



**Office of the Information Commissioner**  
Queensland

## **FINANCIAL MANAGEMENT PRACTICE MANUAL**

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# Table of Contents

<b>FINANCIAL MANAGEMENT PRACTICE MANUAL.....</b>	<b>1</b>
TABLE OF CONTENTS.....	1
<b>1. GENERAL .....</b>	<b>2</b>
1.1 ROLE OF THE INFORMATION COMMISSIONER .....	2
1.2 FINANCIAL ACCOUNTABILITY ACT 2009.....	2
1.3 FINANCIAL AND PERFORMANCE MANAGEMENT STANDARD 2009.....	3
1.4 ACCOUNTING BASIS.....	3
1.5 GENERAL ACCOUNTING POLICIES.....	3
1.6 REGISTERS.....	6
<b>2. FINANCIAL AND ADMINISTRATIVE SERVICES .....</b>	<b>7</b>
<b>3. EXPENDITURE AND ACCOUNTS PAYABLE.....</b>	<b>7</b>
3.1 HOSPITALITY .....	7
3.2 ACCOUNTS PAYABLE SET-UP .....	9
<b>4. PAYROLL.....</b>	<b>10</b>
4.1 PAYROLL SERVICES.....	10
4.2 APPOINTMENT OF OFFICERS.....	10
4.3 SEGREGATION OF DUTIES.....	11
4.4 PAYMENT OF SALARY AND ALLOWANCES.....	12
4.5 DEDUCTIONS.....	13
4.6 SUPERANNUATION.....	13
4.7 TERMINATIONS AND TRANSFERS .....	14
4.8 LEAVE .....	15
4.9 INCREMENTS AND PERFORMANCE REVIEWS .....	15
4.10 INPUT AND VALIDATION.....	17
4.11 PAYROLL REPORTS .....	18
<b>5. FIXED ASSETS .....</b>	<b>18</b>
5.1 FIXED ASSETS - GENERAL .....	18
5.2 CAPITAL BUDGETS .....	18
5.3 FA G/L JOURNAL .....	18
5.4 PERIODIC ACTIVITIES .....	19
<b>6. PURCHASING .....</b>	<b>19</b>
6.1 GENERAL.....	19
6.2 CORPORATE CARDS.....	20
6.3 REQUISITION/DIRECT INVOICE .....	20
6.4 PURCHASING CATEGORIES .....	23
6.5 COMPLAINTS PROCEDURES .....	24
<b>7. RISK MANAGEMENT.....</b>	<b>25</b>
<b>8. INTERNAL CONTROLS (SYSTEMS APPRAISALS).....</b>	<b>28</b>
<b>9. RECORDS RETENTION.....</b>	<b>30</b>
9.1 GENERAL.....	30
9.2 STRATEGY.....	30
9.3 LOCATION.....	31

## **1. GENERAL**

### **1.1 ROLE OF THE INFORMATION COMMISSIONER**

The role of the Office of the Information Commissioner is to do all things necessary or convenient to be done in connection with the performance of the Commissioner's functions under the *Right to Information Act 2009* (RTI Act) and the *Information Privacy Act 2009* (IP Act). The statutory role of the Information Commissioner is described in Chapter 4 Part 2 of the RTI Act.

**The goals of the Office are:**

1. provide an independent timely and fair review of decisions under the RTI and IP Acts
2. provide an independent and timely privacy complaint resolution service
3. foster improvements in the quality of practice in right to information and information privacy in public sector agencies
4. promote the principles and practices of right to information and information privacy in the community and within government

**Environmental factors influencing the strategic direction of the Office include:**

- meeting the expectations of Parliament and the community to deliver services efficiently, effectively and in a timely manner;
- working constructively with agencies to improve RTI and IP practice, while maintaining public confidence in the Information Commissioner's ability to independently review access application decisions and resolve privacy complaints;
- growing public interest in accountability and transparency in government at all levels.

### **1.2 FINANCIAL ACCOUNTABILITY ACT 2009**

*The Financial Accountability Act 2009* provides the broad principles of financial administration for State departments and statutory bodies in Queensland. Thus, all officers of departments and statutory bodies are bound by those financial principles.

Section 61 of the Act provides that:

Accountable Officers and statutory bodies have the following functions:

- (a) to ensure the operations of the department or statutory body are carried out efficiently, effectively and economically;
- (b) to establish and maintain appropriate systems of internal control and risk management;
- (c) to establish and keep funds and accounts in compliance with the prescribed requirements;
- (d) to ensure annual financial statements are prepared, certified and tabled in Parliament in accordance with the prescribed requirements;

- (e) to undertake planning and budgeting for the accountable officer's department or statutory body that is appropriate to the size of the department or statutory body;
- (f) to perform other functions conferred on the accountable officers or statutory bodies under this or another Act or a financial and performance management standard.

### **1.3 FINANCIAL AND PERFORMANCE MANAGEMENT STANDARD 2009**

The Financial and Performance Management Standard is issued under s. 57 of the *Financial Accountability Act 2009*. This section effectively gives the Treasurer the power to prepare and issue standards to Accountable Officers and statutory bodies that deal with the policies and principles of financial administration. However the Treasurer must first consult with the Auditor-General before issuing or amending such standards.

The *Financial and Performance Management Standard 2009* provides a framework for the Information Commissioner to develop and implement systems, practices and controls for the efficient, effective and economic financial and performance management of the department.

### **1.4 ACCOUNTING BASIS**

The financial statements are a general purpose financial report and are required to be prepared in accordance with the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2009*, Australian Equivalents to International Reporting Standards (AEIFRS), in particular Australian Accounting Standard AASB 1049 "*Whole of Government and General Government Sector Financial Reporting*", Statements of Accounting Concepts, Urgent Issues Group Abstracts, the *Treasurer's Minimum Reporting Requirements for Departmental General Purpose Financial Statements* and other authoritative pronouncements.

In accordance with Australian Accounting Standards and Interpretations, the accrual basis of accounting is adopted in the preparation of the general purpose financial reports of government departments or statutory bodies that are reporting entities.

Except where stated the financial statements are to be prepared in accordance with the historical cost convention.

This policy applies to the recognition, recording and reporting of all assets, liabilities, revenue, expenses and equity on an accrual basis of accounting.

### **1.5 GENERAL ACCOUNTING POLICIES**

#### **(a) Reporting Entity**

The financial statements include all assets, liabilities, equities, revenues and expenses of the Information Commissioner.

#### **(b) User Charges, Taxes, Fees and Fines**

User charges and fees controlled by the office are recognised as revenues when invoices for the related services are issued. User charges and fees are controlled by the office where they can be deployed for the achievement of its objectives.

**(c) Service Revenue**

Service revenue is recognised as revenue in the reporting period in which the revenue is due, either received in cash or accrued.

**(d) Cash and Cash Equivalents**

For financial reporting purposes, cash includes all cash and cheques received but not banked and available franking machine credit.

**(e) Receivables**

Receivables are recognised at the amount due at the time of sale or service delivery. The collectability of receivables is assessed periodically with provision being made for doubtful debts. All known bad debts are to be written off at 30 June. Settlement on trade debtors is generally required within seven days.

