



# ***PUBLIC ACCOUNTS COMMITTEE***

## **REVIEW OF THE REPORTS OF THE AUDITOR GENERAL 2009-2010**

**Report No. 10  
in the 38<sup>th</sup> Parliament**

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## **REVIEW OF THE REPORTS OF THE AUDITOR GENERAL 2009-2010**

### **Report No. 10**

Presented by:

**Hon J.C. Kobelke, MLA**

Laid on the Table of the Legislative Assembly  
on 14 April 2011



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# TABLE OF CONTENTS

COMMITTEE MEMBERS .....	i
COMMITTEE STAFF.....	i
COMMITTEE ADDRESS .....	i
COMMITTEE'S FUNCTIONS AND POWERS .....	v
CHAIRMAN'S FOREWORD.....	vii
ABBREVIATIONS AND ACRONYMS .....	ix
<b>CHAPTER 1 INTRODUCTION.....</b>	<b>1</b>
1.1 BACKGROUND.....	1
1.2 AUDITOR GENERAL'S REPORTS.....	1
1.3 FOLLOW-UP PROCESS.....	2
<b>CHAPTER 2 AUDITOR GENERAL'S REPORTS TABLED SINCE THE LAST REVIEW .....</b>	<b>3</b>
2.1 FOLLOW-UP CONTINUING .....	3
(a) Every Day Counts: Managing Student Attendance in Western Australian Public Schools – Report 9, 2009 (18 August 2009) .....	3
(b) Adult Community Mental Health Teams: Availability, Accessibility and Effectiveness of Services – Report 10, 2009 (14 October 2009).....	4
(c) Third Public Sector Performance Report 2009 – Report 11, 2009 (21 October 2009).....	5
(d) Fourth Public Sector Performance Report 2009 – Report 12, 2009 (11 November 2009) .....	8
(e) The Planning and Management of Perth Arena – Report 1, 2010 (10 March 2010).....	11
(f) Information Systems Audit Report – Report 2, 2010 (24 March 2010).....	11
(g) Public Sector Performance Report – Report 3, 2010 (5 May 2010).....	12
(h) Compliance Audits – Managing Attractive Assets and Managing Salary Payment Errors – Report 4, 2010 (5 May 2010) .....	13
(i) Fiona Stanley Hospital Project – Report 5, 2010 (23 June 2010) .....	13
(j) Energy Smart Government – Report 6, 2010 (30 June 2010) .....	15
(k) Fitting and Maintaining Safety Devices in Public Housing – Report 7, 2010 (11 August 2010) .....	16
(l) Environmental Management of Cockburn Sound – Report 8, 2010 (22 September 2010) .....	17
2.2 FOLLOW-UP CONCLUDED.....	18
(a) Third Public Sector Performance Report 2009 – Report 11, 2009 (21 October 2009).....	18
(b) Fourth Public Sector Performance Report 2009 – Report 12, 2009 (11 November 2009) .....	18
(c) Information Systems Audit Report – Report 2, 2010 (24 March 2010).....	19
<b>CHAPTER 3 REPORTS CARRIED OVER FROM PREVIOUS REVIEW(S).....</b>	<b>21</b>
3.1 FOLLOW-UP CONTINUING .....	21
(a) Progress with Implementing the Responses to the Gordon Inquiry – Report 11, 2005 (23 November 2005) .....	21
(b) Second Public Sector Performance Report – Report 3, 2007 (4 April 2007).....	23
(c) Shared Services Reform: A Work in Progress – Report 5, 2007 (13 June 2007).....	25
(d) Public Sector Performance Report 2008 – Report 1, 2008 (19 March 2008).....	27
(e) Lost in Transition: State Services for Humanitarian Entrants – Report 3, 2008 (11 June 2008).....	28
(f) The Juvenile Justice System: Dealing with Young People under the <i>Young Offenders Act 1994</i> – Report 4, 2008 (18 June 2008).....	29
(g) Improving Resource Project Approvals – Report 5, 2008 (7 October 2008) .....	30
(h) Responding to Changes in Attraction, Retention and Achievement in Vocational Education and Training, – Report 7, 2008 (12 November 2008).....	33
(i) Coming, Ready or Not: Preparing for Large-Scale Emergencies – Report 4, 2009 (20 May 2009).....	35

	(j)	Rich and Rare: Conservation of Threatened Species – Report 5, 2009 (10 June 2009).....	37
	(k)	Maintaining the State Road Network – Report 6, 2009 (17 June 2009) .....	39
3.2		FOLLOW-UP CONCLUDED .....	41
	(a)	Behind the Evidence: Forensic Services – Report 4, 2006 (31 May 2006).....	41
	(b)	Second Public Sector Performance Report – Report 8, 2006 (30 August 2006).....	42
	(c)	A Helping Hand: Home-based Services in Western Australia – Report 6, 2007 (20 June 2007) .....	43
	(d)	Third Public Sector Performance Report – Report 7, 2007 (27 June 2007).....	44
	(e)	Fourth Public Sector Performance Report – Report 9, 2007 (26 September 2007) .....	47
	(f)	Performance Examination of the Administration of Natural Resource Management Grants – Report 11, 2007 (28 November 2007).....	48
	(g)	Performance Examination – Report 2, 2008 (7 May 2008) .....	50
	(h)	Second Public Sector Performance Report – Report No. 8, 2008 (11 November 2008).....	53
	(i)	First Public Sector Performance Report – Report 1, 2009 (1 April 2009) .....	55
	(j)	Second Public Sector Performance Report – Report 7, 2009 (25 June 2009).....	59



## COMMITTEE'S FUNCTIONS AND POWERS

The Public Accounts Committee inquires into and reports to the Legislative Assembly on any proposal, matter or thing it considers necessary, connected with the receipt and expenditure of public moneys, including moneys allocated under the annual Appropriation bills and Loan Fund. Standing Order 286 of the Legislative Assembly states that:

The Committee may -

- 1 Examine the financial affairs and accounts of government agencies of the State which includes any statutory board, commission, authority, committee, or trust established or appointed pursuant to any rule, regulation, by-law, order, order in Council, proclamation, ministerial direction or any other like means.
- 2 Inquire into and report to the Assembly on any question which -
  - (a) it deems necessary to investigate;
  - (b) (Deleted V. & P. p. 225, 18 June 2008);
  - (c) is referred to it by a Minister; or
  - (d) is referred to it by the Auditor General.
- 3 Consider any papers on public expenditure presented to the Assembly and such of the expenditure as it sees fit to examine.
- 4 Consider whether the objectives of public expenditure are being achieved, or may be achieved more economically.
- 5 The Committee will investigate any matter which is referred to it by resolution of the Legislative Assembly.



## CHAIRMAN'S FOREWORD

I present for tabling the *Review of the Reports of the Auditor General for 2009-2010*. This is the Committee's third annual review in the 38th Parliament examining the progress of public sector agencies in implementing the recommendations of the Auditor General.

The Committee undertakes this review process as part of its scrutiny of the receipt and expenditure of public moneys. During the reporting period, the Committee has followed up 72 agencies, including 13 agencies from previous years. The Committee also concluded its follow-up of 48 agencies during the year.

The process that the Committee currently uses to follow-up the Auditor General's reports was established in the 37th Parliament. As the process has matured, and agency follow-up is rolled from one year into the next, the associated workload has increased substantially, while the level of its effectiveness is unclear. Given this, the Committee is currently developing a revised process for reviewing the reports of the Auditor General, one that will improve the efficiency of Committee operations and the effectiveness of its follow-up of the implementation of the Auditor General's recommendations to agencies.

The current review process draws upon the expertise of the Auditor General in relation to the agency responses received by the Committee, and under the revised process the Committee will continue to ask the Auditor General to share his expertise.

Over the past twelve months the Committee has continued to foster a strong working relationship with the Office of the Auditor General. In particular, I would like to thank Mr Colin Murphy, Auditor General, and the staff of the Office of the Auditor General for their constructive input into the Committee's review process.

I would also like to express my appreciation to the Members of the Public Accounts Committee for their commitment and support: the Deputy Chairman, Mr Joe Francis (Member for Jandakot); Members Mr Tony Krsticevic (Member for Carine), Mr Chris Tallentire (Member for Gosnells) and Ms Rita Saffioti (Member for West Swan).

Finally, I would like to thank the Committee's Principal Research Officer, Dr Loraine Abernethie and Research Officer, Mr Mathew Bates, for undertaking the detailed work necessary to ensuring the Committee can perform its accountability function effectively.

I commend this report to the House.

  
HON J.C. KOBELKE, MLA  
CHAIRMAN



## ABBREVIATIONS AND ACRONYMS

CEIID	Centre for Excellence and Innovation in Infrastructure Delivery
CMHT	Community Mental Health Team
Colleges	VET Colleges
CSMC	Cockburn Sound Management Council
DAF	Department of Agriculture and Food
DotAG	Department of the Attorney General
DCS	Department of Corrective Services
DoE	Department of Education
DEC	Department of Environment and Conservation
DET	Department of Education and Training
DoH	Department of Health
DH	Department of Housing
DIA	Department of Indigenous Affairs
DoIR	Department of Industry and Resources
DMP	Department of Mines and Petroleum
DoP	Department of Planning
DPC	Department of the Premier and Cabinet
DRDL	Department of Regional Development and Lands
DSC	Disability Services Commission
DSR	Department of Sport and Recreation
DSD	Department of State Development
DoT	Department of Transport
DTWD	Department of Training and Workforce Development
DTF	Department of Treasury and Finance
DTF-SP	Department of Treasury and Finance Special Projects

PUBLIC ACCOUNTS COMMITTEE

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DoW	Department of Water
ESG	Energy Smart Government
ETSSC	Education and Training Shared Services Centre
Evaluation Report	Evaluation of the Impact of the Government's Response to the Gordon Inquiry
FBT	Fringe Benefits Tax
FPC	Forest Products Commission
HCN	Health Corporate Network
IBT	Institutional Based Training
ICT	Information Communications Technology
IPAS	Integrated Project Approval System
JJTs	Juvenile Justice Teams
Landgate	Western Australian Land Information Agency
LAWA	Legal Aid Commission of Western Australia
MCB	Metropolitan Cemeteries Board
MER	Monitoring, Evaluation and Reporting Framework
MOU	Memorandum of Understanding
MRIT	Metropolitan Region Improvement Tax
MRWA	Main Roads Western Australia
NRM	Natural Resource Management
ODAC	Office of Development Approvals Coordination
OMI	Office of Multicultural Interests
OSR	Office of State Revenue
OSS	Office of Shared Services
PSC	Public Sector Commissioner
PSD	Portable Storage Device
RCDs	Residual Current Devices
RCIS	Revenue Collection Information System

PUBLIC ACCOUNTS COMMITTEE

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RTO	Registered Training Organisation
SAMF	Strategic Asset Management Framework
SEMC	State Emergency Management Committee
SEP	State Environmental Policy
SSC	Shared Service Centre
TAFE	Technical and Further Education College
Tourism WA	Tourism Western Australia
VET	Vocational Education and Training
WAPC	Western Australian Planning Commission
WA Police	Western Australia Police





## CHAPTER 1 INTRODUCTION

### 1.1 Background

Public sector agencies are accountable to Parliament for their use of public resources and for their use of the powers conferred on them by Parliament. The key role of the Auditor General is to assist Parliament to oversee the public sector, and provide independent assurance that agencies are operating and accounting for their performance, in accordance with Parliament's purpose. Specifically, the Auditor General:

- audits and provides an opinion to Parliament on each public sector agency's annual financial statements and performance indicators;
- provides an opinion on the adequacy of controls in satisfying legislative provisions;
- conducts compliance and performance examinations; and
- reports any significant matters to Parliament.<sup>1</sup>

The Public Accounts Committee (the Committee) is empowered under Standing Orders 285 and 286 of the Legislative Assembly to inquire into and report on any proposal, matter or thing it considers necessary, connected with the receipt and expenditure of public moneys. The Committee has resolved to follow up Auditor General Compliance and Performance Examination reports tabled in Parliament. Agencies that have been the subject of these reports must inform the Committee regarding progress made towards implementation of each recommendation included in the Auditor General's report.

### 1.2 Auditor General's Reports

The Auditor General's examination of public sector agencies comprises assessment of both agency compliance and performance. The Auditor General undertakes two types of audit: Assurance Audits, and Compliance and Performance Examinations. The Auditor General can conduct two types of assurance audit: audits of financial statements and audits of performance indicators. Financial audits provide assurance to Parliament that the information presented by government agencies in annual reports is based on proper accounts and presented in accordance with accounting standards. Performance indicator audits address whether performance indicators used by agencies represent indicated performance and also whether the indicators are relevant and appropriate.<sup>2</sup>

Compliance Examinations assess an agency's compliance with legislative provisions, public sector policies or its own policies, and involve an assessment of internal controls and the

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<sup>1</sup> Office of the Auditor General, Western Australia, *Audit Practice Statement*. Available at: <http://www.audit.wa.gov.au/reports/pdfreports/AuditPracStatement.pdf>. Accessed on 9 February 2011, p. 3.

<sup>2</sup> *ibid.* p. 5.

functionality of computerised information systems including business continuity and management of risks. Compliance examinations also assess instances of inefficiency, waste or extravagance.<sup>3</sup>

Performance Examinations evaluate whether an agency is effectively meeting its objectives and using its resources economically and efficiently to deliver desired outcomes.<sup>4</sup> The reports contain a number of discrete examination subjects which gauge whether major areas of public sector operations are reliable and follow accepted practice. The Auditor General may, on completion of the initial examination, elect to complete a follow-up Compliance or Performance Examination to provide Parliament with an assessment of any changes that have occurred as a consequence of the initial review. The Committee does not examine Audit Results Reports to Parliament as part of its review process. In total, nine Compliance and Public Sector Performance Reports were undertaken by the Auditor General during the reporting period under review.

### **1.3 Follow-up Process**

Public sector agencies are required to provide to the Committee, within a 12-month period of the tabling of a Compliance or Performance Examination by the Auditor General, details of actions taken to implement the Auditor General's recommendations. The Committee considers the agency's response in consultation with the Auditor General, and may request additional information or convene a hearing with relevant senior agency officers and/or the Auditor General. This process also applies when multiple agencies are considered in a single report.

