

Victorian Government Audit Committees Survey

1. Survey objective and Information for respondents

SURVEY OBJECTIVE:

The purpose of this survey is to identify the role and performance of Audit Committees in Victorian Government Public sector organisations in providing governance and assurance to stakeholders. Please forward the email to persons in your organisation holding the following portfolios. Responses are invited from Departmental Secretaries/Chief Executive Officers, Chair of Audit Committees, Members of the Audit Committee, Internal Auditors, External Auditors and Chief Financial Officers.

INSTRUCTIONS FOR COMPLETING THE SURVEY FORM:

This survey is activated by clicking on to the hot key/hyper-link "Victorian Government Audit Committees Survey". We value your responses and comments to the questions raised in the questionnaire. Please read all instructions carefully to ensure you respond to the question as you intend to. A comment and explanation text box is provided for you to provide additional information supporting your response. Please answer all questions. When completed please click the "Done" button.

An alternative method of responding to this questionnaire is to print a copy of the questionnaire from the attached pdf file; respond to the questions on the hardcopy of the questionnaire and mail the completed questionnaire to the postal address provided below.

Professor Anona Armstrong PhD AM
(Attention Geoffrey Wong)
Victoria University
Centre for International Corporate Governance Research
Flinders Street
PO Box 14428
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Victoria 8001

If you wish to discuss any aspect of the survey please email your query to geoffrey.wong@live.vu.edu.au or contact Geoffrey Wong on his mobile number 0418 103 878.

PRIVACY AND CONFIDENTIALITY:

We respect your privacy and that of the organisation you represent. This survey is administered under the provisions of the Privacy Act 1988. Data collected from this survey will be treated as strictly "In-Confidence" and will be stored within the Victoria University Centre for International Corporate Governance Research. The analysed data will be used for research purposes and to assist respondents who request for it. Under no circumstances will individual data be provided that allows the identification of any respondent.

This survey is conducted on behalf of the Victoria University for the Centre for International Corporate Governance Research by Doctorate candidate Geoffrey Wong.

Please complete the survey and return it by email or by hardcopy mailed to the above address by 11 May 2009.

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2. General Information - Your organisation

This section provides general information about you and your organisation.

1. What is the name of your organisation?

2. Are you?

Female

Male

3. In the context of your organisation's function, as classified by the Victorian Auditor General, what type of organisation are you?

Department

Company, trust, joint venture

Public Body

Water Authority

University & Educational Institutions

Regional waste management group

Public Hospital & ambulance services

Municipal Council

Community Health

Regional Library Corporation

Superannuation funds

Public Cemetery

4. How many people are employed in your organisation?

<100

101 - 500

501 - 1,000

1,001 - 5,000

5,001 - 10,000

>10,000

5. What is the annual budget of your organisation?

<\$100m

\$101m - \$500m

\$501m - \$1,000m

>\$1,000m

6. Does your organisation have an Audit Committee?

Yes

No

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7. When was your Audit Committee created?

n.b. In 1994 Victoria implemented the Financial Management Act. The accompanying Directions of the Minister for Finance provided guidance on Audit Committees.

Before 1994

1994

After 1994

Specific year (if known)

8. How many independent members are there in your Audit Committee?

None

One

Two

Three

Four

Five

> Five

9. How many members of your Audit Committee are internal managers/Directors from your organisation?

None

One

Two

Three

Four

Five

>Five

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10. What is your role (position title) in the organisation?

- Departmental Secretary
- Chief Executive Officer
- Chairperson of the Audit Committee
- Independent Member of the Audit Committee
- Internal Auditor
- External Auditor
- Management Member of the Audit Committee
- Administration & Secretarial Support to the Audit Committee

Other (please specify)

11. Is the Chairperson of the Audit Committee, an independent member or management member?

- Independent Member
- Management Member

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3. Audit Committee - Your Audit Committee

This section captures the role, members, structure, functions, and processes of your Audit Committee. Please respond to each of these questions.

12. What is the role of your Audit Committee?

In your opinion:

	Strongly disagree	Disagree somewhat	Neither agree nor disagree	Agree somewhat	Strongly agree
a. Does it assist management on good governance practices?	jn	jn	jn	jn	jn
b. Does it scrutinise your organisation's compliance with legislative requirements - Financial Management Act 1994?	jn	jn	jn	jn	jn
c. Is it strengthened by the inclusion of non-executive (independent) members?	jn	jn	jn	jn	jn
d. Is it discharging its responsibilities for the prevention of fraud, other irregularities, and errors?	jn	jn	jn	jn	jn
e. Does it preserve and enhance the independence of external auditors?	jn	jn	jn	jn	jn
f. Does it preserve and enhance the independence of internal auditors?	jn	jn	jn	jn	jn
g. Does it improve communication between internal organisation committees and the external auditor?	jn	jn	jn	jn	jn
h. Does it improve communication between management and the external auditors?	jn	jn	jn	jn	jn
i. Does it provide a forum for arbitration between management and auditors (internal and external)?	jn	jn	jn	jn	jn
j. Does it increase the confidence of Parliament and Public in the credibility and objectivity of financial statements?	jn	jn	jn	jn	jn
k. Does it assist the auditors in the reporting of serious deficiencies?	jn	jn	jn	jn	jn
l. Does it assist management to discharge their statutory responsibilities with regard to internal control?	jn	jn	jn	jn	jn
m. Does it assist management discharge their statutory responsibilities with regards to financial reporting?	jn	jn	jn	jn	jn
n. Does it challenge management, internal auditors and external auditors with the Audit Committee's own view on issues?	jn	jn	jn	jn	jn
o. Does it engage outside experts when appropriate?	jn	jn	jn	jn	jn
p. Does it respect the difference between oversight and line management?	jn	jn	jn	jn	jn

Other (please specify)

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13. Who does the Chairperson of the Audit Committee report to?

- Chairperson of the Board
- Departmental Secretary
- Chief Executive Officer

Other (please specify)

14. Does an Audit Committee Charter exist?

- Yes
- No

15. What attributes of Audit Committee members are important in contributing to the success of Audit Committees?

	Strongly disagree	Disagree somewhat	Neither Agree nor Disagree	Agree somewhat	Strongly agree
a. Knowledge of the organisation's business.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Knowledge of finance and accounting.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. Knowledge of auditing.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. Variety of backgrounds among the committee.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. Enthusiastic Chairman.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. Ability to devote the necessary time.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g. Sound judgement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h. Full understanding of the purpose and responsibilities of the Audit Committee.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i. Independence from management.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other (please specify)

16. Are independent external Audit Committee members remunerated for their services?

- Yes
- No

Other (please specify if Independent member is also an Board member))

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17. How much is each external independent Audit Committee member paid each financial year?

Voluntary

< \$1,000

\$1,000 - \$4,000

\$4,001 - \$8,000

\$8,001 - \$12,000

> \$12,000

Other (please indicate if this includes Director's fees as a Board member))

18. Audit Committee members:

	No	Yes
a. Are independent Audit Committee members engaged for a fixed period of time ?	<input type="checkbox"/>	<input type="checkbox"/>
b. Do Audit Committee members receive any induction and orientation program?	<input type="checkbox"/>	<input type="checkbox"/>
c. Are members of the Audit Committee briefed/trained on ethics, care and diligence?	<input type="checkbox"/>	<input type="checkbox"/>
d. Are independent members of the Audit Committee personally covered by personal insurance liability?	<input type="checkbox"/>	<input type="checkbox"/>

Other (please specify)

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19. What functions are assigned to your Audit Committee?

	Strongly disagree	Somewhat disagree	Neither Agree Nor Disagree	Somewhat agree	Strongly agree	N/A
a. Review audited annual financial reports.	jn	jn	jn	jn	jn	jn
b. Review entire annual report.	jn	jn	jn	jn	jn	jn
c. Review interim reports.	jn	jn	jn	jn	jn	jn
d. Review summary financial reports.	jn	jn	jn	jn	jn	jn
e. Review accounting principles, practices, and significant changes during the year.	jn	jn	jn	jn	jn	jn
f. Monitor compliance with Financial Management Act 1994 (Directions & Financial Management Compliance Framework).	jn	jn	jn	jn	jn	jn
g. Review prior to issue press statements and publicity material relating to financial matters.	jn	jn	jn	jn	jn	jn
h. Authority to engage staff and consultants as required.	jn	jn	jn	jn	jn	jn
i. Manage its own financial budget and expenditure.	jn	jn	jn	jn	jn	jn
j. Approve the internal audit program.	jn	jn	jn	jn	jn	jn

Other (please specify)