**(f) Property, Plant and Equipment and Intangibles**

All items of property, plant and equipment with a cost, or other value, in excess of \$5,000 are recognised for financial reporting purposes in the year of acquisition. Items with a lesser value are expensed. Intangible assets with a cost or other value greater than \$100,000 are recognised in the financial statements, items with a lesser value being expensed. Each intangible is amortised over its estimated useful life to the agency, less any anticipated residual value.

**(g) Revaluation of Non-Current Physical Assets**

Where intangible assets have an active market, they are measured at fair value; otherwise they are measured at cost.

Plant and equipment is measured at cost. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

**(h) Amortisation and Depreciation of Property, Plant and Equipment and Intangibles**

Depreciation of property, plant and equipment and amortisation of intangibles is calculated on a straight line basis so as to write off the cost of each depreciable asset, less its estimated residual value, progressively over its estimated useful life. The useful lives of all assets are reviewed annually.

For each class of depreciable asset depreciation/amortisation rates used are as follows:

Computer equipment	33%
Office equipment	33%
Office furniture and fit out	10%
Intangibles	20–33%

**Impairment of Non-Current Assets**

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the department determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Income Statement, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation reserve of the relevant class to the extent available.

**(i) Payables**

Creditors are recognised at the amount expected to be paid for the goods and services rendered. Amounts owing are unsecured and are generally settled on 30 day terms.

**(j) Leases**

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

**(k) Employee Entitlements**

Wages, Salaries, and Sick Leave

Wages, salaries and recreation leave due but unpaid at reporting date are recognised in the Balance Sheet at the remuneration rates expected to apply at the time of settlement and include related on-costs such as payroll tax, WorkCover premiums, long service leave levies and employer superannuation contributions.

For unpaid entitlements expected to be paid within 12 months the liabilities are recognised at their undiscounted values. For those entitlements not expected to be paid within 12 months, the liabilities are recognised at their present value, calculated using yields on Fixed Rate Commonwealth Government bonds of similar maturity.

Prior history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Annual Leave

The Queensland Government's Annual Leave Central Scheme (ALCS) became operational on 30 June 2008 for departments, commercialised business units and shared service providers. Under this scheme, a levy is made to cover the cost of employees' annual leave (including leave loading and on-costs). The levies are expensed in the period in which they are payable. Amounts paid to employees for annual leave are claimed from the scheme quarterly in arrears.

The Office does not participate in the ALCS. Provision for annual leave has been recognised in the Office's financial statements.

Long Service Leave

Under the Queensland Government's long service leave scheme, a levy is made on the department to cover this cost. Levies are expensed in the period in which they are paid or payable. Amounts paid to employees for long service leave are claimed from the scheme as and when leave is taken.

No provision for long service leave is recognised in the financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

### Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation plan for Queensland Government employees, at rates determined by the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Office's obligation is limited to its contribution to Qsuper.

Therefore no liability is recognised for accruing superannuation benefits in these financial statements, the liability being held on a whole-of-Government basis and reported in the financial report prepared pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

### **(l) Insurance**

In accordance with current Government policy the department's non current assets and other risks are insured with the Queensland Government Insurance Fund (QGIF).

In addition, the department pays premiums to WorkCover Queensland in respect of its obligations for employee compensation.

### **(m) Rounding**

Amounts included in the financial statements are rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero.

## **1.6 REGISTERS**

The following registers are to be maintained:

- (a) Register of Special payments (s.20 Financial and Performance Management Standard)

Details to be kept include:

- i. The date
- ii. The recipient
- iii. The reason
- iv. The approval given

- (b) Register of Material losses (s.22 Financial Management Standard)

Details to be kept include:

- i. The date
- ii. The description including the value
- iii. The reason
- iv. Action taken to recover the loss
- v. The approval for the writing off of the loss

- (c) Register of Reportable gifts

Details to be kept include:

- i. The date
- ii. The persons involved
- iii. The description including the value
- iv. The approval given for making the gift
- v. Current location of the gift or details of proceeds on disposal

- (d) Register of Overpayments

- (e) Register of Accountable forms

- (f) Register of Disposals

- (g) Register of Destroyed documents
- (h) Register of Contracts
- (i) Register of Software Licences

## **2. FINANCIAL AND ADMINISTRATIVE SERVICES**

The Office of the Information Commissioner holds an Operating Level Agreement (the agreement) under the Shared Service Initiative with the Parliamentary Service.

The agreement formalises service delivery arrangements in relation to the provision of Financial, Human Resource and Information Technology services by Parliamentary Services to the Office.

Parliamentary Service provides the following Financial services under the agreement:

- Navision systems maintenance, access, reporting and help desk support
- Financial accounting services (maintain general ledger, cash management, payables, receivables, and taxation)
- Preparation of financial statements
- Accounting advice
- Budgeting (tri-data management, Navision data, liaison with Treasury)
- Reports
- Fixed asset register management

## **3. EXPENDITURE AND ACCOUNTS PAYABLE**

### **3.1 HOSPITALITY**

#### **Introduction**

The provision of hospitality and entertainment expenses may be deemed necessary and appropriate as a matter of common courtesy where connected with Information Commissioner official business.

#### **References**

- Office of the Information Commissioner Code of Conduct
- Office of the Information Commissioner Gifts, Benefits or Hospitality Policy
- S.4.2 of Office of Public Service Merit and Equity General Guidelines for Personal Expenses and the Use of Credit Cards

#### **Policy and Guidelines**

Entertainment (or expenditure for official hospitality) should only be incurred where it is considered essential to facilitate the conduct of public business through persons who are able to do so. It is important that a benefit to the Office can be identified. However, such hospitality should not be a substitute for business meetings which would ordinarily be conducted in the workplace.

In certain cases, it may be periodically appropriate to provide hospitality to individuals of particular importance to the Office. Examples would include:

- Interstate and overseas visitors (where the Office has an interest in, or a specific obligation towards, facilitating the visit);



- Representatives of business or industry, trade unions and recognised community organisations, the press and other media; and
- Representatives of other levels of government (in exceptional circumstances only).

The Information Commissioner must approve all expenditure of this nature in advance.

Other types of expenditure considered reasonable as official hospitality may include:

- Provision of tea, coffee, morning or afternoon tea for official visitors;
- Provision of light refreshments/lunches for meetings, conferences, seminars and workshops as determined appropriate by the Information Commissioner; and
- Attendance at official functions for which charges are incurred.

Approval to incur expenditure of this nature is limited to the Information Commissioner who possesses the delegation to incur expenditure.

Generally, working meals should be of a light nature (eg. approximately \$10.00 per person) at the work/meeting location, unless associated with a seminar or other function at a particular venue.

In circumstances where the Office is hosting a conference or official meeting, costs associated with receptions would be considered as part of the overall expenditure for the event.

The overriding factor in all situations is that the expenditure of public monies on entertainment and hospitality must be capable of withstanding public scrutiny. In keeping with the need for the Office to maintain an impeccable reputation on matters of public administration a conservative approach in this area is appropriate.

### **Receiving hospitality**

Refer to Office's Gifts, Benefits and Hospitality Policy.

### **Documentation of Expenditure**

With respect to expenditure on hospitality and official functions, the following information should be provided:

- Description of the official purpose (including a description of the relationship between the hospitality or official function and the conduct of public business);
- Certification that expenditure was incurred in relation to the performance of official duties and responsibilities of the individual or individuals attending the function;
- Invoice or account validating expenditure (including details of all items of expenditure);
- Names of office staff in attendance, guests, and any external organisations represented by these guests.

