note that data associated with CMC investigations have not been provided.

I'm advised all recommendations made through the Internal Auditing process have been implemented or in the process of being implemented.

Department of Housing

1. Implementation of Shared Services Initiatives
2. Review of Bayside (Capalaba) Area Office
3. Review of Brisbane North (Chermside) Area Office
4. Review of West Moreton Area Office
5. Review of Call Centre Operations
6. Review of Procedures - Community Housing
7. Review of Procedures - Housing Policy & Research
8. Review of Procedures - Organisational Performance & Strategy Unit
9. Review of Procedures - Executive Services Unit
10. Review of Procedures - Public Housing & Housing System Initiatives
11. Community Renewal – Housing Auspiced Projects
12. Review of Housing Loan Products
13. Review of Kelvin Grove Urban Village Development
14. Review of Motor Vehicle Usage
15. Review of Project Initiatives
16. Review of PPM Maintenance
17. Review of PPM SLA with Project Services and Q-Build

Department of Housing – Audit Tasks Completed 2003-2004

ATTACHMENT B

Audit	Issues Covered	Summary of Findings
1. Implementation of Shared Services Initiatives	<ul style="list-style-type: none"> • Departmental compliance with Queensland Treasury's guidelines for the implementation of Shared Services; • Identification and treatment of risks to business continuity of the cut-over of services to shared providers; • Coverage of the service agreements between the department and the shared providers. 	<p>The audit found that:</p> <ul style="list-style-type: none"> • the department should remain alert to the need to ensure continuity of internal audit coverage on functions transferred to the shared providers. • Procedures being followed to manage the reimbursement of costs while staff transferred to the shared providers remain located with the Department of Housing should be documented.
2-4 Review of Area Offices (Bayside, Brisbane North and West Moreton)	<ul style="list-style-type: none"> • Property Management and Private Rental Assistance procedures; • Administrative functions 	<ul style="list-style-type: none"> • There are Opportunities to enhance records management practices • Administrative procedures for reconciling and approving basic office functions could be strengthened.
5. Review of Call Centre Operations	<ul style="list-style-type: none"> • Effectiveness of Call Centre implementation against the project objectives; • Selected office administration procedures. 	<ul style="list-style-type: none"> • No significant issues were identified.
6-10. Review of internal control procedures (across 5 work areas)	<ul style="list-style-type: none"> • Use of departmental assets and control over administrative expenditure; • Financial and performance reporting; • Administrative human resource procedures such as timesheets; • Performance management. 	<ul style="list-style-type: none"> • Although portable items were kept in appropriate storage, physical on site security could be enhanced in some cases. • Minor improvements in adherence to financial procedures and record keeping were identified to achieve greater efficiency and control. • Not all performance plans for eligible officers are current.

ATTACHMENT B (CONT'D)

Audit	Issues Covered	Summary of Findings
11. Community Renewal – Housing Asupiced Projects	<ul style="list-style-type: none"> the processes and procedures relating to Community Renewal approved projects asupiced by the Department of Housing and the Department of Public Works 	<ul style="list-style-type: none"> A number of partnership agreements need to be reviewed and finalised. Record keeping procedures could be improved to facilitate timely retrieval of information.
12. Review of Housing Loan Products	<ul style="list-style-type: none"> Internal controls for the commencement, administration, and closing out of the loan products 	<ul style="list-style-type: none"> The review concluded there are no reportable issues arising.
13. Review of Kelvin Grove Urban Village Development	<ul style="list-style-type: none"> Adherence to the policies and procedures relating to Kelvin Grove Urban Village, including contract and financial management; Adequacy of reports and analysis used by the department in the management of Kelvin Grove Urban Village. 	<ul style="list-style-type: none"> Procedures are in place to cover the preparation and sale of lots and the management of consultants. Project management processes could be enhanced to ensure project elements are fully identified and individually costed for reporting purposes.
14. Review of Motor Vehicle Usage	<ul style="list-style-type: none"> Adequacy of and adherence to policies and procedures relating to motor vehicle usage; Review of reports and analyses used by the department in the management of motor vehicles usage 	<ul style="list-style-type: none"> Opportunities for improvement in reviews areas were conveyed to management for implementation

ATTACHMENT B (CONT'D)

Audit	Issues Covered	Summary of Findings
<p>15. Review of Project Initiatives in three work areas.</p>	<ul style="list-style-type: none"> • Internal controls and the processes, procedures, and performance measures in: <ul style="list-style-type: none"> - Affordable Housing; - Housing Infrastructure; and - Product Development and Analysis 	<ul style="list-style-type: none"> • Project management procedures could be enhanced.
<p>Review of Property Portfolio Management Maintenance</p>	<ul style="list-style-type: none"> • Internal control environment, processes, procedures and performance measures relating to the Department's Maintenance Program 	<ul style="list-style-type: none"> • Improvements to reporting mechanism could be enhanced
<p>Review of Service Level Agreement between Property Portfolio Management and Project Services and Q-Build</p>	<ul style="list-style-type: none"> • Internal control environment, processes and procedures relating to the operation of the Department's service level agreements with Project Services and QBuild 	<ul style="list-style-type: none"> • Efforts to improve the effectiveness the Regional Management Teams and to improve communication in relation to quality and work load issues with QBuild are worthwhile and should continue. • The service level agreements should require the Department of Public Works to provide the Department of Housing with the results of any internal or external audits relating to the areas covered by these agreements.

