

RTI Application

340/5/3932

ABC News

File A

KPMG Report

DETE



cutting through complexity

Review of Queensland Universities' Financial Reporting and Auditing Requirements

Department of Education, Training and
Employment

18 December 2014



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The findings in this report are based on a qualitative study and the reported results reflect a perception of the Department of Education, Training and Employment (DETE) but only to the extent of the sample surveyed, being DETE's approved representative sample of management and stakeholders.

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Glossary of terms [1]

AASB	Australian Accounting Standards Board	Financial Statements	Financial statements are a structured representation of the financial position and financial performance of an entity. A complete set of financial statements consists of: <ul style="list-style-type: none">• Statement of financial position at the end of the period;• Statement of profit or loss or other comprehensive income for the period;• Statement of changes in equity for the period; and• Notes, comprising a summary of significant accounting policies and other explanatory information. (Source: AASB 101 paragraphs 9 and 10)
ABS	Australian Bureau of Statistics	FRR	<i>Financial Reporting Requirements for Queensland Government Agencies</i>
APG	Accounting Policy Guidelines	FSG	<i>Financial Statement Guidelines for Australian Higher Education Providers</i>
APQC	American Productivity and Quality Centre	Full time equivalent (FTE)	The hours worked by several part-time or casual employees, added together, may be required to make one full-time equivalent employee.
ARR	<i>Annual Reporting Requirements for Queensland Government Agencies</i> (Qld) dated April 2014.	HESA	Higher Education and Standards Authority
Annual Report	Annual report is a key accountability document as required by the ARR.	In-house	The service or activity is delivered by an employee of the university and not by an external party.
Data submissions	Financial data reported to stakeholders either online or by other electronic means.	Internal Audit	An internal independent body responsible for ensuring that systems of performance measurement and reporting, as well as systems of internal control that underpin performance measurement framework of the university, remain robust. (Source: <i>A Guide to the Queensland Government Performance Management Framework</i> dated August 2012)
Duplication	Multiple corresponding or identical requirements (State v Commonwealth, State v State, Commonwealth v Commonwealth)	Non-financial information	Non-financial measures are also used to evaluate the performance of a university. An example of a non-financial performance for a university would be the number of new students.
EBIT	Earnings before interest and tax	Other audit services	Audit services required by the university which does not include external or internal audits
External Audit	Audit of the General Purpose Financial Statements as required by the <i>Financial Accountability Act 2009</i>		
FAA	<i>Financial Accountability Act 2009</i>		
Financial burden	A particular task or responsibility is a financial burden if the performance of that task or responsibility causes a financial loss or expense to the entity.		
Financial information	Financial information is information about a university's finances. This is required by legislation for example the <i>Financial Accountability Act 2009</i> (Qld). Proper reports on the management of a universities finances ensure the accountability of the university. Reports can include; monthly statements, half-yearly review, annual report, other information requested on university's finances. An example of a financial performance measure for a university would be university fees per student. Financial reporting is generally provided in the annual report.		
Financial Reporting	Relates to reporting of financial information.		

Outsourced	Contracting a business process to parties outside the entity.
Performance review	All contents of the Annual Report excluding the Financial Statements.
QAO	Queensland Audit Office
RTIA	<i>Right to Information Act</i>
SBFA	<i>Statutory Bodies Financial Arrangements Act</i>
Stakeholder	A person, entity or other body with an interest in the information.
TEQSA	Tertiary Education Quality Standards Authority
University abbreviations:	
ACU	Australian Catholic University
CQU	Central Queensland University
GU	Griffith University
JCU	James Cook University
QUT	Queensland University of Technology
UQ	University of Queensland
USC	University of Sunshine Coast
USQ	University of Southern Queensland
VET	Vocational Education and Training.