This is the Public Accounts Committee's third *Review of the Reports of the Auditor General* in the 38<sup>th</sup> Parliament and provides detail of the Committee's follow-up of agencies' responses to the Auditor General's reports during the period commencing in August 2009 and concluding in November 2010. Unlike in previous years, the Committee has not conducted follow-up with all agencies examined by the Auditor General during the period.

The report contains an overview of responses from approximately 80 agencies to over 30 of the Auditor General's reports dating back to November 2005. During the reporting period, over 450 items of correspondence were created or received by the Committee for communication with audited agencies or the Auditor General.

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<sup>3</sup> *ibid.*, p. 7.

<sup>4</sup> *ibid.*

## **CHAPTER 2 AUDITOR GENERAL'S REPORTS TABLED SINCE THE LAST REVIEW**

As noted in the introduction, this year the Committee has not conducted a follow-up of all compliance audits tabled by the Auditor General in Parliament. The Committee has noted throughout the report the instances where follow-up has not occurred.

### **2.1 Follow-up Continuing**

#### **(a) Every Day Counts: Managing Student Attendance in Western Australian Public Schools – Report 9, 2009 (18 August 2009)**

##### **Background**

In Western Australia, a child must attend school from the beginning of the year in which they turn six years and six months until the end of the year in which they turn 17. Relevant legislation holds the parents responsible for ensuring that their children go to school, and parents may be prosecuted for failing to enrol a child or for a child's non-attendance without a valid reason. Schools are required to keep attendance records, to follow up cases of non-attendance and establish whether the absence is reasonable. The Auditor General looked at the level of attendance in Western Australian public schools and compared these rates with data from other states and the private school sector. The examination focused on the Department of Education's policies and strategies for attendance and also examined the systems in place to measure, monitor and trigger action on non-attendance.<sup>5</sup>

The Auditor General found that approximately 28 per cent of the students in Years 1 to 10 in Western Australia's public schools were at 'educational risk' due to their failure to regularly attend school. This is against a backdrop of declining school attendance, particularly as students progress through secondary school—only 53 per cent of students in Year 10 attend school regularly. The Auditor General also found that the Department lacks a policy for the management of students who are routinely absent, and that few schools have improved their attendance figures in the three years preceding the examination.<sup>6</sup>

The Auditor General made a wide ranging series of recommendations, including that the Department should:

- promote the importance of regular school attendance;
- better understand the causes and effects of non-attendance;
- use attendance as a key indicator of educational risk;

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<sup>5</sup> Auditor General for Western Australia, *Every Day Counts: Managing Student Attendance in Western Australian Public Schools*, Report 9, 19 August 2009, p. 5.

<sup>6</sup> *ibid.*, p. 6.

- improve procedures for dealing with parents and students for repeated failure to attend school;
- ensure that a comprehensive view of attendance data and issues is available; and
- set targets for student attendance.<sup>7</sup>

### **Current Status**

The Department of Education has provided a detailed response to the Committee, which is currently being considered in consultation with the Auditor General's office. The outcome of the Committee's consideration will be detailed in next year's review.

### **(b) Adult Community Mental Health Teams: Availability, Accessibility and Effectiveness of Services – Report 10, 2009 (14 October 2009)**

#### **Background**

Approaches to providing adult mental health care have undergone shifts in recent years, having moved away from the provision of care in hospital to providing care that enables individuals to remain active in their own communities. In order for this to happen, a wide range of services has to be constantly provided across the state. For in-community treatment of mental illness to be effective, it must be supported by extensive provision of non-clinical services, such as housing, employment and general lifestyle skills. This involves coordination of services provided by both the government and non-government sector and is achieved through Community Mental Health Teams (CMHTs). The Auditor General examined adult (age 18 to 64) CMHTs and assessed the services provided by each of the three Area Health Services, as well as the support provided to adult CMHTs by the Mental Health Division and the Office of the Chief Psychiatrist.<sup>8</sup>

The Auditor General found that WA Health does not have the resource planning mechanisms in place to ensure that the mix of services provided by CMHTs consistently reflects the consumer needs they are trying to meet. Often, the Auditor General reported, individuals find themselves in crisis before they receive help. The Auditor General also found that the quality of care varies depending on consumers' locations. In relation to the overall objectives of CMHTs, the Auditor General found that these were unclear and noted that there was no framework for the evaluation of CMHT service delivery and its overall effectiveness. As a result, it was not clear that the increased investment in community mental health was being targeted to the most effective and efficient services.<sup>9</sup>

The Auditor General made a series of recommendations relating to planning and defining the sets of services made available through CMHTs. This included completing the ten-year strategy for

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<sup>7</sup> *ibid.*, pp. 7–8.

<sup>8</sup> Auditor General for Western Australia, *Adult Community Mental Health Teams: Availability, Accessibility and Effectiveness of Services*, Report 10, October 2009, pp. 5–6.

<sup>9</sup> *ibid.*, pp. 7–8.

mental health services in Western Australia. In order to help consumers avoid falling into crisis, the Auditor General recommended that the Department should provide an appropriate mix of assessment, early intervention, acute and rehabilitation services, and that CMHT services should be expanded to those with a severe mental illness without a judgment, if they have an assessed need. Other recommendations related to the provision of consistent levels of service and care, including the completion of care plans agreed with the patient, and finally, that the Department monitor and track the outcomes of complaints and reviews in order to improve service delivery.<sup>10</sup>

### **Current Status**

The Department of Health has provided a detailed response to the Committee, which is currently being considered in consultation with the Auditor General's office. The outcome of the Committee's consideration will be detailed in next year's review.

## **(c) Third Public Sector Performance Report 2009 – Report 11, 2009 (21 October 2009)**

### **(i) Regulation of Firearms – Follow-up**

#### **Background**

The Auditor General has previously reported on the regulation of firearms in Western Australia in 2000 and 2004. Previous reviews focussed on firearm management and procedures following the 'gun buy back' initiated following the shooting incident at Port Arthur in Tasmania. The Auditor General noted that, since 2004, Western Australia Police (WA Police) had expanded the role of its specialist police dealing with the regulation of firearms and had created a Licensing Enforcement Division, which brought together a number of Police regulatory functions. The Auditor General examined whether there were appropriate procedures and practices in place to ensure that only individuals and organisations that comply with the *Firearms Act 1973* have been issued firearms licenses. The extent of Western Australia Police's monitoring of compliance with the Act was also examined.<sup>11</sup>

The Auditor General found that WA Police was not adequately regulating the 'possession, use, dealing and manufacture' of firearms. Whilst there were sound procedures for assessing firearms applications, there were serious weaknesses in the application of the procedures. It was found that these weaknesses would increase the risk that inappropriate people would have access to firearms.<sup>12</sup>

The Auditor General recommended that Western Australia Police should:

- improve its quality control over the assessment of applicants against eligibility criteria;

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<sup>10</sup> *ibid.*, p. 9.

<sup>11</sup> Auditor General for Western Australia, *Third Public Sector Performance Report*, Report 11, October 2009, p. 5.

<sup>12</sup> *ibid.*

- develop risk-based programs for monitoring compliance with legislation; and
- improve the firearms register and other firearms information systems.<sup>13</sup>

### **Current Status**

Western Australia Police has provided a detailed response to the Committee, which is currently being considered in consultation with the Auditor General's office. The outcome of the Committee's consideration will be detailed in next year's review.

### **(ii) Managing Staff Attendance in the Public Sector**

#### **Background**

The Western Australian Public Sector employs approximately 140,000 people and, in 2009, those employees received over \$10 billion in wages, salaries and other benefits, including annual and long service leave. Given the numbers associated with public sector employment, small errors in administration can lead to large, unnecessary costs to government. The Auditor General aimed to determine how well a sample group of agencies administered staff attendance in 2008. The agencies examined were:

- The Fremantle Port Authority
- Department of Corrective Services
- Central West TAFE
- Swan TAFE
- Department for Communities
- Department of Environment and Conservation
- Department of Racing, Gaming and Liquor

The Auditor General found that most agencies had not administered staff attendance well during the audit period; although policies were generally sound, there were a number of weaknesses in how agencies applied them. Due to failures to adequately monitor staff attendance, four of the seven agencies examined were not able to show that staff attendance was accurately tracked. The Auditor General also found that:

- Five agencies had timesheets approved with errors;
- Four agencies were not reconciling timesheets with leave requests;

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<sup>13</sup> *ibid.*, p. 6.

- Most line managers had received little training and were often unaware of the tools for managing staff attendance; and
- All agencies were monitoring staff attendance; however, it was mainly reactive and ad-hoc. This limited the ability of agencies to identify and realise financial, operational and strategic benefits.<sup>14</sup>

The Auditor General recommended that staff attendance policies should be consistently and transparently implemented and that these policies should align with legislative requirements and ‘good practice principles’.<sup>15</sup>

### **Current status**

The Committee is awaiting responses from the Department of Environment and Conservation, the Department for Communities and Swan TAFE. The outcomes of the Committee’s consideration of these outstanding responses will be detailed in next year’s review. As detailed in Section 2.2 (a), the Committee has concluded its follow-up of the Fremantle Port Authority, the Department of Racing, Gaming and Liquor, the Department of Corrective Services and Central West TAFE (now the Durack Institute of Technology).

### **(iii) Evaluation in Government**

#### **Background**

Do the programs of government achieve the outcomes they are intended to? Answering this question requires agencies to conduct evaluations that feed information back to those managing the programs about how well they are doing. Evaluations offer findings that agencies can use to assist in becoming more effective and efficient. The Auditor General examined the following five agencies:

- Department for Child Protection
- Department for Communities
- Department of Agriculture and Food
- Disability Services Commission
- WA Tourism Commission

The aim of the examination was to determine whether agencies were conducting evaluations and learning from results and adopting recommendations. The Auditor General found that all agencies examined were evaluating some of their programs and projects and that four of the five agencies

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<sup>14</sup>        *ibid.*, p. 21

<sup>15</sup>        *ibid.*

were following good practice. That being said, all of the agencies lacked a strategic approach to their evaluation activity, which was resulting in an ad-hoc approach.<sup>16</sup>

The Auditor General recommended that agencies should:

- develop and implement evaluation frameworks that are approved by agency senior management and that are linked to the strategic objectives of the agency;
- adopt a risk-based approach; and
- ensure the implementation of their evaluation processes.

### **Current status**

The Committee is awaiting a response to the Auditor General's report from the Department for Communities. All other agencies have responded. As detailed in Section 2.2 (a), the Committee has concluded its follow-up of the Department for Child Protection and the Department of Agriculture and Food. The Committee hopes to report the outcome of its consideration of the WA Tourism Commission's and the Disability Services Commission's responses in next year's review.

### **(d) Fourth Public Sector Performance Report 2009 – Report 12, 2009 (11 November 2009)**

#### **(i) Preliminary Examination of the Royalties for Regions Program**

The Committee did not conduct formal follow-up with the agencies examined in this section of the Public Sector Performance Report.

#### **(ii) Accountability for Government Grants**

### **Background**

Each year, hundreds of millions of dollars of grants are distributed by government agencies to non-government organisations to support the conduct of programs that contribute to community well-being or the aims of the agencies. Accountability for how these grant moneys are spent is important, although the Auditor General notes that these accountability arrangements need to be proportional to the amount of funding and the complexity of the project's purpose.<sup>17</sup> The Auditor General examined Healthway, the Department of Sport and Recreation (DSR) and the then Department of Education and Training (DET). Fifteen grant recipients were also examined. The Auditor General assessed whether the agencies had appropriate accountability arrangements in place and whether the recipient organisations could account for the funds they received.<sup>18</sup>

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<sup>16</sup> *ibid.*, p. 33.

<sup>17</sup> Auditor General for Western Australia, *Fourth Public Sector Performance Report*, Report 12, November 2009, p. 22.

<sup>18</sup> *ibid.*



The Auditor General found that both Healthway and DSR administered their grants programs appropriately, although it was noted that there were opportunities for improvement. In relation to DET, the Auditor General found that it had not implemented sound accountability provisions, particularly as it had devolved responsibility for the administration of these grants to individual managers. The grant recipients were found to have spent their grant moneys for the intended purpose and had adequately accounted for grant expenditure and performance.<sup>19</sup>

The Auditor General recommended that agencies should implement accountability arrangements for grants that reflect risks. Furthermore, agencies should ensure that grant recipients have arrangements in place that provide accountability for grant expenditure and performance. Given the issues identified by the Auditor General with respect to DET's performance, the following specific recommendations were made for that agency:

- ensure that its recently developed policies and procedures for grants administration are implemented across the Department;
- monitor compliance with its policy and procedures;
- capture information about grants and grant programs that can be analysed to:
  - assess compliance with policy and best practice;
  - evaluate and improve performance.<sup>20</sup>

### **Current status**

The Committee is awaiting a response from DSR. The responses provided by the Department of Education and Healthway are being considered by the Committee in consultation with the Auditor General. The outcome of the Committee's consideration will be reported in the next review.

### ***(iii) Management of Government Purchasing Cards***

#### **Background**

In 2008–09, government agencies used 14,500 credit cards to purchase \$237 millions in goods and services. This is a significant increase from 2004, when \$42 million in goods and services were purchased; the increase reflects government policy to increase the use of credit cards. The Auditor General examined 25 agencies and found the controls in place to be generally adequate, although there were some instances of non-compliance with required procedures. The 25 agencies examined by the Auditor General were:<sup>21</sup>

- Alcohol and Drug Authority
- Art Gallery of Western Australia

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<sup>19</sup> ibid.

<sup>20</sup> ibid., pp. 23–24.

<sup>21</sup> ibid., p. 42.

