

# Organisational structure and accountability

**Report 17: 2016–17**



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QUEENSLAND

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May 2017

The Honourable P Wellington MP  
Speaker of the Legislative Assembly  
Parliament House  
BRISBANE QLD 4000

Dear Mr Speaker

**Report to Parliament**

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled *Organisational structure and accountability* (Report 17: 2016–17).

In accordance with s.67 of the Act, would you please arrange for the report to be tabled in the Legislative Assembly.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Anthony Close', is positioned above the printed name.

Anthony Close  
Auditor-General (acting)



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# Summary

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## Introduction

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A clearly articulated strategy drives an organisation's direction and contributes to a strong governance structure. Agencies must effectively design and communicate their strategy so employees understand their roles, responsibilities and accountabilities. This approach helps employees know what they need to deliver, and how their work supports the agency's strategic direction and objectives.

The Queensland Government sets the strategic agenda for the public sector, outlining the state's objectives and key deliverables. Public sector agencies must be aware of the government's strategic direction and subsequently develop a strategy that supports the delivery of government objectives.

Agencies should consider their strategy when developing their organisational structure or they run the risk that their strategy will not be realised. The organisational structure should be fit-for-purpose and support the delivery of both the agency's strategic objectives and the government's objectives. It should also be flexible enough to adapt to emerging priorities and changing environments.

The organisational structure should establish clear responsibility and accountability for the achievement of each agency strategic objective, and assign proper authority to individuals so they can deliver on their respective accountabilities.

Agencies depict their structure using an organisational chart, which is a conceptual reference for determining if hierarchies of responsibility and accountability support functional and strategic priorities. As part of strategic and workforce planning, agencies should consider their staffing ratios when reviewing their organisational structure to assess if it is fit-for-purpose.

## Audit objective

This audit assessed whether the structure within Queensland Government departments supports the achievement of individual agency strategic objectives as well as government priorities, and whether there is clear accountability for delivering these objectives.

The audit addressed this objective through the following sub-objectives:

- organisational structures support strategic intent
- organisational and governance structures enable responsibility and accountability for the achievement of strategic objectives.

We reviewed the strategic plan and organisational structure of 18 Queensland public sector departments. We also considered the government's overarching strategic direction, and assessed whether each department's strategic plan referenced these objectives and clearly demonstrated how the department planned to contribute towards them.

We selected three out of the 18 departments to assess their strategic planning process and organisational structure in greater detail. We considered how well each of these departments allocated employee responsibility for strategic and operational objectives, and how departments held employees accountable for their delivery.

We assessed if these departments reviewed their structure regularly, and modified it where required, to achieve key deliverables and strategic priorities. We considered the type of analysis performed by each department to calculate and review the adequacy of its staffing levels and workforce profile including staffing ratios.

We used Minimum Obligatory Human Resource Information (MOHRI) data and the Administrative Officer (AO) equivalent annual earnings salary groups to profile the Queensland public sector workforce. We used annual earnings groups base salary data only, excluding employee allowances. The AO equivalent scale is used as the public sector has a range of occupations with different classification structures set out in a number of different awards.

### Entities subject to the audit

We conducted a high-level review of the strategic plans and organisational structures for the selected 18 Queensland Government departments.

We then conducted detailed reviews at three of the 18 departments:

- Department of Environment and Heritage Protection
- Department of State Development
- Department of Transport and Main Roads.

Appendix B summarises the type of review completed at each department assessed as part of this audit.

For the three departments we assessed in detail, we analysed their:

- organisational structure
- strategic plan
- operational plan for selected division or branch
- performance reports
- staff establishment data.

We also met with key staff from each department, including:

- the director-general
- deputy directors-general (DDG).

### Audit conclusions

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All 18 departments have linked their organisational structures well to their strategic objectives and primary purpose, which lowers the risk of not realising their strategies due to unclear or misaligned organisational accountabilities. We did find that most have not clearly linked their department's strategic objectives to the Queensland Government's objectives. Without clear accountability for these objectives, the government may not be well positioned to effectively deliver its overarching priorities.

Departments can further improve their ability to realise their strategies through better measurement and monitoring of their progress, as current approaches to performance reporting generally remain inadequate.

Individual employee accountabilities are generally clear at senior levels of the public service where executive performance agreements cascade down from the agreements for the director-general and deputy directors-general. Departments can improve alignment between strategies and executive employee accountabilities by specifically referencing both strategic and Queensland Government objectives in their individual performance agreements. This should also be cascaded further to individual employee performance criteria to ensure that employees clearly understand how they contribute to realisation of the agency's strategies and outcomes.



Two of the three departments we assessed in detail could not demonstrate that they designed their organisational structures with efficiency and effectiveness in mind. They do not routinely analyse their staffing levels or workforce profile to ensure they have the right staff to meet key deliverables, functional needs and service outcomes. Those departments that do not regularly analyse staffing levels and workforce profiles cannot demonstrate that they are efficiently and effectively utilising their employees. The third department reviews its structure periodically, focusing on staff capability and capacity, while ensuring an equitable and appropriate number of employees. This demonstrates that better practice in workforce efficiency and effectiveness is achievable and valued.

The Queensland Government has controls in place designed to manage the overall cost of public service employees, such as targeting growth in full-time equivalent (FTE) employees on average to not exceed the state's population growth, and through industrial relations instruments to manage the pay points of job classifications. The Public Service Commission also has basic workforce reporting requirements for agencies. Controls around the overall cost of public sector employees could be strengthened by increasing agencies' proactive management of the shape of their workforces against work performed.

We found increases in employees with annual earnings equivalent to AO8 and above of between around 20 to 70 per cent over the last five years, with employees with annual earnings equivalent to AO7 and below reducing over the same period. This means government is employing more staff at the higher annual earnings bands to deliver on its objectives today than it did five years ago. This is explained to some extent by increases resulting from collective bargaining; however, the other factor is the increase in average job classifications.

While there may be valid reasons why agencies employ more staff in the higher job classifications, such as increased complexity of government service delivery, there is a simple but significant financial risk. With existing controls in place for managing overall public service employee costs, it will be difficult to maintain a financially sustainable public service if this long-term trend continues. Strengthening the controls around managing the public service workforce profile to meet future demand is warranted.

## Audit findings

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### Strategic planning and organisational structure

All 18 departments we assessed had strategic objectives that corresponded with their structures. 94 per cent of the 18 2016–20 strategic plans we assessed referenced Queensland Government objectives; however, only five per cent of these departments drew a direct connection from government objectives to the strategic objectives they reported in their strategic plan. The language that departments used in their strategic plans did not clearly explain how they intended to contribute towards delivering government priorities.

Two out of the three departments we assessed in detail did not specifically consider organisational structure in the strategic planning process. While we found that structure was considered during the year, it usually focused on staff capability and capacity rather than the department's linkage with its strategic intent.

We also identified areas of non-compliance with the Department of the Premier and Cabinet's (DPC) *Agency Planning Requirements*, which guides agencies on strategic, operational, and other specific purpose planning.

We observed that strategic plans at all 18 departments did not:

- align departmental strategic objectives with government objectives
- use clear and specific language to demonstrate how the department intends to deliver on its strategic objectives and contribute towards government objectives
- align performance measures to strategic objectives, or reference clear and measurable performance measures with specific performance targets
- identify or analyse the potential impact of strategic risks.

We also found that some departments' operational plans did not comply with planning requirements. For example, they did not align with strategic objectives, meet deadlines, or include appropriate performance measures.

## Accountability

The three departments we assessed in detail had established corporate governance frameworks in place, and had appointed governance committees to consider their strategic priorities. The level of detail recorded in minutes taken at governance committee meetings varied across departments, and did not always capture the specifics of the discussion or decisions made. For example, one department only documented brief action points for its planning forums where it discussed strategic priorities.

The departments inadequately monitored strategic and operational objectives, with only one good example for reporting performance against strategic priorities. Two out of the three departments did not align their operational plan objectives and tasks to their strategic objectives, and had operational plans that did not assign tasks to responsible officers.

In the three departments, position descriptions outlined staff responsibilities and individual performance criteria referred to accountabilities. However, there was no explicit connection made to strategic or operational objectives. While it was possible to draw some correlation back to objectives, the format and wording of position descriptions and performance development plans did not make this link clear.

## Staffing structures

Two out of the three departments we assessed in detail could not demonstrate that they had sufficiently considered if their staffing structure was fit-for-purpose, to ensure the efficient use of staff. They did not calculate or review staffing levels and employee ratios, or assess span of control (number of employees supervised by one manager). While departments did consider organisational structure, they mainly focused on staff capability and capacity.

At the whole of Queensland Government level, there has been an increase of 6 800 (three per cent) in FTEs with annual earnings equivalent to the Administrative Officer (AO) scale between June 2012 and June 2016 in the public sector. These statistics are based on workforce data from the Queensland Public Service Commission (PSC). The percentage increase is greatest in positions with annual earnings equivalent to AO8 and above of 7 153 FTE positions from June 2012 to June 2016. This was largely attributable to increases in nurses, health practitioners and doctors. This increase is in line with the government's policy to revitalise frontline services. In the same period, public sector employees with annual earnings equivalent to AO7 and below decreased by 353 FTE positions.

## Recommendations

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We recommend that the Public Service Commission:

1. monitors and provides regular advice to agencies on the workforce profile required to meet future demands, and considers if current structures and classifications remain appropriate. (Chapter 2)
2. supports agencies in their development of strategic workforce plans, providing guidance on how best to anticipate the changing nature of work, workers and workplaces. (Chapter 2)

We recommend that all government departments:

3. enhance strategic planning approaches by
  - integrating a review of their organisational structure and strategic workforce plan, to ensure they have the right structure and the right people to deliver their strategic objectives, now and over the period of the strategy
  - linking their strategic plan to operational plans, and cascading its strategic direction into the activities required across divisions
  - clearly aligning activities, projects, programs and strategic initiatives to Queensland Government objectives, and better explain how the department plans to deliver or contribute to these
  - better demonstrating alignment of strategic objectives with the risks that may impact their achievement. (Chapter 2)
4. establish clear alignment between accountability and strategic objectives by
  - formally assigning strategic and operational objectives to individual accountable departmental officers with appropriate authority
  - agreeing specific performance measures and targets for each objective
  - measuring performance against specific targets and better incorporating performance monitoring into governance frameworks. (Chapter 3)
5. review delegations of authority in relation to organisational structure design by
  - obtaining and documenting appropriate approval for all decisions regarding staffing structures. This should document staffing needs, including how they link to the delivery of operational and strategic objectives, in the department's operational plan, or in individual divisional business plans
  - ensuring that there is appropriate justification and documentation to demonstrate a link between strategy and organisational structure. (Chapter 3)
6. calculate and review staffing structures and workforce profiles to ensure that the department allocates its employees efficiently and effectively to deliver the department's strategic objectives.

Agency workforce planning should effectively consider and anticipate the changing nature of work and future demands. (Chapter 2)

## Reference to comments

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In accordance with section 64 of the *Auditor-General Act 2009*, we provided a copy of this report to the Director-General, Department of the Premier and Cabinet; the Public Service Commissioner (acting), Public Service Commission; the Director-General, Department of Environment and Heritage Protection; the Director-General, Department of State Development; and the Director-General, Department of Transport and Main Roads for comment.

We also provided a copy of this report to the Premier and the Under Treasurer for their information.

We received formal responses from the Department of the Premier and Cabinet, the Public Service Commission, the Department of Transport and Main Roads, the Department of State Development, and the Department of Environment and Heritage Protection.

Appendix A contains their detailed responses to our audit recommendations.

## Report structure

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Chapter	
Chapter 1	provides the background to the audit and the context needed to understand the audit findings and conclusions.
Chapter 2	reviews department strategic plans, including their planning process and compliance with minimum requirements. Evaluates departments' organisational structures, their link to strategic objectives and government priorities, and whether they monitor staffing levels, employee ratios and workforce profiles.
Chapter 3	assesses how well departments assign and monitor accountability for the delivery of strategic and operational objectives.

## Report cost

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The cost of the report is \$290 000.

# 1. Context

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## Area of control focus

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### Internal financial controls

The effectiveness of an agency's internal financial controls directly impacts on the quality and reliability of its financial information, which it ultimately uses to develop its financial statements. As part of our annual financial statement audits, we undertake an annual assessment of the internal financial controls of each agency. These assessments provide an overview across each agency's control environment, giving assurance to parliament and the wider community that entities' financial statements are free from material misstatement and comply with legislative requirements.

We assess internal financial controls using the Committee of the Sponsoring Organizations of the Treadway Commission (COSO) internal control framework. This is a widely recognised, leading model for designing and evaluating internal controls. The framework focuses on five key elements of an integrated system of financial controls:

- control environment
- risk management
- control activities
- information and communication
- monitoring.

In addition, we perform area of control focus audits on a specific internal financial control element in detail across public sector agencies. Using a selected group, we identify recommendations for improvement and better practice examples, which then provides guidance for, and benefits, the wider public sector.

