

## Education, Employment and Small Business Committee

Report No. 39, 56<sup>th</sup> Parliament

### Consideration of Auditor-General Report 1: 2019-20—*Investing in vocational education and training* and Auditor-General Report 15: 2019-20—*Education: 2018-19 results of financial audits*

#### 1 Aim of this report

This report summarises the committee's consideration of Auditor-General reports referred by the Committee of the Legislative Assembly.

The committee has responsibility within its portfolio areas for the assessment of the integrity, economy, efficiency and effectiveness of government financial management by:

- examining government financial documents
- considering the annual and other reports of the Auditor-General.<sup>1</sup>

Standing Order 194B provides the Committee of the Legislative Assembly shall as soon as practicable after a report of the Auditor-General is tabled in the Assembly, refer that report to the relevant portfolio committee for consideration.

Following the committee's Report No. 37, 56<sup>th</sup> Parliament—*Annual Report 2019-20*, Auditor-General reports referred to the committee which the committee had not finalised consideration of, were:

- Auditor-General Report 1: 2019-20—*Investing in vocational education and training* (Auditor-General Report 1: 2019-20)
- Auditor-General Report 15: 2019-20—*Education: 2018-19 results of financial audits* (Auditor-General Report 15: 2019-20).

#### 2 Auditor-General Report 1: 2019-20—*Investing in vocational education and training*

Auditor-General Report 1: 2019-20 was referred to the committee on 22 August 2019.

The audit examined whether the Department of Employment, Small Business and Training (DESBT) was achieving successful learning and employment outcomes through its public and private providers.

The audit addressed this by assessing whether public investment in vocational education and training (VET) was:

- meeting Queensland's skilling needs
- achieving student learning and employment outcomes
- cost-effective.<sup>2</sup>

Auditor-General Report 1: 2019-20 recommended that the DESBT:

1. finalises its draft Skills Strategy, ensuring it addresses:

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<sup>1</sup> *Parliament of Queensland Act 2001*, s 94(1)(a).

<sup>2</sup> Auditor-General Report 1: 2019-20—*Investing in vocational education and training* (Auditor-General Report 1: 2019-20), p 4.

- Queensland’s longer-term strategies for developing and sustaining the VET sector
  - clear roles, responsibilities, and the future purpose of VET public providers
2. develops and applies performance measures supporting the expected public value of the State Contribution Grants
  3. periodically reviews the methodology used to determine the value of State Contribution Grants to public providers to account for changes in the training environment and public providers’ costs
  4. improves transparency over investment decision-making by clearly documenting information, data, and analysis used in developing and reviewing the annual investment plan and subsidy lists
  5. increases the effectiveness of the Skilling Queenslanders for Work program by:
    - improving the grant process with the aim of reducing the time frame between the funding round opening and the announcement of the successful applicants—to help grant recipients better plan resources and service delivery
    - requiring community-based organisations to provide evidence with their application that they have agreed on training delivery expectations with the selected pre-qualified supplier
  6. improves the efficiency and quality of the pre-qualified supplier contract-renewal process by:
    - renewing the contracts at least one month before the new financial year start date to help suppliers better plan resources and training delivery
    - extending the time frames of contracts for low-risk suppliers.<sup>3</sup>

The report also recommended that TAFE Queensland, in consultation with the DESBT:

7. finalises specific and measurable strategies and plans to improve the financial sustainability of its training delivery, including:
  - strategies for increasing its student revenue and market share
  - workforce management plans that support program delivery outcomes and financial sustainability.

The committee received a briefing from the Queensland Audit Office (QAO) in August 2019.

The committee noted the timetable for implementation of recommendations extended until quarter 1, 2020-21.

The committee wrote to the DESBT and TAFE Queensland in July 2020, requesting an update on the progress of implementation of the recommendations.

The DESBT and TAFE Queensland provided a response to the committee’s request on 31 July 2020.

The committee, in considering the information provided by the QAO, and responses from DESBT and TAFE Queensland, concluded that no further action was necessary in regards to Auditor-General Report 1: 2019-20.

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<sup>3</sup> Auditor-General Report 1: 2019-20, p 14.

### 3 Auditor-General Report 15: 2019-20—*Education: 2018–19 results of financial audits*

Auditor-General Report 15: 2019-20 was referred to the committee on 21 May 2020.

The Auditor-General Report 15: 2019-20 summarised the QAO’s financial audit results for education sector entities at their respective balance dates. For the Department of Education, the DESBT, TAFE Queensland and some statutory bodies, this was 30 June 2019. For universities, grammar schools, and some other statutory bodies, it was 31 December 2019.

The QAO issued unmodified audit opinions for 32 education entities, including the entities they control. It was reported that Education entities’ controls for financial systems and processes are generally effective, which means they can be relied on when preparing financial statements. All entities met their legislative deadlines for finalising their financial reports.<sup>4</sup>

Auditor-General Report 15: 2019-20 outlined emerging risks for entities in the education sector from the COVID-19 pandemic, with a focus on the risks to the sustainability of education entities, and the effectiveness of their internal controls during a period of significant change.<sup>5</sup> It was noted that entities are responding to the risks.<sup>6</sup>

Auditor-General Report 15: 2019-20 included the following actions for entities:

- plan well for financial statement preparation, particularly in times of change
- improve asset management planning for digital learning platforms
- refine processes for recognising research revenue under new accounting standards
- strengthen security of information systems
- review changes to employee and supplier details.<sup>7</sup>

Auditor-General Report 15: 2019-20 included one recommended action for ministers and central agencies – improve timeliness of financial reporting to the public.<sup>8</sup>

The committee wrote to the Auditor-General in June 2020 seeking further information. The Auditor-General provided a response to the committee’s request in July 2020.

The committee anticipates further consideration of Auditor-General Report 15: 2019-20 during the 2020-21 year may be warranted, including further consideration in particular, of the impact of COVID-19 on Queensland universities.

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<sup>4</sup> Auditor-General Report 15: 2019-20—*Education: 2018–19 results of financial audits* (Auditor-General Report 15: 2019-20), p 7.

<sup>5</sup> Auditor-General Report 15: 2019-20, p 12.

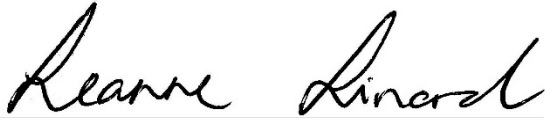
<sup>6</sup> Auditor-General Report 15: 2019-20, p 2.

<sup>7</sup> Auditor-General Report 15: 2019-20, p 3.

<sup>8</sup> Auditor-General Report 15: 2019-20, p 4.

#### 4 Recommendation

The committee recommends that the House notes this report.



Leanne Linard MP

**Chair**

**September 2020**

#### **Education, Employment and Small Business Committee**

Chair	Ms Leanne Linard MP, Member for Nudgee
Deputy Chair	Mr Jim McDonald MP, Member for Lockyer
Members	Mr Bruce Saunders MP, Member for Maryborough Mrs Simone Wilson MP, Member for Pumicestone Mr Michael Healy MP, Member for Cairns Mr Nick Dametto MP, Member for Hinchinbrook