20. What issues/practices are important in contributing to the success of Audit Committees?

	Strongly disagree	Disagree somewhat	Neither Agree Nor Disagree	Agree somewhat	Strongly agree
a. Availability of relevant information.	jn	jn	jn	jn	jn
b. Prompt answering of queries.	jn	jn	jn	jn	jn
c. Ready access to external auditors.	jn	jn	jn	jn	jn
d. Ready access to internal auditors.	jn	jn	jn	jn	jn
e. Continuity of membership.	jn	jn	jn	jn	jn
f. Written statement of objectives and responsibilities.	jn	jn	jn	jn	jn
g. Prompt notification of problems by management.	jn	jn	jn	jn	jn
h. Provision of an agenda and timely releases of material in advance of meeting.	jn	jn	jn	jn	jn
i. Rotation of membership.	jn	jn	jn	jn	jn
j. Careful selection of members.	jn	jn	jn	jn	jn
k. Independence from management.	jn	jn	jn	jn	jn
l. Review internal audit performance annually.	jn	jn	jn	jn	jn
m. Report frequency and attendance at meetings in Annual Report.	jn	jn	jn	jn	jn
n. Review external audit performance annually.	jn	jn	jn	jn	jn
o. Report Audit Committee activities in Annual Report.	jn	jn	jn	jn	jn

Other (please specify)

21. How often are performance reviews of the Audit Committee conducted?

- Annually
- Every two years
- Every three years
- Never

Other (please specify)

22. Who conducts these reviews (Quality Assessments)?

- Internally by Chairperson of Audit Committee
- Externally by peer review

Other (please specify)

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4. Audit Committee - Internal audit

This section captures working partnership between the Audit Committee and the Internal Audit.

23. Who does the Chief Internal Audit Executive report to?

	No	Yes
a. Chair of the Audit Committee	<input type="radio"/>	<input type="radio"/>
b. Head of the organisation (Departmental Secretary/Chief Executive Officer/Chair of the Board)	<input type="radio"/>	<input type="radio"/>

Other (please specify)

24. Is the internal audit function internally sourced, co-sourced or completely outsourced?

Internally sourced

Co-sourced

Outsourced

Other (please specify)

25. Does the Audit Committee do its part to ensure the objectivity of the internal audit team?

Yes

No

Other (please specify)

26. Does the Audit Committee provide constructive feedback to the Chief Internal Audit executive at least annually?

Yes

No

Other (please specify)

27. How would you rate the services that the Audit Committee receives from the Internal Auditors?

May be improved

Is functional

Is good

Please provide examples and recommendations for improvements

5. Audit Committee - Management

This section captures working partnership between the Audit Committee and Management.

28. Is the Managerial Head of the organisation (Departmental Secretary, CEO, Chair of Board) a member of the Audit Committee?

Yes

No

29. Is the Chief Financial Officer a member of the Audit Committee?

Yes

No

30. Does management support the activities of the Audit Committee?

Yes

No

Please provide examples of good support as well as areas of opportunities for improvement

31. Would you say that the Audit Committee's relationship with management of the organisation.

May be improved

Is functional

Is good

Other (please specify)

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6. Audit Committee - External Auditors

This section captures working partnership between the Audit Committee and the external auditor.

32. Is your external auditor the Victorian Auditor General?

Yes

No

If your answer is No, please inform us of who is your external auditor.

33. Audit Committee's relationship with External Auditors.

Does the Audit Committee :

	No	Yes
a. Discuss with external auditors experiences and problems encountered when carrying out their audit?	<input type="radio"/>	<input type="radio"/>
b. Discuss the meaning and significance of audited figures and notes disclosed in financial reports?	<input type="radio"/>	<input type="radio"/>
c. Discuss the scope and timing of the external audit program?	<input type="radio"/>	<input type="radio"/>
d. Review factors that might impair, or be perceived to impair the external auditor's independence?	<input type="radio"/>	<input type="radio"/>
e. Discuss with the external auditors about the findings of the organisation's internal control systems?	<input type="radio"/>	<input type="radio"/>
f. Review audit fees?	<input type="radio"/>	<input type="radio"/>
g. Arbitrate between auditors and management?	<input type="radio"/>	<input type="radio"/>

Other (please specify)

34. Would you say that the Audit Committee's relationship with external auditor as:

May be improved

Is functional

Is good

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7. Audit Committee - Governance

Governance:

Corporate Governance is the responsibility and accountability for the overall operation of an organisation.

Financial Governance involves the responsibility and accountability for all financial aspects affecting an organisation.

Operational Governance involves the responsibility and accountability for all operational processes in an organisation.

35. Does the Audit Committee have :

	Yes	No
a. An appropriate number of members.	<input type="radio"/>	<input type="radio"/>
b. A majority of non-executive members.	<input type="radio"/>	<input type="radio"/>
c. A clear Audit Committee charter.	<input type="radio"/>	<input type="radio"/>
d. Reporting procedures.	<input type="radio"/>	<input type="radio"/>

36. Does Audit Committee corporate governance activities include oversight of:

	Yes	No
a. Attributes of internal control.	<input type="radio"/>	<input type="radio"/>
b. Management's risk mitigation plans.	<input type="radio"/>	<input type="radio"/>
c. Budgets and economic issues.	<input type="radio"/>	<input type="radio"/>
d. The efficient and effective use of corporate resources.	<input type="radio"/>	<input type="radio"/>
e. Achievement of outputs.	<input type="radio"/>	<input type="radio"/>
f. Achievement of outcomes.	<input type="radio"/>	<input type="radio"/>

37. Does the Audit Committee review corporate risk management evaluations?

Yes

No

38. Does the Audit Committee oversee corporate performance?

Yes

No

Other (please specify)

8. Audit Committee - Assurance

To determine how assurance is provided by internal and external auditors.