Contents

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Executive summary

Background, purpose and scope

Summary of key findings

Key recommendations

Key findings – areas of duplication

Key findings – duplication cost

Key findings – cost ranges

Key findings – external benchmarks

Key findings – observations

Page

5

6

7

8

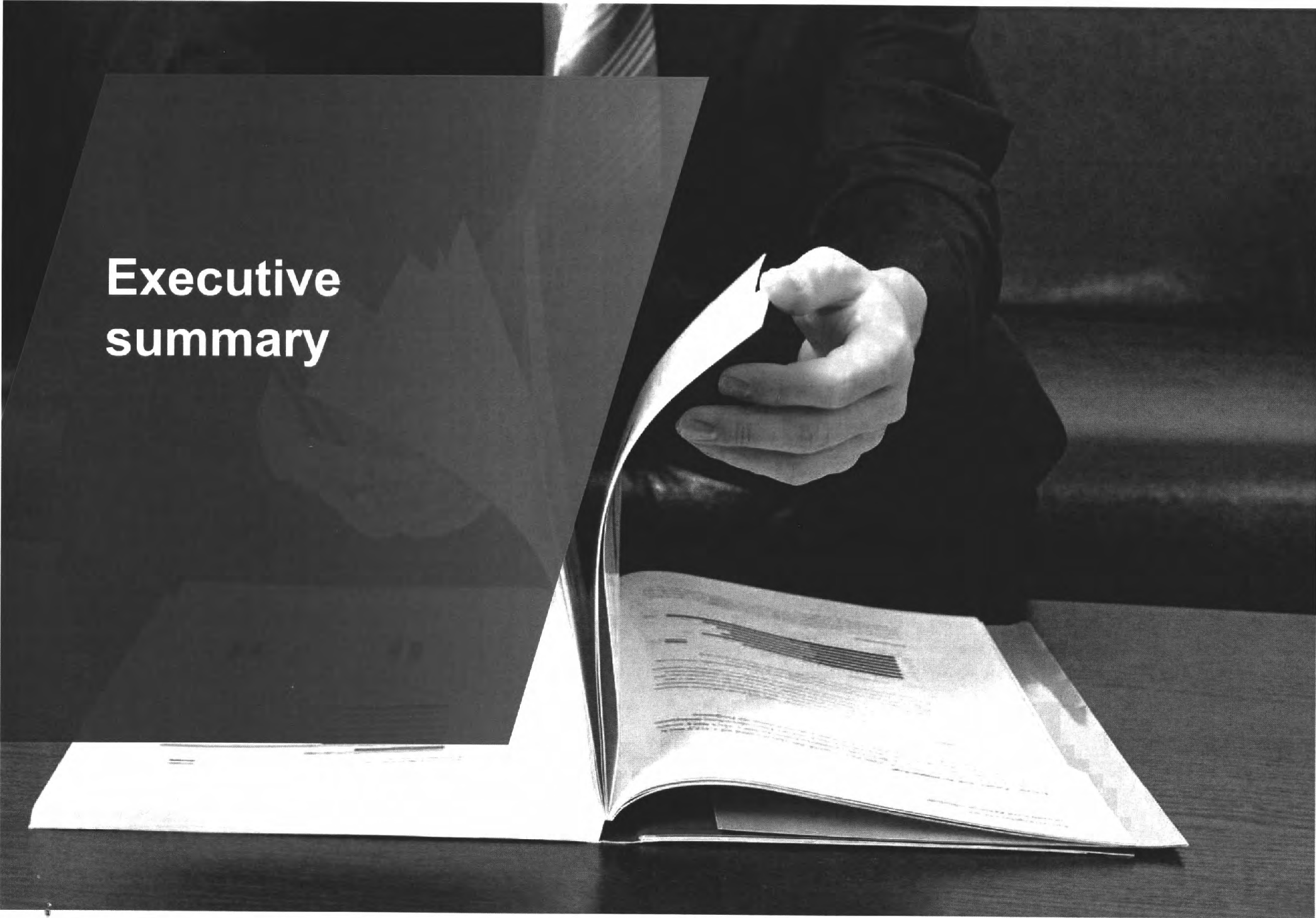
9

10

11

12

13



Executive summary



Executive Summary

Background, purpose and scope

The purpose of this report is to add to the State's existing review of reporting requirements applicable to universities, by focusing on "financial reporting and auditing" requirements.

The scope of this review as agreed with DETE does not include:

- State borrowing program reporting requirements;
- Other ad-hoc requirements such as grant funding reporting requirements;
- Land administration; and
- Governance structures

Queensland regulatory reform

The Queensland Government has committed to reducing the regulatory burden in Queensland to promote efficiency, improve productivity and reduce costs associated with unnecessary regulatory burden. The Federal Government has similarly, signified a commitment to reducing the regulatory burden on individuals, businesses and communities.

In this wider reform context, universities present a challenging task. They are large and complex with a diverse range of activities that are regulated by various State and Commonwealth bodies and legislation. There is no single agency overlooking the full scope of financial reporting and auditing requirements. Achieving a streamlined approach to the financial reporting and auditing requirements of universities will require a co-ordinated response by Queensland and Commonwealth authorities.