ATTACHMENT C (CONT'D)

Department of Public Works – Audit Tasks Completed 2003-2004

No.	Description	Report Date	Objectives	Recommendations/Findings
1.	Financial Compliance Audits Review of Sales and Distribution Services (SDS)	December 2003	The review was carried out to provide reasonable assurance to management with regard to the extent of compliance with departmental policies, procedures and legislation; and the adequacy, efficiency and effectiveness of internal controls operating at SDS.	With respect to all financial/compliance audits, internal control environments were considered adequate and there was a high degree of compliance with relevant policies, procedures and legislation. Management attention was drawn to issues in relation to product pricing, procurement, reporting, fixed assets, taxation, and expenditure. A number of opportunities for improvement were advised in the areas of SDS Online, current liabilities, and shared services.
2.	Review of GoPrint	February 2004	The review was carried out to provide reasonable assurance to management with regard to the extent of compliance with departmental policies, procedures and legislation; and the adequacy, efficiency and effectiveness of internal controls operating at GoPrint.	Management attention was drawn to issues in relation to reporting and procurement. An opportunity for improvement was advised in the area of delegations.
3.	Departmental Review – Travel and Corporate Card	March 2004	The primary objective of the review was to provide an assessment to the Director-General and the Audit Committee of the overall compliance with and adequacy of processes and procedures relating to Travel and Corporate Card transactions.	Management attention was drawn to issues into procedural matters.

ATTACHMENT C (CONT'D)

No.	Description	Report Date	Objectives	Recommendations/Findings
4.	Review of QFleet	May 2004	The review was carried out to provide reasonable assurance to management with regard to the extent of compliance with departmental policies, procedures and legislation; and the adequacy, efficiency and effectiveness of internal controls operating within QFleet.	<p>Management attention was drawn to issues in relation to taxation, fixed assets, expenditure, current liabilities, reporting, and current assets.</p> <p>A number of opportunities for improvement were advised in the areas of registration, data maintenance, and resourcing.</p>
5.	Department Wide Review of Payroll	May 2004	<p>The objectives of the review were to:</p> <ul style="list-style-type: none"> • Assess whether the processing and overall management of the payroll function is being performed in accordance with applicable awards and agreements, departmental policy and applicable internal controls. • Provide a succinct report to the Audit Committee including analytical information, an overall assessment of the payroll function within the Department, and any relevant improvement recommendations. 	<p>Management attention was drawn to issues in relation to the accuracy of staff entitlements, approval of callouts, and workforce management.</p> <p>An opportunity for improvement was advised in the area of the Operating Level Agreement.</p>

ATTACHMENT C (CONT'D)

No.	Description	Report Date	Objectives	Recommendations/Findings
6.	<p>Information Systems Audits</p> <p>A general IT Controls Review - GoPrint</p>	November 2003	<p>The objectives of the review were to conduct a General IT Controls Review with focus upon the following:</p> <ul style="list-style-type: none"> • Prior year IT Internal Audit report points in order to ascertain the level of management progress in actioning these points. • Ascertain the level of progress made by Queensland Services Group IT support groups in implementing departmental policies on Information Security. • Ascertain the mechanisms that QSG have in place to identify applicable new Information Standards by enquiry of the IT Manager. 	<p>Management attention was drawn to issues in relation to planning, security administration, and systems administration.</p> <p>Where appropriate, opportunities for improvement in reviewed areas were conveyed to management for implementation.</p>
7.	A general IT Controls Review - QFleet	November 2003	<p>The objectives of the review were to conduct a General IT Controls Review with focus upon the following:</p> <ul style="list-style-type: none"> • Prior year IT Internal Audit report points in order to ascertain the level of management progress in actioning these points. • Ascertain the level of progress made by QSG IT support groups in implementing departmental policies on Information Security. • Ascertain the mechanisms that QSG have in place to identify applicable new Information Standards by enquiry of the IT Manager. 	<p>Management attention was drawn to issues in relation to planning, security administration, systems administration, and project management.</p> <p>Where appropriate, opportunities for improvement in reviewed areas were conveyed to management for implementation.</p>
8.	A general IT Controls Review - SDS	November 2003	<p>The objectives of the review were to conduct a General IT Controls Review with focus upon the following:</p> <ul style="list-style-type: none"> • Prior year IT Internal Audit report points in order to ascertain the level of management 	<p>Management attention was drawn to issues in relation to planning and systems administration.</p> <p>Where appropriate, opportunities for</p>

ATTACHMENT C (CONT'D)