39. Does the Audit Committee oversee the program and reports of the Internal Auditors?

Yes

No

Other (please specify)

40. Does the Audit Committee ensure that the external auditors deliver the professional opinion of the financial and performance audits conducted?

Yes

No

Other (please specify)

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9. Audit Committee - Public Value

Regarding corporate governance, there is adequate assurance through professional and ethical processes:

41. Does your Audit Committee influence the achievement of public value on the following issues:

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
a. Regarding transparency and reliability of all public reports generated.	jn	jn	jn	jn	jn
b. Regarding compliance with applicable laws and regulations.	jn	jn	jn	jn	jn
c. Through acknowledgement of and action taken in the interest of stakeholders.	jn	jn	jn	jn	jn
d. Regarding protection and increase in stakeholder welfare.	jn	jn	jn	jn	jn
e. Regarding adequate resources.	jn	jn	jn	jn	jn
f. When the organisation strives to provide a positive impact on the community.	jn	jn	jn	jn	jn
g. By the organisation being fair and honest in its dealings.	jn	jn	jn	jn	jn
h. By the organisation providing ongoing services.	jn	jn	jn	jn	jn
i. Managing operations efficiently and effectively.	jn	jn	jn	jn	jn
j. Whether appropriate internal control systems prevail.	jn	jn	jn	jn	jn
k. When the organisation observes environmental expectations.	jn	jn	jn	jn	jn

Other (please specify)

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10. Audit Committee - Performance

Current characteristics of your Audit Committee

42. What are the current characteristics of your Audit Committee?

	Strongly Disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly Agree
a. Indecisive?	jn	jn	jn	jn	jn
b. Not empowered?	jn	jn	jn	jn	jn
c. Dominated by Management?	jn	jn	jn	jn	jn
d. Reactive?	jn	jn	jn	jn	jn
e. Focused on compliance with minimum legal requirements?	jn	jn	jn	jn	jn
f. Uncertain as to the role beyond legal requirements?	jn	jn	jn	jn	jn
g. Little attention paid to relationships?	jn	jn	jn	jn	jn
h. Deal with the external auditor principally through management?	jn	jn	jn	jn	jn
i. Minimum involvement in the selection of members and chairperson?	jn	jn	jn	jn	jn
j. Under-resourced in personnel and funds?	jn	jn	jn	jn	jn
k. Superficial in practice?	jn	jn	jn	jn	jn
l. Lacking in courage?	jn	jn	jn	jn	jn
m. Facing increasing expectations?	jn	jn	jn	jn	jn
n. More onerous responsibilities since the introduction of the Financial Management Act 1994?	jn	jn	jn	jn	jn
o. More accountable?	jn	jn	jn	jn	jn
p. Empowered?	jn	jn	jn	jn	jn
q. Prepared?	jn	jn	jn	jn	jn
r. Pro-active?	jn	jn	jn	jn	jn
s. Not dominated by management?	jn	jn	jn	jn	jn
t. Focused on appropriate, not minimum requirements?	jn	jn	jn	jn	jn
u. Focused on relationships?	jn	jn	jn	jn	jn
u. Educated and current with developments?	jn	jn	jn	jn	jn
w. Insistent on high quality and timely materials and presentations?	jn	jn	jn	jn	jn
x. Willing to commit the time required?	jn	jn	jn	jn	jn
y. Insistent on candid and direct communication?	jn	jn	jn	jn	jn
z. Independent?	jn	jn	jn	jn	jn
aa. Financially literate?	jn	jn	jn	jn	jn
ab. Demanding?	jn	jn	jn	jn	jn
ac. Demonstrate courage and leadership?	jn	jn	jn	jn	jn

Other (please specify)

11. Conclusion

This survey has been designed using Survey Monkey software. The results of this survey will be incorporated into my Thesis. The completed Thesis will be published electronically. Copies can be sent to your email address, if requested.

43. Would you like to be interviewed regarding this research topic and your responses to this questionnaire. If yes, please provide me with your contact details in the comment field.

Yes

No

Contact details (email and/or postal address)

44. Would you like a copy of the thesis?

Yes

No

Contact details (email and/or postal address)