DETE's review

In 2012 the Australian Government performed a review of reporting requirements. The national review however did not address the reporting requirements at a state level. As a result, in 2014 DETE commenced a review of university legislation and reporting requirements to identify the extent of compliance and reporting requirements and determine options for further action.

To enable further improvements and efficiency gains for Queensland universities, DETE is seeking a review of financial reporting and auditing requirements which both documents and quantifies universities' obligations, with a primary focus on duplicated requirements, and recommends options for improvement.

KPMG's review

KPMG has been appointed to undertake an assessment of the financial burden borne by Queensland universities as a result of duplicative financial reporting and auditing requirements.

This report addresses the following key questions:

1	What are the current financial reporting and auditing requirements imposed on universities by State and Commonwealth governments, as prescribed in Queensland or Commonwealth legislation or by way of written agreement?
2	To what extent is there duplication between the reporting requirements of the Queensland and Australian Governments?
3	What risks are being mitigated by these reporting obligations? What are the benefits to governments?
4	What are the financial and administrative costs to universities of complying with these reporting requirements?
5	How do the reporting costs of public universities (statutory bodies) compare to private universities (corporations)? What additional cost, if any, of being a public university compared to being a private university of a similar size?
6	Are the reporting obligations of universities in Queensland similar in other comparable Australian jurisdictions?
7	What approaches, strategies or initiatives (across comparable Australian jurisdictions) have proven most successful in mitigating duplication and associated financial impacts of duplicative reporting?
8	What steps can be taken to reduce reporting duplication or over-reporting for universities?



Executive Summary

Summary of key findings

KPMG did not identify any significant areas of financial reporting and auditing duplication. The cost of duplication identified by public universities in Queensland amounted to a total of \$66,000 p.a. across all universities.

Key Findings	
1	A total of twelve [12] different State and Commonwealth pieces of legislation/guidelines impose financial reporting obligations on Queensland universities. A financial burden is therefore placed on universities to ensure compliance with all relevant requirements.
2	Despite the additional financial reporting burden and costs, universities in Queensland value the benefits associated with statutory body status. With these benefits come the obligations and responsibilities that apply to all statutory bodies.
3	Annual reports are the key accountability document and the principal means universities report on non-financial and financial performance.
4	KPMG identified seven [7] areas of duplication, however only three [3] were considered by universities to require a medium level of compliance effort. The total cost of duplication identified amounted to \$66,000 p.a. across all universities.
5	The most significant form of duplication identified was the State and Commonwealth financial reporting guidelines.
6	Based on our external benchmark analysis of annual reporting costs per \$1,000 of revenue, annual reporting costs incurred by universities fall below the benchmark. This suggests that issues around duplication do not appear to be having a significant impact on the overall cost of annual reports.
7	Based on our analysis of annual reporting costs per \$1,000 of revenue, costs incurred by public universities are in line with private universities.
8	Annual reporting and auditing costs of metropolitan universities are greater than those incurred by regional universities, reflecting the difference in scope and scale of activities.
9	Based on our discussions with relevant personnel in other jurisdictions, financial reporting duplication is not identified as a significant concern. Other states impose similar external and internal audit requirements.
10	Victoria has reduced financial reporting duplication by aligning the State financial statement disclosures to that of the Commonwealth.



Executive summary

Key recommendations

Recommendation	Rationale
1 The State and Commonwealth governments collaborate to establish a single financial reporting requirements document.	A single financial reporting requirements document will ensure efficiencies, as only one template will be completed. This is effective as it saves time, reduces effort required to ensure compliance and meets both the State and Commonwealth requirements.
2 DETE liaise with Queensland Treasury and Trade to review the requirements of universities to prepare annual reports for their subsidiaries.	This will reduce the costs of unnecessary reporting. Consideration must be given to the users of the financial statements, effect of changes on other statutory bodies and whether the financial statements are still needed to be tabled in Parliament.
3 DETE liaise with the QAO to identify opportunities for providing greater transparency to universities in the decision making and tendering process in relation to the outsourcing of the QAO's external audit responsibilities.	Universities have noted that they are unable to decide on whether the external audit of their financial statement is outsourced. There is a perception that audit quality would increase and audit fees decrease should external audit services be outsourced. The QAO noted that external audit fees are benchmarked against other Big 4 and mid-tier accounting firms, and that some external audits are maintained in-house (by the QAO) in order to ensure that technical and industry knowledge remains up-to-date and that consistency is achieved across the industry.