No.	Description	Report Date	Objectives	Recommendations/Findings
			<p>progress in actioning these points.</p> <ul style="list-style-type: none"> • Ascertain the level of progress made by QSG IT support groups in implementing departmental policies on Information Security. • Ascertain the mechanisms that QSG have in place to identify applicable new Information Standards by enquiry of the IT Manager. 	<p>improvement in reviewed areas were conveyed to management for implementation.</p>
9.	A general IT Controls Review - ISD	December 2003	<p>The objective of the review was to establish if a satisfactory control environment exists for the effective and efficient management of various IT assets. The areas covered included planning, project management, systems development, systems administration, security administration, and network administration.</p>	<p>Management attention was drawn to issues in relation to planning, project management, systems administration, and security administration.</p> <p>Where appropriate, opportunities for improvement in reviewed areas were conveyed to management for implementation.</p>
10.	A general IT Controls Review – Project Services	March 2004	<p>The objectives of this review was to establish that:</p> <ul style="list-style-type: none"> • An adequate control environment exists for various IT assets. • Appropriate action has been taken to address issues raised in the prior year IT Internal Audit Report as well as issues raised by the QAO. • Internal and external Information Standards, policies and procedures are being progressively implemented. 	<p>Management attention was drawn to issues in relation to planning, project management, systems administration, and security administration.</p> <p>Where appropriate, opportunities for improvement in reviewed areas were conveyed to management for implementation.</p>

ATTACHMENT C (CONT'D)

No.	Description	Report Date	Objectives	Recommendations/Findings
11.	QBuild Upgrade of Infrastructure and Desktop (QUID) Project	March 2004	<p>The objectives of this review was to establish that:</p> <ul style="list-style-type: none"> • The project features satisfactory control mechanisms for supporting project governance and is adhering to the DPW Project Management Standard. • Project processes are robust and feature adequate technical documentation as inputs or outputs for guidance of current and/or subsequent stages or phases of rollout. 	<p>Management attention was drawn to issues in relation to project management.</p> <p>Where appropriate, opportunities for improvement in reviewed areas were conveyed to management for implementation.</p>
12.	A general IT Controls Review – QBuild	April 2004	<p>The objectives of this review was to establish that:</p> <ul style="list-style-type: none"> • An adequate control environment exists for the areas of focus. • Appropriate action has been taken to address issues raised in the prior year IT Internal Audit Report, as well as issues raised by the QAO. • Progress is being made to implement internal and external Information Standards, policies and procedures. 	<p>Management attention was drawn to issues in relation to security administration, network administration, and systems administration.</p> <p>Where appropriate, opportunities for improvement in reviewed areas were conveyed to management for implementation.</p>
13.	PQC System Redevelopment Project	April 2004	<p>It was intended that this review assess processes being employed to deliver and implement the replacement system.</p>	<p>Management attention was drawn to issues in relation to project management and systems development.</p> <p>Where appropriate, opportunities for improvement in reviewed areas were conveyed to management for implementation.</p>

ATTACHMENT C (CONT'D)

No.	Description	Report Date	Objectives	Recommendations/Findings
14.	Review of Payments to Building Contractors	August 2003	The objective of the review was to ensure that departmental internal processes relating to liquidated damages, variations and progress payments comply with departmental policy and legislative requirements (QBSA Act).	Where appropriate, opportunities for improvement in reviewed areas were conveyed to management for implementation.
15.	FBT Systems Review	November 2003	The objective of the review was to assess the procurement process associated with the proposed FBT Management System.	Management attention was drawn to an appropriate future procurement process for the proposed FBT Management System.
16.	Review of International Business Activities	December 2003	<p>The objectives of the review were:</p> <ul style="list-style-type: none"> • To establish whether the commercialised business units have obtained the appropriate approvals in accordance with the approval and support documentation matrix prior to getting involved in international business. • To investigate the current administrative controls that are in place for overseas ventures. • To review the financial and non-financial benefits realised from participation in overseas activities. 	<p>It was noted that the Department had addressed many of the issues that were raised by Internal Audit in their report on commercial activities in May 2002 and had developed an International Business Policy, which provides a framework for involvement in overseas markets.</p> <p>Management attention was drawn to issues in relation to the need for Business Plans to include strategy for international business, adequacy for returns from international business, and post-completion reviews.</p>
17.	Special Review of Millennium Arts (Select Tender Process and Invitation and Selection Process for Consultants and Contractors)	May 2004	The objective of the review was to assess whether the consultant and contractor tendering and selection process for Millennium Arts was in accordance with the requirements of the Government's <i>Capital Works Management Framework</i> (CWMF) and the <i>Building Industry Consultant and Contractor Tendering and</i>	Management attention was drawn to issues in relation to the select tender process for contractors and consultants; documentation of the consultant selection process; documentation of the contractor invitation and selection process; and

ATTACHMENT C (CONT'D)

			<i>Selection Process.</i>	procedures for the development of a select list for consultants.
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