Refer to s.4.2 of the OPS Guidelines for Personal Expenses and the Use of Credit Cards for further details.

In line with general principles on the use of credit cards, they are not to be used for private expenditure for entertainment and hospitality irrespective of any intention to

refund the Office. Examples of expenditure which are generally regarded as non-official or private in nature include:

- Non-official entertainment and travel costs (ie. an employee's retirement function or a function recognising an employee's efforts);
- Tips or gratuities (unless an officer is travelling overseas for official purposes and it is a custom of the region);
- Dinners/functions at an officer's private residence (unless specifically authorised by the Information Commissioner);
- Tea, coffee or kitchen supplies for personal use by staff of the Office;
- Stocking of office bar fridges;
- Personal grooming expenses;
- Club membership fees;
- Parking and traffic offences;
- Child care fees except where special circumstances arise to suit office requirements and at the discretion of the Information Commissioner; and
- Floral presentations as a gift and floral tributes.

### **Monitoring and review**

A review of expenditure on entertainment and hospitality will be completed annually as part of the Office's internal audit.

## **3.2 ACCOUNTS PAYABLE SET-UP**

### **Delegations**

The delegations are controls set in place to allow authorised users to approve requisitions in accordance with the Purchasing Approval Authority in the Financial Management Handbook.

The Information Commissioner, Right to Information Commissioner, and the First Assistant Information Commissioner hold financial delegations.

### **Validation of Expenditure**

The Office will review all general ledger entries performed by Parliamentary Service. Management will ensure that reports and reconciliations provided by Parliamentary Service are reviewed and reconciled to the initiating documents, payment journal, and bank statement.

### **Notes:**

- In accordance with a decision of Executive Council the limit of expenditure authority for the Information Commissioner is \$250,000. Expenditure of greater than \$250,000 and up to \$500,000 requires approval of the Attorney-General (as relevant Minister) and beyond this the approval of Executive Council is required.
- Any changes to the delegations, except relieving arrangements, need to be authorised by the Information Commissioner. In the case of relieving officers, a memo or an email needs to be forwarded to the Parliamentary Service detailing the duration of the relieving period, the level of delegations required and signed by the relevant officer.

## **4. PAYROLL**

### **4.1 PAYROLL SERVICES**

The Office of the Information Commissioner holds an Operating Level Agreement (the agreement) under the Shared Service Initiative with the Parliamentary Service.

The agreement formalises service delivery arrangements in relation to the provision of Financial, Human Resource and Information Technology services by Parliamentary Services to the Office.

Parliamentary Service provides the following Payroll services under the agreement:

- Payment processing
- Payroll systems development and maintenance
- Payroll records management and audit compliance
- Ad hoc reporting
- Database management
- Help desk/training

### **4.2 APPOINTMENT OF OFFICERS**

The key characteristics of an employee include the following.

An employee:

- is paid for time worked;
- receives paid leave e.g. sick, recreation, long service;
- is not responsible for providing materials or equipment required to do their job;
- may be directed as to the way in which work is done;
- agrees to provide his/her personal services;
- works hours set by an agreement or award;
- is recognised as a part and parcel of the business; and
- takes no commercial risks and cannot make a profit or loss from the work performed.

Employee entitlements are all benefit entitlements that employees accumulate in accordance with their terms/conditions of employment as a result of providing services to the Office of the Information Commissioner. These entitlements arise pursuant to the various Acts, industrial awards and agreements that govern the employment entitlements of officers.

Employee expenses include:

- salaries and wages;
- allowances;
- overtime and meal allowances;
- recreation leave;
- sick leave;
- special leave;
- other employee entitlements e.g. redundancy payments; parental leave; and
- employee entitlement on-costs.

Employee entitlement on-costs include:

- employer superannuation contributions;
- payroll tax;

- workers compensation premiums; and
- other employee expenses.

Other employee expenses include:

- long service leave provisions;
- fringe benefits tax; and
- staff training and development.

Not included as employee expenses are:

- payments to personnel considered to be external consultants or contractors; and
- payments to external parties in connection with attending board meetings etc.

The process to be followed for the appointment of an officer to the Office of the Information Commissioner is:

- Recommendation for appointment made to the delegated authority in accordance with the Public Service Commission (PSC) Directives on Recruitment and Selection;
- Appointment is approved by the Information Commissioner (as per HR delegations) and approval forwarded to Payroll for action;
- An offer of appointment letter detailing the employment terms and conditions is prepared by Corporate and Executive Services;
- The Officer signs and returns the employment acceptance form prior to commencing employment;
- Proof of identity required is a certified copy of Birth Certificate, or other acceptable documentation if approved by the Information Commissioner;
- The Office will perform criminal history checks on all commencing staff to identify any future employees with a conflicting criminal background to the role and expectations of employees of the Office of the Information Commissioner and in order to ensure sensitive data is protected.
- A New Starter Worksheet is completed by Corporate and Executive Services and forwarded to Parliamentary Service, together with a Personal Details form, Tax File Number Declaration, Bank Funds Transfer form, Deduction authority and any other relevant forms for processing;
- For transferring and seconded employees, a Personal and Employment Details form (as per Directive 17/05) must be received from the leaving Department within two working days of the commencement of the employee;
- The probation period is recorded in Aurion for permanent employees new to the Queensland Government;
- Increment review dates are recorded by Aurion for permanent and temporary employees;
- On commencement, the employee is taken through an induction process by the Corporate and Executive Services Unit; and
- An electronic and hard copy Personnel file is created and maintained for each employee by Corporate and Executive Services. The officer's personal information is stored in a secure environment.
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### **4.3 SEGREGATION OF DUTIES**

Adequate internal controls must be implemented to ensure the integrity of each payroll in terms of approvals, calculations and payments. There must be segregation of duties in the performance of these functions, particularly regarding

computer processing such that the duties of data entry, data verification and data review are appropriately segregated.

Further guidance as to controls over payroll processing is available from Appendix E to the document '*Cost-Effective Internal Control Underpinning Agency Performance*' issued by Queensland Treasury.

The following processes outline how duties are segregated in the processing of all payroll duties:

- Payroll data entered into Aurion and checked by Parliamentary Service – Human Resources;
- Parliamentary Service email trial pay to Manager Corporate and Executive Services for checking and approval by the Information Commissioner prior to processing;
- The trial pay is checked by the Senior Corporate and Executive Services Officer and the Manager Corporate and Executive Services;
- The trial pay is checked and approved by the Information Commissioner;
- Corporate Services notify Parliamentary Service the trial pay has been approved for processing;
- Parliamentary Service send Post Pay Reports and Custom Reports to Manager Corporate and Executive Services after pay has been run;
- The Post Pay Reports and Custom Reports are checked by the Senior Corporate and Executive Services Officer and verified by the Information Commissioner;
- OIC review payroll processing performed by Parliamentary Service. The Manager Corporate and Executive Services or the Office Manager or the Senior Corporate Services Officer will complete and sign a reconciliation of the trial pay and pay run reports, bank statement, and CITEC report.
- The Financial Payroll Reports are verified by the Information Commissioner or their delegate.

#### **4.4 PAYMENT OF SALARY AND ALLOWANCES**

The total amount recognised by the Office for salaries and wages for a year-end reporting period must represent the salary/wage entitlements earned by employees in respect of that period, including any accrued salaries and wages at the end of that period.