### Organisational structures

This report assesses whether the structure of departments supports achievement of their strategic objectives, as well as government priorities, and whether there is clear accountability for their delivery.

For an agency to be successful in realising its strategy, an agency's organisational structure should support its strategic direction. The implemented organisational structure must be flexible enough to deliver on its objectives, emerging priorities and changes in the strategic direction of the agency, its environment, and the government's priorities. It should also be sufficiently agile to allow for cross-agency and inter-agency collaboration on complex projects, including engagement with non-government agencies, industry and the private sector.

Departments need to consider structure as part of strategic planning. The strategic planning process should consider whether the right people are in the right place in the department, and working on tasks that support its strategic objectives. Where tasks do not directly correlate with the department's strategic direction, senior management should critically analyse the task to determine why it is performing it, and if it is necessary.

When departments identify strategic objectives, they need to define the functions and tasks required to deliver them and assess the capacity and capability of staff within the structure to perform them. This exercise should then inform operational planning across agencies, and ensure operational plans relate to, and cascade from, the strategic plans.

A department's organisational structure can significantly impact whether it delivers its services efficiently and effectively.

The remainder of this chapter identifies regulatory and other requirements that departments need to incorporate when designing their structure.

## Queensland Government objectives

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The Queensland Government has developed four key objectives to achieve better public services for the community. It has committed to regularly reporting on the outcomes achieved against these four objectives (refer to Appendix E).

The objectives are:

- creating jobs and a diverse economy
- delivering quality frontline services
- building safe, caring, and connected communities
- protecting the environment.

An agency should develop its strategic plan in the context of these objectives, and clearly demonstrate how it contributes towards these (*Department of the Premier and Cabinet Agency Planning Requirements* for 2016).

## Innovation

Innovation continues to be a key focus for the state government, with initiatives such as Advance Queensland that aim to develop knowledge-based jobs, raise the profile of the state to encourage investment, and increase the level of collaboration with industry. The Department of Science, Information Technology and Innovation, as the lead agency, takes a whole-of-government approach towards innovation. It is an enabler for the 'knowledge economy' (use of knowledge to generate tangible and intangible values), aiming to improve government service delivery through information and communication technology (ICT) solutions.

To deliver on the state government's innovation agenda, departments must develop flexible, responsive, and adaptive structures that embrace new initiatives and service delivery methods. These structures need to deliver on consumer expectations, which no longer differentiate between the public and private sector and demand the same quality and efficiency.

## Strategic and operational planning

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In the public sector, the government makes overarching decisions on the purpose, function, and strategic direction of its departments. Each department is responsible for delivering the government's expectations and designing strategic and operational plans that reflect its established purpose and function, while demonstrating how it will contribute towards the government's objectives.

The key challenge for departments is being able to establish a strategic direction that helps them to focus on their long-term vision, while still delivering day-to-day business activities. To do this effectively, departments need to define clear timeframes for their strategic objectives that they monitor regularly through key performance measures.

## Requirements

The *Financial and Performance Management Standard 2009* requires the accountable officer of departments and all statutory bodies to develop a strategic plan and an operational plan either for the whole agency or for each level within the agency, as considered appropriate. The Department of the Premier and Cabinet (DPC) defines a strategic plan as a concise document that describes each agency's vision, purpose, objectives, performance indicators, and key strategic risks and opportunities. An operational plan is a subset of the agency's strategic plan and outlines how the agency will deliver on its services.

Through its performance unit, DPC publishes *Agency Planning Requirements* annually. This document provides agencies with information on minimum requirements and other related information for strategic, operational, and other specific purpose planning. The requirements apply to core departments, statutory bodies, and public service offices specified in Schedule 1 of the *Public Service Act 2008*. Section 9 of the *Financial and Performance Management Standard 2009* requires accountable officers and statutory bodies to comply with DPC's *Agency Planning Requirements* when developing strategic and operational plans.

The latest version available at the time of the audit was for the 2016 planning period, published in November 2015. The scope of our audit covered 2015–19 and 2016–20 strategic plans; therefore, we referred to the requirements that related to the 2015 and the 2016 planning periods, respectively. The minimum requirements for strategic and operational planning in 2015 and 2016 were very similar, with only minor wording differences that did not significantly change the minimum requirements.

The minimum requirements for including information in agency strategic and operational plans are in Appendix G.

## Corporate governance framework

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Departments must establish governance arrangements within their own structure. Their corporate governance framework should establish the responsibilities, processes, policies and procedures that guide the department's strategic direction and aim to ensure the achievement of its objectives. But there is no one-size-fits-all approach to designing a governance framework. Instead, departments need to develop and tailor a governance framework that is fit-for-purpose and conducive to their own structure and activities.

Departmental governance frameworks have traditionally had a vertical structure. An overarching executive committee is usually responsible for providing direction and insight over the agency's activities and monitoring its performance. The executive committee provides and retains oversight responsibility for management's design, implementation and conduct of internal control.

A department's comprehensive corporate governance framework should clearly define for its divisions and/or business units:

- roles and responsibilities
- lines of accountability
- agency requirements and expectations for applying corporate governance practices.

An effective corporate governance framework should support its accountable officer by developing governance committees. Establishing multiple committees of varying nature, expertise and membership can provide greater insight, advice and direction to the accountable officer when managing their activities. The types of governance committees can vary. They are either mandatory, or deemed necessary due to the nature of the agency's activities.

Governance committees that are common across agencies include a:

- board or executive leadership team
- senior leadership team
- audit committee
- risk management
- workforce planning.

## Organisational design

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### Staffing ratios

Staffing ratios are a tool used to evaluate the impact of your staffing strategy on operational effectiveness and service delivery. An example indicator used by the private sector, and now increasingly public sector agencies, is span of control. This refers to the number of employees supervised by one manager, presented as a ratio. For example, an agency may have a span of control of 1:8, which means that, on average, a single manager supervises eight employees. Management should consider staffing ratios when determining the appropriate structure for the department and its various teams. Establishing appropriate staffing ratios helps to ensure that employees are adequately supervised and directed in their work.

There is no ideal staffing ratio applicable to all occupations or all organisations. However, the Australian Public Service Commission has guidelines that outline supervisory staffing numbers based on the functions staff perform in a public sector environment (refer to Appendix C). In the absence of specific tailored guidance for the Queensland Government, this framework serves as a useful guide when agencies are undertaking analysis of their management structure. It will not be applicable to all areas of public sector service delivery. This is particularly so for some frontline service delivery areas, regional service delivery units, and small agencies where staffing ratios may be influenced by other business rules. For example, business rules may dictate the staff numbers required to deliver safe and quality healthcare or the staff numbers required to operate small police and emergency services or regional operating units.

Reviewing staffing ratios, employee classification levels and layers of supervision within a department can help management to identify inefficiencies in supervision ratios. Broadening the number of staff that a manager supervises can result in efficient decision-making and communication, increased delegation—which increases efficiency and builds staff capability—and improved staff satisfaction levels. Wider spans may also facilitate communication and improve agency agility and transparency.

However, wider spans are not appropriate for specialist, policy or service delivery areas where there is a need for more senior technical and specialist resources. Therefore, this analysis needs to consider the specific needs of the agency and the nature of what they are charged with delivering for government.

### Accountability

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Accountability refers to assigning tasks and projects to individuals and their teams, holding them responsible for their decisions and actions, and ultimately encouraging a sense of ownership over their respective assignments.

Accountability is an important attribute of good governance, and a characteristic of an agency's organisational structure. Achieving clear lines of accountability requires more than establishing an organisational hierarchy, defined role descriptions and performance development criteria. Other factors such as staff capacity and capability, decision-making efficiency, and good internal controls and systems are equally as important.

Accountability contributes towards increased transparency, and can help to increase the consistency of tasks executed. Tasks are more relevant when operational and strategic objectives clearly align. This increases the likelihood that employees will understand and fully appreciate how their work contributes to an agency's strategic direction, and in turn will hold themselves accountable to their assigned tasks.



To implement accountability measures effectively, it is paramount that the individual assigned to a task understands their role responsibilities, and their related accountabilities. It is equally important that the employee appreciates how management will measure their performance against pre-determined criteria and expectations. Where this is unclear, it reduces the level of accountability and transparency.

Agencies need to effectively communicate and monitor assigned accountabilities. Without a performance management system in place to track and report on performance, agencies are unable to hold employees accountable for their assignments. Failure to monitor and measure accountability for cross-divisional and cross-agency arrangements is further complicated if agencies do not monitor or measure vertical and horizontal accountabilities.



## 2. Organisational strategy and structure

### Chapter in brief

An agency's strategy and related objectives drive its organisational structure. To achieve its objectives, senior management need to implement an organisational structure that enables and sustains its strategic direction, emerging priorities and operational requirements.

The government's overarching objectives steer each department's strategic direction. Departments are responsible for contributing towards the achievement of the government's objectives, and therefore need to link their strategic direction and structure to them.

This chapter assesses the link between departments' strategy and their organisational structures.

### Main findings

- All 18 departments have linked their organisational structures with their strategic objectives and primary purpose.
- It is not clear how departments have linked their strategic objectives with the Queensland Government's four key objectives.
- Departments do not consistently assess whether their organisational structures remain fit-for-purpose to deliver on departmental priorities as part of their strategic planning processes. Without this annual assessment, their organisational structure may not consider changes in priorities as they occur.
- Over half of the 18 departments' 2015–19 and 2016–20 strategic plans we assessed in detail did not
  - use clear and specific language to demonstrate how each department intended to deliver on its strategic objectives and contribute towards government objectives
  - align performance measures to strategic objectives, or reference clear and measurable performance measures that use specific targets to measure performance
  - identify or analyse the potential impact of strategic risks.

The operational plans we assessed in detail generally did not

- align operational activities to strategic objectives
- meet required implementation timeframes
- include information explaining how the division or business unit would deliver operational activities within budget
- align operational performance measures to strategic plan performance information.
- Employees may not clearly understand what they need to do to deliver on the department's and the government's priorities if the operational plans are not sufficiently detailed.
- Two out of the three departments we assessed in detail did not calculate or review their staffing ratios. While these two departments did consider their structure, they predominantly focused on staff capability and capacity. By not measuring or reviewing staffing structures and ratios, agencies cannot be sure that they have designed their structures to be fit-for-purpose, and as efficient and effective as possible.

## Introduction

An agency should have a clearly defined strategy before it determines its organisational structure. This ensures the agency's workforce supports its vision and objectives, and better positions it for success.

Neither an agency's strategy nor structure should remain static. Senior management should regularly monitor and revise the agency's strategy, and then structure, to meet any changes in the external environment. This may be changes in legislative and regulatory requirements, revised strategic directions and government objectives, emerging risks and opportunities, or social and economic changes. The strategy and structure should also be sufficiently agile to allow for cross-agency and inter-agency collaboration on complex projects, including engagement with non-government agencies, industry and the private sector.

Agencies should clearly articulate and document their strategic vision and purpose to ensure employees understand them. Defining an employees' roles, responsibilities and authorities, and linking these to the agency's strategic intent helps employees understand what management requires them to do and why.

To achieve the Queensland Government's objectives, multiple agencies must work collaboratively. These agencies must be aware of their level of contribution, and set meaningful and reliable key performance measures so they can track their performance. Contributing agencies should agree on each agency's role and how the group plans to measure and monitor performance.

### What we expected: Organisational structure supports its strategic intent

We expected to see an organisational structure that clearly links to the department's vision and strategy, flowing through to its core business activities. Figure 2A demonstrates this relationship.

**Figure 2A**  
Organisational structure and strategy



Source: Queensland Audit Office.

We looked for indicators that demonstrate a link between strategy and structure, such as the department's:

- strategy guides decisions about its organisational design and internal structures, and decisions about any potential re-structure
- structure reflects its objectives and the government's overarching priorities
- organisational chart depicts major business units, and formally documents each unit's functions and responsibilities
- strategic planning recognises structural and organisational design as key enablers of the agency's success, and uses them to
  - review the appropriateness of its structure to deliver on its strategic objectives
  - define the key functions and tasks required for successful strategy execution
  - consider if the agency has the right capabilities in the right place within the agency
  - consider whether the agency's structure remains adequate to deliver on its current and future strategy, and for any changing priorities.
- leadership recognises that organisational structure and processes influence innovation and organisational agility
- staffing levels, spans of control (number of employees supervised by one manager), and role redundancy are considered in organisational strategic reviews.

## Audit conclusions

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Departments have linked their strategic objectives with their individual purposes and mandates well. However, they have not effectively aligned them with the Queensland Government's objectives. This limits the potential for success in realising these overarching objectives as it is unclear who in government is accountable, either fully or through specific contribution and targets.

