

CORPORATE GOVERNANCE

Corporate Governance is the manner in which an organisation is controlled and governed in order to achieve its strategic goals and operational objectives.

Management Structure

The department operates as part of the Queensland public service, and is therefore subject to direction by the Parliament, Cabinet and Minister, and to guidelines by the State Treasury, Department of the Premier and Office of the Public Service.

Under s.35 of the *Financial Administration and Audit Act 1977*, the chief executive of a department is the accountable officer.

A number of management committees have been put in place to support the Director-General in his stewardship of the department. These management committees include:

Executive Management Group

Membership: Director-General, Deputy Director-General, Assistant Directors-General (x 7)

The role of the group is to discuss matters relating to the strategic positioning of Education Queensland and to consider presentations on matters of significance to the senior executive group.

Meetings are held monthly with formal minutes taken and action initiated where necessary. This group replaced the previous Board of Management in late 1998.

Senior Management Group

Membership: Director-General, Deputy Director-General, Assistant Directors-General (x 7), central office Directors (x10)

The role of this group is to monitor the business reports of all business units, including developmental and implementation projects.

Meetings are held on a monthly basis with formal minutes taken for subsequent action where required. This group was established in late 1998.

Audit Committee

Membership: External members: Brian Stewart (a previous Director-General of three other departments, with legal and business qualifications), John Harten, acting

Assistant Auditor-General, Queensland Audit Office (observer status only), Graham Hart, a former chief executive of the Bank of Queensland.

Internal members: Ken Rogers, Assistant Director-General (Operations) (subsequently retitled Executive Director of Schools), Jan Boys, District Director, Chinchilla district, and Peter Luxton, principal, Forest Lake State School.

The Audit Committee functions as an advisory committee to the Director-General and operates under an Audit Committee Charter approved by the Director-General. The Charter sets out the terms of reference under which the Committee operates. The Committee meets on a quarterly basis and reviews audit reports and the operations of the Audit Operations Unit. The committee was re-established in June 1999, with external members for the first time.

Departmental Budget Review Committee

Membership: Director-General, Assistant Director-General (Resources), Director, Finance and Assistant Director, Finance.

The role of this group is to review budget proposals, set priorities within the department's budget and allocate funds to internal units. Meetings are held as required.

School level management

The principal is the accountable officer for each school. Each school has a parents and citizens' association, which advises on school operations, raises funds and manages services such as the tuckshop. A number of schools have a school advisory council, which advises the principal on school policies. Some other schools have a school council, which by law approves the strategic plans and policies of the school.

During the year the department conducted a major consultation on models of school-based management. This is reported on in the main volume of this Annual Report.

Remuneration

Remuneration for executives is in accordance with industrial awards and determinations of the Office of the Public Service.

The Director-General has a Performance Agreement, which is a requirement of his employment contract with the Premier. It identifies major developmental issues of a

high priority to which the Director-General should devote significant attention. It is the basis for the performance appraisal of the Director-General as set out in his contract.

Other executives also have performance agreements, which are negotiated with their superiors and aligned with departmental priorities.

Stakeholders

Stakeholders can influence departmental decision making by:

- membership of school councils, which have legal rights to approve school plans and policies;
- membership of various reference committees and advisory groups;
- regular meetings between senior executives and representatives of the Queensland Council of Parents and Citizens' Associations, principals' associations and unions;
- representations to the school principal, the Director-General, the Minister or their parliamentary representative.

Control and Monitoring

Corruption prevention

Strategies to implement corruption prevention within Education Queensland are initiated and managed by the Audit Operations staff. These strategies include Audit Operations officers conducting training programs for departmental officers within schools, district offices and central office. These programs include data accumulated from referrals to the Criminal Justice Commission Case Management System, public interest disclosures under the *Whistleblowers Protection Act*, reference to the Departmental Code of Conduct and various training videos.

The Audit Operations Unit has been responsible for the management of all referrals of official or suspected official misconduct to the Criminal Justice Commission for the current 1998–99 financial year.

Overpayments Review Committee

An Overpayments Review Committee operates to consider and review all cases involving salary and allowance overpayments. The committee, which is chaired by the Director of Audit Operations, includes representatives from the Finance and Human Resources Branches and meets to review all those cases where employees dispute the level or cause of the overpayments.

The committee makes recommendations, where necessary, for changes and enhancements to departmental strategic human resource and finance systems. The committee has been instrumental in containing the level of salary overpayments.

Management Standards

Ethical standards

Education Queensland has developed and implemented a Code of Conduct for all employees in accordance with the requirements of the *Public Sector Ethics Act 1994*. This legislation provides the following ethical principles for public officials: respect for the law and system of government, respect for persons, integrity, diligence, and economy and efficiency.

All staff have access to the Code of Conduct via the departmental intranet, Internet or CD-ROM issued to schools. New staff are informed of the Code of Conduct by way of induction programs and by reference to these codes in training materials such as the workshop and video material provided with the recent implementation of the Child Protection Policy.

A Code of Conduct for Members of School Councils was distributed in January 1999.

Policies

The department has a comprehensive set of policies, which are published in the Department of Education Manual (DOEM), which is available on the intranet, Internet and by CD-ROM.

Legal, administrative, finance and human resource delegations are clearly recorded.

Audit Operations Unit

The Audit Operations Unit is a part of the overall management process and assists Education Queensland to achieve standards of best practice.

The unit provides independent appraisal and advice on Education Queensland's operations and systems, with the Director, Audit Operations Unit reporting directly to the Director-General. The department's Audit Committee also provides advice and guidance, as do the officers of the Queensland Audit Office, who conduct the external audit.

Audit Operations also provides management with analysis, appraisals, recommendations, counsel and information concerning activities reviewed, while promoting effective control at reasonable cost.