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|---|--|
| ▪ Department of Agriculture and Food      | ▪ Department of Education and Training (former)            |
| ▪ Department of Health                    | ▪ Department of Housing                                    |
| ▪ Department of Planning                  | ▪ Department of the Premier and Cabinet                    |
| ▪ East Perth Redevelopment Authority      | ▪ Legal Aid Western Australia                              |
| ▪ Legislative Assembly                    | ▪ Legislative Council                                      |
| ▪ Main Roads Western Australia            | ▪ Metropolitan Public Hospitals                            |
| ▪ Office of Energy                        | ▪ Parliamentary Services Department                        |
| ▪ Public Trustee                          | ▪ Real Estate and Business Agents Supervisory Board        |
| ▪ Racing and Wagering Western Australia   | ▪ Settlement Agents Supervisory Board                      |
| ▪ Swan TAFE                               | ▪ Synergy  |
| ▪ Western Australian Electoral Commission | ▪ Western Australian Land Information Authority (Landgate) |
| ▪ Western Australian Treasury Corporation |  |

The Auditor General found that three agencies—the East Perth Redevelopment Authority, the Public Trustee and the Western Australian Treasury Corporation—had good policies and were managing their purchasing cards well. Seventeen agencies were found to have gaps in their policies and procedures for managing cards. These gaps mainly related to procedures for cancelling or managing cards during periods of staff absence. Sixteen agencies had transactions unsupported by evidence or statements that had not been acquitted or payments that were not certified.<sup>22</sup>

The Auditor General recommended that agencies review policies and procedures in order to ensure that they reflect both good practice and government guidelines. Focus should be given to ensuring that entertainment or hospitality related expenditure is properly supported by documentation, that supervisors certify card expenditure and that policies be put in place to deal with purchasing cards of those on extended leave.<sup>23</sup>

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<sup>22</sup> *ibid.*, p. 34.

<sup>23</sup> *ibid.*, p. 35.

### **Current status**

The Committee has concluded its follow-up of nine of the 25 agencies examined by the Auditor General. Details of these agencies can be found in Section 2.2 (b). At the time of compiling this report, the Committee is awaiting responses from the Alcohol and Drug Authority, the Art Gallery of Western Australia, the Department of Education, the Department of Health, the Department of Housing, the East Perth Redevelopment Authority, the Legal Aid Commission, the Office of Energy, Landgate, Synergy, and the Western Australian Treasury Corporation. Seven other agencies have responded and the outcome of the Committee's follow-up of these agencies will be reported in the next review.

#### **(e) The Planning and Management of Perth Arena – Report 1, 2010 (10 March 2010)**

The Committee did not conduct formal follow-up with the agencies examined in this audit report.

#### **(f) Information Systems Audit Report – Report 2, 2010 (24 March 2010)**

### **Background**

According to the Auditor General, 56 State Government agencies reported 750 laptops stolen or lost, with a total value in excess of \$800,000 in the three years to 2009.<sup>24</sup> Data breaches may arise from the theft or loss of laptop devices due to unauthorised access to the information stored on the device. To prevent this from occurring, agencies should have policies in place to physically track and secure devices and to secure access to the information stored on those devices. Such policies reduce the risk of loss or unauthorised access to information.

The Auditor General examined seven agencies that have reported theft and loss of laptops. The agencies were selected because they maintain records that contain various types of sensitive information about clients. The agencies were:

- Curriculum Council
- Department of Commerce
- Department of Education
- Department of Water
- Royal Perth Hospital
- Western Australia Police
- WorkCover

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<sup>24</sup> Auditor General for Western Australia, *Information Security Compliance Audit: Security of Laptop and Portable Storage Devices*, Report 2, March 2010, p. 9.

In auditing the agencies, the Auditor General's objective was to establish whether agencies had implemented technical and physical controls over laptops and portable storage devices (PSDs) to reduce the risk of them being lost or stolen and to therefore reduce the potential risk of disclosure of sensitive information. The Auditor General found that most agencies had 'reasonable' registers of their laptops; only one agency—Western Australia Police—had reasonable registers for all of its PSDs. Neither Royal Perth Hospital nor the Department of Commerce had accurate records of their laptops. All agencies were found to have implemented basic access controls for their PSDs, although no agency was found to have implemented comprehensive controls.<sup>25</sup>

The Auditor General recommended that all agencies should maintain comprehensive registers of their laptops and that consideration should be given to the best way to recording information about PSDs. Other recommendations related to the security afforded to laptops, including the use of 'boot' passwords and screen lockouts. Agencies were also recommended to assess the threats and vulnerabilities to their laptops and PSDs, and implement policies, procedures and practices to mitigate those risks.<sup>26</sup>

### **Current status**

The Committee has concluded its follow-up of WorkCover; information on that agency's response can be found in Section 2.2 (c). The remaining six agencies are due to respond in March 2011 and the outcome of the Committee's consideration of these responses will be reported in the next review.

## **(g) Public Sector Performance Report – Report 3, 2010 (5 May 2010)**

### **(i) Registration of Medical Practitioners**

#### **Background**

In Western Australia, the registration of medical practitioners is administered by the Medical Board of Western Australia. The *Medical Practitioners Act 2008* outlines the standards required in order for individuals to be registered to practise medicine. The Act also provides detail as to how the register of medical practitioners is to be maintained and how complaints about medical practitioners should be managed. The Auditor General examined whether the Medical Board was complying with the requirements of the Act. The Auditor General found that the Medical Board ensures that those practising medicine in Western Australia are appropriately qualified and meet the correct standards. The Register of Medical Practitioners is accurate and up-to-date, although the security afforded to it could be improved. Finally, the Auditor General found that the Medical Board investigates and takes action on complaints it receives.<sup>27</sup>

The Auditor General recommended that the Medical Board:

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<sup>25</sup> *ibid.*, pp. 12–13.

<sup>26</sup> *ibid.*, p. 7.

<sup>27</sup> Auditor General for Western Australia, *first Public Sector Performance Report*, Report 3, May 2010, p. 5.

- develop policies to check criminal records of applicants for registration;
- improve security controls for its Register of Medical Practitioners; and
- meet legislative timeframes when investigating complaints about medical practitioners.<sup>28</sup>

### **Current status**

The Medical Board is due to provide a response to the recommendations made by the Auditor General in June 2011. The Committee will report on the outcome of this response in its next review.

### **(h) Compliance Audits – Managing Attractive Assets and Managing Salary Payment Errors – Report 4, 2010 (5 May 2010)**

The Committee did not conduct formal follow-up with the agencies examined in this Public Sector Performance Report.

### **(i) Fiona Stanley Hospital Project – Report 5, 2010 (23 June 2010)**

#### **Background**

The Fiona Stanley Hospital project is amongst the largest building projects ever undertaken by the Western Australian Government. The construction of the hospital is being overseen by the Strategic Projects business unit of the Department of Treasury Finance (DTF-SP) and construction is being managed by an integrated team of employees from DTF-SP, the Department of Health (DoH) and private consultants. Once completed, the hospital will be administered by DoH. Construction commenced in March 2009 and the project is expected to be completed by May 2014. The Auditor General examined the planning and management of the hospital construction between March 2004 and April 2010. The Auditor General had three principal areas of inquiry:

- the current status of the hospital compared to its original scope, cost and time estimates;
- the effectiveness of the project's planning and management; and
- the extent to which project risks have been identified and appropriate strategies implemented to manage them.<sup>29</sup>

The examination led the Auditor General to make a range of detailed findings. The capital budget for the hospital escalated from \$420 million in 2004 to \$1.76 billion in 2007 in response to better project definition. The increase was incremental. The Auditor General found that the original cost estimates for the hospital were unrealistic as they had been made at a time when there was a minimal understanding of the services the hospital was to deliver. As the services to be delivered

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<sup>28</sup> *ibid.*, p. 6.

<sup>29</sup> Auditor General for Western Australia, *Fiona Stanley Hospital Project*, Report 5, June 2010, p. 5.

became clearer, significant scope and design changes increased the size and cost of the hospital.<sup>30</sup> The Auditor General noted that the planning phase for the hospital was both inefficient and ineffective, as attempts to fast-track planning introduced delays and increased risks.

Planning was further hampered first by the delayed production of a business case and, once the business case had been produced, it was then delayed by significant information gaps that took eight months to overcome. Although the \$1.76 billion cost of the project has not changed since 2007, the Auditor General noted that the figure did not include the cost of the complete fit-out required for the operation of the hospital.<sup>31</sup> Financial and project management systems were found to be lacking, particularly in the early stages of the project; however, the Auditor General found that robust systems were now in place.<sup>32</sup>

Further changes to the scope or design of the project could result in an increase to the projected cost of the project, and the Auditor General also reported that the failure to effectively coordinate the construction and facilities management contracts might delay the opening of the hospital and increase whole of life costs. Furthermore, the Auditor General found that transition, workforce planning and Information and Communications Technology integration were major risks associated with the project going forward that had not been addressed.<sup>33</sup>

The Auditor General made a range of recommendations directed at both DoH and the Department of Treasury and Finance (DTF). It was recommended that all future DoH projects comply with the requirements of the Strategic Asset Management Framework (SAMF) in order that these projects have robust business cases that identify needs and whole of life costs. Compliance with SAMF was also identified as a means to ensure that projects have budgets and timelines that are based on sound planning and scope, and are planned in a structured way to minimise risks.<sup>34</sup>

The Auditor General recommended that DTF reinforce SAMF with better staged approval processes and that projects only be recommended for funding if they demonstrate realistic budgets and sound planning. Both DTF and DoH were advised to ensure that better project and financial management systems are implemented for the Fiona Stanley Hospital. Other recommendations relating to the hospital included:

- ensuring that any scope or design changes are fully costed and that the time and construction impacts be detailed before approving such changes;
- actively managing the coordination of the facilities management contract and the stage two managing contractor contract.

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<sup>30</sup> *ibid.*, p. 6.

<sup>31</sup> *ibid.*

<sup>32</sup> *ibid.*, p. 7.

<sup>33</sup> *ibid.*, pp. 6–7.

<sup>34</sup> *ibid.*, p. 8.

Finally, the Auditor General recommended that DoH progress its mitigation strategies for the remaining risks to ensure that the hospital is fully operational on opening.<sup>35</sup>

### **Current status**

Both DTF and DoH are due to provide responses to the recommendations made by the Auditor General in July 2011. The Committee will report on the outcome of this response in its next review.

## **(j) Energy Smart Government – Report 6, 2010 (30 June 2010)**

### **Background**

The Energy Smart Government (ESG) program was introduced in July 2002 and was intended to promote energy efficiency in government and the broader community. Government agencies were expected to lead by example and the Sustainable Energy Development Office within the Office of Energy was charged with the responsibility of delivering the government's sustainable energy policy. The ESG program set a target of reducing energy consumption by 12 per cent over five years in every agency with 25 or more full-time employees.<sup>36</sup> The Auditor General examined whether the ESG program was effective at achieving energy efficiency goals.

The Auditor General found that the ESG fell short of its target of a 12 per cent reduction in energy consumption by 2006–07. Whilst the program was found to have contained elements that allowed one-third of agencies to achieve reductions of 12 per cent or more, these successes were undermined by a lack of similar progress by larger agencies. Consumption was reduced 0.1 per cent during a period of 'significant growth'. A lack of strategic management and accountability was also found to have contributed to the failure to achieve the desired outcomes.<sup>37</sup>

Principal recommendations made by the Auditor General included:

- The Office of Energy should review the incentives and accountability arrangements under the ESG program based on lessons learned from the first phase of the program.
- Government agencies should determine an appropriate payback period for identified energy efficiency initiatives and ensure all projects within that period are carried out.
- Agency energy management plans should be based on an analysis of energy consumption, contain clear, measurable targets for improvement and identify how targets will be achieved.

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<sup>35</sup> *ibid.*

<sup>36</sup> Auditor General for Western Australia, *Energy Smart Government*, Report 6, July 2010, p. 5.

<sup>37</sup> *ibid.*

- Government building designs and upgrades should address energy efficiency and include energy efficient products in building fit-outs.<sup>38</sup>

### **Current status**

The Office of Energy is due to report its responses to the Auditor General's recommendations in July 2011. The Committee will report on the outcome of the response in its next review.

## **(k) Fitting and Maintaining Safety Devices in Public Housing – Report 7, 2010 (11 August 2010)**

### **Background**

In September 2009, a fatal electrocution in a public rental property prompted a request from the then Minister for Housing that the Auditor General review the management of a program to retrofit Residual Current Devices (RCDs) to all of the Department of Housing's (DH's) properties. In addition to a review of RCDs, the Auditor General also examined programs relating to mains powered smoke alarms and how the Housing Authority maintains safety devices once they are installed. The Auditor General found that DH had not been effectively managing programs to install safety devices. In particular, DH has been unable to provide assurance that its properties have the number of RCDs required to meet legislation and its own policies. This was due to unreliable property information, inadequate monitoring and oversight of retrofit programs, and weaknesses in property inspections and maintenance.<sup>39</sup>

The Auditor General recommended that DH should use information derived through risk assessments in order to manage its properties and set priorities. This and other information relating to the installation of safety devices in its properties should be accurately recorded in DH's computer systems. The Auditor General also made recommendations relating to staff training and induction processes and recommended that structured project management processes be introduced for each safety device program, including the use of 'lessons learned' from earlier safety device programs.<sup>40</sup>

### **Current status**

DH is due to report its responses to the Auditor General's recommendations in September 2011. The Committee will report on the outcome of the response in its next review.

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<sup>38</sup> *ibid.*, p. 7.

<sup>39</sup> Auditor General for Western Australia, *Fitting and Maintaining Safety Devices in Public Housing*, Report 7, August 2010, p. 6.

<sup>40</sup> *ibid.*, p. 7.



**(I) Environmental Management of Cockburn Sound – Report 8, 2010  
(22 September 2010)**

**Background**

Cockburn Sound is a unique maritime environment on Perth's southern coast and is home to a range of industries that place it under ecological threat. In response to these pressures, the state government established the Cockburn Sound Management Council (CSMC) to facilitate and coordinate the environmental management of the area. In addition, Cockburn Sound has its own State Environmental Policy (SEP), approved by Cabinet in 2005. In the same year the CSMC released its *Environmental Management Plan for Cockburn Sound and its Catchment 2005*, which guides implementation of the SEP.<sup>41</sup>

The Auditor General found that a strong environmental framework had been established for Cockburn Sound; however, gaps in policy implementation and management oversight have meant that the framework has not been fully effective in maintaining ecosystem health. The Auditor General also found that management responsibility for the framework was clear and that various agencies were fulfilling differing roles. Less positively, however, the Auditor General also noted that implementation and oversight needed to be strengthened. Seagrass remains under pressure in Cockburn Sound and monitoring has indicated that seagrass is beginning to fall below the required health standard. Furthermore, contaminant discharges into Cockburn Sound are not monitored, which reduces the ability of government to take timely and effective action on ecological dangers.<sup>42</sup>

In terms of the reporting of ecosystem health, the Auditor General found that there had been inconsistencies and errors which had obscured the decline in seagrass health, whilst the focus on reporting the health of broad zones in the area masks areas of concern at some of the individual monitoring sites.<sup>43</sup>

In response to these findings, the Auditor General recommended that the Environmental Protection Authority (EPA), the Department of Environment and Conservation (DEC) and the CSMC should bring forward the planned 2012 review of the SEP. The review should seek to confirm that Warnbro Sound remains a valid reference site; monitor cumulative contaminant inputs; update the environmental risk assessment of Cockburn Sound; and periodically map seagrass to assess trends in seagrass coverage in the area. Finally, the Auditor General recommended that the EPA, DEC and the CSMC should strengthen reporting frameworks by assessing trends in ecosystem health.<sup>44</sup>

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<sup>41</sup> Auditor General for Western Australia, *Environmental Management of Cockburn Sound*, Report 8, September 2010, p. 5.