Two out of three departments have not assessed their organisational structures as part of their strategic planning process. Therefore, their structures may not adjust to meet new and emerging government priorities. In each department, this limits management's ability to determine if it will be capable of effectively delivering on its strategic objectives and government priorities with its existing structure.

Many departments' measures of their strategic plan performance are not effective measures of success. They are not specific and do not include targets. Poorly designed performance measures lead to inadequate monitoring of progress towards, and ultimate delivery of, strategic and operational objectives.

Senior management from each department have considered staff capability and capacity when designing their organisational structures. However, departments have not always considered the adequacy and suitability of staff levels and reporting lines on an ongoing basis. This limits management's ability to determine if the lines of reporting are appropriate to deliver the department's services effectively and efficiently.

## Strategic and operational planning

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### Nature of objectives

Agencies publish their strategic intent and business purpose in their strategic plans. Guidance provided in the Department of the Premier and Cabinet's (DPC) *Agency Planning Requirements* states that agency objectives should be focused statements of what the agency intends to achieve, and be clear and measurable.

Over half of the 18 departments' strategic plans for 2015–19 and 2016–20 included objectives that were not specific and measurable with some not relating to their primary purpose or function. Many objectives were too general and difficult to measure, which makes it hard to hold the departments to account for their delivery. Examples included:

- providing leading insight, advice and services
- working with our partners to ensure the best possible outcomes for customers
- empowering our people
- right people, right skills, right place
- boost operational effectiveness and efficiency
- Queensland can get on with the job
- capability and innovation
- better lives, greater opportunities
- improve services for Government.

### Agency planning requirements

The three departments we assessed in detail did not always comply with DPC's *Agency Planning Requirements* for strategic and operational plans.

#### Strategic plans

The departments' 2015–19 and 2016–20 strategic plans did not:

- consistently map departmental strategic objectives to Queensland Government objectives
- disclose clear and measurable performance measures
- provide analysis of potential impact of strategic risks.

Failing to comply with DPC's minimum planning requirements may impact the effectiveness of an agency's strategic plan. It may result in the strategic intent, and related objectives, risks and performance measures, being unclear to the department, its employees and other users of the plan. This can limit a user's ability to understand exactly how a department will contribute towards the achievement of government objectives. Without specific targets, it is also difficult to conclude if the department is delivering on its own strategic objectives. Appendix G contains the detailed findings of our assessment of the planning requirements.

#### Government priorities

We reviewed the strategic plans for all 18 departments within the scope of this audit to identify how many departments:

- referenced Queensland Government objectives in their plan, and if so, which ones
- aligned their strategic objectives to the government's objectives.

Figure 2B shows that collectively the strategic objectives assessed for all 18 in-scope departments cover all four government objectives. There is no one government objective where a department has sole responsibility for its achievement.

**Figure 2B**  
Aligning departmental strategic objectives to government objectives

Year	Published a strategic plan	References government objectives	Reference to government objectives*				Directly aligns to government objectives
			1	2	3	4	
2015–19	18	16	15	14	14	10	3
2016–20	18	17	15	14	15	11	1
2015–19 % of total	100%	88%	83%	77%	77%	55%	16%
2016–20 % of total	100%	94%	83%	77%	83%	61%	5%

Notes: \*1—creating jobs and a diverse economy; 2—delivering quality frontline services; 3—building safe, caring, and connected communities; 4—protecting the environment.

Source: Queensland Audit Office.

While most departments referenced the government objectives in their strategic plan, few directly aligned their objectives to those priorities. In the 2015–19 strategic plans, only three departments directly aligned their objectives to the government priorities, while in the 2016–20 strategic plans, only one department directly aligned to the government objectives.

#### Central agency consultation on departmental strategic plans

In accordance with the DPC's agency planning requirements, departments must consult with both DPC and Queensland Treasury on their strategic plans. Departments must submit a consultation draft to DPC by 31 March each year. DPC then circulates the version to the relevant DPC portfolio contact officers and treasury analysts. DPC collates and provides feedback on each strategic plan to individual departments within 10 days.

DPC assesses whether agency plans comply with their minimum mandatory requirements. Where the DPC performance unit identifies instances of non-compliance, it can insist that a department amends its strategic plan. However, DPC cannot enforce a change for suggested improvements that do not represent a complete breach of mandatory requirements. It is not a requirement for departments to provide a formal response, noting the action it plans to take for each review point. This can make it difficult for the DPC performance unit to effect change and improve the quality of strategic plan content, usability or purpose.

#### Operational plans

The departments' 2015–16 operational plans (or divisional or business unit level plans where operational plans were not available):

- did not accurately link their operational activities to strategic objectives
- did not meet the required implementation timeframes
- did not include information explaining how they would deliver operational activities within budget
- did not have a clear 12-month focus
- did not link the operational performance measures to strategic plan performance information.

Where operational plans do not meet the minimum information requirements, staff performing tasks and functions cannot see how their work contributes to the achievement of strategic objectives. This then limits management's ability to ensure operational activity is contributing to the successful achievement of the agency's strategies. Appendix G contains the detailed findings of our assessment of the planning requirements.

## Organisational structure

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We reviewed the organisational structures of each of the 18 departments, including their lines of business and reporting hierarchies within each division.

### Structure supporting strategy

Each department's strategic intent supported its staffing structure.

The main driver of structural changes over the last five years for the three departments we assessed in detail was machinery of government changes.

### Integration with planning processes

One department, out of the three we reviewed in detail, regularly reviews its structure to determine whether it will deliver its strategic plan objectives. It maps its employees by level, three times each year, to identify who contributes to priority tasks. It focuses this review on staff capability and capacity to ensure it has met its key deliverables. The department considers the results of its structural reviews in its strategic planning process.

The two remaining departments we reviewed in detail could not demonstrate that they consider organisational structure or staffing arrangements as part of their strategic planning process. One of these departments intends to address this gap as part of its 2017–21 planning.

### Structure monitoring and review

Two out of the three departments we reviewed in detail did not calculate or review staffing levels or ratios, including spans of control within their structures.

We confirmed that senior management do review structure periodically, however the focus is on staff capability and capacity while ensuring an equitable and appropriate number of employees. We recognise that some positions require a senior level staff member due to the expertise required to undertake the role. However, departments did not formally document the decisions made as to the capability and capacity of staff required to perform their functions and to deliver on their department's strategic objectives.

## The changing shape of the Queensland public sector

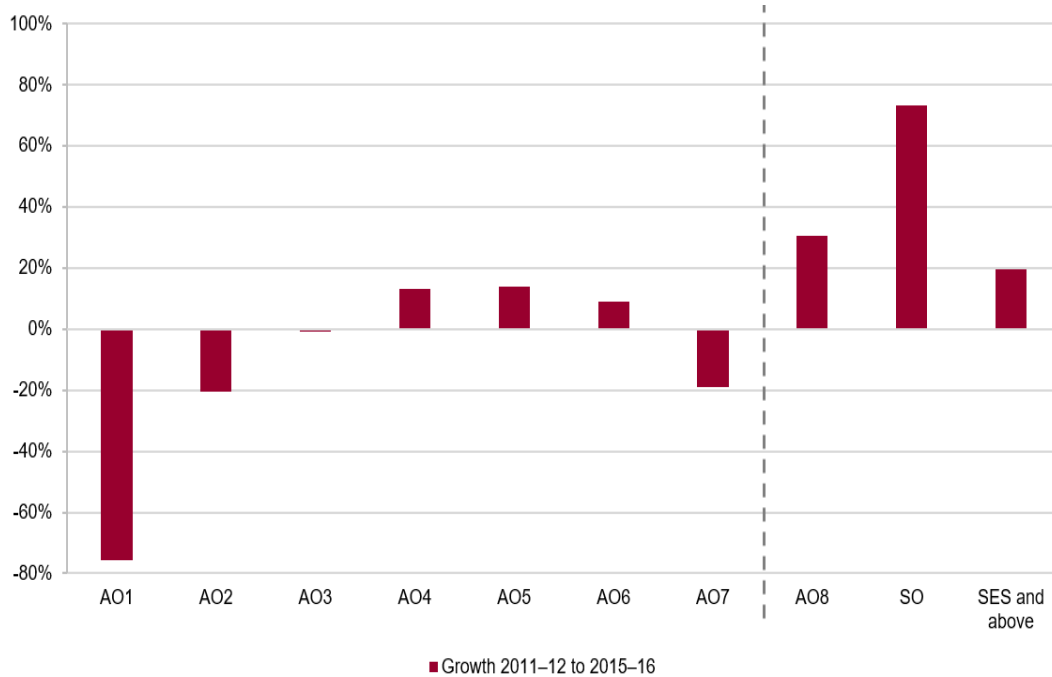
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We determined the distribution of public sector employees across the public service award Administrative Officer (AO) equivalent scale. The AO equivalent scale is used as the public sector has a range of occupations with different classification structures set out in a number of awards such as those covering police, teachers and health professionals. We used the Queensland Public Service Commission (PSC) workforce statistics data based on Minimum Obligatory Human Resource Information (MOHRI). Appendix D lists the government agencies captured within the total public sector reported by the PSC. We then assessed the changes between 30 June 2012 to 30 June 2016.

Appendix F includes the shape of the public sector for each year from 2012 to 2016. Figure 2C below shows the percentage movement overall in full-time equivalent annual earnings positions over this period.



**Figure 2C**  
**Movement in full-time equivalent annual earnings positions between 2011–12 to 2015–16**



Note: Based on AO equivalent (as if working full-time). Uses base salary only, excludes allowances.

Source: Queensland Audit Office using PSC MOHRI workforce data.

From 30 June 2012 to 30 June 2016, the total number of public sector employees, measured as full time equivalents (FTE) for comparison, has increased by 6,800 (three per cent). This aligns with the government's *creating jobs and a diverse economy* objective and its policy to revitalise frontline services and to provide employment security for its workforce.

Figure 2C shows during this period, there was a notable increase of 7 153 in positions with annual earnings equivalent to AO8 and above. The biggest increases at these levels was in frontline service employees including nurses, health practitioners and doctors. In the same period, employees in positions with annual earnings equivalent to AO7 and below decreased by 353.

The Queensland Government has controls in place over employee numbers. Through the 2016–17 State Budget, the Queensland Government introduced Fiscal Principle 6:

maintain a sustainable public service by ensuring overall growth in FTE employees on average over the forward estimates, does not exceed population growth.

However, the other risk to financial sustainability is the cost of the employees. If the equivalent annual earnings of public sector employees continue to increase, above the cost of collective bargaining increases, there is a risk that current controls are ineffective in maintaining the overall wages and salaries expense.

### Calculating staff ratios across the Queensland public sector

Monitoring staffing levels and span of control is an analysis that private and public sector agencies use to sense check whether they have the right number and level of staff. We calculated the average ratio for employees in positions with annual earnings equivalent to AO7 and below to employees in positions with annual earnings equivalent to AO8 and above across the public sector for each financial year from 30 June 2012 to 30 June 2016. Figure 2D shows the results.

**Figure 2D**  
**Queensland public service staffing ratio of positions with annual earnings equivalent to A07 and below to AO8 and above from 2012–2016**

2012	2013	2014	2015	2016
<b>Average staffing ratio</b>				
10.0	7.4	7.4	8.1	7.2
<b>Total FTE with annual earnings equivalent to AO8 and above</b>				
18 751	22 931	23 394	22 409	25 904
<b>Total FTE with annual earning equivalent to AO7 and below</b>				
186 581	169 072	172 330	180 940	186 228

Source: Queensland Audit Office using Queensland Public Service Commission MOHRI workforce data.

Our analysis shows a long narrowing trend in the average staffing ratio over the last five years. The limitations of this analysis are that employees with annual earnings equivalent to AO8 and above will not always have managerial responsibilities. Similarly, employees with annual earnings equivalent to AO7 and below may sometimes manage employees. It was not possible to separate out the employees with annual earnings equivalent to AO8 and above and AO7 and below, with and without managerial responsibilities for this analysis. As a result, we were unable to accurately calculate a span of control at a whole of sector level.

There are no prescriptive staffing ratios set for agencies to follow, however there is guidance available to support agencies in their analysis of their workforce profile. For example, in July 2015, the Australian Public Service Commission published guidelines to assist agencies when analysing their structure. This framework uses work categories and benchmarks for determining organisational layers and the number of direct reports. It outlines supervisory staffing numbers based on the functions staff perform in a public sector environment. These are summarised in Figure 2E. Appendix C has a full description of these categories.

**Figure 2E**  
**Number of direct reports by work type**

<b>Category One</b> Specialist policy— highly technical High levels of judgement and risk	<b>Category Two</b> Policy and programme development Programme delivery	<b>Category Three</b> High level service delivery Case management	<b>Category Four</b> High volume service delivery Regular and less complex tasks
Benchmark number of direct reports: 3–7	Benchmark number of direct reports: 5–9	Benchmark number of direct reports: 6–9	Benchmark number of direct reports: 8–15+

Source: Australian Public Service Commission.