Impact on key risks:

Our recommendations will not have a significant impact on the key risks mitigated by the financial reporting and auditing requirements, as the remaining requirements adequately addresses these risks. In relation to recommendation two [2], although the State may lose sight over subsidiary activities, this is mitigated by the fact that in the majority of cases subsidiary activities are immaterial to the consolidated group. They are also already subject to the financial reporting and auditing requirements of the *Corporations Act 2001* and Trust Deeds, and will be subject to increased QAO focus should they become more material.

Our recommendations do not detract from the key requirement that financial reporting across the industry is complete, comparable and reliable for the existing users of the information.



Executive summary

Key findings – areas of duplication

Of the twelve [12] pieces of legislation imposing financial reporting and auditing requirements on universities, seven [7] areas of duplication were identified.

Only three [3] areas were identified by universities as requiring a medium level of compliance effort [refer to the compliance effort column in table adjacent].

From our review of all relevant legislation (listed on page 13 and 14 below), as well as the responses received from universities, KPMG compiled the following matrix highlighting potential duplications in financial reporting. Where duplication has been identified, KPMG has indicated (based on university feedback) whether the incremental effort required to address the duplication is low, medium or high.

FINANCIAL REPORTING DUPLICATION				
Legislation – State	Legislation - Other	Reporting requirements	Level of duplication	Compliance effort
<i>ARR (Qld)</i> – sections 11 – 16	<i>FSG (Cth)</i> – pages 6 – 7	Disclosures in relation to financial performance of the consolidated entity for the applicable financial year.	Medium	Low
<i>ARR (Qld)</i> – section 18	<i>TEQSA (Cth)</i> – section 27	Financial statement disclosures	High	Low
	<i>Department of Education (Cth)</i>		High	Medium
<i>ARR (Qld)</i> – section 18	<i>SBFA (Qld)</i> – section 55	Disclosures regarding Derivatives	Medium	Low
<i>ARR (Qld)</i> – section 34.1	<i>FSG (Cth)</i> – note 40	Reporting of consultancy expenditure disclosures	Medium	Low
<i>ARR (Qld)</i> – section 34.2	<i>TEQSA (Cth)</i>	Reporting of overseas travel costs.	High	Low
	<i>Department of Industry</i>		High	Low
<i>ARR & FRR (Qld)</i>	<i>FSG (Cth)</i>	Financial statement disclosures	High	Medium
Annual report guidelines per: <i>ARR (Qld)</i> <i>FRR (Qld)</i> <i>FSG (Cth)</i>	<i>FAA (Qld)</i> – section 42 <i>RTIA (Qld)</i> – section 131 <i>HESA (Cth)</i> – section 19-70 <i>TEQSA (Cth)</i> – section 28	Ad-hoc information requests.	High	Medium

Rating	Level of Duplication	Compliance effort
Low	Only some requirements are identical.	Rated as low by the universities in our “data collection tool”.
Medium	Disclosures are similar in nature, however not identical.	Rated as medium by the universities in our “data collection tool”.
High	Requirements are almost identical.	Rated as high by the universities in our “data collection tool”.

Executive summary

Key findings – duplication cost

The total annual cost to all Queensland public universities of financial reporting and auditing duplication is estimated at \$66,000 p.a.

The universities also highlighted the internal costs incurred of meeting the QAO's information requirements as a result of audit testing over specific focus areas. The total cost to all universities is estimated at \$80,000 p.a.

Duplication:

The major forms of financial reporting and auditing duplication identified is in relation to the following requirements:

- State and Commonwealth financial report guidelines per the ARR, FRR and FSG;
- AFR online submission to the federal Department of Education; and
- Other – remaining smaller items combined together.

The following is a comparison of the financial costs to public universities in annual \$ terms:

Total annual cost of identified duplicative financial reporting and auditing requirements for Queensland public universities



This cost captures the total cost of compliance, and thus includes requirements which are considered duplicative and/or excessive by universities. These requirements make up 50% of all items identified (total of approx. \$66,000 p.a.).

The financial cost of duplication is highly dependent on the level of staff involved to address the duplication. Higher levels of management will be involved where the specific requirements are complex and where a higher level of judgement is required. For example, the financial reporting guidelines (ARR, FRR and FSG) are extensive documents detailing requirements with respect to accounting standards and principles, such as revenue recognition and fair value measurements. As such, it is expected that a staff level with adequate experience is required to assess whether the university has complied with these requirements.