<sup>42</sup> *ibid.*, pp. 6–7.

<sup>43</sup> *ibid.*

<sup>44</sup> *ibid.*, p. 7.

## **Current status**

The examined agencies are due to report their responses to the Auditor General's recommendations in late 2011. The Committee will report on the outcome of the response in its next review.

## **2.2 Follow-up Concluded**

### **(a) Third Public Sector Performance Report 2009 – Report 11, 2009 (21 October 2009)**

#### **(ii) *Managing Staff Attendance in the Public Sector***

For a summary of the Auditor General's findings and recommendations, please refer to Section 2.1 (c)(ii) of this report. During the reporting period, the Committee concluded its follow-up of the Fremantle Port Authority, the Department of Racing, Gaming and Liquor, the Department of Corrective Services and Central West TAFE (now Durack Institute of Technology).

The Committee was satisfied that these agencies had taken sufficient actions to address the recommendations made by the Auditor General and it therefore resolved to conclude its follow-up.

#### **(iii) *Evaluation in Government***

For a summary of the Auditor General's findings and recommendations, please refer to Section 2.1 (c)(iii) of this report. During the reporting period, the Committee concluded its follow-up of the Department for Child Protection and the Department of Agriculture and Food.

The Committee was satisfied that these agencies had taken sufficient actions to address the recommendations made by the Auditor General and it therefore resolved to conclude its follow-up.

### **(b) Fourth Public Sector Performance Report 2009 – Report 12, 2009 (11 November 2009)**

#### **(i) *Management of Government Purchasing Cards***

For a summary of the Auditor General's findings and recommendations, please refer to Section 2.1 (d) of this report. During the reporting period, the Committee concluded its follow-up of the following agencies:

- Real Estate and Business Agents Supervisory Board
- Public Trustee
- Parliamentary Services Department
- Western Australian Electoral Commission

- Settlement Agents Supervisory Board
- Racing and Wagering Western Australia
- Main Roads Western Australia
- Polytechnic West
- Department of Agriculture and Food

With respect to each of the agencies listed above, the Committee was satisfied that the Auditor General's recommendations had been addressed and that each agency had reviewed purchasing card policies and procedures in order to ensure that they comply with government guidelines.

**(c) Information Systems Audit Report – Report 2, 2010 (24 March 2010)**

For a summary of the Auditor General's findings and recommendations, please refer to Section 2.1 (f) of this report. During the reporting period, the Committee concluded its follow-up of WorkCover. The Committee will not disclose the detail of WorkCover's response in order to protect the security systems it has in place to protect the portable storage devices it operates.

After considering the information provided in consultation with the Auditor General, the Committee resolved to conclude its follow-up of the agency as it was satisfied that it had taken sufficient step to address the recommendations made by the Auditor General.



## CHAPTER 3 REPORTS CARRIED OVER FROM PREVIOUS REVIEW(S)

### 3.1 Follow-up continuing

#### (a) Progress with Implementing the Responses to the Gordon Inquiry – Report 11, 2005 (23 November 2005)

##### Background

In response to the 2002 Gordon Inquiry into family violence and child abuse in Aboriginal communities, the state government released an Action Plan identifying numerous initiatives and the public sector agencies responsible for implementing these. In 2005, the Department of Indigenous Affairs (DIA) assumed responsibility for a Secretariat established for the purpose of implementing a project management system for Action Plan initiatives and managing the reporting and monitoring of progress. The Auditor General found inadequacies in the central reporting and monitoring of progress with respect to implementing the Action Plan, and recommended that DIA, in conjunction with participating agencies, finalise an evaluation framework and establish reporting arrangements to monitor the progress of initiatives.

The Committee has been monitoring the implementation by DIA of the Auditor General's recommendations since 2006. A comprehensive summary of actions taken since then was included in the *2008–09 Review*. At the time of the last Review, the Committee was awaiting information from DIA relating to progress on the status of the Department's implementation of the Auditor General's recommendations. The Committee had also requested a copy of the Evaluation Report completed in relation to stage one of the Gordon Action Plan.

##### Agency Actions

Initially, DIA advised the Committee that 'significant changes to the policy landscape' had led to the creation of a 'refreshed strategic approach to Indigenous family and community safety'.<sup>45</sup> To that end, the Department provided the Committee with a copy of the *Indigenous Safety Progress Report* and also with a series of supporting documentation. DIA undertook to provide the Committee with a copy of the outcome Evaluation Report, which the Committee had also requested.

The Committee considered the information in consultation with advice from the Auditor General, who noted that the material did not appear to directly address recommendations made in his 2005 report. That being said, some of the policy initiatives detailed in the supporting documentation did appear to stem from the outcome of the Gordon Inquiry. Although the Auditor General noted that new developments in government policy settings may supersede the remaining initiatives in the

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<sup>45</sup> Ms Monique Berkhout, Principal Policy Consultant, Department of Indigenous Affairs, Electronic Mail, 9 November 2009.

Government's Response to the Gordon Inquiry, this was not clear from the information provided to the Committee. It was also not clear to the Auditor General how ongoing initiatives to the Gordon Inquiry will integrate with new policies and/or approaches.<sup>46</sup> More broadly, the Auditor General also noted the following:

*Despite a changing policy landscape, it is important that agencies remain accountable for their actions-to-date in implementing the Response to the Gordon Inquiry. Changing policy does not remove the requirement on agencies to be accountable for the significant investment of public monies as part of the Response to the Gordon Inquiry.*<sup>47</sup>

The Committee subsequently received a copy of the *Evaluation of the Impact of the Government's Response to the Gordon Inquiry* (the Evaluation Report). The Auditor General provided the Committee with detailed feedback on the lengthy and detailed Evaluation Report. Many, though not all, of the recommendations made by the Auditor General were shown in the Evaluation Report to have been addressed. In Appendix 2, the report provided the implementation status of each of the initiatives arising from the Gordon Action Plan. The Auditor General noted that many initiatives were recorded as complete or integrated in normal operations, or superseded. The Evaluation Report also detailed the basis for an evaluation framework, which was a recommendation from the Auditor General's 2005 report.<sup>48</sup>

In relation to the recommendation that the effectiveness of collaborative implementation of initiatives be revisited, the Auditor General noted that the report detailed that there had been local examples of community engagement and participation, but that the majority of the 125 Gordon Action Plan initiatives were developed and implemented independently, and that inter-agency collaboration has been largely lacking. The Auditor General noted that this finding was disappointing given the recommendations made in his 2005 Report.<sup>49</sup>

After considering the Auditor General's response, the Committee resolved to seek additional information from DIA relating to the information contained in the Evaluation Report. The Committee asked which of the Evaluation Report's 23 recommendations had been accepted and the reasons, if applicable, relating to why any of the recommendations may not have been accepted. DIA advised that the previous government had prepared a response to the Evaluation Report shortly before the election in 2008. Following the change of government, policy responses changed and have resulted in a 'different emphasis in Indigenous affairs in Western Australia and nationally'.<sup>50</sup> The intent of the Gordon Inquiry—to address Indigenous family violence and child abuse—is being integrated into new policies and other governance frameworks. The change in government and resulting policy changes have meant that the Evaluation Report's

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<sup>46</sup> Mr Colin Murphy, Auditor General for Western Australia, Letter, 15 December 2009.

<sup>47</sup> *ibid.*

<sup>48</sup> Mr Colin Murphy, Auditor General for Western Australia, Letter, 30 April 2010.

<sup>49</sup> *ibid.*

<sup>50</sup> Mr Pat Walker, Director General, Department of Indigenous Affairs, Letter, 14 June 2010.

recommendations have not been formally accepted by the government. Despite this, DIA noted that the intent of the Gordon Inquiry has been retained.<sup>51</sup>

The Committee also asked for information relating to the progress of implementing the 23 recommendations that had been accepted. As noted earlier, DIA reported that changes to both the government and its policies resulted in none of the recommendations being formally accepted or implemented. That notwithstanding, DIA reported that the current government maintains a 'commitment to reducing child abuse and family violence in Aboriginal communities and this is the intent of the Evaluation Report's primary recommendation'.<sup>52</sup> DIA also reported several other shifts that it noted as being consistent with the Evaluation Report's recommendations, including: increasing resources available to WA Police, Department for Child Protection and the Department of the Attorney General; the introduction of new initiatives including the Cross Border Justice scheme; and interventions for family violence designed for Aboriginal offenders.

Information was also sought from DIA regarding stages two and three of the Evaluation Framework. The Committee had only received stage one, in the form of the Evaluation Report. DIA reported that stages two and three did not proceed due to the change in policy context previously mentioned.<sup>53</sup>

### **Current status**

The Committee is continuing its liaison with the Auditor General in relation to DIA's most recent response. The outcome of this liaison will be reported in the Committee's next review.

## **(b) Second Public Sector Performance Report – Report 3, 2007 (4 April 2007)**

### **(i) Major Information and Communications Technology Projects**

#### **Background**

The Auditor General examined the delivery of major Information and Communications Technology (ICT) projects by government agencies and how this performance could be improved. The Auditor General found that collectively over the next 10 years, government agencies will be undertaking more than 150 major ICT projects to the value of over \$1.5 billion. Further, an analysis of projects underway indicated that project costs and timeframes were being consistently underestimated while benefits were delayed or not fully realised. Some agencies were found to be improving the delivery of their own ICT projects through project management and governance pathways. The DTF and Office of e-Government (at that time part of the Department of the Premier and Cabinet (DPC)) were acknowledged to be contributing to improvements in ICT projects via their review and approvals processes. The Auditor General recommended that agencies should assess project risks, adopt strategies to address these risks, and increase

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<sup>51</sup>        *ibid.*

<sup>52</sup>        *ibid.*

<sup>53</sup>        *ibid.*

accountability for problems in project delivery. In addition, the Auditor General recommended that DTF and DPC should establish a strategy to facilitate the sharing of experiences between agencies, and that this should include: the identification of common difficulties and remedies; how to achieve the maximisation of intended project benefits; and shared learning among agencies.

At the time of the 2008–09 Review, the Committee noted that it was awaiting the receipt of additional information from DPC and DTF. That information has now been received.

### **Agency Actions**

During the reporting period responsibility for responding to the Auditor General’s report passed from DPC to the Public Sector Commission (PSC). The PSC advised the Committee that it continued to provide advice to government agencies regarding the Auditor General’s recommendations. This advice included: providing advice to agencies to focus on key issues and risks associated with proposed ICT projects; the development of ICT Business Case Guidelines, which provide advice on how to prepare business cases for ICT projects; and working in collaboration with other jurisdictions to identify and promote the adoption of standards and common approaches to ICT. The PSC noted that the Economic Audit Committee conducted a review in 2009 that raised issues regarding ICT policy similar to those raised by the Auditor General.<sup>54</sup>

DTF reported that it had issued business case guidelines in conjunction with PSC that separately addressed ICT projects and that these guidelines had been included in the suite of SAMF policy documents. The guidelines aim to assist agencies when preparing business cases for capital submissions. Agencies had also been advised to consult with DTF or PSC early in the process of new ICT procurement. DTF also advised that its Centre for Excellence and Innovation in Infrastructure Delivery (CEIID), which was established to promote formal collaboration between agencies on infrastructure matters, had hosted a series of knowledge forums where specialists from both government and the private sector were brought together to share experiences and expertise. Finally, DTF acknowledged (as PSC had done) the recommendations of the Economic Audit Committee regarding ICT policy, in particular the recommendation to establish a Chief Technology Officer and a Chief Information Officer position for the entire public sector.<sup>55</sup>

The Committee sought additional information from both agencies clarifying issues raised in their responses. DTF confirmed that it is monitoring compliance of agencies with SAMF and that it is also monitoring the impact of CEIID’s activities on the delivery of infrastructure in Western Australia. In relation to the implementation of the Economic Audit Committee’s recommendations, both DTF and PSC advised the Committee that the government would be considering these recommendations on their merits.

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<sup>54</sup> Mr Mal Wauchope, Public Sector Commissioner, Letter, 20 January 2010.

<sup>55</sup> Mr Tim Marney, Under Treasurer, Letter, 29 December 2009.



## **Current status**

The Committee is considering the agencies' responses in consultation with the Auditor General. The outcome of this consideration will be reported by the Committee in its next review.

## **(c) Shared Services Reform: A Work in Progress – Report 5, 2007 (13 June 2007)**

### **Background**

The intention of shared services reform was to reduce costs through consolidating staff and services, and reforming business systems by merging existing services into three shared services centres. Delays and a significant escalation in implementation costs for the project were reported in 2006. The Auditor General examined the actions of three agencies—the Department of Education and Training (DET), DoH and DTF—responsible for overseeing the three shared services centres: the Health Corporate Network (HCN) servicing the health portfolio; the Education and Training Shared Services Centre (ETSSC) servicing the education portfolio; and the Office of Shared Services (OSS), servicing approximately 90 other general agencies. The examination included looking at the remaining challenges to implementation and the potential for eventual realisation of benefits. The Auditor General found shared services reform to be significantly behind schedule with only procurement and financial services components established, and the success of the reform program—reliant on the integration of these and a human resources component—jeopardised by technical and human resource management issues.

A number of inefficiencies were identified as arising from implementation difficulties across the project. The Auditor General attributed implementation problems to numerous factors including weaknesses in project management creating uncertainty for agencies, the complexity of software development requirements, and high turnover of contractual staff and skills shortages within agencies. A concern was expressed that temporary solutions, not based on analysis of benefits and costs to whole-of-government shared services reform, would reduce the intended benefits of reform if implemented permanently.