Under the Education Queensland Internal Audit Charter, the unit has unlimited scope in its work and unrestricted access to Education Queensland information.

This scope of internal auditing encompasses the examination and evaluation of the adequacy and effectiveness of the department's systems of internal control and the quality of its performance in carrying out assigned responsibilities. It includes:

- Reviewing the reliability and integrity of financial and

operating information and the means used to identify, measure, classify and report such information;

- Reviewing the systems established to ensure compliance with those policies, plans, procedures, laws and regulations which could have a significant impact on operations and reports, and determining whether the department is in compliance;
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Appraising the economy and efficiency with which resources are employed;
- Reviewing operations or programs to ascertain whether results are consistent with established objectives and goals and whether the operations or programs are being carried out as planned; and
- Conducting audits in schools on a cycle of approximately every eighteen months and also reviewing the audited financial statements of school parents and citizens' associations on an annual basis.

Key Achievements

In order to achieve best practice, Audit Operations subscribed to the international assessment and rating service known as Global Auditing Information Network (GAIN). This enables the unit to be benchmarked against similar units within the Queensland Government, across Australia and worldwide.

During 1998–99 Audit Operations examined systems and activities concerning a wide range of Education Queensland functions including issues relating to:

- Financial management, including a number of reviews of the SAP R/3 system;
- Personnel and payroll systems;
- Standard audits of a range of major departmental branches, units and district offices;
- Development of the new Human Resource Management System (IntegHR/TSS System);
- Standard audits conducted in 978 schools;
- Year 2000 compliance.

The unit has also been responsible for the management of the Criminal Justice Commission Liaison Officer role and effectively managed some 393 cases via the Criminal Justice Commission Case Management System. Cases referred in 1998 included some 316 allegations of physical assaults, forty-four allegations of sexual assaults and thirty-three cases of allegations of fraud-related activity. After investigation some 158 cases of physical assaults, nine cases of sexual assaults and ten cases of fraud were substantiated.

The unit also managed Public Interest Disclosures under the *Whistleblowers Protection Act 1994*. Forty-seven disclosures were made under the Act during 1998–99, all of which related to official misconduct. Twenty-seven

disclosures were substantially verified, with a further eighteen still to be finalised.

Outlook

In 1999–2000 Internal Audit will continue to work with the development team responsible for the implementation of the new IntegHR/TSS personnel and payroll system to ensure that adequate internal controls and audit trails are provided and maintained.

Other areas of focus for the unit will be:

- Ongoing review of the strategic financial and asset management system SAP R/3;
- Ongoing review and development of the school audit program as schools move to more flexible School Based Management models;
- Revising existing audit plans to concentrate on issues arising from an external risk assessment currently under way; and
- Development of an audit program for reviewing the operations of grants to schools and other bodies.

Reporting Arrangements

Financial reporting arrangements were revised during the year, to improve the standard of reports submitted to the executive management group and to regroup expenditures by business unit.

The Performance Measurement and Review Branch was expanded by amalgamation with the previous Corporate Data Unit. It extended its work on school accountability systems, measurement of student performance and the development of key performance measures for the department.

The department seeks to inform its employees, unions, parent groups, parents and other stakeholders of major developments by:

- fortnightly publication of *Education Views*, which is widely disseminated;
- an Internet and intranet site;
- the *Statement of Affairs, Annual Report* and *State Budget Ministerial Portfolio Statement*; and
- various other publications and functions, at the school and State levels.

Risk Management

- The *Financial Management Standard 1997* issued under the provisions of the *Financial Administration and Audit Act 1977* came into force on 1 July 1997 and requires the Director-General of Education to develop and implement systems for effectively managing risks that may affect the department's operations.

- Education Queensland Risk Management Policy (LL-11) provides the framework by which the department meets this obligation. This policy states that Education Queensland is committed to managing risk in accordance with the process set out in the Australian/New Zealand Joint Standard AS/NZS4360: 1995 - Risk Management, a document recommended in the *Financial Management Standard 1997*.
- The department also has a number of policies on health and safety, which are distributed through the Department of Education Manual.
- Risk Management has become part of the monthly business of the Senior Management Meeting.
- All schools in their annual reports provided a compliance report on managing occupational risks with chemicals, and managing risks associated with the conduct of physical activities.
- Plans for 1999–2000 include:
 - Risk Management (risk identification and mitigation) to become part of the strategic and business (project) planning process;
 - The existing Risk Management Policy (Procedures and Advice) to be reviewed to ensure that risk management is located with operational approaches rather than as a stand-alone activity;
 - Investigating the development of a risk assessment template that will focus on key aspects of schools operations for inclusion in the School Annual Report. Aspects for such an assessment may vary from year to year.

Year 2000 compliance

Education Queensland has set up a special taskforce to manage the Year 2000 issue. This taskforce has reviewed all departmental strategic systems and made substantial progress towards ensuring that the Year 2000 systems issue will not adversely affect the information systems.

These reviews have also included an analysis of all other related business systems including systems in the 1307 schools throughout the State. The report provided by the taskforce has been considered, and the report indicates that the core systems for each division/unit, other than the TSS-Human Resource/Payroll system, are Year 2000 compliant.

An implementation team is currently working to ensure the HR/Payroll system is converted and in production on the Year 2000 compliant version of the TSS software by October – November 1999.

Officers of the Audit Sub Program have also reviewed this project.

Queensland Audit Office review

In late 1998, the Queensland Audit Office conducted a sector-wide audit into corporate governance and risk management practices operating within the budget sector. Its findings for the department were quite positive. However, it did suggest further attention to risk management and suggested a review of the multiple committee role (Information Steering Committee, Finance Committee, Audit Committee and Risk Management Committee) of the then Board of Management. New committees have subsequently been established.