This framework and other available guidance will not always be applicable to all areas of public sector service delivery. This is particularly so for some frontline service delivery areas, regional service delivery units and small agencies. This emphasises the importance for agencies to fully understand their business processes and needs, to effectively analyse its structure in the context of its environment.

## Calculating staff ratios for the agencies assessed in detail

We applied the same calculation we used above in Figure 2D to each department we assessed in detail for consistency and comparability. However, we acknowledge that each department will have their own unique assumptions to apply when calculating staffing ratios, to reflect the different nature and function of work each department performs. Agencies should consider what assumptions are appropriate for their business when calculating staffing ratios and designing their functional structures. This will ensure they are designed to deliver on their responsibilities as efficiently as possible.

Out of the three departments we assessed in detail, only one calculates employee ratios. As part of its quarterly workforce reporting, the department calculates the overall department span of control ratio and one for each of its divisions. The department applies its own unique assumptions, preferring to use headcount rather than MOHRI. It considers headcount to be a more stable reflection of its workforce. The department has also opted to exclude some sections of its business that have a large casual employee component due to the significant fluctuation in their working hours on point-in-time reporting. Because of these assumptions, the department's calculations were significantly different to our staffing ratio calculations. This demonstrates that applying assumptions can greatly change the result. To be a valuable measure, departments need to fully understand their business and accurately reflect its staffing ratios in the context of its operating environment.



## 3. Accountability

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### Chapter in brief

Effective governance supports departments in delivering strategy, vision and purpose. It should embody each department's culture and articulate how it manages its operations.

Assigning clear responsibility and performance measures for a department's strategic and operational activities increases the department's accountability and ownership for their delivery. By then aligning these performance measures with strategic and operational objectives, it provides employees with greater relevance and purpose to the activity or task. Regular and comprehensive performance monitoring of strategic and operational measures assures the executive management that the department is delivering on its strategic objectives.

This chapter assesses the governance structures of the departments we audited in detail in relation to their organisational structures, with a view to identifying wider learnings for all departments to consider.

### Main findings

- All three departments we audited in detail have published an up-to-date corporate governance framework within the last 12 months. Each has established governance committees to advise and provide direction on the department's activities.
- All three departments are not adequately measuring and monitoring performance of strategic and operational objectives.
- The government sometimes shares the responsibility for the delivery of strategic objectives across multiple agencies. Where this occurs, the responsibility for measuring and monitoring the achievement of those objectives is not always clear.
- Employee position descriptions and performance development criteria outline role responsibilities and accountabilities, but do not directly align to the department's strategic and operational objectives.
- Two out of the three departments we audited in detail have established appropriate central review mechanisms that regularly monitor existing financial delegations. Each department's director-general ultimately approves all new and updated delegations. The remaining department does not perform annual reviews of financial delegations.

## Introduction

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A strong governance structure supports a department in delivering its services efficiently, effectively, and economically. A comprehensive, clear governance framework and effective governance committees supports management in making informed business decisions around:

- setting a clear direction for the department's strategic intent
- managing the performance of an agency's functions and operations
- upholding accountability and integrity
- establishing an internal control structure and performance management system
- incorporating the culture and operations of the workplace
- clearly articulating the roles, responsibilities and accountabilities of the agency's divisions.

To realise a department's strategy, its employees must understand how their role aligns to it. Senior management can provide a greater sense of ownership for its employees by providing role clarity and increasing employees' understanding of the link to their daily activities and assigned responsibilities. The strategic objectives set by the department's executive management should cascade down throughout the department and align to responsibilities set at the division, team and individual employee level.

### What we expected: Clear accountability supports departments in delivering strategy

Example indicators:

- the department has established objectives, determined how to measure performance against those objectives, and set targets for measuring performance
- there is a documented agreement between the minister and the relevant agency head that establishes and sets out the agency's operations and relevant accountabilities
- executive employees' performance indicators clearly document what they are accountable for in terms of delivering on the agency's strategic objectives
- the principal governing body for the department oversees how the department designs and implements internal controls
- position descriptions and executive contracts should set out the accountabilities of roles
- operational plans for all business units are in place, and are monitored and reviewed regularly to ensure they align with strategic and policy priorities.

## Audit conclusions

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Departments define individual roles and responsibilities but do not effectively link these to their strategic and operational objectives, and relevant performance criteria. This makes it difficult for management to hold employees accountable and lowers the potential for successful delivery of each department's strategy.

The absence of effective performance monitoring for departments' strategic and operational activities, and failure to align strategic and operational measures, limits senior management's capacity to assess if employees are delivering on departmental objectives.

## Governance

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### Structures

The three departments we audited in detail have each established a governance structure with multiple governance committees. These committees are each charged with providing advice and direction to those charged with governance on the strategic and operational activities of the department. The nature of governance committees was largely similar across the three departments, including:

- executive and senior management
- audit and risk management
- workforce planning
- human resource committees.

Only one committee of those assessed in detail did not have a terms of reference. Two of the three departments' executive leadership teams indicated in their terms of reference that the committee contributed towards the achievement of government priorities and departmental objectives.

Each of the three departments had implemented a corporate governance framework that management had reviewed and updated within the last 12 months.

One of the three departments included in its corporate governance framework some limited insight into the roles and responsibilities of department managers, senior leadership forums, and governance committees. However, this did not specify or distinguish the roles, responsibilities and accountabilities for each distinct division or unit of the business.

Clearly documenting and distinguishing roles and responsibilities down to at least the divisional level provides employees with greater clarity on their key deliverables, increases awareness of their individual responsibilities, and helps them understand how their operational activities contribute towards the department's strategic direction. We note that this is not a mandatory requirement under the *Financial Management and Performance Standard 2009*.

### Delivering strategic and operational objectives

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Strategic objectives drive the direction of an organisation. When these are clear and link to measurable performance indicators, they provide greater clarity on what a department needs to deliver and how.

Each of the three departments we audited in depth shared the responsibility for their strategic objectives across their internal divisions, with usually two or more divisions contributing to each objective. None of the departments assigned specific accountability to an individual, lead division or business unit for any of their strategic objectives. Only one of the three departments cascaded its strategic objectives to its operational plans. In that department, each division reported its operational 'actions' against each strategic objective that was relevant to its operational activities.

Two out of the three departments did not assign individual accountability towards the delivery of operational objectives. Without a direct line of accountability, this limits the effective monitoring of task achievement. No one is ultimately responsible, which puts the achievement of the task at risk.

## Performance reporting

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Across the three departments we audited in detail, we observed both good practice and areas for improvement.

One department reported on its performance quarterly, assessing how it performed against strategic objectives, service delivery statement (SDS) measures, and key internal measures. It assessed the performance of each division and reported actual performance against related targets. Management presented the reports to the Executive Leadership Team (ELT) each quarter, so it could monitor the department's performance across strategic objectives, SDS and internal measures. The report included performance dashboards, making it easier to identify areas where the department is performing well or where management required more attention. This highlights the importance of integrating an entity's performance framework into its governance arrangements to support decision making.

However, a branch unit in the same department did not clearly align its operational plan to the department's strategic performance measures. Their 2015–16 plan did not identify any operational performance measures or directly connect back to the department's strategic objectives. Instead, the plan stated that it 'adopted and refocused' the departmental strategic objectives—business leadership programs, related strategies, risks, and performance indicators—and rephrased these as four commitments. This highlights the importance of ensuring that the performance framework includes quality assurance processes to monitor congruity of each part of the organisational structure with the overall department strategy.

In another department, the performance measures reported at the department level were inconsistent with the performance measures listed in its strategic plan for that year. The department monitored only three out of 15 strategic plan performance measures. This highlights the importance of ensuring that performance reporting aligns and cascades within the agency, linking to the agency's strategic objectives.

## Employee performance

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### Responsibility and accountability

To drive ownership, departments should clearly articulate responsibilities and accountabilities in an employee's position description and performance development agreement. Clear language and measurable targets help to clarify the department's expectations of the employee and their key deliverables.

Better practice is to align an employee's tasks and performance criteria with their division's operational objectives and the department's strategic objectives. While the employee will already know their role and responsibilities, by making this connection the employee:

- develops a greater understanding of why their role is important
- understands why it needs to be done
- understands how they contribute to the department's overarching strategic direction.

Aligning roles, responsibilities and performance review criteria to operational and strategic objectives can also help senior management gauge how successfully the department has delivered on departmental priorities, and the extent to which it is achieving its objectives.



We observed that position descriptions and performance review criteria for a sample of employees, selected from the three departments reviewed in depth, outlined key role responsibilities and accountabilities for the individual. However, none of these demonstrated an explicit link back to their department's strategic and operational objectives. In some instances, it was possible to draw a correlation back to the department's strategic objectives, but these were not explicit or clearly documented.

The only links between departments' strategic objectives and individual performance review criteria that we could identify were for executive employees, contained in their performance agreement objectives. These cascaded down from director-general and deputy directors-general performance agreements. However, despite this connection, the performance agreements we assessed did not explicitly reference departmental strategic objectives. At best, commentary against these categories broadly referenced departmental strategic objectives but did not call out which strategic objective the performance review criteria specifically aligned to.

### Authority to discharge responsibilities

Each department has established a financial and human resources (HR) delegations register, supported by policy and procedures. Two of the three departments we audited in detail review these annually. While the other department reviews its delegations, usually at least once a year, the trigger for the review is if:

- there is a significant structural change
- there is a change in business need
- the finance team identifies an anomaly.

This approach relies on the individuals within the system to assess and trigger a review, rather than reviewing delegations periodically as a matter of course, and limits the review to the delegations impacted by such changes.

Senior management of one of the three departments we audited in detail raised concerns (through our survey) about the poor level of delegations, with senior officers approving low risk, low value decisions. This impacted timeliness and slowed down decision-making, limiting staff throughput in performing core activities.

### Alignment with government and departmental objectives

Employees across the three departments consistently reported in our survey that they were aware of state government priorities, and that management communicated these within the department. However, respondents from one department advised that it was still difficult to see a direct link between departmental objectives and government objectives. Although staff were aware of the Queensland Government objectives, their focus remained on the department's strategic and operational objectives as they were more relevant.

Responses from another department indicated that although its strategic objectives aligned to Queensland Government objectives, and its strategic direction was consistent with its values, the department's culture did not always align to those values.

Our audit assessment found that each department's strategic plan did not demonstrate how its strategic objectives aligned to government priorities. Nor did any of the plans demonstrate how the department intended to contribute towards delivering on Queensland Government objectives.

By not directly aligning strategic objectives to plans, it is unclear what actions the department will take. Coupled with non-specific performance measures, staff may not understand what the department proposes to deliver and what it will hold itself accountable for.

## Cross agency

Effective partnering, collaboration and coordination across multiple agencies is critical to ensuring agencies deliver whole-of-government projects efficiently and effectively. Agencies need to take a shared approach, and assign clear and measurable deliverables and performance targets to hold themselves accountable. Responsible parties need to regularly monitor performance measures and deliverables to effectively track each agency's contribution to the project, holding them to account, while tracking the overall project performance.

In *Monitoring and reporting performance* (Report 3: 2016–17) we explored whole-of-government objectives involving multiple agencies providing a service or combination of services to collectively contribute to a higher order outcome. We recognised that these were difficult for departments to significantly and directly influence, reducing their value for accountability purposes. In this report, we highlighted that the Department of Environment and Heritage Protection developed a new measure to improve the water quality of the Great Barrier Reef, which contributes towards the whole-of-government objective to protect the reef.

Following on from our report *Managing water quality in Great Barrier Reef catchments* (Report 20: 2014–15) the department established an Office of the Great Barrier Reef to centralise and better coordinate whole-of-government accountabilities. However, this audit identified that although the department's strategic plans identified 'Protect the Great Barrier Reef' as a strategic objective, it had not developed internal measures to track its contribution for specific deliverables it was responsible for. The department did not actively report on its performance against the whole-of-government measure, as it considered that it was not possible to reliably determine the department's contribution to these. The lack of internal measures limits the department's ability to measure its own contribution to the whole-of-government objective, and hold itself accountable to key deliverables and milestones.

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## Appendix A—Full responses from agencies

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As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comment to Department of the Premier and Cabinet, Public Service Commission, Department of Environment and Heritage Protection, Department of State Development, and Department of Transport and Main Roads.

The head of these agencies are responsible for the accuracy, fairness, and balance of their comments.

This appendix contains their detailed responses to our audit recommendations.

## Comments received from Director-General, Department of the Premier and Cabinet



For reply please quote: *PUN/NT – TF/17/5675 – DOC/17/75236*  
Your reference: 2017-9151P

Department of the  
**Premier and Cabinet**

12 MAY 2017

Mr Anthony Close  
Acting Auditor-General  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002

Dear Mr Close

Thank you for your letter of 20 April 2017 in which you invite comment on the area of control focus audit on organisational structure and accountability report.