The Auditor General recommended that in order to progress shared services reform, the three agencies should ensure that monitoring and reporting of financial and performance information about shared services centres occur separately; that there is ongoing coordination between the three shared services; and that there is ongoing shared responsibility for the progress and operations of shared services centres as a whole-of-government initiative. The Committee has continued to examine DTF's follow-up of the Auditor General's recommendations, having previously ceased its follow-up of the other two agencies.

### **Agency Actions**

The Committee indicated in its previous review that it had sought additional information from DTF regarding:

- the total cost of implementing the Shared Services reform initiative compared to the costs as projected from the original Business Case;

- the basis for the assumptions underlying the reduction in the expected savings from the Shared Services reform initiative;
- a statement of progress to date of the Shared Services reform initiative against the roll-in schedule including identifying agencies that have been rolled in on time and those still waiting; and
- current estimated savings arising from the reform initiative for this budget year and the forward estimates.

DTF advised the Committee that the current estimate for activities associated with designing and building the Oracle Business System is \$226 million. The original Business Case estimate for the project was \$69 million. DTF went on to note that the original goal of achieving \$55 million in savings per year arising from efficiencies created through the program had not changed; however, delays to implementation had meant that the savings would not be achieved within the original timeframe. In terms of the number of agencies rolled into DTF Shared Services, the Committee was advised that 39 agencies had rolled into DTF Shared Services. Eighteen agencies have rolled into the full integrated suite of services from the Oracle Business System with the remaining agencies receiving finance services. These 18 agencies were expected to progressively join the fully integrated Business System. DTF highlighted several significant milestones for the project, including the inclusion of three major employment awards in the software systems used by Shared Services. These awards would cover 25,000 of the 33,000 staff in agencies to be paid through DTF Shared Services.<sup>56</sup> Finally, DTF provided the information in Table 1 relating to savings across the forward estimates period arising from the implementation of the program:

**Table 1 Estimated savings from Shared Services Program<sup>57</sup>**

<b>Year</b>	<b>\$m</b>
2009–10:	20.2
2010–11:	36.0
2011–12:	49.2
2012–13:	55.0

After considering the response from DTF in consultation with the Auditor General, the Committee was satisfied that DTF was actively implementing the recommendations made by the Auditor General. However, the Committee resolved to request that DTF provide it with quarterly updates as to the status of agency roll-in. As at early October 2010, 41 agencies had been rolled in to DTF’s Shared Services environment.<sup>58</sup>

<sup>56</sup> Mr Tim Marney, Under Treasurer, Letter, 18 December 2009.

<sup>57</sup> *ibid.*

<sup>58</sup> Mr Tim Marney, Under Treasurer, Letter, 11 October 2010. Note that in 2011 the Committee resolved to suspend follow-up of this report until the government’s review of the shared services program has been completed.

**(d) Public Sector Performance Report 2008 – Report 1, 2008  
(19 March 2008)****(i) Regulation of Security Workers****Background**

In this report, the Auditor General examined the regulatory and oversight arrangements pertaining to ‘private security workers and agents, prison officers, court security officers, casino employees and railway security officers’, specifically, suitability of employees, monitoring of compliance with regulatory requirements, and whether agency decision-makers are duly authorised and accountable and ‘licensing decisions are consistent and appropriate’.<sup>59</sup> The Auditor General’s recommendations pertained to WA Police and the Department of Corrective Services (DCS). The Committee concluded its follow-up of WA Police in its previous review. It was recommended that DCS ensure that referees of licence applicants are contacted and that criminal history checks are appropriately conducted and documented when there are changes in the status of prison officers.

**Agency actions**

As reported in the previous review, DCS accepted the Auditor General’s first recommendation; however, it rejected the second, relating to the requirement to check references for job applicants, describing it as ‘broad’, because the Auditor General’s recommendations related to permits to work in the privately operated Acacia Prison. The department was of the view that it was the responsibility of the provider of contracted services to the prison to determine the suitability of a contracted worker. The Department highlighted the relevant clause of the contract signed by the contracted service provider, which requires it to make ‘all appropriate enquiries and carry out a proper investigation’ of any contractors. On that basis, DCS expressed the view that it did not consider it appropriate for it to ensure nominated referees are contacted by the Contractor.<sup>60</sup>

After considering the response, the Committee requested that DCS provide it with additional information about the reasoning why referee checks are not considered necessary for employment as prison guards. The Department was also asked to detail other procedures that it uses to confirm the identities of its prison employees.

**Current status**

The Committee received a response to its questions in late 2010 and is currently considering the information provided to it by DCS. The Committee will report on the outcome of its considerations in its next review.

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<sup>59</sup> Auditor General for Western Australia, *First Public Sector Performance Report 2008*, Report 1, March 2008, p. 10.

<sup>60</sup> Mr Ian Johnson, Commissioner, Department of Corrective Services, Letter, 7 April 2009, pp. 1–2.

**(e) Lost in Transition: State Services for Humanitarian Entrants – Report 3, 2008 (11 June 2008)****Background**

The Auditor General examined the effectiveness of services being delivered to humanitarian entrants by state government agencies. Humanitarian entrants are ‘people displaced by humanitarian crises for which no other durable solutions exist’.<sup>61</sup> The successful settlement of humanitarian entrants and the associated minimisation of entrenched social problems are largely dependent on the accessibility and effectiveness of government services. The Auditor General’s Performance Examination addressed whether government agencies—specifically the Department of Housing, Department of Health, Department of Education and the Office of Multicultural Interests (OMI) in the Department for Communities—plan, effectively coordinate and deliver, and provide access to services for humanitarian entrants. The focus of the examination was persons arriving after 2001 who had been granted permanent residency in Australia while living overseas, and therefore eligible for services immediately on arrival.

The Auditor General recommended improved collation of information on service needs, usage and effectiveness for humanitarian entrants, and engagement in related cross agency consultation, to ensure better planning and service delivery, including access. Specifically, the Auditor General recommended: implementation of a range of strategies to address language and literacy obstacles faced by entrants; identification of, and improvement in, accessibility and the effectiveness of services through more flexible application of policies or program criteria; and greater coordination in the planning and delivery of these services, including opportunities to relocate or co-locate.

In the Committee’s previous review, a detailed summary of the coordinated response by OMI to the Auditor General’s recommendations was provided. At the time of the previous review, the Committee was considering the response in consultation with the Auditor General.

**Agency Actions**

After reviewing OMI’s comprehensive response, the Committee was encouraged to see evidence of progress in addressing recommendations made in the report. The Auditor General advised the Committee that the following progress was particularly noteworthy:

- *Funding of \$1.2 million to continue the Integrated Services Centre which has been successful in addressing the complex needs of recent humanitarian entrants;*
- *Development of a new application review process by the Department of Housing to reduce automatic removal from waiting list. The Department now makes all reasonable attempts to contact people verbally;*
- *Continued use of interpreters to address language barriers;*

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<sup>61</sup> Auditor General for Western Australia, *Performance Examination: Lost in Transition: State Services for Humanitarian Entrants*, Report 3, June 2008, p. 10.

- *Improvement in information on recent humanitarian entrants' service needs;*
- *Establishment of the WA Refugee Health Advisory Council; and*
- *Increased flexibility in Intensive English Programs.*<sup>62</sup>

Having said that, it was not possible to assess whether agencies had made changes to their models of service delivery or planning, or achieved better information on humanitarian entrants' service needs and usage. The Auditor General noted that the agencies appeared to be at the early stages of addressing the recommendations contained in the report. As a result, the Committee resolved to request that OMI provide it with a status update in late 2010.

### **Current status**

In December 2010, OMI provided the Committee with a comprehensive update on the status of the implementation of the Auditor General's recommendations. The Committee will consider the update in consultation with the Auditor General and report on the outcome in its next review.

## **(f) The Juvenile Justice System: Dealing with Young People under the Young Offenders Act 1994 – Report 4, 2008 (18 June 2008)**

### **Background**

The *Young Offenders Act 1994* provides redirection options for young people, aged 10–17 years, who have committed less serious offences (non-scheduled offences) and requires WA Police and other agencies to consider alternatives to court. These include using custody and remand as a last resort and for a minimal period of time; encouraging adult responsibility for young people, including supervision while on bail; and enabling victim participation in dealing with young offenders. These alternatives form part of the principles of juvenile justice. Benefits include court diversion and savings to government. The Auditor General's examination focused primarily on whether WA Police, DCS and the Department of the Attorney General (DotAG) are applying the general principles of juvenile justice in the *Young Offenders Act 1994*. Specifically, this included an assessment of the profile of juvenile offenders; the degree of redirection away from court; the level of effectiveness in the use of Juvenile Justice Teams (JJs); participation of victims of crime in the justice process; and whether remand was used as an option of last resort.<sup>63</sup>

The Auditor General made a range of recommendations ranging from the improvement of collaboration between government agencies to recommending that WA Police uses notices towards court only when no other avenues are available, and progresses the use of JJs where appropriate. Other recommendations required agencies to improve the monitoring and evaluation of the impact of Indigenous specific initiatives and that DCS enhance the performance of the JJT program through improved timeliness and ensure action plans are targeted at supporting the young person's rehabilitation and addressing the impetus for, and nature of, the young person's

<sup>62</sup> Mr Colin Murphy, Auditor General for Western Australia, Letter, 29 September 2009.

<sup>63</sup> Auditor General for Western Australia, *The Juvenile Justice System: Dealing with Young People under the Young Offenders Act 1994*, Report 4, 18 June 2008, pp. 6–7.

offending. A number of recommendations were also made for agencies to work either cooperatively or individually to ensure the availability of alternative options to detention, including various forms of supervision and accommodation, and to progress the development and application of protocols for long-distance transport of juveniles.<sup>64</sup>

In the Committee's previous review, a detailed summary of the coordinated response by DCS to the Auditor General's recommendations was provided. At the time of the previous review, the Committee was considering the response in consultation with the Auditor General.

### **Agency Actions**

After considering the response provided by DCS, the Committee had been pleased to note that initial progress had been made toward implementing the Auditor General's recommendations, particularly the agency structures put in place to enhance collaboration across the agencies. Also of note were the expansion of DCS' JJs into new regions and the implementation of a new juvenile justice service delivery model in both Kalgoorlie and Geraldton. This new model was based on the use of multi-disciplinary teams with a focus on diversion and support and can be adapted to the specific needs of the different regions. The Committee noted, however, that many of the responses in their infancy and so resolved to request that an update be provided in late 2010.

### **Current status**

In December 2010, DCS provided the Committee with a comprehensive update on the status of the implementation of the Auditor General's recommendations. The Committee will consider the update in consultation with the Auditor General and report on the outcome in its next review.

## **(g) Improving Resource Project Approvals – Report 5, 2008 (7 October 2008)**

### **Background**

In 2006–2007, the state government spent over \$80 million assessing and regulating resource development projects and proposals in order to protect the state's environmental and cultural heritage. The development approval process is complex, time consuming and costly, and the decisions made as a result of the process have far-reaching consequences. Whilst project developers generally accept that the approvals process is necessary, there have been requests for improvements to the process, including better integration across the arms of government, and greater certainty about timelines and requirements.<sup>65</sup> the Auditor General's examination focussed on the Department of Industry and Resources (DoIR) (now the Department of Mines and Petroleum (DMP)); DEC; DIA; DPI (now the Department of Planning (DoP) and the Department of Transport (DoT)); and the Office of Development Approvals Coordination (ODAC) within DPC.

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<sup>64</sup> *ibid.*, pp. 8–9.

<sup>65</sup> Auditor General for Western Australia, *Improving Resource Project Approvals*, Report 5, 7 October 2008, p. 5.

The Auditor General found that agencies have implemented key initiatives arising from the government's commitment to improve resource approval processes, but so far the initiatives have not resulted in the intended improvements. Further, resource projects cannot be tracked across government, and agencies do not report on the time taken for the whole approvals process. Because of this, it is not possible to determine if overall timelines have improved. Agencies are only required to report on set times for distinct parts of the process. They do not routinely measure overall timelines and where delays may be occurring in other parts of the process. The Auditor General noted that it was expected that agencies' compliance with set times would improve as a result of ODAC monitoring them, but this has not been the case. Of the processes examined, only DoIR's compliance with environmental mining approvals has improved, while DEC's compliance has remained the same (87 per cent completed within set time), and DIA's heritage approvals and DoIR's petroleum approvals have worsened.<sup>66</sup>

The Auditor General recommended that agencies should determine a way to uniquely identify each proposal so that it can be tracked across government; that they should measure and report on the time taken for all parts of the process; that they should implement exception reporting and analysis to determine causes for delays and to identify potential improvements to processes; and that agencies should reconsider the objectives of the Integrated Project Approval System (IPAS), its effectiveness to date and its capacity to deliver on intended outcomes. The Auditor General also recommended that both DPC and DoIR should develop criteria for the assistance they provide proponents with the approvals process.<sup>67</sup>

### **Agency Actions**

DPC provided the Committee with a coordinated response on behalf of the other agencies examined by the Auditor General. In a letter enclosing the response, the Premier noted that from December 2008 to September 2009, the backlog of mining tenure applications had fallen from more than 10,000 to 8,697. Similarly, planning subdivision and development applications had decreased by 31 per cent.<sup>68</sup>

In relation to the other recommendations, DPC noted that work had commenced on implementing an electronic approvals tracking system to enable both agencies and proponents to track the status of approvals applications. Additionally, measurements were being taken of the proportion of applications that had been approved within the timeframes set by government. These measurements would be augmented by the implementation of the approvals tracking system. Other types of reporting were also set to be improved, including 'exception reports' that may be used to identify where improvements in processes are needed.<sup>69</sup>

Regarding the Auditor General's recommendation that agencies reconsider the objectives and effectiveness of IPAS, DPC reported that the system had been replaced by a 'Lead Agency Framework'. The Framework is intended to provide a single point of access for project proponents

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<sup>66</sup> *ibid.*, p. 6.

<sup>67</sup> *ibid.*, pp. 7–8.

<sup>68</sup> Hon. Colin Barnett, MLA, Premier of Western Australia, Letter, 16 December 2009.

