



**Examination of Queensland Audit
Office Report 3: 2018-19**
*Delivering shared corporate
services in Queensland*

Report No. 48, 56th Parliament
Legal Affairs and Community Safety Committee
September 2019

Legal Affairs and Community Safety Committee

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Acknowledgements

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Abbreviations

Auditor-General	Queensland Auditor-General
committee	Legal Affairs and Community Safety Committee
DHPW	Department of Housing and Public Works
QAO	Queensland Audit Office
QAO report	Queensland Audit Office Report 3: 2018-19 <i>Delivering shared corporate services in Queensland</i>
this report	Legal Affairs and Community Safety Committee, Report No. 48, 56 th Parliament, Examination of Queensland Audit Office Report 3: 2018-19 <i>Delivering shared corporate services in Queensland</i>

Chair's foreword

This report presents a summary of the Legal Affairs and Community Safety Committee's consideration of Queensland Audit Office Report 3: 2018-19 *Delivering shared corporate services in Queensland*.

On behalf of the committee, I thank the Queensland Audit Office (QAO), the numerous agencies who responded to the committee's request for an update on implementation of the QAO's recommendations, and the committee's secretariat, for their assistance with the committee's examination of the QAO report.

I commend this report to the House.



Peter Russo MP

Chair

Recommendation

Recommendation

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The Legal Affairs and Community Safety Committee recommends that the Legislative Assembly notes the contents of this report.

1 Introduction

1.1 Role of the committee

The Legal Affairs and Community Safety Committee (committee) is a portfolio committee of the Legislative Assembly.¹ The committee's primary areas of responsibility are:

- Justice and Attorney-General
- Police and Corrective Services
- Fire and Emergency Services.²

One of the committee's roles is to consider the reports of the Queensland Auditor-General (Auditor-General) that fall within its portfolio area.³ The committee may examine and inquire into the reports, and make recommendations and report on them to the Legislative Assembly.⁴

1.2 Role of the Queensland Auditor-General

The Auditor-General conducts independent audits—financial audits and performance audits—of the Queensland public sector and certain other entities.⁵ The Auditor-General makes recommendations to improve service delivery, accountability and transparency in reports to Parliament on the audits.⁶ The Queensland Audit Office (QAO) supports the Auditor-General.⁷

1.3 Referral of Queensland Audit Office Report 3: 2018-19 *Delivering shared corporate services*

The Queensland Audit Office Report to Parliament 3: 2018-19 *Delivering shared corporate services in Queensland* (QAO report) was tabled on 27 September 2018. It was referred to the committee on 18 October 2018.

1.4 Committee's inquiry process

The committee held a private meeting on 1 April 2019 with Ms Daniele Bird, then Acting Auditor-General, to discuss the QAO report in detail. On 29 April 2019, the committee wrote to the following agencies seeking an update on the progress of the implementation of the recommendations in the QAO report:

- Department of Agriculture and Fisheries
- Department of Communities, Disability Services and Seniors
- Department of Environment and Science
- Department of Housing and Public Works

¹ *Parliament of Queensland Act 2001*, s 88; Standing Rules and Orders of the Legislative Assembly, standing order 194. The committee commenced on 15 February 2018.

² Standing Rules and Orders of the Legislative Assembly, schedule 6.

³ *Parliament of Queensland Act 2001*, s 94(1); standing order 194B.

⁴ *Parliament of Queensland Act 2001*, ss 79, 92.

⁵ *Auditor-General Act 2009*, s 3. A financial audit assesses the financial statements of a public sector entity: *Auditor-General Act 2009*, ss 40, 58. A performance audit evaluates whether any or all of a public sector entity's activities are achieving their objectives economically, efficiently and effectively, and are compliant with relevant legislation. It does not question the merits of government policy: *Auditor-General Act 2009*, s 37A.

⁶ Queensland Audit Office, 'The Queensland Audit Office', <https://www.qao.qld.gov.au/>.

⁷ *Auditor-General Act 2009*, s 6.

- Department of Innovation, Tourism Industry Development and the Commonwealth Games
- Department of Natural Resources, Mines and Energy
- Department of Transport and Main Roads
- Office of the Health Ombudsman
- Queensland Treasury
- State Library of Queensland
- TAFE Queensland.
- Department of the Premier and Cabinet
- Public Service Commission.