I note the audit's finding that the increase in positions with annual earnings equivalent to classification AO8 and above is largely attributable to increases in nurses, health practitioners and doctors in line with the Government's policy to revitalise frontline services. As part of this strategy, there have of course been increases at similar annual earnings levels in other crucial service delivery roles such as teachers and police. These changes to the workforce profile reflect the increasing, and increasingly complex service delivery needs of citizens, and recognise the importance of these roles in building strong and cohesive communities.

I also note the finding that the Queensland Government has controls in place to manage the overall cost of the workforce. These controls have recently been strengthened including increased transparency over proposals to modify workforce profiles.

The Department of the Premier and Cabinet (DPC) and the Public Service Commission (PSC) play a key role in setting non-financial performance management and workforce policies, and providing implementation support and guidance to government departments in workforce planning and identifying appropriate workforce profiles. Central to the Queensland Government's approach is the commitment by departments to share and grow talent. Creating a more mobile and adaptable public sector will allow us to develop our people and shift talent to meet changing priorities.

DPC and PSC will work with departments to implement the report's recommendations.

Thank you for bringing the proposed report to my attention.

Yours sincerely

A handwritten signature in black ink, appearing to read "D Stewart", written over a white background.

Dave Stewart  
Director-General

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## Responses received from Deputy Commissioner, Public Service Commission



Public Service Commission

Organisational structure and accountability (Report No. XX: 2016–17)

Response to recommendations provided by Peter McKay, Deputy Commissioner Public Service Commission on 12 May 2017.

1

## Responses to recommendations



Recommendation	Agree / Disagree	Timeframe for implementation (Quarter and year)	Additional comments
We recommend that the Public Service Commission:			
1. Monitors and provides regular advice to agencies on the workflow profile required to meet future demands, and considers if current structures and classifications remain appropriate (Chapter 2)	Agree.	Quarterly.	<p>The PSC accepts the recommendation, and acknowledges our role in supporting agencies in managing their workforce.</p> <p>The PSC will:</p> <ul style="list-style-type: none"> <li>continue to collect agency workforce data on a quarterly basis for analysis and reporting purposes. This analysis includes monitoring of FTE numbers with a specific focus on senior roles in agencies, and</li> <li>continue to work with agencies in monitoring the development of their strategic workforce plans to ensure appropriate classifications and structures are implemented for agencies to undertake their business.</li> </ul>





Recommendation	Agree / Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<p>2. Supports agencies in their development of strategic workforce plans, providing guidance on how best to anticipate the changing nature of work, workers and workplaces. (Chapter 2)</p>	<p>Agree.</p>	<p>Ongoing.</p>	<p>The PSC accepts the recommendation, and acknowledges our role to support and enable an agile, future-focused public sector that is able to anticipate and optimise the changing nature of work, workers and workplaces.</p> <p>To achieve this, the PSC has played an active role in co-creating (with the Chief Executive Leadership Board and Strategic Workforce Council) a whole-of-sector future workforce outlook the <i>10 Year Human Capital Outlook</i> and <i>three year Strategic Roadmap</i>. These documents will support the sector to transition from current to desired future state, and along with other strategic workforce management, capability development and future workforce activities, will be a catalyst for strategic workforce planning discussions in agencies.</p> <p>The PSC will continue to support agencies to undertake effective strategic workforce planning. This includes providing advice and tools to help agencies manage the labour implications associated with new work, particularly in the context of the government's commitment's to employment security, ongoing service delivery to the community, and effective full-time equivalent (FTE) growth management.</p>

## Comments received from Director-General, Department of State Development



Queensland  
Government

Department of  
State Development

Our ref: DGC17/450  
Your ref: 2017-P9151

9 MAY 2017

Mr Anthony Close  
Auditor-General (Acting)  
PO Box 15396  
CITY EAST QLD 4002



Dear Mr Close

Thank you for your letter of 20 April 2017 about the proposed report to Parliament for the Area of Control Focus audit on Organisational Structure and Accountability.

I am pleased to have this opportunity to be consulted and have considered the findings and recommendations across whole-of-government, and with consideration to the deep dive findings previously provided by the Queensland Audit Office.

In response to the issues raised by the audit and its findings and recommendations, my department has instigated improvements to our strategic and operational planning processes. In addition, consideration is being given to planning for amendments to strategic workforce planning, consideration of departmental structure and performance management processes. I welcome the opportunity to make these improvements and look forward to the resultant benefits.

The department is in agreement with the report's recommendations. Please find enclosed a detailed response.

If you require any further information, please contact Ms Kris Stone-Tolcher, Executive Director, Corporate Services, Department of State Development, on [redacted] or [redacted], who will be pleased to assist.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Michael Schaumburg'.

Michael Schaumburg  
Director-General

Enc.

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## Responses to recommendations



### Department of State Development

#### Organisational structure and accountability (Report No. XX: 2016–17)

Response to recommendations provided by Executive Director Corporate Services, Department of State Development on 02/05/2017.

Recommendation	Agree / Disagree	Timeframe for implementation (Quarter and year)	Additional comments
We recommend that all government departments:			
3. Enhance strategic planning approaches by <ul style="list-style-type: none"> <li>• integrating a review of their organisational structure and strategic workforce plan, to ensure they have the right structure and the right people to deliver their strategic objectives, now and over the period of the strategy</li> <li>• linking their strategic plan to operational plans, and cascading its strategic direction into the activities required across divisions</li> <li>• clearly aligning activities, projects, programs and strategic initiatives to Queensland government objectives, and better explain how the department plans to deliver or contribute to these</li> <li>• better demonstrating alignment of strategic objectives with the risks that may impact their achievement. (Chapter 2)</li> </ul>	Agree	Q4 2016-17	Amendment of Strategic Plan through proposed strategic plan process 2017-2021.



Recommendation	Agree / Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<p>4. Establish clear alignment between accountability and strategic objectives by:</p> <ul style="list-style-type: none"> <li>formally assigning strategic and operational objectives to individual accountable departmental officers with appropriate authority</li> <li>agreeing specific performance measures and targets for each objective</li> <li>measuring performance against specific targets and better incorporating performance monitoring into governance frameworks. (Chapter 3)</li> </ul>	Agree	Q4 2016-17	<p>Alignment between accountability for strategic and operational objectives and reporting structures to enable better performance measurement will be established during 2017-2021 strategic planning and operational planning processes.</p>
<p>5. Review delegations of authority in relation to organisational structure design by:</p> <ul style="list-style-type: none"> <li>obtaining and documenting appropriate approval for all decisions regarding staffing structures. This should document staffing needs, including how they link to the delivery of operational and strategic objectives, in the department's operational plan, or in individual divisional business plans</li> <li>ensuring that there is appropriate justification and documentation to demonstrate a link between strategy and organisational structure. (Chapter 3)</li> </ul>	Agree	Q1 2017-18	<p>Improve documentation of staffing structures decisions including more regular internal reporting to the Director-General of structural changes, with explanation of strategic intent.</p> <p>Additionally, the department will strengthen its operational planning process to clarify the link between strategy, required resourcing and organisational structure.</p>
<p>6. Calculate and review staffing structures and workforce profiles to ensure that the department allocates its employees efficiently and effectively to deliver the department's strategic objectives.</p> <p>Agency workforce planning should effectively consider and anticipate the changing nature of work and future demands. (Chapter 2)</p>	Agree	Q1 2017-18	<p>Undertake a review of the span of control in the groups and across the department.</p> <p>Consider this issue as part of workforce planning.</p>

## Comments received from Director-General, Department of Transport and Main Roads



Queensland  
Government

Office of the  
Director-General

Department of  
Transport and Main Roads

Our ref: DG33684

Your ref: 2017-P9151

10 MAY 2017

Mr Anthony Close  
Acting Auditor-General  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002

Dear Mr Close

Thank you for your letter of 20 April 2017 providing your proposed report to Parliament for the audit on organisational structure and accountability, and the opportunity to comment on the report.

The Department of Transport and Main Roads (TMR) is supportive of the recommendations included in the report, and considers they are a practical way to address the report's findings. I am pleased to note that in preparing your proposed report, your auditors gave due consideration to TMR's feedback provided during the audit process.

As requested, enclosed are TMR's responses to the report's recommendations.

If you require further information, please contact Mr Brett Owen, Acting General Manager (Corporate Governance), TMR, by telephone on [redacted] or email at [redacted]

I trust this information is of assistance.

Yours sincerely

A handwritten signature in black ink that reads 'Neil Scales'.

Neil Scales  
Director-General  
Department of Transport and Main Roads

Enc (1)

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## Responses to recommendations



### Department of Transport and Main Roads

#### Organisational structure and accountability (Report No. XX: 2016–17)

Response to recommendations provided by General Manager (Governance), and Chief Human Resource Officer, Department of Transport and Main Roads on 3 May 2017.

Recommendation	Agree / Disagree	Timeframe for implementation (Quarter and year)	Additional comments
We recommend that all government departments:			
3. Enhance strategic planning approaches by: <ul style="list-style-type: none"> <li>integrating a review of their organisational structure and strategic workforce plan, to ensure they have the right structure and the right people to deliver their strategic objectives, now and over the period of the strategy</li> </ul>	Agree	Commencing Quarter 1, 2017-18. Ongoing.	Department of Transport and Main Roads (TMR) will undertake a review of the current organisational structure to support and deliver current Strategic Plan.
<ul style="list-style-type: none"> <li>linking their strategic plan to operational plans, and cascading its strategic direction into the activities required across divisions</li> </ul>	Agree	Commencing Quarter 1, 2017-18. Ongoing.	TMR intends to undertake a Business Planning improvement project.
<ul style="list-style-type: none"> <li>clearly aligning activities, projects, programs and strategic initiatives to Queensland government objectives, and better explain how the department plans to deliver or contribute to these</li> </ul>	Agree	Commencing Quarter 1, 2017-18. Ongoing.	TMR has developed an addendum to the TMR Strategic Plan 2016-2020 (2017 Revision), published internally, to provide clarity on alignment to Queensland Government objectives.
<ul style="list-style-type: none"> <li>better demonstrating alignment of strategic objectives with the risks that may impact their achievement. (Chapter 2)</li> </ul>	Agree	Commencing Quarter 1, 2017-18. Ongoing.	TMR has undertaken to review its strategic risks. This will be reflected in subsequent Strategic Plans.



Recommendation	Agree / Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<p>4. Establish clear alignment between accountability and strategic objectives by:</p> <ul style="list-style-type: none"> <li>formally assigning strategic and operational objectives to individual accountable departmental officers with appropriate authority</li> </ul>	Agree	Commencing Quarter 2, 2017-18. Ongoing.	For Strategic Plan 2016-2020 (2017 Revision), each of TMRs strategic objectives have been assigned to our Deputy Directors-General. General Managers within TMRs Divisions are accountable for operational plans and objectives.
<ul style="list-style-type: none"> <li>agreeing specific performance measures and targets for each objective</li> </ul>	Agree	Commencing Quarter 1, 2017-18. Ongoing.	TMR intends to undertake a Service Delivery Statements improvement project.
<ul style="list-style-type: none"> <li>measuring performance against specific targets and better incorporating performance monitoring into governance frameworks. (Chapter 3)</li> </ul>	Agree	Commenced. Ongoing.	TMR will continue to report on its progress quarterly and annually. The Business Planning and Service Delivery Statements improvement projects, along with the Strategic Plan review will provide ongoing support for this.
<p>5. Review delegations of authority in relation to organisational structure design by:</p> <ul style="list-style-type: none"> <li>obtaining and documenting appropriate approval for all decisions regarding staffing structures. This should document staffing needs, including how they link to the delivery of operational and strategic objectives, in the department's operational plan, or in individual divisional business plans</li> <li>ensuring that there is appropriate justification and documentation to demonstrate a link between strategy and organisational structure. (Chapter 3)</li> </ul>	Agree	Commencing Quarter 1, 2017-18. Ongoing.	TMR intends to review the current organisational design process with a view to develop a robust governance procedure which will incorporate a regular review of the structure to ensure the department supports and delivers the Strategic Plan.
<p>6. Calculate and review staffing structures and workforce profiles to ensure that the department allocates its employees efficiently and effectively to deliver the department's strategic objectives.</p> <p>Agency workforce planning should effectively consider and anticipate the changing nature of work and future demands. (Chapter 2)</p>	Agree	Commencing Quarter 1, 2017-18. Ongoing.	TMR has identified Workforce Planning as a priority Human Resources project, which will be undertaken in conjunction with the Business Planning improvement project.

## Comments received from Acting Deputy Director-General, Corporate Services, Department of Environment and Heritage Protection



Department of  
**Environment and  
Heritage Protection**

Our Ref: 10694/17  
Your Ref: 2017-P9151

Mr Anthony Close  
Acting Auditor-General  
Queensland Audit Office  
PO Box 15396  
CITY EAST QLD 4002

Dear Mr Close

Thank you for your letter of 20 April 2017 providing an opportunity for comment on the proposed report to Parliament on the audit of *Area of control focus on Organisational structure and accountability* conducted by the Queensland Audit Office (QAO).