Excessive auditing requirements:

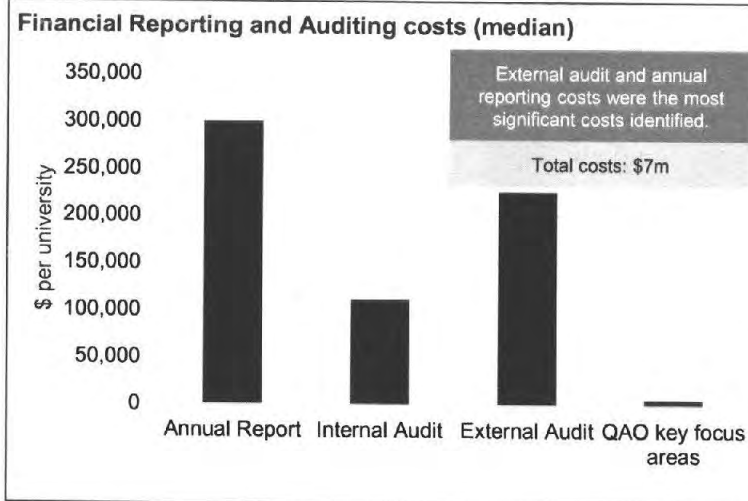
Universities also highlighted the QAO's specific audit focus areas which places an additional internal financial burden on universities to accommodate the QAO's information requests. The total cost estimated by the universities amounted to \$80,000 p.a.

¹ Consists of ad-hoc requests by HESA, TEQSA, ABS and the Department of Industry

The key findings from our cost analysis are as follows:

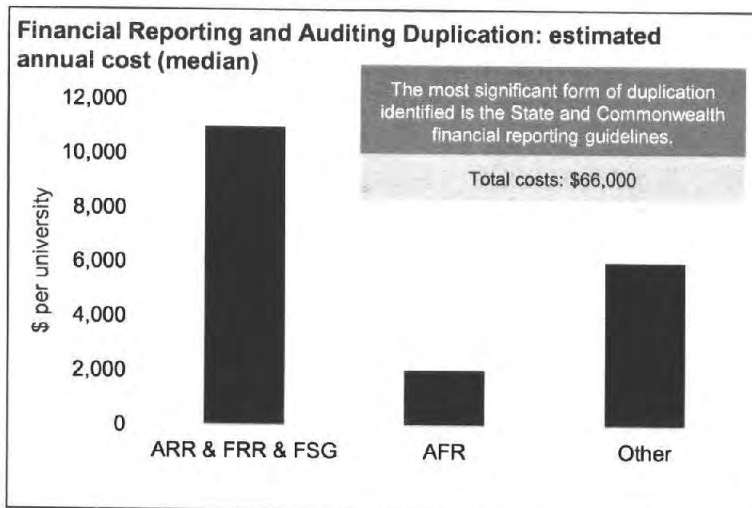
- Due to differences in size and internal audit requirements, public universities spend \$320,000 p.a. per university more on annual reporting and auditing costs than private universities;
- The most significant form of duplication identified was the State and Commonwealth financial reporting guidelines; and
- Metropolitan universities spend more on annual reporting and auditing costs than regional universities.

Type	Universities
Regional	JCU, USQ, USC, CQU
Metropolitan	UQ, QUT, GU



Regional vs Metropolitan

s.47(3)(b) RTI- Contrary to public interest





Executive summary Key findings – cost of annual reports

Based on our external benchmark analysis of annual reporting costs per \$1,000 of revenue, annual reporting costs incurred by universities fall below the benchmark. This suggests that issues around duplication do not appear to be having a significant impact on the overall cost of annual reports.

Cost of Annual Reports

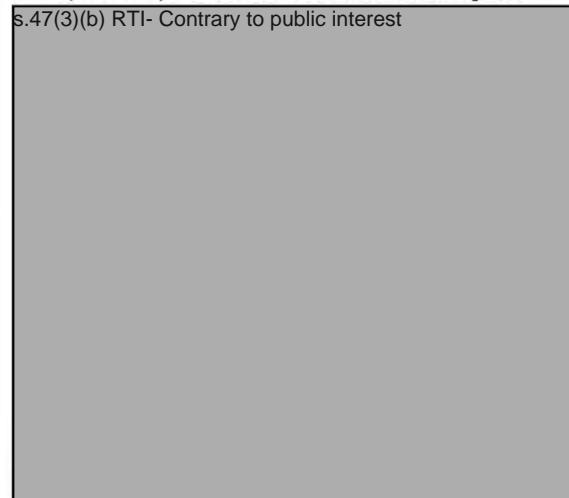
The below chart provide a perspective of the current costs to universities of preparing the annual reports against external comparators. The benchmark used was identified by APQC for government agencies and represents the best practice (i.e. lowest cost) at which government agencies can perform financial reporting per \$1,000 of agency revenue.