The total expense figure is to exclude the salaries/wages for any portion of a fortnightly payroll paid where that portion relates to a future reporting period.

Payroll payments must be processed in accordance with the requirements of all applicable Acts, industrial awards or agreements, contracts of employment and superannuation scheme provisions. Guidance as to specific entitlements of officers should be sought from Corporate and Executive Services.

##### **Aurion Salaries**

Aurion is the Human Resource System used to process payroll transactions. Aurion produces cash transactions, accrual transactions and payroll tax transactions for the ledger.

## 4.5 DEDUCTIONS

Statutory deductions such as Taxation and other permitted deductions (e.g. superannuation contributions or garnishee arrangements) must be deducted from individuals' entitlements and remitted to the relevant bodies.

Other deductions may also be made from an employee's salary or wage and remitted to the appropriate bodies as directed by the employee when requested and authorised in writing by an employee.

Fortnightly superannuation deductions must be in accordance with the requirements of, or elections made, under the respective public sector superannuation schemes to which the employees belong.

The process for the recording of deductions from an employee's salary is as follows:

- Relevant form is completed by employee and forwarded to Corporate and Executive Services Unit. These forms are: Tax File Number Declaration, Bank Funds Transfer Form, Salary Sacrifice Form.
- For deductions such as Union Membership, Health Fund Membership and Queenslanders Credit Union Ltd, the deduction authority form is completed by the employee and forwarded to the Authority for validation. When the form has been received back from the Authority it is then prepared for processing.
- A copy of the form is sent to Parliamentary Service for processing and original form filed on the employee's personnel file.

## 4.6 SUPERANNUATION

Queensland government employees are covered by a superannuation scheme. In respect of these schemes, the Office pays employer superannuation contributions fortnightly to provide for the accruing superannuation benefits.

Both employee (excluding casual) and employer superannuation contributions must be remitted each fortnight to the Government Superannuation Office, accompanied by the appropriate completed return form.

Employer superannuation contributions presently owing in respect of any State Government superannuation scheme, but not yet paid at the reporting date are recognised as accrued superannuation contributions.

This amount is calculated as follows:

- Amounts not yet remitted to the Government Superannuation Office, in respect of any fortnightly pay actually paid; plus
- Amounts which relate to any portion of a pay fortnight which has been worked by employees, but for which actual payment has not yet been made and is not currently payable.

**The following process outlines the procedure for setting up deductions for employee superannuation:**

- Casual employees – commence employer contributions of 9% to Non Contributory Accumulation Plan.
- Non-casual employees; i.e. permanent, full-time, salary, wages, part-time and contracted temporary employees who are not employed on a casual basis should commence contributing the standard rate of 5% to the Accumulation

Plan, unless they have a previous Defined Benefit account and the break in membership is no more than 1 day.

- Employees may elect to pay a lower percentage to QSuper, in which case the percentage paid by the employer is also lowered. The employer is required to contribute an amount equal to the employee contribution, plus an additional 7.75%.
- Employees may elect to salary sacrifice their superannuation and this can be done by completing the Salary Sacrifice Superannuation form and forwarding it to Corporate and Executive Service Unit. This service is provided by the office at no cost to the employee.
- An EDC return data file is submitted to QSuper by Parliamentary Service after pay processing each fortnight.

#### **4.7 TERMINATIONS AND TRANSFERS**

Employee entitlements are transferred where an employee transfers within the State Government. Any liability for employee entitlements accrued should also be transferred. All transfers of employee entitlements must be calculated according to the requirements set out earlier in this manual. Entitlements must be calculated right up until the date of transfer of the employee and include on-costs.

Refer to the Employee Transfers section of Queensland Treasury's *Accounting Policy Guideline 13 – Accounting for Employee Entitlements* for the required accounting entries.

From the date of transfer the new agency must account for all employee entitlements including on-costs in respect of recreation leave entitlements accruing for the employee from that date, as if the employee had been employed by that agency since the very first date the employee began accruing such entitlements in the public sector.

An officer's final payroll payment may only be made after a formal termination process has been completed which includes:

- the officer has completed a declaration certifying they have returned any property, credit cards, security keys, identification, retained gifts etc in the possession of that officer;
- the making of any final determinations as to past entitlements; and
- full recovery of all past overpayments.

Appropriate procedures must be implemented to identify, calculate and recover any payroll overpayments made. The Office's Register of Overpayments must be updated to record details of overpayment recovery.

The process to be followed for terminations and transfers by the Office of the Information Commissioner is:

- When notification of resignation, retirement, transfer or secondment is received by the Office, this information is sent to Parliamentary Service for processing of a final pay.
- For employees who are retiring or resigning, a termination pay is produced which includes payment of cash equivalent of unpaid long service leave, recreation leave and leave loading (where relevant).
- For employees who are transferring or seconding to another department, payment is made up to the date of transfer or secondment. Leave balance

reports as at date of departure are produced by Aurion and Corporate and Executive Services Unit contacts the receiving department and completes and faxes and/or mails a Personal and Employment Details form (Directive 17/05) to the relevant HR/Payroll Officer in that Department.

- Corporate and Executive Services Unit emails the *Exit Procedures Check List* to the employee several days prior to departure advising the employee that Items on Issue must be returned, computer access will be cancelled, and clearance obtained that no debts are owing to the Office.
- Exit Interviews are conducted with the Information Commissioner or delegated representative.

## **4.8 LEAVE**

### **Recreation leave**

- All employees are entitled to paid recreation leave and recreation leave loading. This excludes staff employed on a temporary basis through an employment agency.
- Recreation leave expenses equal the total monetary value of all employees' recreation leave entitlements including leave loading earned during the reporting period, based on employees' present salary/wage rates including any allowances taken into account in calculating recreation leave entitlements.

### **Sick leave**

- Sick leave taken is recognised as an expense by the Office. The Office does not recognise employees' unused sick leave entitlements as expenses.

### **Long service leave**

- Refer to current award for entitlement. Long Service Leave is calculated according to Australian Accounting Standard 30 Employee Entitlements.

### **Recording Leave**

The process for the recording of leave for an employee of the Office of the Information Commissioner:

- All leave applications are submitted through the Aurion system to the Information Commissioner or delegated officer for approval;
- The leave is also recorded on the officer's individual timesheet. At the end of each work cycle the timesheet is checked and authorised by the Information Commissioner or delegated officer and submitted to Corporate and Executive Services Unit;
- The timesheet is checked by the Senior Corporate and Executive Services Officer and securely filed for each individual;
- A leave balance report for all employees is produced by Aurion each fortnight, with leave balances calculated to the fortnight ending date. Long Service, Recreation and Sick leave accruals are recorded on employee's pay slips with balances as at the date of payment of salary into employee's bank accounts.

## **4.9 INCREMENTS AND PERFORMANCE REVIEWS**

Performance planning is a principal tool in the Office's overall performance management strategy. It identifies measures and further develops the individual performance and behaviours that are necessary to demonstrate commitment to our



values. Through its links to the strategic and operational planning processes, it also identifies the technical and business skills needed by our people and maps out the path to their achievement.

The purpose of the Office's Performance Management framework is to develop the capabilities and behaviours of employees to allow them to contribute to the achievement of the Office's strategic directions.