The report provides valuable insight into planning, strategy, structure and accountability across Queensland Government Departments with useful recommendations on focus areas for further attention.

We value the opportunity members of our team had to provide inputs throughout the development of both the detail and this report. This report provides sufficient context and accurately reflects the findings from the audit. Our team is already in process of working toward implementing the recommendations to improving planning and organisational accountability.

Included please find our response to the individual recommendations indicating our agreement, timeframes and comments around the actions. We understand that this will be used during future follow up on implementation.

I request that any further enquiries in this regard be directed to our nominated contact officer - Mr Matt Pienaar, Director, Governance and Strategy on \_\_\_\_\_ or via email

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rob Lawrence'.

Rob Lawrence  
**Acting Deputy Director-General, Corporate Services**  
*on behalf of Jim Reeves, Director-General*

Page 1 of 1

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## Responses to recommendations



### Department of Environment and Heritage Protection

#### Organisational structure and accountability (Report No. XX: 2016–17)

Response to recommendations provided by Acting/Deputy Director General, Corporate Services, Department of Environment and Heritage Protection on 12 May 2017>>.

Recommendation	Agree / Disagree	Timeframe for implementation (Quarter and year)	Additional comments
We recommend that all government departments:			
3. Enhance strategic planning approaches by:			The planning process for 2017-18 will address the recommendations through:
<ul style="list-style-type: none"> <li>integrating a review of their organisational structure and strategic workforce plan, to ensure they have the right structure and the right people to deliver their strategic objectives, now and over the period of the strategy</li> </ul>	Agree	Q2 2017-18	<ul style="list-style-type: none"> <li>Review and establish Strategic Workforce Plans focussed primarily on monitoring and managing workforces.</li> <li>This will follow the development of the 2017-18 Strategic Plan.</li> </ul>
<ul style="list-style-type: none"> <li>linking their strategic plan to operational plans, and cascading its strategic direction into the activities required across divisions</li> </ul>	Agree	Q1 2017-18	<ul style="list-style-type: none"> <li>Development of divisional plans linked to the strategic plan, reflecting the divisional activities required.</li> </ul>
<ul style="list-style-type: none"> <li>clearly aligning activities, projects, programs and strategic initiatives to Queensland government objectives, and better explain how the department plans to deliver or contribute to these</li> </ul>	Agree	Q1 2017-18	<ul style="list-style-type: none"> <li>The 2017-18 Strategic Plan establishes a clear link between the Queensland government objectives and the departmental objectives, specific strategies and priority deliverables.</li> <li>This will be further unpacked in the divisional plans.</li> </ul>
<ul style="list-style-type: none"> <li>better demonstrating alignment of strategic objectives with the risks that may impact their achievement. (Chapter 2)</li> </ul>	Agree	Q4 2016-17	<ul style="list-style-type: none"> <li>The requirements for the 2016-17 Strategic plan, which is relevant to when the QAO audit was done, specified only the inclusion of challenges and opportunities.</li> <li>The requirements for 2017-18 now specifies risk and challenges to be included. These have been included in the 2017-18 Strategic Plan</li> </ul>



Recommendation	Agree / Disagree	Timeframe for implementation (Quarter and year)	Additional comments
<p>4. Establish clear alignment between accountability and strategic objectives by:</p> <ul style="list-style-type: none"> <li>formally assigning strategic and operational objectives to individual accountable departmental officers with appropriate authority</li> <li>agreeing specific performance measures and targets for each objective</li> <li>measuring performance against specific targets and better incorporating performance monitoring into governance frameworks. (Chapter 3)</li> </ul>	Agree	<p>Q2 2018-19</p> <p>Q4 2016-17</p> <p>Q4 2017-18</p>	<ul style="list-style-type: none"> <li>Changes to the system for recording the individual performance development plans will be made to facilitate a direct link to the objectives of the organisation</li> <li>Specific objectives will be assigned at the appropriate level on divisional level</li> <li>Specific performance indicators will be included in the 2017-18 Strategic Plan</li> <li>Governance frameworks already include regular monitoring and reporting on performance</li> <li>Reporting to be refined to include specific reference to the specific targets set in the planning process</li> </ul>
<p>5. Review delegations of authority in relation to organisational structure design by:</p> <ul style="list-style-type: none"> <li>obtaining and documenting appropriate approval for all decisions regarding staffing structures. This should document staffing needs, including how they link to the delivery of operational and strategic objectives, in the department's operational plan, or in individual divisional business plans</li> <li>ensuring that there is appropriate justification and documentation to demonstrate a link between strategy and organisational structure. (Chapter 3)</li> </ul>	Agree	<p>Q4 2017-18</p> <p>Q4 2017-18</p>	<ul style="list-style-type: none"> <li>Approval and workflow processes to be formalised and approved with consideration of corporate engagement with relevant areas to facilitate restructures, systems support requirements, consultation requirements as outlined in IR/PS Acts, best practice change management and monitoring and reporting requirements.</li> <li>Above processes will include reference to the justification and document the link between the strategy and organisational structure.</li> </ul>



Recommendation	Agree / Disagree	Timeframe for implementation  (Quarter and year)	Additional comments
<p>6. Calculate and review staffing structures and workforce profiles to ensure that the department allocates its employees efficiently and effectively to deliver the department's strategic objectives.</p> <p>Agency workforce planning should effectively consider and anticipate the changing nature of work and future demands. (Chapter 2)</p>	<p>Agree</p>	<p>Q4 2017-18</p>	<ul style="list-style-type: none"> <li>Strategic Workforce Plans will take into consideration staffing structures, workforce profiles and changing needs.</li> <li>Approval and workflow processes to facilitate this.</li> </ul>

## Appendix B—Audit objectives and methods

### Audit objective and scope

The objective of this audit was to assess whether the structure of Queensland Government departments support them to achieve their strategic objectives and government priorities, and whether there is clear accountability for delivering on these.

The audit addressed the objective through the sub-objectives and lines of inquiry outlined below.

**Figure B1**  
Audit program

Sub-objective	Lines of inquiry
1. Organisational structures align with strategic intent	1.1. Departments' strategic and operational objectives are aligned, and consistent with, Queensland whole-of-government objectives. 1.2. Organisation design enables efficient interdepartmental communication and coordination to achieve shared objectives. 1.3. Internal organisation structures are flexible and scalable, and responsive to changing priorities.
2. Organisational and governance structure enables responsibility and accountability for the achievement of strategic objectives	2.1. Responsibility and accountability for achieving entity and government outcomes is clearly communicated and understood, and assigned appropriately. 2.2. Accountable staff have necessary and sufficient authority to discharge their responsibilities. 2.3. Spans of control are optimised by taking proper account of the extent of decentralisation/geographic dispersion, the volume and complexity of activity, and the capability of staff. 2.4. The exercise of delegated authority is monitored effectively.

Source: Queensland Audit Office.

### Reasons for the audit

We assess the effectiveness of internal control across the public sector each year. This assessment is made as part of our financial statement audits in line with the auditing standard 315 *Identifying and Assessing the Risks of Material Misstatement through Understanding the Entity and its Environment*. On an annual basis, we also select controls within the control environment to audit in detail.

Better practice research shows that a fit-for-purpose organisational structure supports the delivery of the department's strategic objectives and relevant priorities of the government of the day. Structure should also establish clear responsibility and accountability for the achievement of each strategic objective.

## Departmental reviews

Figure B2 shows the type of review we conducted across the following 18 departments.

**Figure B2**  
Nature of reviews across departments

Department	Detailed review	High level review
Department of Environment and Heritage Protection	•	
Department of State Development	•	
Department of Transport and Main Roads	•	
Department of Aboriginal and Torres Strait Islander Partnerships		•
Department of Agriculture and Fisheries		•
Department of Communities, Child Safety and Disability Services		•
Department of Education and Training		•
Department of Energy and Water		•
Department of Housing and Public Works		•
Department of Infrastructure, Local Government and Planning		•
Department of Justice and Attorney-General		•
Department of National Parks, Sport and Racing		•
Department of the Premier and Cabinet		•
Queensland Health		•
Queensland Treasury		•
Department of Science, Information Technology and Innovation		•
Department of Tourism, Major Events, Small Business and the Commonwealth Games		•

Source: Queensland Audit Office.

## Appendix C—Framework for optimal management structures

In July 2015, the Australian Public Service Commission (APSC) produced a framework for optimal management structures that includes benchmarks for numbers of direct reports. Figure C1 below is the Australian Public Service Commission model for numbers of direct reports by work type.

**Figure C1**  
Number of direct reports by work type

<b>Category One</b> Specialist policy—highly technical High levels of judgement and risk	<b>Category Two</b> Policy and programme development Programme delivery	<b>Category Three</b> High level service delivery Case management	<b>Category Four</b> High volume service delivery Regular and less complex tasks
Benchmark number of direct reports: 3–7	Benchmark number of direct reports: 5–9	Benchmark number of direct reports: 6–9	Benchmark number of direct reports: 8–15+
Provide advice in an area of technical expertise and specialisation. High level subject matters expertise is required in all jobs and at all levels. Highly complex tasks. Decisions have significant risk, including reputational risk. High level of influence in area of specialisation. High level of judgement. High level of stakeholder engagement. Industry leader.	Distinct area of expertise with a level of specialisation. Broad policy advice across multiple areas within the same sphere of influence. Requirement to shape policy and develop methodologies. Responsible for promulgation of policy and revisions. High level of innovation. Design and delivery of complex programmes.	Tailored approached to delivery of outcomes. High to medium complexity. Low number of routine application (one offs). Broad range of work types and interactions. Fluid priorities and objectives. High level of stakeholder engagement.	High volume of routine and repetitive tasks. Tasks easily grouped. Boundaries and frameworks for business processes and decision-making are clearly defined and well tested. Processes are simple and replicated across multiple situations. Work is determined with minimal interaction required. High level of technology supports work processing.

Note: This framework may be used as a guide when agencies are undertaking analysis of their management structure. It will not be applicable to all areas of public sector service delivery. This is particularly so for some frontline service delivery areas, regional areas, and small agencies.

Source: Australian Public Service Commission.

## Appendix D—Public Service Commission public sector classifications

**Figure D1**  
Agencies the Public Service Commission classifies as public sector

Agency	2012	2013	2014	2015	2016
Anti-Discrimination Commission Queensland		•	•	•	•
Commission for Children and Young People and Child Guardian		•	•		
Department of Aboriginal and Torres Strait Islander and Multicultural Affairs		•	•		
Department of Aboriginal and Torres Strait Islander Partnerships				•	•
Department of Agriculture and Fisheries				•	•
Department of Agriculture, Fisheries and Forestry		•	•		
Department of Communities, Child Safety and Disability Services		•	•	•	•
Department of Community Safety		•			
Department of Education and Training				•	•
Department of Education, Training and Employment		•	•		
Department of Energy and Water Supply		•	•	•	•
Department of Environment and Heritage Protection		•	•	•	•

Agency	2012	2013	2014	2015	2016
Department of Housing and Public Works		•	•	•	•
Department of Infrastructure, Local Government and Planning				•	•
Department of Justice and Attorney-General		•	•	•	•
Department of National Parks, Sport and Racing			•	•	•
Department of National Parks, Recreation, Sport and Racing		•			
Department of Natural Resources and Mines		•	•	•	•
Department of Science, Information Technology and Innovation				•	•
Department of Science, Information Technology, Innovation and the Arts		•	•		
Department of State Development				•	•
Department of State Development, Infrastructure and Planning		•	•		
Department of the Premier and Cabinet		•	•	•	•
Department of Tourism, Major Events, Small Business and the Commonwealth Games		•	•	•	•
Department of Transport and Main Roads		•	•	•	•
Electoral Commission Queensland		•	•	•	•
Health Quality Complaints Commission		•	•		