Queensland's public universities are recognised as statutory bodies and therefore have the same level of annual reporting obligations as government agencies.

Both public and private universities have a median financial reporting function cost (per \$1,000 of revenue) below the APQC's benchmark of \$1.25 per \$1,000 of revenue, and largely in line with one another.

KPMG has not disclosed our public versus private analysis below in order to protect the sensitivity of information.

Annual reporting cost per \$1,000 of revenue (median) - external benchmark analysis:



— APQC external benchmark

Definitions and assumptions:

Source: Open Standards Benchmarking – American Productivity and Quality Center (APQC)

Period: 2012

Benchmark population: 300+ (depending on individual metric and whether it was 'general accounting' or 'financial reporting')

Geographical population: Global cross industry

Key Finding	Summary of Observations	Implications and Recommendations																														
<p>A total of 12 different pieces of legislation/guidelines impose financial reporting obligations on Queensland universities.</p>	<ul style="list-style-type: none"> ■ A number of State and Commonwealth legislative requirements are imposed on Queensland universities in regards to financial reporting. ■ The following is a summary of legislation which imposes financial reporting requirements: <table border="1" data-bbox="465 563 1646 1225"> <thead> <tr> <th>Legislation</th> <th>Abbrev.</th> <th>Requirement</th> </tr> </thead> <tbody> <tr> <td colspan="3">Queensland</td> </tr> <tr> <td><i>Statutory Bodies Financial Arrangements Act</i></td> <td>SBFA</td> <td>Disclosure of derivatives to Treasury [s 55]</td> </tr> <tr> <td><i>Financial Accountability Act 2009</i></td> <td>FAA</td> <td>Annual report with audited financial statements [s 59 – 63]; Other information as requested [s 42]</td> </tr> <tr> <td><i>Public Records Act 2002</i></td> <td></td> <td>Annual report on administration of act [s 56]</td> </tr> <tr> <td><i>Right to Information Act 2009</i></td> <td>RTIA</td> <td><u>May</u> require information, monitor and audit [s 131]</td> </tr> <tr> <td><i>Financial Reporting Requirements for Queensland Government Agencies</i></td> <td>FRR</td> <td>Prescribes applicable accounting standards etc.</td> </tr> <tr> <td><i>Annual Reporting requirements for Queensland Government Agencies</i></td> <td>ARR</td> <td>Comprehensive document of mandatory contents of annual report</td> </tr> <tr> <td><i>A Guide to Queensland Government Performance Management Framework</i></td> <td></td> <td>Provides a guideline to ensure compliance with the PMF</td> </tr> <tr> <td><i>Financial and Performance Management Standard 2009</i></td> <td>PMF</td> <td>Internal performance reporting every quarter and external annually or when requested by Minister [s 12 - 13]; Annual audited financial statements [s 43]; Internal audit function [s 29]; Audit Committee [s 35]</td> </tr> </tbody> </table>	Legislation	Abbrev.	Requirement	Queensland			<i>Statutory Bodies Financial Arrangements Act</i>	SBFA	Disclosure of derivatives to Treasury [s 55]	<i>Financial Accountability Act 2009</i>	FAA	Annual report with audited financial statements [s 59 – 63]; Other information as requested [s 42]	<i>Public Records Act 2002</i>		Annual report on administration of act [s 56]	<i>Right to Information Act 2009</i>	RTIA	<u>May</u> require information, monitor and audit [s 131]	<i>Financial Reporting Requirements for Queensland Government Agencies</i>	FRR	Prescribes applicable accounting standards etc.	<i>Annual Reporting requirements for Queensland Government Agencies</i>	ARR	Comprehensive document of mandatory contents of annual report	<i>A Guide to Queensland Government Performance Management Framework</i>		Provides a guideline to ensure compliance with the PMF	<i>Financial and Performance Management Standard 2009</i>	PMF	Internal performance reporting every quarter and external annually or when requested by Minister [s 12 - 13]; Annual audited financial statements [s 43]; Internal audit function [s 29]; Audit Committee [s 35]	<p>A financial burden is placed on universities to ensure that they comply with all the relevant requirements.</p>
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Executive summary
Key findings – observations [2]

