

A. Full responses from entities

As mandated in Section 64 of the *Auditor-General Act 2009*, the Queensland Audit Office gave a copy of this report with a request for comments to:

- Director-General, Department of the Premier and Cabinet
- Under Treasurer, Queensland Treasury
- Director-General, Department of Transport and Main Roads.

We also provided a copy of the report to the Premier, all ministers, accountable officers of core departments, and the Chief Executive Officer, Brisbane 2032 Organising Committee for the Olympic and Paralympic Games, giving them the option to provide a response.

This appendix contains the detailed responses we received.

The heads of these entities are responsible for the accuracy, fairness, and balance of their comments.



Comments received from Minister for Agricultural Industry Development and Fisheries and Minister for Rural Communities



The Hon Mark Furner MP
Minister for Agricultural Industry Development and Fisheries
and Minister for Rural Communities

Our ref: CTS 03484/24
Your ref: PRJ03874

4/03/2024

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Mr Brendan Worrall
Auditor-General
Queensland Audit Office
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Dear Mr Worrall

Thank you for your email of 22 February 2024 regarding your proposed report 'State entities 2023'.

Your report provides valuable insights and recommendations on effectively managing security risks posed by third parties and enhancing transparency and culture across Queensland Government agencies. The Department of Agriculture and Fisheries is supportive of the recommendations in your proposed report. I also note the status of recommendations made in the 'State entities 2022' report.

I appreciate the important role of the Queensland Audit Office in improving the performance and delivery of public services in Queensland. I have no further comments on the proposed report.

If you require further information, please contact [redacted] in my office on [redacted]

Yours sincerely

A handwritten signature in black ink that reads 'M. Furner'.

MARK FURNER MP
Minister for Agricultural Industry Development and Fisheries and
Minister for Rural Communities

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



For reply please quote: IA&R/PH – TF/24/3669 – DOC/24/49317
Your reference: PRJ03874

Department of the
Premier and Cabinet

Mr Brendan Worrall
Auditor-General of Queensland
Queensland Audit Office
qao@qao.qld.gov.au

Dear Mr Worrall

I refer to the letter of 22 February 2024 regarding the Queensland Audit Office's proposed State Entities 2023 report (the Report).

I am pleased to note from the Report that you consider our financial statements are reliable and that all departments, including the Department of the Premier and Cabinet (DPC) and related portfolio entities, received unmodified audit opinions.

Your commentary on the consultancy arrangement DPC procured for strategic planning and development services for the Brisbane 2032 Olympic and Paralympic Games is noted. The benefits derived from this expenditure, together with integration of the Brisbane 2032 Coordination Office and associated risks, will be realised over time, and is a matter for the Department of State Development and Infrastructure. This will be further elucidated through your impending audit.

In relation to Figure 4C on page 28 of the Report, DPC is represented as having had four appointed Directors-General. DPC has only had three appointed Directors-General since 1 July 2018.

DPC has a strong focus on cyber and information security, particularly where it is necessary to engage a third party for information systems to support business operations. In this regard, DPC agrees with the Report Recommendation 1 and will review its procurement and information services programs of work to address this risk.

DPC complies with the *Financial and Performance Management Standard 2019* requirements relating to 'Special Payments' outlined in Recommendation 2 of the Report. DPC will consider further guidance from Queensland Treasury on processes for managing 'Special Payments'.

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DPC acknowledges the recommendations raised from prior Queensland Audit Office State entities reports (Appendix D of the Report) and continues monitoring processes for previously agreed and implemented actions.

Again, thank you for providing the Report and the opportunity to comment.

Yours sincerely



Mike Kaiser
Director-General
14/8/24

Auditor-General's response

We note the Director-General's response.

We clarified with the Department of the Premier and Cabinet (DPC), prior to tabling, that we counted the number of changes and not the number of people in the position, as stated in our report.

We counted 4 leadership changes since 1 July 2018 for DPC:

- David Stewart (July 2018 to February 2019)
- Rachel Hunter – Acting (February 2019 to August 2019)
- David Stewart (August 2019 to May 2021)
- Rachel Hunter (May 2021 to December 2023)
- Mike Kaiser (December 2023 to present).