The framework encompasses the following strategies:

- a performance planning and review strategy
- a learning and development strategy
- a strategy for acknowledging high levels of performance
- a strategy for improvement of unsatisfactory performance
- a strategy for managing disciplinary action

Annual performance plans will be developed and established by end of July each year.

There will be a minimum of two (2) performance management meetings between the supervisor and employee over the 12-month period.

Meetings are required for the initial establishment of the performance plan, a 6-month review and a 12-month review. The initial establishment of a performance plan and 12 month review of the previous plan may be combined into one meeting.

The performance management process is not directly linked to employee pay increments. Pay increments are dealt with under a separate process. However, under that process the supervisor is required to certify that the employee's performance is satisfactory and that a performance review has been undertaken within the past 12 months.

Where the Information Commissioner is satisfied that these requirements have been met, the payment of the increment may be approved.

**The process for the payment of increments to employees is as follows:**

- Increment review dates for employees appear on fortnightly Custom Reports generated by Aurion.
- The Senior Corporate and Executive Services Officer prepares the Salary Increment Review correspondence and forwards to the employee's unit manager. The Unit Manager makes a recommendation to the Information Commissioner who decides on increment increases.
- If approved, the correspondence is returned to the Senior Corporate and Executive Services Officer for processing.
- Copy of the approved Salary Increment Review correspondence is forwarded to Parliamentary Service for processing.
- Corporate and Executive Services prepares correspondence to the employee notifying Salary Increment Review approval and effective date of payment. A copy of the correspondence is placed on the employee's Personnel file.

**The process for recording satisfactory completion of probation is as follows:**

- Probation completion dates for employees appear on fortnightly Custom Reports generated by Aurion.

- The Senior Corporate and Executive Services Officer sends a service report to the employee's supervisor. The employee's Supervisor meets with the employee and completes the Report on Service and makes a recommendation to the Information Commissioner.
- The Report on Service is provided to the Information Commissioner for authorisation.
- When the report (authorised by the Information Commissioner) has been received, a letter of confirmation of appointment is given to the employee.
- A copy of the letter of confirmation is provided to Qld Parliamentary Services for recording on Aurion.
- The Probation Report on Service is placed on employee's Personnel file.

#### **4.10 INPUT AND VALIDATION**

All computer payroll master file changes must be reviewed and verified to the appropriate source documents. Verification must be made that all payments are made to "real" people and are in accordance with hours actually worked or other determining factors.

Payments in respect of irregular entitlements (e.g. recreation leave, higher duties and meal allowances and overtime) must receive prior approval from the Information Commissioner.

#### **The process to be followed for the input and validation of payroll is as follows:**

- Data for payroll is collated, completed by Corporate and Executive Services.
- Once the Information Commissioner has approved, signed and authorised all fortnightly paperwork, the paperwork is sent to Parliamentary Services for data entry. Original Forms are filed on the employees personnel file.
- Cut-off for payroll input to be received by Parliamentary Services is by 10am on the first Tuesday of each pay fortnight. A copy of each document is placed in alphabetical order together, with a Payroll Input form prepared and checked by the Manager Corporate and Executive Services. Prior to the Information Commissioner approving the trial pay.
- Payroll data is checked and processed by Parliamentary Service and a trial pay is e-mailed to Corporate and Executive Services by 5pm Tuesday.
- The trial pay is checked by Corporate and Executive Services and if no errors are identified, submitted for approval by the Information Commissioner.
- Parliamentary Services are then notified to proceed with process if the trial pay is approved.
- A copy of the Pay run Report and Leave Balances Report is emailed to Corporate and Executive Services on the Friday.
- Payslips are delivered from Citec to the Office by e-mail on the Tuesday of the pay week.
- The Pay run Report is checked by Corporate and Executive Services.
- Custom Reports are checked and actioned by Corporate and Executive Services.
- The Financial Payroll Certification Reports are verified by the Manager Corporate and Executive Services and the Information Commissioner endorse the financial report prior to being sent to Parliamentary Services for processing via the Navision system.
- The Office will complete a review of the fortnightly payroll processing performed by Parliamentary Service. The Manager Corporate and Executive Services, or the Office Manager, or the Senior Corporate Services Officer, will

complete and sign a reconciliation of the trial pay and post-pay run reports, bank statement, CITEC report, and confirm that the total payroll transaction posted in the payroll system reconciles to the total transaction posted to the finance system.

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- All reports are filed and retained by the Corporate and Executive Services.

#### **4.11 PAYROLL REPORTS**

Payroll reports are produced by Aurion after the pay has been run and Parliamentary Services sends them to Corporate and Executive Services.

The reports produced fortnightly are:

- Pay run Report. This report is checked by the Senior Corporate and Executive Services Officer and verified by Manager, Corporate and Executive Services.
- Pay Summary Report
- Payroll Reconciliation Report
- Custom Reports – these reports are checked and actioned by the Senior Corporate and Executive Services Officer and approved by the Information Commissioner.

### **5. FIXED ASSETS**

#### **5.1 FIXED ASSETS - GENERAL**

Fixed Assets are assets that are considered material enough to have on the Balance Sheet. Every asset has a fixed asset card and is identified by an asset number. Generally, descriptive information is kept on the fixed asset card and drill downs can be used to access financial data e.g. the depreciation book.

Details of the Office's fixed assets, registers and asset cards are maintained by Parliamentary Service Finance section under the agreement.

#### **5.2 CAPITAL BUDGETS**

The capital budget is prepared by the Manager Corporate and Executive Services. The Manager Corporate and Executive Services will then discuss the capital budget and gain approval from the Information Commissioner.

The Manager Corporate and Executive Services provides a monthly finance report, detailing expenditure against this budget, showing available funds for the financial year.

#### **5.3 FA G/L JOURNAL**

FA G/L Journals are used to post entries to Depreciation Book FA and the Balance Sheet. Fixed assets are assigned a FA Posting Group in their Depreciation Book setup. The FA Posting Group is a set of posting rules that determines which accounts to post to in the Balance Sheet.

The FA Journal posts transactions against assets that are not interfaced with the General Ledger. These journals include maintenance entries and portable & attractive asset entries.

The Office's Depreciation Book FA, the Balance Sheet, and FA Journals are maintained by Parliamentary Service Finance section under the agreement.

## **5.4 PERIODIC ACTIVITIES**

### **Calculate Depreciation**

Parliamentary Service Finance section calculates and processes the Office's depreciation rates for:

- Computer equipment
- Other equipment
- Lease improvements

### **Stocktake**

At least once during the financial year, as close to year end as possible, a physical stocktake of all assets should be undertaken.

The Manager Corporate and Executive Services will request from Parliamentary Services the fixed asset and portable and attractive listing after all final depreciation and other entries (e.g. acquisitions and disposals) have been made.

The Office Manager and Business Support Officer commence the stocktake by verifying the physical existence of all assets, ensuring all are correctly numbered and the correct location recorded. Any assets not on the lists should be noted for later investigation and included as assets if warranted.

When completed, the stocktake sheets are signed by the Office Manager and Business Support Officer. The Manager Corporate and Executive Services will investigate any discrepancies and make the necessary adjustments to the fixed asset ledger. The stocktake sheets are then filed with the year end working papers.

The Information Commissioner will sign off the completed stocktake as verification of the process.

Any artwork purchased and owned by the Office of the Information Commissioner should undergo an appreciation evaluation once every 5 years. This evaluation is to be undertaken by an independent evaluator.