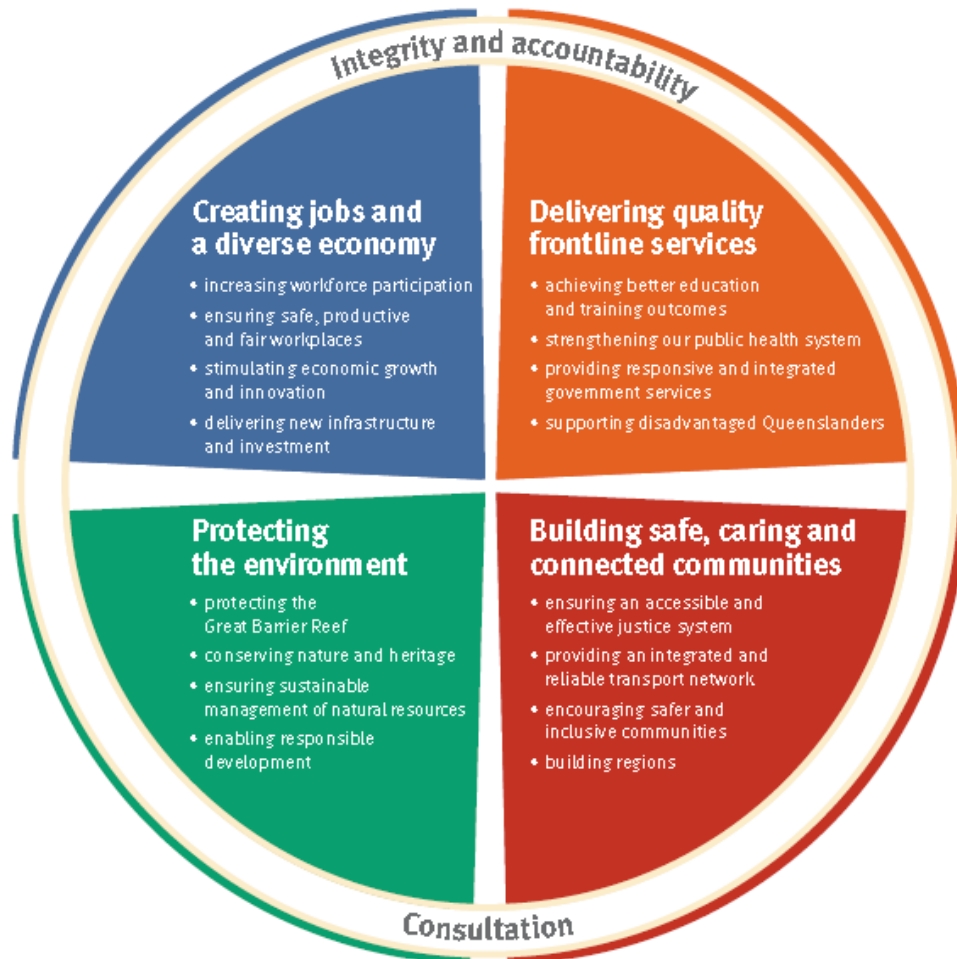


Agency	2012	2013	2014	2015	2016
Legal Aid Queensland		•	•	•	•
Local Government, Community Recovery and Resilience		•	•		
Office of the Inspector-General of Emergency Management				•	•
Office of the Health Ombudsman				•	•
Public Safety Business Agency			•	•	•
Public Service Commission		•	•	•	•
Public Trustee		•	•	•	•
Queensland Art Gallery		•	•	•	•
Queensland Audit Office		•	•	•	•
Queensland Family and Child Commission				•	•
Queensland Fire and Emergency Services			•	•	•
Queensland Health		•	•	•	•
Queensland Museum		•	•	•	•
Queensland Police Service		•	•	•	•
Queensland Treasury				•	•
Queensland Treasury and Trade		•	•		
State Library of Queensland		•	•	•	•
TAFE Queensland				•	•
Trade and Investment Queensland			•	•	•

Source: Queensland Audit Office.

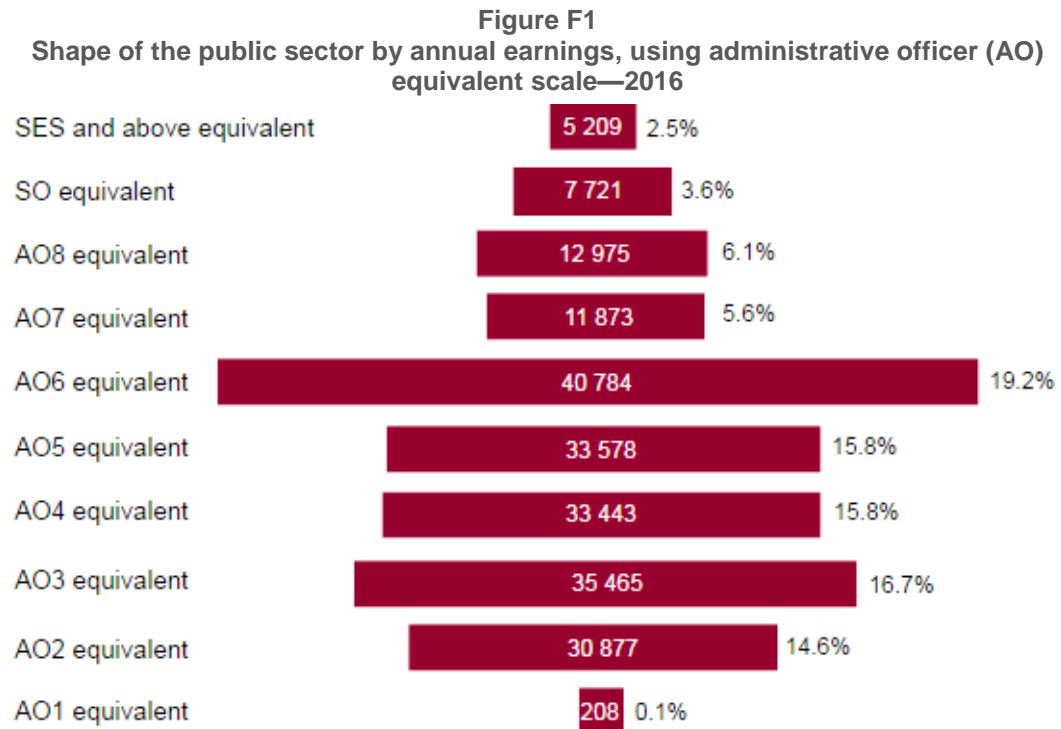
## Appendix E—Queensland Government objectives for the community

Figure E1  
Queensland Government objectives for the community



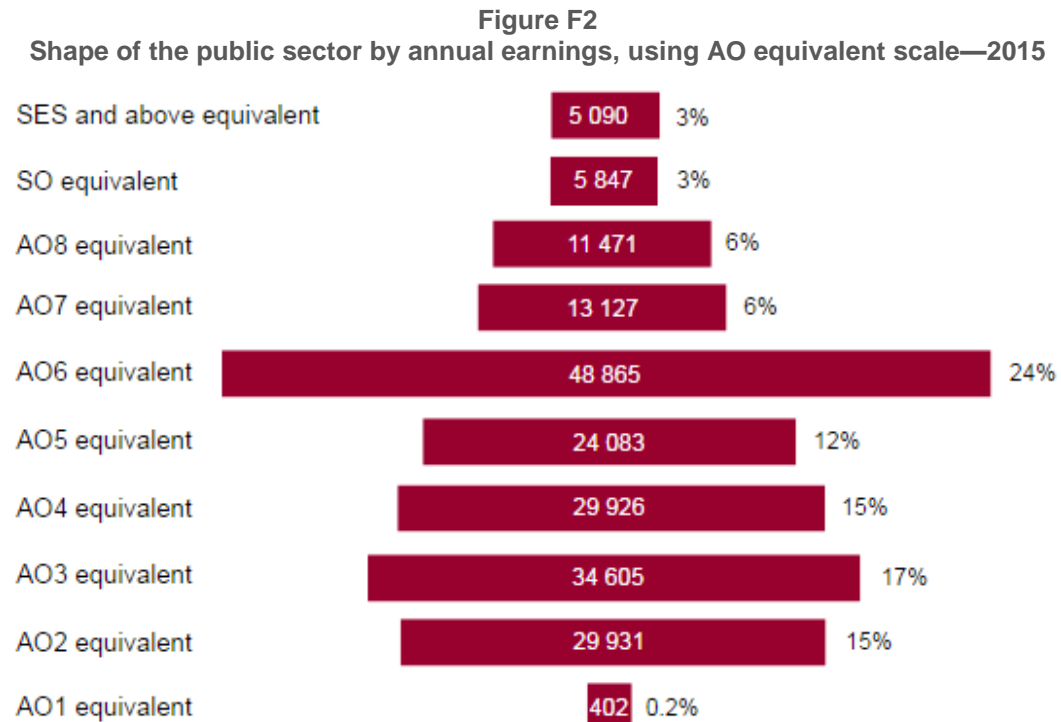
Source: <http://www.premiers.qld.gov.au/publications/categories/plans/community-objectives/assets/qld-government-community-objectives.pdf>

## Appendix F—Shape of the public sector



Note: Based on AO equivalent (as if working full-time). Uses base salary only, excludes allowances.

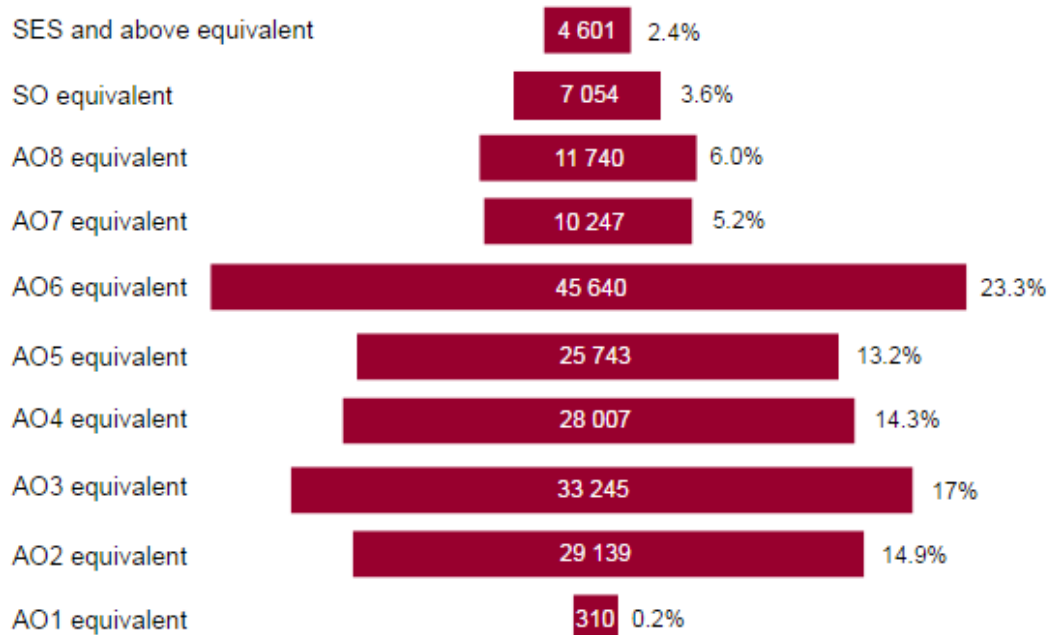
Source: Queensland Audit Office using Queensland Public Service Commission Minimum Obligatory Human Resource Information (MOHRI) workforce data.



Note: Based on AO equivalent (as if working full-time). Uses base salary only, excludes allowances.

Source: Queensland Audit Office using Queensland Public Service Commission MOHRI workforce data.

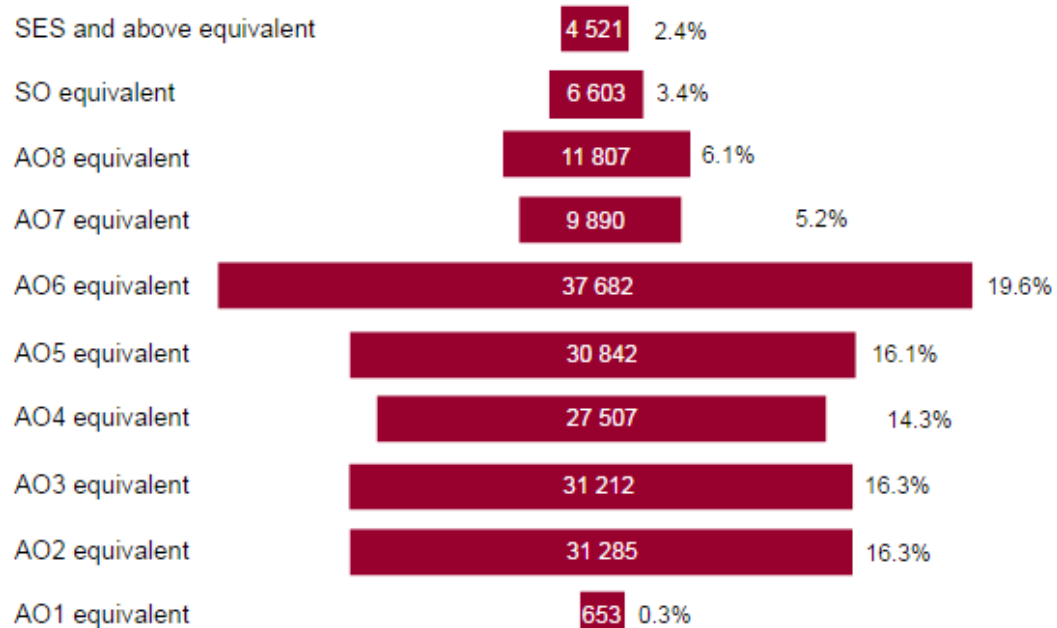
**Figure F3**  
**Shape of the public sector by annual earnings, using AO equivalent scale—2014**



Note: Based on AO equivalent (as if working full-time). Uses base salary only, excludes allowances.