<sup>69</sup> *ibid.*

and to improve the coordination of resource project approvals across government. The Framework applies to all projects regardless of their size, complexity, economic importance or economic or social impact. DPC noted that the Lead Agency Framework was consistent with other reviews that had found that proponents should be able to have one identifiable agency to assist them in negotiating approvals processes. Under the Framework, responsibilities between the agencies have been split as follows:

- The Department of State Development (DSD) is the lead agency for major resource and industry infrastructure proposals.
- DMP is the lead agency for mining, petroleum, geothermal and carbon capture and storage proposals.
- DoP is the lead agency for strategic urban and land housing proposals in urban and regional Western Australia
- DoT is the lead agency for integrated transport planning for major and significant proposal delivery, public transport infrastructure, major State initiated port, rail and road proposals, and significant projects arising from planning for transport corridors.
- The Department of Regional Development and Lands (DRDL) is the lead agency administering the Royalties for Regions Fund.<sup>70</sup>

DPC reported that agencies had implemented a range of administrative measures to improve timeframes and tracking of applications, and to improve coordination and assist project proponents. In relation to the Auditor General's recommendations regarding staffing pressures, DPC reported that agencies were implementing measure to retain and recruit suitable staff, including the implementation of workplace renewal programs, and the provision of attraction and retention benefits.<sup>71</sup>

After considering the response in consultation with the Auditor General, the Committee formed the view that steps were being made toward implementing the recommendations made by the Auditor General. Of particular note was the work being undertaken to implement the electronic approvals tracking system. That being said, the Committee requested additional information regarding how agencies intend to monitor and track the impact of the initiatives on the resource approvals process.

### **Current status**

The Committee has received a response regarding its request for additional information and is currently considering it in consultation with the Auditor General. The Committee will report the outcome of its consideration in its next review.

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<sup>70</sup>     ibid.

<sup>71</sup>     ibid.



**(h) Responding to Changes in Attraction, Retention and Achievement in Vocational Education and Training, – Report 7, 2008 (12 November 2008)**

**Background**

In 2007, approximately 100,000 Western Australians were enrolled in publicly funded VET, most of them in one of the 10 Technical and Further Education (TAFE) Colleges. The state government spent over \$500 million of public funds on VET in 2007, with approximately two-thirds of funding used to purchase training from TAFE Colleges, Curtin Vocational Training and Education Centre, the Western Australian Academy of Performing Arts and private Registered Training Organisations (RTOs). The demand for VET opportunities is directly influenced by prevailing economic conditions; the Auditor General noted that Western Australia's recent strong economic growth had increased industry demand for apprentices and trainees. That being said, low unemployment is a factor that reduces demand for Institutional Based Training (IBT). The Auditor General's examination focused on management by DET and the various VET colleges (Colleges) to attract and retain students and how achievements against these aims are measured. Trends in publicly funded VET delivered by Colleges and other RTOs were also examined, which led to an examination of how DET and Colleges were responding to those trends.<sup>72</sup>

The Auditor General found that VET, through its funding and planning, is enrolment driven and noted that, while this approach is delivering more apprentices and trainees, it is not addressing a decline in IBT enrolments. The lack of focus on student retention and achievement means that DET and Colleges are not using all the available strategies to deliver skilled people to meet industry and community needs. DET and training providers have responded to increased demand for apprentices and trainees by increasing enrolments 72 per cent and 27 per cent respectively since 2003. Concurrently, enrolments in publicly funded IBT have dropped by over 10 per cent (10,000 enrolments) since 2003.

The Auditor General made the following recommendations:

DET should:

- ascertain how many students complete their IBT courses;
- adjust planning timeframes so that Colleges can better align student enrolments with industry demand; and
- provide incentives to Colleges to improve retention and achievement and focus delivery agreements more on outcomes than inputs.<sup>73</sup>

DET and Colleges should:

<sup>72</sup> Auditor General for Western Australia, *Responding to Changes in Attraction, Retention and Achievement in Vocational Education and Training*, Report 7, 7 November 2008, p. 5.

<sup>73</sup> *ibid.*, pp. 5–7.

- implement strategies, such as increased workplace based delivery, to attract more IBT students; and
- improve and report information on the way students engage with VET, and the range of outcomes achieved including skill sets, specifically through the introduction of a unique student identifier.

Colleges should:

- implement strategies to improve retention and achievement to improve productivity and deliver better outcomes within funding constraints; and
- provide the public with performance information including withdrawal, failure and completion rate information to improve transparency and accountability for performance.<sup>74</sup>

### Agency Actions

The Department of Training and Workforce Development (DTWD) provided the Committee with a response to the recommendations made for it by the Auditor General, while Central TAFE provided the Committee with a response on behalf of the other TAFE Colleges in Western Australia.

DTWD reported that it continued to support the full suite of recommendations made by the Auditor General and that it had implemented a number of strategies to see the recommendations implemented. This included providing TAFE colleges with increased flexibility and ‘growth funding’ in order to provide capacity and capability to the colleges to enable them to respond to demand for IBT. DTWD noted that from July 2008 to July 2009, enrolments in IBT increased from 76,614 to 78,938. A similar increase was noted in the same period for enrolments in TAFE courses. Similar to the increased in enrolment rates, completion rates for IBT had risen to 74 per cent in August 2009, compared with 72.1 per cent in 2008.<sup>75</sup>

DTWD also reported that grants to the value of \$2.65 million had been awarded to 89 training providers, enabling providers to develop responsive and flexible training for students. Both the Department and the TAFE Colleges had also identified assessment system changes intended to improve the uptake of student study plans. This would provide the ability to track individual student completion rates.<sup>76</sup>

The TAFE Colleges provided a similarly comprehensive response to the Auditor General’s recommendations. The Colleges noted that IBT places had increased by three per cent in response to increased demand. It was noted that this growth had enabled a greater number of students to undertake institutional based training. Furthermore, a ‘TAFE Response Unit’ had been established, which was designed to provide individuals with a ‘one stop shop’ from which they

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<sup>74</sup> *ibid.*

<sup>75</sup> Mr Robert Player, Acting Director General, Department of Training and Workforce Development, Letter, 8 December 2009.

<sup>76</sup> *ibid.*

could have their skills assessed and then be directed to the most relevant training opportunities. Additionally, mechanisms were being developed to monitor and report work based training that occurs within the IBT context. This is intended to allow TAFE colleges to better understand the effectiveness of work based training programs.<sup>77</sup>

The TAFE Colleges noted that they meet national benchmark reporting requirements and report on completion rates, learner satisfaction and employer satisfaction. The reporting allows a systematic approach to the management and analysis of critical information relating to student expectations and outcomes. The colleges also intend to collect information on student intentions at the time that the students enrol for their courses. Finally, the TAFE colleges also detailed the role of course study plans in improving both monitoring and tracking of student achievement.<sup>78</sup>

### **Current status**

After considering the responses provided by DTWD and the TAFE Colleges, and consulting with the Auditor General, the Committee formed the view that solid steps were being taken to address the recommendations made by the Auditor General. In order to gain a better understanding of the impact of the agencies' responses to the recommendations, the Committee resolved to request an update on the progress of the responses. These updates are due in June 2011 and the Committee will report on the outcome of its consideration of these updates in its next review.

### **(i) Coming, Ready or Not: Preparing for Large-Scale Emergencies – Report 4, 2009 (20 May 2009)**

#### **Background**

The Auditor General examined how well prepared Western Australia was for large-scale emergencies and assessed whether Western Australia has an emergency management framework and adequate plans in place to manage emergencies. The Auditor General focused on high level state preparations through the State Emergency Management Committee (SEMC) and the plans which form the basis for agencies' preparedness. The Auditor General examined the extent to which the SEMC and other agencies had assessed their capability to respond to these hazards and how well prepared they and the state are for emergencies.<sup>79</sup>

The Auditor General found that there had been no regular review of which hazards the state should be preparing for, with the result that the state may be preparing for the wrong hazards, nor had the SEMC carried out an assessment of the overall level of preparedness of the state. The result was a lack of clarity regarding how well prepared Western Australia was for a large-scale emergency. Of the existing 24 state emergency plans (Westplans), 13 were found to have passed their required review dates.

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<sup>77</sup> Mr Neil Fernandes, Managing Director, Central TAFE, Letter, 10 December 2009.

<sup>78</sup> *ibid.*

<sup>79</sup> Auditor General for Western Australia, *Coming, Ready or Not: Preparing for Large-scale Emergencies*, Report 4, May 2009, p. 5.

The Auditor General made a number of recommendations for the SEMC and Emergency Management WA, particularly with respect to formal assessment of which hazards the state should prepare for and the assessment of the state's level of preparedness. The Auditor General also emphasised that the two bodies should monitor and take action to ensure that local plans are in place and cover areas where hazards could occur. There was also a need for key roles within the emergency management framework to be defined and for agencies to have a common or compatible crisis information management system in place.<sup>80</sup>

### Agency Actions

The SEMC provided the Committee with a detailed response to the Auditor General's recommendations and noted that, while it was of the view that Western Australia is well-prepared to respond to emergencies, implementing the Auditor General's recommendations will enhance and strengthen the current arrangements. In responding to the recommendations, the SEMC noted that it regularly monitors for changes in significance or frequency of risks posed by various emergencies. The definition of hazards is also regularly reviewed, as demonstrated by the inclusion of 'energy supply disruption' following the incident at Varanus Island. In terms of nationally consistent risk assessment guidelines, SEMC relayed that it was progressing the development of a 'sound state emergency risk assessment and resilience framework and risk model'. It also reported that national work on a similar set of models was expected to complete by the end of 2010.<sup>81</sup>

The Auditor General recommended that an assessment of the state's level of preparedness be conducted at least annually. In response, SEMC advised the Committee that it had recently established an Emergency Risk Assurance Group within FESA. This body has been tasked with responsibility for assessing a range of emergency management activities and for conducting the annual state-level risk assessment. SEMC reported that it had altered the manner in which plans and other procedures are approved, thus allowing individual agencies to prepare their own plans in a more timely fashion. Furthermore, SEMC advised the Committee that it had taken on the role of ensuring that the individual agencies were fulfilling their obligations under the *Emergency Management Act 2005*.<sup>82</sup>

Submitting outstanding legislative changes to Parliament as a matter of priority was another of the Auditor General's recommendations. SEMC advised that the progression of legislation was ongoing and that, as at June 2010, eight regulations items were outstanding, four of which were in the drafting phase and four were under review. In relation to the recommendation to work with local government to prepare emergency plans, SEMC reported that only eight per cent of local governments have such plans in place. A further twelve per cent of local government are preparing plans in consultation with SEMC. Additionally, financial support is also provided to local governments to conduct risk assessments and risk management training.<sup>83</sup>

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<sup>80</sup> ibid.

<sup>81</sup> Dr Karl O'Callaghan, Chairperson, State Emergency Management Commission, Letter, 21 June 2010.

<sup>82</sup> ibid.

<sup>83</sup> ibid.

The Auditor General recommended that SEMC define the key roles of those involved in emergency management. In response, SEMC advised that it had reviewed its policies relating to the principles, structures and responsibilities that are in place for emergency management. This has included reviewing and extending the roles of ‘emergency coordinators’ and introducing an emergency management program that includes definitions of key roles and responsibilities during emergencies.<sup>84</sup>

SEMC has also moved to implement the Auditor General’s recommendation that emergency management agencies have compatible or common information management systems in place. Furthermore, the Emergency Services Sub Committee continues to audit and provide advice to agencies in relation to the integration of their emergency management systems.<sup>85</sup>

### **Current status**

The Committee is currently considering the SEMC’s responses to the recommendations made by the Auditor General and will report on the outcome of its considerations in its next review.

## **(j) Rich and Rare: Conservation of Threatened Species – Report 5, 2009 (10 June 2009)**

### **Background**

The Auditor General examined the extent to which DEC effectively protects and recovers threatened species, a critical element of Western Australia’s biodiversity. DEC’s strategies, plans, policies and procedures were also examined and assessed as to their compliance with relevant legislation and other policies. DEC is the primary agency responsible for conserving Western Australia’s biodiversity. One of DEC’s key objectives is ‘to protect, conserve and, where necessary and possible, restore Western Australia’s biodiversity’. DEC estimates that in 2007–2008, it spent \$8.2 million on activities directly related to threatened species. These funds were spent on evaluating the conservation status of species, developing and implementing recovery plans, monitoring species and managing data.<sup>86</sup>

The Auditor General found that, in many areas, DEC had failed to effectively protect and recover threatened species. The number of threatened species is increasing and few are improving. The Auditor General also found that recovery efforts were not occurring for the majority of threatened species and, due to the bulk of resources being devoted to recovering critically endangered species, these threatened species were being put at greater risk of decline.<sup>87</sup> DEC had some successful programs that were addressing large-scale threats to multiple species; however, the Auditor General noted other areas underpinning conservation efforts were proving challenging for the Department.

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<sup>84</sup>       ibid.

<sup>85</sup>       ibid.

<sup>86</sup>       Auditor General for Western Australia, *Rich and Rare: Conservation of Threatened Species*, Report 5, June 2009, p. 5.

<sup>87</sup>       ibid., p. 6.

The Auditor General made a series of recommendations, including for DEC to continue its efforts to replace the *Wildlife Conservation Act 1950* with a new Biodiversity Conservation Act. Other recommendations focused on improving processes for the management of threatened species lists, including changing how DEC prioritises species for conservation attention, and identifying opportunities for reducing the time required for nominating and listing species as threatened. The Auditor General also recommended that DEC continue to develop systems to identify and manage habitat critical to threatened species survival, implement a database to record all threatened species recovery actions and monitor progress against recovery plans.<sup>88</sup>

### **Agency Actions**

DEC provided the Committee with a detailed and wide-ranging response to the Auditor General's recommendations. It noted in response to the recommendation that it continue its efforts to replace legislation, it was continuing to progress the preparation of a draft Biodiversity Conservation Bill, which was to be considered by the government in the context of its legislative priorities. DEC also reported that it was undertaking work to identify priority flora species in the Pilbara, Goldfields, Kimberley and Ravensthorpe areas. DEC noted that between the publication of the Priority Flora list in October 2008 and March 2010, there were 102 species deleted from the list (following investigations as to their status) and 124 species that had had their conservation status changed.