The responses received from these agencies are available on the committee's website.

2 Examination of Queensland Audit Office report

2.1 Audit objective

The *Delivering shared corporate services in Queensland* performance audit assessed whether the Queensland Government's shared service providers are delivering value for money now and whether they are positioned to successfully deliver into the future. The QAO audited the following shared service providers:

- Queensland Shared Services
- Corporate Administration Agency
- Business and Corporate Partnership.⁸

The QAO also engaged with customers of these shared corporate service providers.⁹

2.2 What are 'shared corporate service providers'?

The Auditor-General report explained that shared service providers:

... typically deliver processes that can be centralised, standardised, and automated. They aim to achieve efficiencies by simplifying processes or building expertise that means services can be delivered with less resources than its customers could do individually. Examples of services that are often shared are finance, procurement, human resources and technology processes.¹⁰

The QAO report also notes that '[s]hared services generate economies of scale by delivering more and/or better outputs from less (or the same amount of) resources.'¹¹

In addition to the three shared service providers audited by the QAO, other shared service providers in Queensland include:

- CITEC
- Public Safety Business Agency
- Queensland Parliamentary Service
- Department of Health.¹²

2.3 Are shared services delivered efficiently and effectively?

The QAO found that 'customers became increasingly satisfied with their shared corporate service provider as technology makes their work easier or costs cheaper'.¹³

The QAO also found that 'providers need to improve their understanding of what it costs to deliver each service. This includes understanding all components of costs, including where public ownership supports or detracts from cost-effective service delivery'.¹⁴

⁸ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 4.

⁹ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 4.

¹⁰ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 6.

¹¹ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 6.

¹² Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 7.

¹³ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 10.

¹⁴ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 11.

Additionally, the QAO found that customers need to understand how their actions can contribute to, or detract from, effective and efficient shared services.¹⁵

2.4 Audit conclusions

The Auditor-General report concluded that '[t]here is still significant benefit to be realised from the shared corporate services models that exist within the Queensland Government'.¹⁶ Additionally, the Auditor-General report noted that shared service providers have demonstrated their ability to deliver improved services when they consolidate, standardise and automate offerings.¹⁷

However, the Auditor-General report also stated:

*Over time, a vision for Queensland's shared corporate services, and customers' confidence in the benefits it can deliver, have started to fade. Because of this, customers are making decisions in silos which will limit the benefits that can be achieved at a whole-of-government level.*¹⁸

In the context of one of the case studies discussed in the Auditor-General report, it was noted that '[e]ven with strong intentions to be transparent, the big picture on whether a service is becoming more effective can be lost.'¹⁹

2.5 Recommendations

The QAO made 11 recommendations in its report.²⁰ In summary, the QAO recommended that:

- Department of Housing and Public Works (DHPW), in consultation with central agencies, prepares a vision, strategy and principles, and a proposal for a governance arrangement
- DHPW, with Queensland Treasury, proposes options for a revenue and investment model for shared corporate service delivery in Queensland
- the Public Service Commission works with agencies to ensure they can plan, support and manage the impact of automation on corporate services employees
- providers better define, measure and price services and formalise agreements with their customers
- customers commit to shared service effectiveness through quality input, collaboration and communication, consideration of whole-of-government implications, and monitoring of provider performance
- agencies work together to develop and align shared service, technology and workforce strategies.²¹

2.6 Response from agencies

As required by the *Auditor-General Act 2009*, the QAO gave a copy of the QAO report with a request for comments to various agencies. All of the relevant agencies agreed with the recommendations to

¹⁵ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 11.

¹⁶ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 12.

¹⁷ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 12.

¹⁸ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 12.

¹⁹ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, p 42.

²⁰ For a complete list of the Queensland Audit Office recommendations see Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, pp 13-14.

²¹ Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, podcast transcript, p 2.

the extent that the recommendations affected the agency concerned.²² By July 2019, most of the recommendations had been completed by the relevant agency or were ongoing.²³

2.7 Committee recommendation

The committee recommends that the Legislative Assembly notes the contents of this report.

Recommendation

The Legal Affairs and Community Safety Committee recommends that the Legislative Assembly notes the contents of this report.

²² Queensland Audit Office, Report 3: 2018-19 *Delivering shared corporate services in Queensland*, 2018, Appendix A.

²³ See for example, Department of Housing and Public Works, correspondence dated 14 May 2019.