This equates to 4 changes.

As reported, our count of leadership changes for each department was taken from:

- the key management personnel note in departmental financial statements
- information publicly available on the department's website.

Our count includes officers who were acting in the role of director-general for a significant period, excluding times an officer acted for a director-general on short-term leave. Our analysis extends beyond the announcement of the latest machinery of government changes.

Comments received from Under Treasurer, Queensland Treasury



Queensland Treasury

Our Ref: 00833-2024
Your Ref: PRJ03874

Mr Brendan Worrall
Auditor-General of Queensland
Queensland Audit Office
PO Box 15396
CITY EAST QLD 4002

Email: QAO.Mail@qao.qld.gov.au

Dear Mr Worrall

Thank you for your email of 22 February 2024 enclosing the draft report to Parliament *State entities 2023*. I appreciate the opportunity to comment on your report before its tabling.

New State entity recommendations

In relation to Recommendation 1 of this year's report for all entities to *implement a process to manage the security risks relating to third-party services for information systems and technologies*, I recognise the importance of ensuring Queensland Treasury maintains appropriate processes to address potential third-party security risks, including an Information Security Management System (ISMS). Noting, Treasury is ISO27001 certified.

With regards to Recommendation 2 of this year's report for all entities to *implement robust policies and procedures to ensure special payments are appropriate, defensible and transparent*, I acknowledge the need to ensure all entities have in place clear policies and procedures outlining when a special payment is appropriate. I consider Queensland Treasury's own internal policies and procedures regarding special payments are both adequate and well understood.

For Recommendation 3 of this year's report for Queensland Treasury to *improve awareness and understanding of guidance material available for special payments, including ex gratia payments*, I am supportive of additional efforts from Queensland Treasury to engage with State entities to ensure the obligations relating to special payments are understood and are being adopted into internal policies and processes.


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Previous State entity recommendations

In relation to Recommendation 2 contained in the *State entities 2021* report for departments and relevant Ministers to *improve timeliness of financial statements being made publicly available*, Treasury will continue to engage with Directors-General to encourage annual report tabling at the earliest opportunity ahead of the legislative deadline of 30 September. As noted in your report, there has been improvement in the timeliness of annual report tabling, and Treasury will continue to support improvements to in this process.

If you require any further information, please contact Mr Samuel Dermoudy, Director, [redacted] who will be pleased to assist.

Yours sincerely



Michael Carey
Under Treasurer

14 / 3 / 2024



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



Queensland
Government

Office of the
Director-General

Department of
Transport and Main Roads

Our ref: DG45983

Your ref: PRJ03874

8 March 2024

Mr Brendan Worrall
Auditor-General
Queensland Audit Office

Dear Mr Worrall

Thank you for your email of 22 February 2024 advising of the proposed report to parliament State entities 2023.

The Department of Transport and Main Roads (TMR) acknowledges the recommendations raised in the report in relation to managing the cybersecurity risks associated with services provided by third parties and implementing robust policies and procedures to ensure special payments are appropriate, defensible, and transparent.

TMR continues to mature the management of risks associated with third-party information systems and technologies, has processes in place to assess third-party supplier risk and identify the suitability of controls and treatments to mitigate risk. TMR also has robust controls and delegations over special and ex-gratia payments, with strong oversight by the Chief Finance Officer.

TMR appreciates the opportunity to provide comments on this proposed report. If you require any further information, please contact [redacted]

I trust this information is of assistance.