Key Finding	Summary of Observations	Implications and Recommendations																		
Financial reporting requirements (cont'd)	<table border="1" data-bbox="481 430 1736 766"> <thead> <tr> <th>Legislation</th> <th>Abbrev.</th> <th>Requirement</th> </tr> </thead> <tbody> <tr> <td colspan="3">Commonwealth</td> </tr> <tr> <td><i>Higher Education Support Act 2003</i></td> <td>HESA</td> <td>Annual audited financial statements [s 19-10]; Statistical information [s 19-70]</td> </tr> <tr> <td><i>Tertiary Education Quality and Standards 2011</i></td> <td>TEQSA</td> <td>Annual audited financial statements [s 27]; Other information as requested [s 28]</td> </tr> <tr> <td><i>Financial Statement Guidelines for Australian Higher Education Providers for 2013 reporting period</i></td> <td>FSG</td> <td>Comprehensive document of mandatory contents and form of annual report</td> </tr> <tr> <td><i>Education Services for Overseas Students Act 2000</i></td> <td>ESOS</td> <td>Other information as requested [s 26]</td> </tr> </tbody> </table> <ul style="list-style-type: none"> ■ Since 2012, any company controlled by a university that prepares financial statements is required to table these in State Parliament. Even though universities already prepare financial statements for these entities, the financials are required to be published as part of an additional appendix to the annual report. This requires additional work and puts at risk the commercial interest of the institution as sensitive information such as progress on research and technology is disclosed to the public. 	Legislation	Abbrev.	Requirement	Commonwealth			<i>Higher Education Support Act 2003</i>	HESA	Annual audited financial statements [s 19-10]; Statistical information [s 19-70]	<i>Tertiary Education Quality and Standards 2011</i>	TEQSA	Annual audited financial statements [s 27]; Other information as requested [s 28]	<i>Financial Statement Guidelines for Australian Higher Education Providers for 2013 reporting period</i>	FSG	Comprehensive document of mandatory contents and form of annual report	<i>Education Services for Overseas Students Act 2000</i>	ESOS	Other information as requested [s 26]	<p>The reporting requirements of universities' subsidiaries impose significant additional compliance costs on universities despite the immaterial nature of most subsidiaries. However, these requirements only significantly impact the larger universities.</p>
Legislation	Abbrev.	Requirement																		
Commonwealth																				
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As statutory bodies, universities are obliged to comply with the requirements of the State in relation to the choice of external auditors.	<ul style="list-style-type: none"> ■ External audit requirements are imposed by both State and Commonwealth governments. ■ Universities are required to engage the Queensland Audit Office (QAO) to conduct external audits of the financial statements. The universities have highlighted the following in regards to this requirement: <ul style="list-style-type: none"> – Changing this requirement to use the QAO could create efficiencies, save costs and result in higher quality external audits; and – The QAO conducts performance audits (outside the financial statement audit scope) which places an additional financial burden on the universities. ■ The QAO highlighted the following to us with regard to the above: <ul style="list-style-type: none"> – External audit fees are appropriately benchmarked against other Big 4 and mid-tier accounting firms. Currently the external audit of five of the seven public universities is outsourced. – Performance audits are not currently being conducted on universities. The QAO has increased their audit scope in certain areas, however this is considered to be part of the financial statement audit scope and thus no extra fees are charged. The QAO expects this controls testing to result in efficiencies (smaller sample sizes) during the year-end audit process. ■ Internal audit requirements are imposed by the State government, with no specific requirement existing at a federal level. This requirement is imposed on public universities only. Other states impose similar requirements. 	<p>We understand that this requirement would be difficult to waive as this would set the wrong precedent for other statutory bodies.</p>																		

