



Review of the “Cost-effective Internal Control Guidelines – Underpinning Agency Performance”

BACKGROUND PAPER

Prepared by Queensland Treasury
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The current document “Cost-effective Internal Control Guidelines – Underpinning Agency Performance” (the Guidelines) was released in November 1997 to assist agencies with the implementation of the requirements of the Financial Management Standard. They were subsequently updated and reissued in April 2002.

Since 2001, the commentary in the Financial Management Standard (Part 3) has required Accountable Officers and statutory bodies to have regard to the guidelines.

The Financial Management Standard, along with its enabling legislation (the Financial Administration and Audit Act), have been the subject of a recent comprehensive review. As a result of this review, both pieces of legislation will be rewritten using a principles-based approach.

Being principles-based, the legislation will focus on accountability and outcomes rather than processes, resulting in the level of prescription in the legislation being reduced. This will provide Accountable Officers and statutory bodies with flexibility to devise processes which best suit their agency and “business”, while still achieving mandated outcomes.

To support agencies in developing and implementing their processes and controls, the Guidelines are to be reviewed, updated and re-released in line with the new legislation.

To ensure the Guidelines are user-friendly and provide the information that is useful to agencies, Treasury is preparing ‘topic papers’ which outline the proposed format and contents of the new Guidelines.

All interested stakeholders are invited to review the topic papers and provide feedback to fmbregistrations@treasury.qld.gov.au by the comment closing dates contained on each topic paper.

All feedback will be considered on its merit, and views adopted where they are considered to enhance the project and subsequent Guidelines.

It is currently anticipated that at least five topic papers (excluding this paper) will be released for comment, covering a number of topics including:

1. format
2. overview of contents of the Guidelines
3. chief finance officers and heads of internal audit (roles contained in the new legislation)
4. statement of assurance (requirement contained in the new legislation)
5. checklists of more common internal controls (the appendices of the current Guidelines).

Specific “Invitation to Comment Questions” will be included with each of the topic papers, though all comments are welcome.

Queensland Treasury regards both critical and supportive comments as essential to a balanced review and will consider all submissions.

Comments are most helpful if they contain a clear rationale and, where applicable, provide a suggestion for alternative wording.

Enquiries about the topic papers should be addressed to either:

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