The Manager Corporate and Executive Services or the Office Manager will review and reconcile all changes made to the Asset Register by Parliamentary Service.

## **6. PURCHASING**

### **6.1 GENERAL**

The procurement cost shall be the total cost of acquiring the goods and services required (excluding GST). Procurement cost is also the total cost of acquiring the integral components of a system i.e. the components required to properly operate a system.

Splitting orders, that is spreading the cost of goods and services over two or more requisitions/purchase orders to stay within delegated levels of funding or delegation authority is strictly prohibited.

Orders for goods or services may be made to other agencies that are acting for the Crown in the same right of the State of Queensland (e.g. Departments and their departmental agencies such as SDS, Goprint, and Crown Law Etc.) (Refer State Procurement Policy).

### **Quality Assurance**

Goods and services acquired under this local instruction will not necessarily be required to be obtained from Quality Assured Suppliers unless the nature of the good or service is of a high risk.

High risk goods and services shall be those where by their nature are:

- Fundamental to the continuing operation of the Office; and
- Affect or have the potential to affect core business operations of the Office.

Examples include computer hardware and mission critical software, services and support to mission critical areas and functions of the Office.

## **6.2 CORPORATE CARDS**

Corporate card is an efficient and preferred means of purchase of low cost items. Cardholders are restricted by the limit of their delegation. The Office Corporate Purchasing Card must not be used for the following purchases:

- Non-Current Assets
- Computer hardware
- Office Fitouts
- Consultancies
- Equipment Leases
- Temporary Staff engagements
- Personal expenditure of any nature
- All purchases and agreements for the supply of goods and services where the total value of the order exceeds \$5,000.

## **6.3 REQUISITION/DIRECT INVOICE**

Prior to any purchase being made a requisition must be approved by the Information Commissioner. Direct invoices (invoices from suppliers where pre-approval has not been granted) are appropriate for periodic/recurrent payments (property management, telecommunications, and motor vehicle leases) and in other limited circumstances.

### **Procurement Methods**

In accordance with the State Procurement Policy, the procurement method must be appropriate to each transaction. The procurement method must be one of the following:

- **Limited Offer Process** – the Office invites a supplier/s of its choice to offer;

- **Selective Offer Process** – where suppliers that have met pre-established criteria are invited to offer;
- **Open Offer Process** – where all interested suppliers may submit an offer.

### **Officers who Purchase Goods and Services**

Only the Information Commissioner and First Assistant Information Commissioner are delegated to approve purchases.

Officers who approve the purchase of goods and services will be restricted to their financial delegation limit. (Refer Office Delegations)

Officers who approve purchases in this category should be familiar with:

- The State Procurement Policy;
- 'Better Purchasing Guides' (Refer to Website [www.qgm.qld.gov.au](http://www.qgm.qld.gov.au)) on Advancing Government Priorities through Purchasing;
- Value for Money;
- Probity and Accountability in Purchasing;
- The Office of the Information Commissioner Purchasing Procedures; and
- The Office of the Information Commissioner instructions on the use of Corporate Purchasing Card.

### **Purchasing Goods and Services**

Purchases will be from suppliers that offer the best value for money (Refer State Procurement Policy). Officers need only to seek supply from as wide a geographical area as is necessary to secure competitive supply.

If there is reason to believe that there is no supplier willing to offer best value or if there are no suppliers of the goods and services in the local area, then the officers should seek quotes from a wider geographical area.

A sole supplier may offer best value and therefore competitive supply. Reasons for selecting a sole supplier should be documented.

Where there is more than one local supplier, then quotes should be sought from competitors. Records of quotes and the information about the basis of selection should be maintained for audit purposes.

All awarded contracts and standing offer arrangements of \$10,000 and over are to be recorded in the Register of Contracts, published on the Office's website and the Queensland Government Chief Procurement Office website in accordance with contract disclosure obligations in the State Procurement Policy.

OIC will consider QGCPO guidelines to ensure contractor/consultancy relationships are correctly classified in the procurement of professional services.

### **Non-Standing Offer Arrangements (one off purchases including contracting services)**

#### **Up to \$250,000**

The Information Commissioner will decide the procurement method subject to the specific requirements in the below categories being met.

- Where the cost of the supply of the goods or services is expected to exceed \$100,000, the purchase will proceed to open offer or another method of purchasing which addresses the principles associated with value for money and competition in a similar fashion to public tenders.
- Only delegated officers can approve purchases.
- The limit of expenditure authority for the Information Commissioner is \$250,000.
- Details of the suppliers invited or submitting an offer/quote and their resulting offer shall be recorded on the appropriate file.

### **\$250,001 and above**

The Information Commissioner will decide the procurement method subject to the specific requirements in the below categories being met.

- Where the cost of the supply of the goods or services is expected to exceed \$100,000, the purchase will proceed to open offer or another method of purchasing which addresses the principles associated with value for money and competition in a similar fashion to public tenders.
- Expenditure of greater than \$250,000 and up to \$500,000 requires approval of the Attorney-General (as relevant Minister).
- Expenditure of greater than \$500,000 requires the approval of Executive Council.

### **Exceptions**

The foregoing requirements do not apply when:

- Purchasing from business units within Government agencies
- Accessing registers of pre-qualified suppliers that have been installed.
- Pursuing the second or subsequent phase of a multi stage procurement process.
- The delegate certifies that they are satisfied that a sole supply or limited supply situation exists.
- The Information Commissioner certifies that a genuine urgency exists.
- In addition, where circumstances arise where the application of these guidelines may result in an inefficient purchasing outcome an alternative approach may be approved by the Information Commissioner.
- Purchases of non-current assets including computer hardware and computer software and office fitouts must be in accordance with the Information Commissioner's Strategic Plan. All purchases of computer hardware and software regardless of value **must be** in consultation with the Manager, Corporate and Executive Services.
- The Information Commissioner **must approve** all consultancies regardless of value and contract arrangement made through the Manager, Corporate and Executive Services.
- All contract staff engagements will be arranged through Corporate and Executive Services and approved by the Information Commissioner.

### **Standing Offer Arrangements (SOA)**

Where Queensland Purchasing of the Department of Public Works arranges mandatory SOA with acceptable suppliers for the provision of certain goods and services to Queensland Government agencies, the officers must utilise the SOA for goods and services within this category. All other SOAs may be utilised for goods and services in this category.

## 6.4 PURCHASING CATEGORIES

Purchasing within the Office of the Information Commissioner may be split into four categories:

### Category 1

Goods and Services that are of a **low relative expenditure** (to total procurement expenditure) and for which supply is **easy to secure**.

#### Overview

These goods and services collectively make up a relatively large proportion of the discretionary expenditure of the Office. Where possible, these goods and services should be purchased from local suppliers, however the officer responsible for the purchase should ensure that purchasing is not anti-competitive. (e.g. Stationery and other supplies)

#### Goods and Services in this category

These goods and services are almost invariably worth considerably less than \$10,000.

This category does not include goods and services for which demand can be aggregated to establish arrangements with particular suppliers either for the whole of government or within the Office.

#### Paying for goods and services in this category

Goods and services in this category may be paid for using the Office Purchasing Card up to the limit of the individual card holder where delegated approval has been obtained.

### Category 2

Goods and Services that are of **low relative expenditure** (to total procurement expenditure) and for which supply is **difficult to secure**.