Source: Queensland Audit Office using Queensland Public Service Commission MOHRI workforce data.

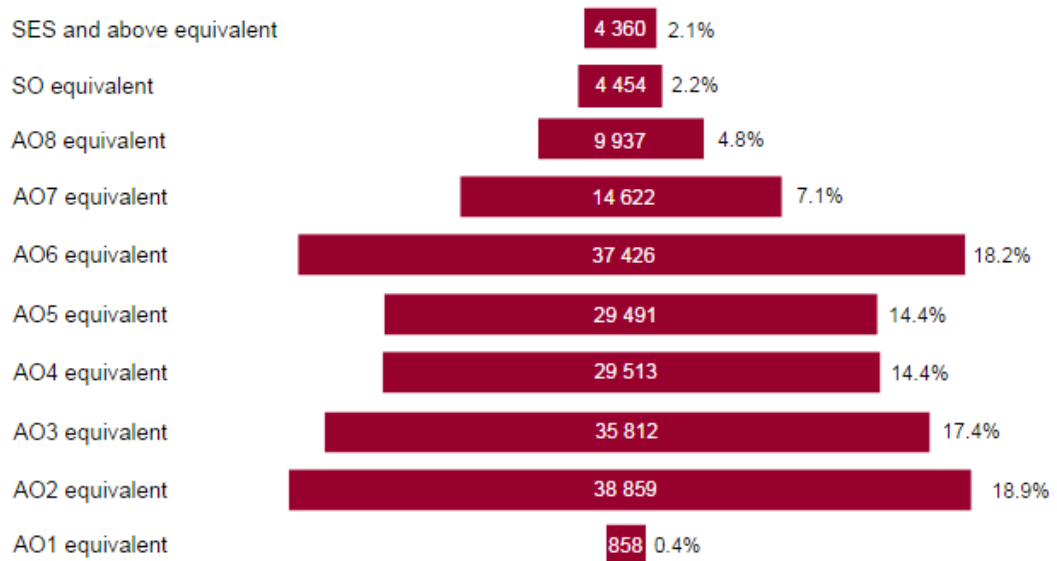
**Figure F4**  
**Shape of the public sector by annual earnings, using AO equivalent scale—2013**



Note: Based on AO equivalent (as if working full-time). Uses base salary only, excludes allowances.

Source: Queensland Audit Office using Queensland Public Service Commission MOHRI workforce data.

**Figure F5**  
**Shape of the public sector by annual earnings, using AO equivalent scale—2012**



Note: Based on AO equivalent (as if working full-time). Uses base salary only, excludes allowances.

Source: Queensland Audit Office using Queensland Public Service Commission MOHRI workforce data.

## Appendix G—Agency planning requirements

Figure G1 represents the Department of the Premier and Cabinet’s agency minimum planning requirements for strategic and operational plans, for the 2016 planning period.

**Figure G1**  
**Agency planning requirements for the 2016 planning period**

Minimum planning requirements
Strategic plan requirements
<p>16.1 A vision statement describes what the agency aspires to be by reflecting on how it wishes to be perceived by customers, stakeholders and the community. This statement takes into account the current status of the agency and outlines its future direction.</p>
<p>16.2 The agency’s purpose specifies the overall aim of the agency—a simple statement of the agency’s reason for being.</p>
<p>16.3 The strategic plan must be developed in the context of the government’s objectives for the community and must clearly demonstrate how the agency contributes to the government’s objectives for the community.</p> <p>It is not a requirement for all of the government’s objectives for the community to be referenced in a strategic plan, only those the agency directly contributes to.</p> <p>The relationship depicted in the strategic plan should be consistent with subsequent representations in an agency’s Service Delivery Statement (contextual information) and annual report.</p>
<p>16.4 Agency objectives are the effects or impacts that an agency seeks to have on its customers, stakeholders, or the community, and should collectively contribute to the whole of government direction (government’s objectives for the community, priorities and strategies). Agency objectives should be focused statements of what the agency intends to achieve and be clear and measurable.</p>
<p>16.5 Performance indicators measure the extent to which the outcomes achieved by an agency are meeting its objectives. Agencies are encouraged to develop and set performance targets for performance indicators where possible.</p> <p>Performance indicators included in an agency’s strategic plan must be consistent with those reported against in an agency’s subsequent annual report.</p>
<p>16.6 Strategies state the ways in which the agency intends to achieve its objectives and contribute to the government’s objectives for the community.</p> <p>Strategies included in a strategic plan would generally be longer term strategies that are pursued over several years.</p>
<p>16.7 The strategic plan must identify and analyse the potential impacts of key strategic risks and/or critical issues for the agency to achieve its vision and purpose. This could be an assessment of the agency’s strengths, weaknesses, opportunities and threats.</p> <p>The internal controls countering the impact of identified strategic risks needs to be managed with the agency’s business processes.</p>
<p>16.8 Strategic plans must cover a period of four years and the timeframe to be covered by the plan must be clearly stated.</p>

Minimum planning requirements
Operational plan requirements
<p>30.1 The agency's operational plan(s) must be developed to deliver on the agency's objectives in its strategic plan. Agencies should be able to demonstrate how all plans prepared by the agency relate to each other.</p> <p>The operational plan(s) should outline how the agency will contribute to delivering its services over the year to support the delivery of the agency's objectives within the allocated budget.</p> <p>There is no prescribed format for representing this relationship</p>
<p>30.2 The agency's operational plan(s) must consider the potential impact operational risks and/or critical issues that may have on the agency's service delivery, including how these risks will be managed or mitigated.</p>
<p>30.3 Services are sets of activities that deliver outputs and result in outcomes for customers and other stakeholders. Ideally, services generate benefits for customers and stakeholders and as a result, are valued by them.</p>
<p>30.4 Details about the performance information and available resources should be included in operational plan(s). These should be regularly monitored throughout the year to determine how the agency is performing.</p> <p>There should be a clear line of sight between the performance information in the strategic plan and the operation plan(s).</p>
<p>30.5 Strategies are the way in which an agency intends to pursue its objectives, deliver its services and assist in achieving the whole of government direction.</p> <p>Strategies included in an agency's operational plan(s) would generally be shorter term 'operational' strategies that are pursued over a one year or less timeframe, and would cascade down from the strategies outlined in the agency's strategic plan.</p>
<p>30.6 Alignment with specific purpose plans of the agency, e.g. the ICT resource strategic plan, should be detailed in the operational plan where relevant (refer to section 42 and Attachment A—Mandatory and discretionary specific purpose planning requirements for more information).</p>
<p>30.7 Agency operational plan(s) must cover a period of one year and clearly state the timeframe of the plan.</p>
<p><i>Approval requirement</i></p> <p>33.2 Once approval has been received, operational plans should be implemented from 1 July each year.</p>

Source: Queensland Audit Office (Minimum requirements quoted from the Department of the Premier and Cabinet's (DPC) Agency Planning Requirements: Requirements for the 2016 planning period).

Figure G2 provides our detailed findings of the three departments we reviewed in detail against the Department of the Premier and Cabinet's agency minimum planning requirements for strategic and operational plans, for the 2016 planning period.

**Figure G2**  
**Department of the Premier and Cabinet *Agency Planning Requirements*—strategic plan assessments**

Minimum requirement	Detailed findings
<p>The strategic plan must be developed in the context of the government’s objectives for the community and must clearly demonstrate how the agency contributes to the government’s objectives for the community.</p> <p>(16.3 <i>Agency Planning Requirements</i>)</p>	<p>The level of disclosure regarding agency contribution to government objectives varied across the three departments reviewed in detail, and varied from year to year. Some plans did not refer to government objectives, while others included the government objectives or statements that their department contributed to the government's priorities. However, there was no specific alignment from their stated objectives to these priorities or information as to how their department will contribute towards the achievement of them.</p> <p>One department had demonstrated the alignment between their objectives and those of the government in the 2015–19 plan. However, in their most recent plan the link between departmental and government objectives was no longer explicit.</p>
<p>Performance indicators measure the extent to which the outcomes achieved by an agency are meeting its objectives.</p> <p>(16.5 <i>Agency Planning Requirements</i>)</p>	<p>One department did not include clear and measurable performance indicators in either of the plans reviewed, however we noted earlier plans did include performance measures.</p> <p>The other two departments referenced performance measures in their plans; however, these did not reference specific targets or metrics, making them unclear, generic and difficult to measure. Only one of these plans had mapped these measures to the related objectives.</p>
<p>Performance indicators included in an agency’s strategic plan must be consistent with those reported against in an agency’s subsequent annual report.</p> <p>(16.5 <i>Agency Planning Requirements</i>)</p>	<p>One department failed to consistently disclose performance measures. The measures they had included in their strategic plans differed to the measures included in the annual report or their disclosure was incomplete.</p>
<p>The strategic plan must identify and analyse the potential impacts of key strategic risks and/or critical issues for the agency to achieve its vision and purpose.</p> <p>(16.7 <i>Agency Planning Requirements</i>)</p>	<p>Across the three departments, all but one years' strategic plan for one department disclosed the associated strategic risks or challenges of their objectives. However, there was no analysis of potential impacts of the strategic risks.</p> <p>One department listed challenges and opportunities together; therefore, they did not clearly identify which were opportunities and which were challenges.</p>

Source: Queensland Audit Office (*Minimum requirements quoted from DPC's Agency Planning Requirements: requirements for the 2016 planning period*).



## DPC Agency Planning Requirements—operational plan assessments

Minimum requirement	Detailed findings
<p>The agency's operational plan(s) must be developed to deliver on the agency's objectives in its strategic plan. Agencies should be able to demonstrate how all plans prepared by the agency relate to each other.</p> <p>The operational plan(s) should outline how the agency will contribute to delivering its services over the year to support the delivery of the agency's objectives within the allocated budget.</p> <p>There is no prescribed format for representing this relationship. (30.1 Agency Planning Requirements)</p> <p><i>Strategies included in an agency's operational plan(s) would generally be shorter term 'operational' strategies that are pursued over a one year or less timeframe, and would cascade down from the strategies outlined in the agency's strategic plan.</i> (30.5 Agency Planning Requirements)</p>	<p>Only one department out of the three assessed in detail mapped its operational plan actions against its departmental objectives. A second department did attempt to do this, however we identified errors and inconsistencies with these linkages.</p> <p>None of the reviewed operational plans demonstrated how the department or division would deliver on their objectives within their allocated budget.</p>
<p>Details about the performance information and available resources should be included in operational plan(s). These should be regularly monitored throughout the year to determine how the agency is performing.</p> <p>There should be a clear line of sight between performance information in the strategic plan and the operational plan(s). (30.4 Agency Planning Requirements)</p>	<p>Operational plans across these departments either did not include operational performance measures, or if they did, these did not link to the strategic performance measures.</p>
<p>Agency operational plan(s) must cover a period of one year and clearly state the timeframe of the plan. (30.7 Agency Planning Requirements)</p> <p>The planning requirements define an operational plan as a subset of an agency's strategic plan. It must cover a period of one year and should describe short-term activities and/or milestones that contribute to the implementation of an agency's objectives.</p>	<p>Two departments included tasks or actions with ongoing or future period timeframes in their operational plans. This indicated that these actions went beyond the 12-month focus of an operational plan. The remaining department had set no expected completion dates for operational activities.</p>
<p>Once approval has been received, operational plans should be implemented from 1 July each year. (33.2 Agency Planning Requirements for approval)</p>	<p>Two departments had failed to implement operational plans for 2016–17 by 1 July 2016.</p>

Source: Queensland Audit Office (Minimum requirements quoted from DPC's Agency Planning Requirements: requirements for the 2016 planning period).

# Auditor-General reports to parliament

## Reports tabled in 2016–17

Number	Title	Date tabled in Legislative Assembly
1.	Strategic procurement	September 2016
2.	Forecasting long-term sustainability of local government	October 2016
3.	Follow-up: Monitoring and reporting performance	November 2016
4.	Criminal justice system: Prison sentences	November 2016
5.	Energy: 2015–16 results of financial audit	December 2016
6.	Rail and ports: 2015–16 results of financial audit	December 2016
7.	Water: 2015–16 results of financial audit	December 2016
8.	Queensland state government: 2015–16 results of financial audit	December 2016
9.	Hospital and health services: 2015–16 results of financial audit	January 2017
10.	Efficient and Effective use of high value medical equipment	February 2017
11.	Audit of Aurukun school partnership arrangement	February 2017
12.	Biosecurity Queensland's management of agricultural pests and diseases	March 2017
13.	Local government entities: 2015–16 results of financial audits	April 2017
14.	Criminal justice system—reliability and integration of data	April 2017
15.	Managing performance of teachers in Queensland state schools	April 2017
16.	Government advertising	May 2017
17.	Organisational structure and accountability	May 2017

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