Key Finding	Summary of Observations	Implications and Recommendations
<p>Despite the additional financial reporting burdens and costs, universities in Queensland value the benefits associated with statutory body status. With these benefits come the obligations and responsibilities that apply to all statutory bodies.</p>	<ul style="list-style-type: none"> ■ Universities receive funding from both the State and Commonwealth governments. In order to maintain confidence in appropriate higher education service delivery, both levels of government require universities to report on financial and non-financial information. This results in both internal and external costs. 	<p>The benefits include financial support from the State government, access to borrowing programs and access to Crown land. Universities consider that these benefits outweigh the cost of statutory body status.</p>
<p>Annual reports are the key accountability document and the principal way universities report on non-financial and financial performance.</p>	<ul style="list-style-type: none"> ■ Annual reports assist the State government to monitor those universities which it has supported financially or to which it has issued government guarantees. ■ Annual reporting and auditing requirements assist the government to mitigate key risks such as misappropriation of assets, mismanagement of resources, going concern issues, fraud and inadequate financial reporting controls and processes. 	<p>Annual reports will always be a key reporting requirement of both State and Commonwealth governments.</p>
<p>Annual report preparation costs of universities fall below external benchmarks.</p>	<ul style="list-style-type: none"> ■ KPMG determined the financial and administrative costs of preparing annual reports, performing external audits of financial statements and maintaining an internal audit function. 	<p>The duplication issues identified do not appear to have a significant impact on the financial reporting costs of universities.</p>
<p>The main financial reporting and auditing burden placed on public universities is the specific State and Commonwealth annual reporting disclosure requirements as well as the internal cost to universities of accommodating the QAOs information requests in relation to key focus areas as part of the statutory audit.</p>	<ul style="list-style-type: none"> ■ A number of differences between financial reporting and auditing requirements of private and public universities were identified. These are: <ul style="list-style-type: none"> – Public universities require compliance with the annual report disclosure requirements of the ARR, FRR and FSG. These requirements require a significant amount of time to work through by the university to ensure compliance; – Public universities are subject to the Auditor General of Queensland’s audit focus areas, which in many cases result in detailed specific audit testing being performed by the QAO. For example, this includes audits of management reporting as part of the financial statement audit. – There is no legislative requirement for a private university to employ an internal audit function or audit committee. ■ No significant duplicative effort was identified in relation to data submissions. Universities did comment on the amount of ad-hoc information requests, which in most cases would be information already disclosed in the Annual Report. 	<p>These additional requirements place a greater cost on public universities.</p>

Key Finding	Summary of Observations	Implications and Recommendations
<p>Based on our analysis of annual reporting costs per \$1,000 of revenue, costs incurred by public universities are in line with private universities. Auditing costs incurred by public universities are greater due to the State internal audit requirements.</p>	<ul style="list-style-type: none"> ■ KPMG obtained responses from all public universities in relation to the cost of complying with the financial reporting and auditing requirements. A comparison was therefore able to be performed between public and private universities. ■ Differences in total aggregate costs is mainly attributable to internal audit costs which is a State requirement, and also includes the \$66,000 p.a. of duplicative costs (total of all universities). ■ If a private university receives Commonwealth government funding, then the university will be subject to similar financial reporting and auditing requirements as other public universities under the HESA and TEQSA legislations. 	<p>State and Commonwealth annual reporting requirements do not appear to have a significant impact on the annual reporting costs of universities.</p>
<p>Based on our discussions with relevant personnel in other jurisdictions, financial reporting duplication is not identified as a significant concern. Other states impose similar external and internal audit requirements.</p>	<ul style="list-style-type: none"> ■ KPMG performed consultations with the following State departments: <ul style="list-style-type: none"> – VIC: Department of Education and Early Childhood Development (DEECD); – NSW: Department of Education and Communities (DEC); and – WA: Department of Education Services (DES). ■ Based on our research and discussions, financial reporting requirements in other jurisdictions are of a similar nature and require a similar level of effort as in Queensland. No significant issues of duplication in financial reporting and auditing requirements were highlighted to us as part of our consultation. 	<p>Refer below for initiatives in Victoria.</p>
<p>Victoria has reduced financial reporting duplication by aligning the State financial statement disclosures to that of the Commonwealth.</p>	<ul style="list-style-type: none"> ■ The Department of Education and Early Childhood in Victoria in 2009 identified differences in financial statement disclosure requirements for universities. It undertook a project to amend State financial reporting guidelines to align with the Commonwealth. ■ The NSW Government reduced administrative costs by amending the Universities Governing Bodies Act 2011. Reforms included reducing red-tape around borrowing and commercial activity approvals. 	<p>Queensland should consider aligning the <i>Financial Reporting Requirements (Qld)</i> with the <i>Financial Statement Guidelines (Cth)</i>.</p>