#### Overview

These goods and services collectively make up a relatively small proportion of the discretionary expenditure of the Office. Where possible, these goods and services should be purchased from local suppliers, however, the officer responsible for the purchase should ensure that purchasing is not anti-competitive.

#### Goods and Services in this category

These goods and services are almost invariably worth considerably less than \$10,000.

The Office would not expect many purchases within this category e.g. specific minor equipment or replacement parts, legal services.

This category does not include goods and services for which demand can be aggregated to establish arrangements with particular suppliers either for the whole of government or within the Office.

#### Paying for goods and services in this category

Goods and services in this category may be paid for using the Office of the Information Commissioner Corporate Purchasing Card up to the limit of the individual card holder where delegated approval has been obtained.



### **Category 3**

Goods and Services that are of **high relative expenditure** (to total procurement expenditure) and for which supply is **easy to secure**.

#### Overview

These goods and services collectively may make up a relatively small proportion of the discretionary expenditure of the Office in a particular year. Where possible, these goods and services should be purchased from local suppliers, however, the officer responsible for the purchase should ensure that purchasing is not anti-competitive.

#### Goods and Services in this category

These individual goods or service will be expected to cost greater than \$10,000. There are few purchases in this category e.g. property management, motor vehicles. This category does not include goods and services for which demand can be aggregated to establish arrangements with particular suppliers either for the whole of government or within the Office.

#### Paying for goods and services in this category

The Office's Corporate Purchasing card may not be utilised for purchases within this category. Goods and services in this category must be paid for by cheque or EFT.

### **Category 4**

Goods and Services that are of **high relative expenditure** (to total procurement expenditure) and for which supply is **difficult to secure**.

#### Overview

These goods and services collectively may make up a relatively small proportion of the discretionary expenditure of the Office in a particular year. Where possible, these goods and services should be purchased from local suppliers, however, the officer responsible for the purchase should ensure that purchasing is not anti-competitive.

#### Goods and Services in this category

These individual goods or service will be expected to cost greater than \$10,000. Items in this category include telecommunications and significant software. This category does not include goods and services for which demand can be aggregated to establish arrangements with particular suppliers either for the whole of government or within the Office.

#### Paying for goods and services in this category

The Office Corporate Purchasing card may not be utilised for purchases within this category. Goods and services in this category must be paid for by cheque or EFT.

## **6.5 COMPLAINTS PROCEDURES**

### **General**

The Office of the Information Commissioner recognises the rights of all vendors and members of the public to raise complaints and/or concerns regarding the Office's purchasing activities. Consequently all complaints are to be registered and appropriate action taken in accordance with the following procedures.

All complaints are to be referred to the Manager Corporate and Executive Services for timely resolution.

Complaints not resolved by the Manager Corporate and Executive Services will be referred to the Information Commissioner for allocation to the most appropriate officer to manage the complaint to resolution.

### **Procedures**

Complaints must be managed in accordance with the Office's Complaint Management Procedure.

All dealings with complainants must be documented with signed and dated file notes of telephone conversations.

Complaints are to be investigated in a timely and effective manner. Where a prolonged investigation is necessary, regular feedback should be provided to the complainant.

Reasons for upholding or rejecting the complaint should be recorded in the Office's Complaints Register.

If there are any outstanding complaints, a copy of the complaints register indicating progress of outstanding complaints is to be forwarded to the Information Commissioner.

Care should be exercised in respect of confidentiality issues regarding the complaint and the complainant will not be victimised or harassed as a result of any complaint.

The complaints register should contain the following information:

- Date;
- Complainant;
- Contact person;
- Description;
- Brief description of complaint;
- Action in Progress; and
- Outcome.

## **7. RISK MANAGEMENT**

The Office has instigated a rigorous Risk Management framework to facilitate the development of a risk management culture within the Office and to assist all staff in implementing sound risk management practices that eliminate or minimise potential losses and add value to the business operations of the Office.

This policy has been developed in accordance with the Australian/New Zealand Standard for Risk Management (AS/NZS ISO 31000:2009).

The policy applies to all permanent and temporary employees of the Office.

### **Definition**

Risk management is described as the effect of uncertainty on objectives. Risk is a management function, the object of which is to maximise business opportunities and to protect people, assets, earnings and reputation by avoiding or minimising the potential for loss.

## **Scope**

Risk management is an integral part of good management practice. It should be integrated into the philosophy, practices, planning and agreements of the Office rather than viewed or practised as a separate program. The risk management process outlined in this Policy should be applied to all Teams of the Office, and aims to identify all types of risk that may impact on a particular service, activity or project.

Risk management is treated as an essential ingredient for achieving the outcomes of the Strategic and Operational Plans.

## **Legislative Basis**

The requirement for a risk management system is set out in Section 28 of the Financial and Performance Management Standard 2009. In particular, the responsibility for development of policies and systems of risk management are prescribed as follows:

- 28 (1) Each accountable officer of a department and each statutory body must manage the strategic and operational risks of the department or statutory body in accordance with the risk management system established, for the department or statutory body, under section 15 (1)(h)
- (2) A risk management system must provide for –
  - (a) mitigating the risk to the department or statutory body and the State from unacceptable costs or losses associated with the operations of the department or statutory body; and
  - (b) managing the risks that may affect the ability of the department or statutory body to continue to provide government services.
- (3) An accountable officer or statutory body may establish a risk management committee for the accountable officer's department or the statutory body
- (4) In establishing a risk management committee, the accountable officer or statutory body must have regard to the document called 'Audit committee guidelines – improving accountability and performance' published by the Treasury department.

## **Corporate Risk Management Program**

The Information Commissioner is committed to effective business operations and supports the application of risk management to ensure effective and efficient services are delivered to the community.

As outlined in the introduction, Section 28 of the *Financial and Performance Management Standards 2009* prescribes that the Information Commissioner is responsible for the development and implementation of risk management systems.

Risk is a shared responsibility amongst the Office's Management Group, and their role is to promote, sponsor and co-ordinate the development of a risk management

culture throughout the Office and guide the process of its inclusion in all strategic and operational planning and decision-making.

The Manager Corporate and Executive Services is responsible for the day to day management of the Office's risk management program.

### **Audits**

The Queensland Audit Office audits the Offices' risk management program. These audits are based on the provisions of the *Financial and Performance Management Standard 2009* and the Risk Management Standard AS/NZS ISO 31000:2009.

A major requirement of these audits is the assessment and documentation of risks at all levels of the organisation, and the recording of these risks in a Risk Treatment Plan. This Risk Treatment Plan records the following:

- The priority risks for the Office;
- An assigned level of each risk (after analysis);
- Possible and preferred treatments;
- Responsibility and timeframes for the implementation of the preferred treatments;
- A plan to monitor both the risk, and the implementation of the treatments; and
- A strategy to communicate and consult with internal and external stakeholders on the identification and management of the identified risks.

### **Conducting Risk Assessments**

Risk assessments are conducted utilising AS/NZS ISO 31000:2009. The Standard provides a generic guide for the establishment and implementation of the risk management process involving the identification, analysis, evaluation, treatment, monitoring of risks, and communication and consultation with stakeholders at each stage of the process. The risk management process utilised by the Office is summarised in the following steps:

- **Establish the context:** Establish the strategic, operational and risk management context in which the rest of the process will take place. Determine the organisation's strengths, weaknesses, opportunities and threats, identify the organisation's stakeholders, define the organisation's goals/objectives, define the scope and parameters of the planning activity, service or project being assessed.