The Auditor General recommended that DEC should work to reduce the time required to nominate and list species as threatened. DEC noted that the time taken to list threatened species was related to the number of steps taken to ensure that the listing process was robust. The process had, however, been improved, particularly following the use of new nomination forms that required nominators to provide sufficient detail and thus reducing the amount of follow-up work required by DEC. It was also noted that nominating species as threatened under Commonwealth legislation was a particularly lengthy process, resulting in a lack of consistency between the state and commonwealth lists.<sup>89</sup>

In response to the recommendation that DEC change the way in which it prioritises species for conservation attention, DEC advised that it uses the threatened species ranking and prioritisation method endorsed by the International Union for the Conservation of Nature and Natural Resources. DEC pointed out that changing this process would result in Western Australia using a different ranking system to that in use in other jurisdictions around the world. DEC also reported that all of its resources are allocated according to 'priority', although it noted that attention was being given to finding balance between emergency actions to prevent critically endangered species becoming extinct and the broader strategic actions to improve the status of less threatened species.<sup>90</sup> 'Conservation advices' are being introduced in Western Australia, and DEC noted that it had already prepared these advices for use by the Commonwealth.

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<sup>88</sup> *ibid.*, pp. 7–8.

<sup>89</sup> Mr Keiran McNamara, Director General, Department of Environment and Conservation, Letter, 16 August 2010.

<sup>90</sup> *ibid.*

DEC also reported that it had developed a database which enabled the tracking of the recovery actions being taken to protect threatened species. Furthermore, DEC advised that it was upgrading other databases and information systems that record information about threatened species and their progress.<sup>91</sup>

### **Current status**

The Committee is currently considering DEC's responses to the recommendations made by the Auditor General and will report on the outcome of its considerations in its next review.

## **(k) Maintaining the State Road Network – Report 6, 2009 (17 June 2009)**

### **Background**

The Auditor General examined the maintenance of Western Australia's road network by Main Roads Western Australia (MRWA). The Auditor General noted that there were two broad types of road maintenance: reactive repairs, which involves fixing potholes and cracks on a daily basis as the problems arise, and planned maintenance, which involves the resurfacing and rebuilding of roads. MRWA is responsible for maintaining the state's freeways, highways, main roads and bridges on the state road network. The network is 17,800 km in length and provides the major transport links between and within the regional and metropolitan regions of Western Australia. Between 1999 and 2002 MRWA out-sourced its road maintenance functions through eight contracts each lasting 10 years. The contracts were aimed at reducing costs whilst maintaining road conditions at agreed levels.

The Auditor General found that the condition of the road network in Western Australia had deteriorated following the out-sourcing of road maintenance functions by MRWA. Road surfaces were generally smooth, although the age of road infrastructure was steadily increasing and approximately one-third of the state's road network had reached the end of its design life. Furthermore, the risk of roads succumbing to structural failure had increased due to significant falls in the level of planned maintenance during the preceding ten years. The Auditor General found that resurfacing activities were down 30 per cent and rebuilding by 80 per cent.<sup>92</sup> The Auditor General identified the inadequate specification of road condition measures in the outsourcing contracts as the main factor contributing to the decreased level of planned road maintenance operations. Due to these shortcomings, the estimated cost of addressing the existing overdue maintenance may exceed \$800 million. The Auditor General also found that contract costs for the outsourcing had also increased by 59 per cent, due mainly to increases in global oil prices.<sup>93</sup>

To address these and other shortcomings, the Auditor General recommended that MRWA ensure effective management of the road network through the identification, prioritisation and planning of maintenance work. Other recommendations included a requirement for MRWA to determine

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<sup>91</sup> *ibid.*

<sup>92</sup> Auditor General for Western Australia, *Maintaining the State's Road Network*, Report 6, June 2009, p. 5.

<sup>93</sup> *ibid.*, p. 6.

levels of overdue maintenance work, including a review of bridge maintenance estimates. MRWA is also required to fully cost these overdue maintenance requirements and to determine when to carry out maintenance with the aim of minimising costs over the life of the road network.<sup>94</sup>

### Agency actions

MRWA reported the recommendations of the Office of Auditor General's report have been extremely useful in the development of the strategy for maintenance delivery under the new Integrated Services Arrangements which will supersede the Term Network Contracts. In terms of the individual recommendations, MRWA reported the following.<sup>95</sup>

The Auditor General recommended that MRWA accurately determine the levels of overdue resurfacing and rebuilding maintenance. MRWA reported that it had confirmed its estimates of overdue maintenance through visual assessments of the road network. The results validated that the data modelling provided to the Auditor General were within an acceptable range of 15 per cent accuracy for pavements. The results show overdue maintenance needs as follows: resurfacing \$230 million, rebuilding \$250 million and bridge \$84 million. Furthermore, MRWA reported that progress was being made in all areas associated with improving and validating modelling capability. However, it also acknowledged that there would always be a need for this to be underpinned and calibrated by skilled practitioners.<sup>96</sup>

The third recommendation contained in the Auditor General's report required MRWA to fully cost the actual costs of overdue maintenance and to outline a plan of how this maintenance would be carried out. MRWA noted that, in responding to the first recommendation, it had also responded to this one. That being said, it also highlighted that its own review of required maintenance had been more thorough than the one conducted by the Auditor General and had quantified the extent of a range of other maintenance needs that were not available during the Auditor General's review. This resulted in clarifying a range of other overdue maintenance tasks valued at \$250 million that will need to be addressed to achieve the lowest whole of life cycle cost of the road network.

The plan for addressing these needs includes MRWA taking a more hands on role in deciding where to spend the available funds to obtain the maximum benefit from those funds. This key outcome will be achieved through the move from the existing long term maintenance contracts to the Integrated Service Arrangements.<sup>97</sup>

MRWA advised the Committee that the extent to which it is able to manage the risks associated with deferred maintenance will determine the associated costs to road users and the community and whether longer term costs can be prevented. A significant course of action being taken is to focus on improving and advancing the skills, competencies and tools available to operational asset management staff enabling them to optimise decision making. This will include the application and deployment of new systems including the Maintenance Management Information System

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<sup>94</sup> *ibid.*

<sup>95</sup> Mr Menno Henneveld, Managing Director of Main Roads, Letter, 15 June 2010.

<sup>96</sup> *ibid.*

<sup>97</sup> *ibid.*



already described in this report and putting in place a range of knowledge management initiatives.<sup>98</sup>

### **Current status**

The Committee is currently considering MRWA's response in consultation with the Auditor General. The Committee will report the outcome of this process in its next review.

## **3.2 Follow-up concluded**

### **(a) Behind the Evidence: Forensic Services – Report 4, 2006 (31 May 2006)**

#### **Background**

The Auditor General's fourth report of 2006, *Behind the Evidence: Forensic Services*, examines the delivery of forensic services in the context of the Western Australian justice system. The Auditor General found that many aspects of forensic services were working well; however, the agencies examined—PathWest (DoH), the ChemCentre (then the Chemistry Centre of Western Australia in the then Department of Industry and Resources) and WA Police—were not working together successfully to provide timely support to the needs of the justice system. The Auditor General recommended a reduction in the backlog of DNA analyses by PathWest and WA Police, and also recommended that all three agencies coordinate resource allocation; improve the accessibility, tracking and sharing of information; and address security and occupational health and safety risks associated with forensic exhibit storage facilities.

In last year's *Review*, the Committee noted that all agencies would be required to provide an update in June 2009 on the progress of the proposed joint 'Forensic Science Centre', and any implications if it had not been implemented. The Committee also advised agencies that it would seek further information on: whether forensic services meet the needs of end users in a timely manner; whether end users such as the Coroner and the Office of the Director of Public Prosecutions have been involved in the development of strategies to manage forensic service resources; and (in relation to DoH and WA Police only) whether actions have been taken to manage the DNA analysis backlog.

#### **Agency Actions**

Since then, all agencies have reported to the Committee. The Committee determined that progress was being made to implement many, though not all, of the recommendations contained in the Auditor General's report. In particular, progress had been made toward addressing the security and occupational health and safety recommendations made by the Auditor General. In relation to the reduction of the DNA analysis backlog, it was unclear that the use by PathWest and WA Police of a 'definition' to determine whether exhibits required examination, and the 'triaging' of exhibits before analysis, was a reflection of best practice or whether it was widely accepted and used. Following consultation with the Auditor General it was not evident that substantial progress had

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<sup>98</sup> *ibid.*

been made in addressing the disaggregated management structures for resource allocation and whole of service capacity. Furthermore, the status of the implementation of the Forensic Science Centre remained unknown and no firm proposal had been presented to government.<sup>99</sup>

### **Committee Conclusion**

Given the mixed response to the implementation of the Auditor General's recommendations, it would normally be expected that the Committee continue its follow-up until it was satisfied with the agencies' performance. In this instance, however, the Committee was advised that the Auditor General was considering conducting a follow-up examination of the forensic services area and, on that basis, concluded its own follow-up of the agencies' responses.<sup>100</sup>

### **(b) Second Public Sector Performance Report – Report 8, 2006 (30 August 2006)**

#### **(i) Setting Fees – Extent of Cost Recovery – Follow-up**

##### **Background**

The Committee's actions in relation to the follow-up of the Metropolitan Cemeteries Board's (MCB's) implementation of the Auditor General's recommendations were detailed extensively in the Committee's *2008–09 Review*. A brief summary of the issues identified by the Auditor General in its examination is included below.

In the Auditor General's first *Public Sector Performance Review* of 2004, the MCB was found to have significantly over recovered costs on adult cremation fees. The examination found that adult cremation fees were subsidising other memorial services, although the extent was unknown. The Auditor General's follow-up examination, conducted in 2006, found that adjustments to adult cremation fees had not occurred. That being said, the MCB advised that efforts to develop a costing model for core business services were ongoing and revisions would be incorporated into the prices advertised in the *Government Gazette*. MCB also reported that information on its pricing policies was available in its annual report and that it did not consider it feasible to provide pricing details for the complete range of its products and services.

##### **Agency Actions**

Since last year's Review, the Committee was provided with detailed information relating to the proposed new costing models to be implemented by the MCB. The Committee found that the proposed models appeared to be addressing the recommendations made by the Auditor General; however, an assurance was sought as to when it was anticipated that the models would be implemented. MCB reported that its Board had voted in April 2010 to accept the costing models developed by 2020 Global, a consulting firm, and that they were subsequently reviewed by

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<sup>99</sup> Mr Colin Murphy, Auditor General for Western Australia, Letter, 4 March 2010.

<sup>100</sup> *ibid.*

PriceWaterhouseCoopers and found to be robust.<sup>101</sup> The new charges have now been incorporated into MCB's user charges and have been taken into account for the setting of non-discretionary fees in the 2010–2011 budget.<sup>102</sup>

### **Committee Conclusion**

The Committee resolved to conclude its follow-up of the MCB on the basis that MCB had demonstrated a costing model that addressed many of the concerns raised in the Auditor General's original report. The Auditor General indicated that a further review of the MCB's pricing policies would take place when its Annual Report is reviewed by the Auditor General as part of the standard Financial Audit cycle.<sup>103</sup>

### **(c) A Helping Hand: Home-based Services in Western Australia – Report 6, 2007 (20 June 2007)**

#### **Background**

In the Auditor General's sixth report of 2007, *A Helping Hand: Home-based Services in Western Australia*, the accessibility, value for money and quality of home-based services funded by the state government were examined. The examination focussed on five home-based services provided by both the Disability Services Commission (DSC) and DoH. The Auditor General found that while information on home-based services is readily available, different application processes by different agencies can be confusing for people. Further, fewer home-based service options were found to be available to people who became disabled after the age of 60. The Auditor General identified that the majority of services had open and accountable assessment processes, but that only two had processes in place to govern the quality of service provided. DSC was found to be trialling a new assessment process for its Supported Community Living Service, which if implemented, would provide more consistent assessment and accountability for funding decisions. The Auditor General noted that, in order to address shortfalls in the program's transparency, DSC had agreed to consider other feedback mechanisms to reduce the frustration experienced by applicants.

The Auditor General recommended that DSC and DoH:

- improve monitoring of the quality of home-based services;
- work collaboratively to improve coordination across the aged care and disability sectors;
- adopt effectiveness measures relating to the wellbeing and quality of life of people in home-based services;
- monitor the timeliness of service delivery; and

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<sup>101</sup> Mr PD MacLean AM PSM JP, Chief Executive Officer, Metropolitan Cemeteries Board, Letter, 3 June 2010.

<sup>102</sup> *ibid.*

<sup>103</sup> Mr Colin Murphy, Auditor General of Western Australia, Letter, 22 July 2010.

- engage in joint planning.

### **Committee Conclusion**

Detailed summaries of the responses from both agencies to the Auditor General's recommendations are contained in the previous review. The Committee has subsequently concluded its follow-up of the Department of Health.

The Auditor General has provided a response to DSC's submission. After considering the agency's response and the Auditor General's view, the Committee resolved to conclude its follow-up of DSC as it was satisfied that the agency had sufficiently responded to the recommendations made by the Auditor General.

### **(d) Third Public Sector Performance Report – Report 7, 2007 (27 June 2007)**

#### **(i) Management of Land Tax and Metropolitan Region Improvement Tax**

#### **Background**

The Auditor General examined the management of land tax and the Metropolitan Region Improvement Tax (MRIT). Land tax refers to an annual tax on the unimproved value of all owned land unless it is subject to an exemption. The MRIT is a special tax payable on any land in the metropolitan region also subject to land tax, which is used to finance the cost of land purchases for roads, open space, parks and similar facilities. The Auditor General found data inaccuracies in the Revenue Collection Information System (RCIS) database used to generate assessments, which required approximately 10 per cent of land tax assessments in 2006–2007 to be reassessed. Further, adjusted assessments for the preceding financial year arising from the resolution of data inaccuracies resulted in a reduction in the amount of tax raised. Other findings included the:

- likelihood that resolving data inaccuracies would be a slow process;
- presence of a low but significant error rate in the granting of exemptions from land tax;
- implementation of a Land Data Integrity Project by the Office of State Revenue (OSR) which intends to address the underlying causes of data inaccuracies;
- timely collection of land tax and MRIT debts; and
- correct use of MRIT revenues as per the *Planning and Development Act 2005*.

The Auditor General recommended that OSR should clear the backlog of land and ownership errors at a faster rate than its anticipated 18 months.