Yours sincerely

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

Sally Stannard
Director-General
Department of Transport and Main Roads

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Response to recommendations

Department of Transport and Main Roads

State entities 2023

Response to recommendations provided by Department of Transport and Main Roads
Queensland Government Cyber Security Unit on 27 February 2024

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend that all entities:</p> <p>1. Implement a process to manage the security risks relating to third-party services for information systems and technologies, and introduce procedures that will:</p> <ul style="list-style-type: none"> identify how they use third-party services, the extent to which they use them, and the associated security risks establish due diligence (vetting and continuous monitoring) processes when engaging new third-parties or continuing with third-party services define security standards and the appropriate contractual agreements to manage security risks establish a process to continually assess how well each third party manages its security risks and responds to and recovers from security incidents. 	Agree	Complete	<ul style="list-style-type: none"> From a whole of government perspective, the Queensland Government Cyber Security Unit (QGCSU), which is within TMR, fully endorses the need to manage security risks associated with third party information systems and technologies. The QGCSU agrees that all state entities should implement the Information Security Policy (IS18:2018) and ensure that third party systems are in scope as they continue to mature their adoption of ISO 27001. TMR, as a department, actively maintains an Information Security Management System (ISMS) in accordance with the Queensland Government Information Security Policy (IS18:2018) to manage and protect its information, application, technology and critical infrastructure assets. The ISMS includes relevant dependencies on external service providers and third-party suppliers. TMR continues to mature the management of risks associated with third party information systems and technologies. Ongoing continuous improvement remains a priority and improvements have already been made to third party arrangements, including risk assessments when engaging new third parties and subsequent mandatory and/or desirable security conditions. TMR has processes in place to assess third party supplier risk and identify the suitability of controls and treatments to mitigate risk. For example, TMR has an Identity and Access Management standard (the Standard) which supports TMR's Information Security Policy by establishing the controls that must be maintained to limit internal user and partner / supplier access to TMR's business systems and information assets. The Standard includes requirements around Identity Proofing, Identity Management, Privileged Access, and so on.

Recommendation	Agree/ Disagree	Timeframe for implementation (Quarter and financial year)	Additional comments
<p>We recommend that all entities:</p> <p>2. Implement robust policies and procedures that specify when a special payment is appropriate and how it should be made. Guidance should outline who is authorised to approve special payments and what constitutes appropriate documentation to support:</p> <ul style="list-style-type: none"> • the reason and nature of the payment • the approving officer • the amount, including supporting calculations. 	<p>Agree</p>	<p>Complete</p>	<p>TMR has robust controls and delegations over special and ex-gratia payments, with strong oversight by the Chief Finance Officer.</p>



Comments received from Director-General, Department of Education



Office of the
Director-General

Department of
Education

04 MAR 2024

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
Email: gao@gao.qld.gov.au

Dear Mr Worrall

Thank you for your email dated 22 February 2024 enclosing a draft copy of your proposed report titled *State entities 2023* (the report) for review prior to tabling in Parliament planned for March 2024.

I appreciate the opportunity to make comments and provide feedback. I note the content of the report and your recommendations which the Department of Education will assess and implement those recommendations specifically relevant to this agency.

I support the report's key recommendations around managing the cyber security risks associated with services provided by third parties, as well as implementing robust policies and procedures to ensure special payments are appropriate, defensible and transparent. I also acknowledge the actions still to be implemented from the *State entities 2022* report as noted in this report.

The Department's Audit and Risk Management Committee will monitor any required actions to address the relevant recommendations.

If you or your team require further information, please contact [REDACTED]

Yours sincerely

A blue ink signature of Michael De'ath.

MICHAEL DE'ATH
Director-General

Ref: 24/182064
Your ref: PRJ03874

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Comments received from Acting Director-General, Department of Employment, Small Business and Training



Department of
Employment,
Small Business
and Training

Our Ref: 00824/24

Mr Brendan Worrall
Auditor-General
Queensland Audit Office
Email: qao.mail@qao.qld.gov.au

Dear Mr Worrall

Thank you for your email dated 22 February 2024 regarding the State Entities 2023 proposed report to Parliament.

I have noted the report's findings and recommendations and thank you for the opportunity to provide comment. I note in particular the new recommendations in relation to information systems and technology security risks associated with third-party service providers, and robust policies and procedures for special payments.

The Department of Employment, Small Business and Training is committed to the continual improvement of these important matters, with all Queensland Audit Office recommendations reported and monitored through the department's Audit and Risk Committee.

Should you require any further information, please contact [REDACTED]

Yours sincerely

A handwritten signature in blue ink, appearing to read 'S Koch'.

Steven Koch
Acting Director-General

14 3 /2024

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