To ensure all risk types are identified – the planning activity, service or project being assessed can be delineated into components using categories such as 'people, product, property, technology, finance, administration, and environment'.

- **Identify risks:** For each component of the planning activity, service or project, identify what, why and how risks can arise as the basis for further analysis. Prioritise identified risks for further analysis.
- **Analyse risks:** Analyse risks in terms of their likelihood and potential consequences in the context of the controls that already exist to manage the risk. Consequence and likelihood are considered together to estimate the level of risk.
- **Evaluate and prioritise risks:** Evaluate how the risk should be managed by comparing the estimated level of the risk against pre-set criteria e.g. capacity

to treat the risk, capacity to avoid or transfer the risk, capacity to accept the risk, opportunity gained from taking the risk. Prioritise risks for further treatment.

Lower level risks may fall into the acceptable category and may be accepted and monitored with minimal or no further treatment. In determining whether a risk may be accepted, the effectiveness of current treatments should be considered.

Current treatments may be sufficient to ensure that the level of risk is as low as can reasonably be achieved. Conversely, a simple, inexpensive treatment may be available to further minimise the risk.

- **Treat risks:** Identify suitable treatments and compare the cost of the treatment with the cost of the consequences to identify if the treatment is justified. Develop and implement a specific management plan which includes consideration of funding and other resources.
- **Monitor and review:** Monitor and review each step and regularly repeat the process to ensure that all procedures are being correctly carried out and that any changing circumstances receive due consideration.
- **Communicate and consult:** Communicate and consult with internal and external stakeholders at each stage of the process and on the process as a whole. Stakeholders can have a significant impact on decisions made throughout the process so it is important that their perceptions of risk and benefits be understood and addressed.

Each stage of the process should be documented for referral and reporting purposes and to satisfy independent audit requirements.

## 8. INTERNAL CONTROLS (SYSTEMS APPRAISALS)

Parts 4 and 5 of the *Financial Accountability Act 2009* (FAA) impose significant responsibilities on accountable officers and statutory bodies, including the duty to manage their agencies effectively, efficiently and economically.

Inherent in these responsibilities is the need for processes and controls that effectively manage the risk that agencies may not obtain optimal value for money in the services and outputs that they deliver on behalf of the Government or that they do not advance the social and fiscal objectives established by each Government in its *Charter of Social and Fiscal Responsibilities*.

All risks must be managed in accordance with their potential impact on the agency, either quantitatively or in qualitative terms.

Operationally, the *Financial and Performance Management Standard 2009* (FPMS) requires each agency to establish an internal control structure that contributes to the efficient and effective management of agency operations. All such systems must be of a high standard, taking into account the availability of alternative controls and the cost-effectiveness of individual controls.

Increasingly, there is also recognition that an agency's systems of internal control encompass not only its financial operations but also its operational performance and 'corporate health'. Each dimension is equally important.

In essence, sound systems of internal control underpin each agency's corporate performance. Equally, any diminution of such controls significantly compromises this performance, in some instances resulting in discredit to the agency, its Minister and in extreme circumstances, the Government.

A key internal control, inherent in all systems, is the need for adequate division of duties such that no one person has complete control over all aspects of a transaction, record or resource – authorisation, recording, operational custody and eventual write-off or other disposal.

Similarly, there is a need for an adequate audit trail in respect of all transactions and records.

In considering a 'best practice' framework of internal control, strong linkages between such a framework and the agency's risk management processes are critical. In turn, both comprise key components of the overall corporate governance structure of an agency.

### **Guidelines**

The purpose of these guidelines is to promote and provide guidance on internal controls appropriate to the Office of the Information Commissioner.

### **Internal Controls Defined**

The term 'internal control' originally came into use to distinguish the controls that exist within an agency from those external to it, e.g. various legislation and regulations.

Various definitions of internal control exist, the Financial Accountability Act describing it as –

The methods adopted within an entity to safeguard its assets; to check the accuracy and reliability of its accounting information; and to secure compliance with the prescribed requirements that apply to the entity.

A sound system of internal control is essential if any agency is to ensure that its resources are deployed in the most appropriate manner to satisfy the accountability provisions of the Act and the FPMS.

It also facilitates the achievement of agency goals and objectives by managing an agency's risk exposure, including in respect of fraud and inefficiency.

Integral to good internal control is the need for regular systems appraisals to ensure that such systems, including the agency's systems of internal control, continue to be appropriate to its operations, are operating efficiently and effectively; and are as documented in the agency's Financial Management Practice Manual and other appropriate policies.

Increasingly, greater use is being made of information communications and technology (ICT) resources and systems to support agency business processes, including their financial processes.

## **Systems Appraisals**

To develop a structured and robust approach, accountable officers and statutory bodies must consider, on an ongoing basis, not only what constitutes an effective system, but whether or not it is operating efficiently, effectively and economically.

Systems appraisals are only accurate at the point in time in which they are made. Procedures and their effectiveness may also be subject to periodic variations through technological enhancements, staff changes and other variables.

As an agency's operating environment changes and develops, so must its procedures and systems change and adapt. Management must be confident that, despite such modifications and enhancements, the internal control structure continues to provide reasonable assurance that its objectives are being achieved.

It is important therefore, to establish and maintain a program of periodic self-appraisal of systems that will identify weaknesses, provide assurance that internal controls are operating as intended and remain relevant, reliable and cost-effective.

ICT controls are equally critical, including controls such as high standards of documentation, amendment authorisations, logs and highlight reports, data backup and recovery procedures, systems security (password, transmission and physical) offsite storage, an effective business recovery strategy and similar.

The FPMS makes it clear that responsibility for internal controls lies with line management and must not be seen as an internal audit function.

## **9. RECORDS RETENTION**

### **9.1 GENERAL**

The following is an extract from Queensland State Archives' publication "General Retention and Disposal Schedule for Administrative Records":

The functions of Queensland State Archives are to promote the making and preservation of the public records of Queensland, to exercise control over their retention and disposal, and to provide facilities for their storage and use. The controlling legislation is the *Public Records Act 2002*, which requires public authorities to apply to Queensland State Archives for permission to destroy records.

There are administrative records common to many public authorities across Government. The *General Retention and Disposal Schedule for Administrative Records* has been developed to assist agencies in sentencing these records. It is a schedule which has been approved for use by public authorities. Agencies no longer have to prepare disposal lists for common administrative records but can sentence and dispose of certain records within the agency without contacting Queensland State Archives. Agencies are still required to apply to Queensland State Archives for permission to destroy records not identified in this Schedule.

### **9.2 STRATEGY**

The *Public Records Act 2002* requires the Office to retain financial information for up to 20 years. To provide efficient recording and reporting as much information as possible is retained in an electronic format.

The electronic format is on the Network, and therefore protected by the Network's backup and security systems. Information that is not kept electronically (ie hardcopy) is held in storage in accordance with the Office of the Information Commissioner's Retention and Disposal Schedule.

### **9.3 LOCATION**

Hardcopy documents for administrative records are stored in the Corporate and Executive Services secure storage room.

Electronic files and documents and working papers are filed in the Executive directory. These files are backed up on a daily basis and back-up tapes are stored offsite at the Queensland Parliamentary Service. These are rotated on a weekly basis.