#### **Agency Actions**

Since the 2008–09 Review, DTF has reported that data matching operations were concluded in June 2009 and that the result of these operations has been a reduction in the number of data

mismatches between various computer systems. A dedicated team had also been established to ensure prompt follow-up of data mismatches and the establishment of a dedicated land tax compliance team to ensure that complex ownership situations and claims for exemptions were dealt with comprehensively. In December 2009, DTF reported that 6,170 data mismatches remained to be corrected, which was a significant reduction from the 115,868 mismatches identified in the Auditor General's report. Additional improvements were noted by DTF in relation to the incidence of new data mismatches, which have been halved since the Auditor General's report.<sup>104</sup>

### **Committee Conclusion**

The Committee resolved to conclude its follow-up of DTF as it was satisfied with the actions taken to address the issues identified in the Auditor General's report. The significant reduction of the number of data mismatches and their incidence was of particular note, as was the halving of the number of reassessments required by OSR.

### **(ii) Legal Aid in Western Australia**

#### **Background**

The Legal Aid Commission of Western Australia (LAWA) provides legal advice and assistance to the general community, particularly to individuals from socially or economically disadvantaged backgrounds. The majority of the services provided by LAWA are provided without the need for applicants to satisfy a means test, although grants of aid for legal representation are subject to these tests. The Auditor General examined the management processes for grants for legal representation and, in particular, assessed whether grants are being accessed by the appropriate people.

The Auditor General found grants to be made in a timely way and in general accordance with the relevant legislation and guidelines; however, the Auditor General identified scope for improvements to certain aspects of the administrative process, including:

- the verification of applicants' eligibility under income and asset tests;
- regular quality reviews of decisions to grant aid; and
- regular reviews of case progress by grant managers to ensure continued eligibility for funding.<sup>105</sup>

The Auditor General also found that LAWA lacks sufficient information to determine if expressed demand for its services represents the total need for legal assistance, although this is common across Legal Aid Commissions nationally. The Auditor General recommended that LAWA

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<sup>104</sup> Mr Michael Barnes, Acting Under Treasurer, Letter, 10 February 2010.

<sup>105</sup> Auditor General for Western Australia, *Third Public Sector Performance Report 2007*, Report 7, June 2007, p. 15.

address the deficiencies found in its investigation in order to ensure that legal representation is accessible for as many disadvantaged people as possible.<sup>106</sup>

### Agency Actions

In the *2008–09 Review*, the Committee reported that it had requested LAWA to provide additional information on the following two issues:

- the lack of information about the total need for legal assistance; and
- the lack of quality oversight of services provided by private practitioners, particularly for high cost, high priority matters.

LAWA reported that it was confident that it meets—or comes close to meeting—the total need for legal assistance in areas including access to duty lawyers in courts and through responses to queries received through its *Infoline* service.<sup>107</sup> LAWA conceded, however, the difficulty determining the total need for legal representation necessitating grants of aid. For criminal matters, LAWA offered the view that the quantity of unfulfilled need could be measured by the number of unrepresented defendants appearing at trial. For cases before the Supreme and District Courts, the number of unrepresented defendants is ‘minimal’.<sup>108</sup> In the Magistrate’s Court, on the other hand, the number of unrepresented defendants is ‘relatively high’.<sup>109</sup>

In matters of family law, LAWA noted that its resource limitations result in grants of aid being directed towards serious cases. Sixty per cent of applications in the area of family law are granted aid. LAWA notes that the number of applications it receives may not reflect the extent of demand due to the deterrent effect of the stringent application guidelines.<sup>110</sup>

In relation to the quality of legal aid services provided by private practitioners, LAWA reported that it relies, in the first instance, on the Legal Practice Board of Western Australia to ensure that lawyers admitted to practice in the state meet the minimum standards required. Furthermore, a random and regular private practice audit is conducted to ensure quality service standards are being maintained. LAWA intends to audit approximately 30 per cent of the firms using its Grants Online system during the period 2008–2011.<sup>111</sup> There is also a cap on the number of LAWA-assigned files a private practitioner may maintain at any one time. This is to ensure that clients receive an acceptable level of service from private practitioners.

Finally, LAWA noted that the Western Australian Legal Assistance Forum—which brings together most of the state’s legal assistance sector, as well as bodies representing the legal

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<sup>106</sup> *ibid.*, p. 16.

<sup>107</sup> Mr George Turnbull, Director of Legal Aid, Letter, 23 December 2009.

<sup>108</sup> *ibid.*

<sup>109</sup> *ibid.*

<sup>110</sup> *ibid.*

<sup>111</sup> *ibid.*

profession and each of the Western Australian university law schools—would be an appropriate forum for assessing the extent of unmet need in the legal aid sector.

### **Committee Conclusion**

The Committee was pleased with the progress made to address the outstanding issues and noted LAWA's commitment to monitoring the quality of legal services provided by private practitioners. The Committee also noted LAWA's intention to include the Western Australian Legal Assistance Forum in its consideration of the extent of unmet legal need. Accordingly, the Committee resolved to conclude its follow-up of LAWA.

### **(e) Fourth Public Sector Performance Report – Report 9, 2007 (26 September 2007)**

#### **(i) *Tracking Timber Logged from South West Native Forests***

#### **Background**

The Forest Products Commission (FPC) is responsible for harvesting and selling log timber from native forests in the south west of the state. In the 2006–2007 financial year, 630,000 tonnes were harvested to the value of \$44 million. Government sets a ceiling on annual harvest levels which are documented in the state's Forest Management Plan. The Auditor General's review arose from an allegation from a member of the public that some customers were receiving log timber beyond the terms of their contract, and that the Commission's system failed to adequately record deliveries. The Auditor General examined how the FPC records and tracks its timber harvested by contractors and the 'procedures for monitoring deliveries and preventing theft and misconduct'.<sup>112</sup>

The Auditor General found that the extent of theft of log timber is unknown because, while the Commission's system for recording shipment deliveries conformed with the Forest Management Regulations 1993, it recorded truck loads of log timber based on delivery notes and not individual logs. The Auditor General also noted commentary by FPC that its assessment of the likelihood of theft was moderate and that the system had efficiency benefits. The Auditor General determined that while FPC had a reasonably sound framework for compliance monitoring, actual levels of monitoring were low—falling below the five per cent of delivery notes that the Regulations cite should be checked for accuracy. In elaborating, the Auditor General stated that in the period 2006–2007, FPC checked 4.8 per cent of delivery notes; however, only 2.6 per cent were checked in the south west native forests. The Auditor General saw this activity as essential to ensuring contractual obligations are met and the theft of timber is deterred. The Auditor General recommended that FPC 'develop and implement compliance programs to complement its current Delivery Note system or any future log timber tracking system'.<sup>113</sup>

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<sup>112</sup> Auditor General for Western Australia, *Fourth Public Sector Performance Report 2007*, Report 9, September 2007, p. 17.

<sup>113</sup> *ibid.*

## Agency actions

In the Committee's previous review it was noted that a response from FPC was still forthcoming. This response has since been received and FPC reports that it is had been meeting the five per cent target for checking delivery notes, including in the south west: in the 2008 calendar year, 5.71 per cent of south west native forest delivery notes were checked in the field by FPC staff, while in the first six months of 2009, 5.98 per cent were checked.<sup>114</sup> In relation to systems for the tracking and tagging of logs, FPC reported that it was monitoring international developments although it noted that such systems were not a panacea for the problem of log theft, as tags could be removed from logs. FPC also noted that its log management and billing system—based on the use of a delivery note accompanying every truck load of forest products carted from its operations—is planned to be upgraded with additional functionality, a new system which includes the capability to tag individual logs, and reduce the level of dependence on handwritten delivery notes. Due to budget constraints the implementation of the new system has been postponed.<sup>115</sup>

Although the Committee had been pleased by FPC's confirmation that its compliance checking levels had increased, additional information was sought regarding whether FPC had also met its commitment to ensure that the checks were based on risk and value. The Committee also requested information on the planned upgrades to the timber tracking system. In relation to the former issue, FPC confirmed that it was closely monitoring compliance activities<sup>116</sup> and that the checks were taking account of both risk and value by checking a higher percentage of delivery notes from operations which produce a higher proportion of higher value logs.<sup>117</sup>

## Current status

After considering FPC's response in consultation with the Auditor General, the Committee resolved to conclude its follow-up as it was satisfied that the agency had fully implemented the recommendations made by the Auditor General.

## **(f) Performance Examination of the Administration of Natural Resource Management Grants – Report 11, 2007 (28 November 2007)**

### Background

Since March 2003, the Commonwealth and state governments have jointly invested in Natural Resource Management (NRM) projects in Western Australia. Proportionately, of the estimated \$382 million expended, 60 per cent is directed through six regionally-based NRM groups, which are community-based incorporated associations overseen by the Department of Agriculture and Food (DAF). The remainder of the funds is managed by the state government. Moneys can be applied to a variety of NRM related projects.

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<sup>114</sup> Dr Paul Biggs, General Manager, Forest Products Commission, Letter, 4 November 2009.

<sup>115</sup> *ibid.*

<sup>116</sup> Mr David Hartley, Acting General Manager, Forest Products Commission, Letter, 30 August 2010.

<sup>117</sup> Mr David Hartley, Acting General Manager, Forest Products Commission, Letter, 20 November 2010.



In 2004, the Auditor General examined the regional funding model which was at that time in its infancy, reporting that regional groups needed to strengthen their governance arrangements. On the occasion of the latest review, the Auditor General sought to re-examine governance arrangements to ascertain their appropriateness and review progress in relation to implementation of the bilateral agreements. This entailed a review of the state NRM Office within DAF, a sample of half of the six regional groups and the convening of stakeholder discussions. The Auditor General recommended that:

- DAF and regional groups work collaboratively to review the ‘program logic of regional NRM strategies, investment plans and associated programs and projects’;<sup>118</sup>
- the results of the review be considered in the formulation and implementation of monitoring, evaluation and reporting frameworks at the local, regional and state level; and
- the Monitoring, Evaluation and Reporting (MER) framework be instituted as a priority and that it enable ‘assessment of the value for money and achievement of objectives of the projects and programs’.<sup>119</sup>

### Agency Actions

The Committee noted in its previous *Review* that it had sought an update on the approval of the state NRM plan and the status of the associated implementation strategy. In April 2010, DAF advised that changes to government policy rendered unnecessary the accountability arrangements examined by the Auditor General.<sup>120</sup> Despite these policy changes, the Committee indicated to DAF that it still sought information on the lessons learnt under the now superseded arrangements. These lessons, according to DAF, included:

- the conduct of several audits that resulted in improvements to the Commonwealth-State Joint Steering Committee that oversaw issues relating to salinity and water quality;
- the creation of new guidelines and templates for investment proposals;
- revising the process for funds approval; and
- the release of a draft State NRM Action Plan outlining the future NRM approach to be taken by the State.

DAF also reported that \$30 million had been allocated to Western Australian NRM programs in the State Budget for 2009–10 and that approximately \$3 million would be allocated in the 2010–2011 investment processes.<sup>121</sup>

<sup>118</sup> Auditor General for Western Australia, *Performance Examination of Administration of Natural Resource Management Grants*, Report 11, November 2007, p. 39.

<sup>119</sup> *ibid.*

<sup>120</sup> Mr Rob Delane, Director General, Department of Agriculture and Food, Letter, 10 February 2010.

<sup>121</sup> Mr Rob Delane, Director General, Department of Agriculture and Food, Letter, 1 June 2010.

## Committee Conclusion

The Committee resolved to conclude its follow-up of DAF as it was satisfied that appropriate steps had been taken to address the recommendations made in the Auditor General's report.

### **(g) Performance Examination – Report 2, 2008 (7 May 2008)**

#### **(i) Risk Management**

#### **Background**

The Auditor General examined the risk management practices within the operational area of the following six agencies: the Animal Resources Centre; Art Gallery of Western Australia; Botanic Gardens and Parks Authority, LandCorp, Perth Zoo and Tourism WA. The Committee concluded its follow-up of both LandCorp and Perth Zoo in its previous review. The Auditor General's investigation focussed on risk management frameworks; the conduct of risk assessments in core business areas and in relation to identified high risk activities; and the level to which risk management practices have been adopted.

#### **Agency Actions**

Each agency provided advice to the Committee detailing the steps to address the recommendations made by the Auditor General had been taken.

- In the case of the Animal Resources Centre, the integration of risk management committee meetings with broader management meetings; a renewed focus on OH&S and bio-security risk factors; and the development of an agency-specific risk management table in compliance with the Australian Risk Management Standard.<sup>122</sup>
- In the Committee's previous review, it was reported that the Botanic Gardens and Parks Authority's new risk management system had not been fully implemented and the Committee sought confirmation as to when this would be so. In December 2009, the Authority wrote to the Committee advising that the new web-based system had been fully implemented. The Authority reported that all of its risks and controls had been identified, assessed and entered into the database. Furthermore, additional staff training was to be provided in early 2010 to ensure that the new system was used effectively.<sup>123</sup>
- The Art Gallery of Western Australia advised the Committee that it had addressed the Auditor General's recommendations by implementing improved risk management procedures and integrating these procedures more closely with the management of the Gallery's core business activities. In particular, the Gallery reported that it had established more effective controls and action plans to deal with risks as part of its planning and

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<sup>122</sup> Mr Michael Hall, Chief Executive Officer, Animal Resources Centre, Letter, 23 October 2009.

<sup>123</sup> Mr Mark Webb, Chief Executive Officer, Botanic Gardens and Parks Authority, Letter, 19 December 2009.

implementation of activities. Additionally, the Gallery has implemented improved incident management systems and procedures.<sup>124</sup>

- Tourism WA reported that it had taken a number of steps to improve its risk management procedures, including through the conduct of a strategic risk management workshop, a review of the organisation's business continuity plan and the incorporation of risk assessments into operational planning.<sup>125</sup> In response to the Committee's request for additional information, Tourism WA further advised that it undertook risk assessments across all of its operational areas and noted that risk management processes are neither 'one-off' nor 'one-dimensional'.<sup>126</sup>

### **Committee Conclusion**

After considering the responses, the Committee resolved to conclude its follow-up of the agencies as it was satisfied that sufficient steps had been taken to address the recommendations made in the Auditor General's report.

#### **(ii) Delegation of Authority**

##### **Background**

The Auditor General examined arrangements for delegations and associated compliance by five government agencies: the Armadale Redevelopment Authority, the Bunbury Port Authority, the Department of Fisheries, the Potato Marketing Corporation, and WorkCover WA. Specifically, the Auditor General reviewed the adequacy of instruments of delegation and the level of their observance, and whether authorisations complied with instruments of delegation and relevant policies and procedures. The Committee concluded its follow-up of the Bunbury Port Authority, WorkCover WA and the Armadale Redevelopment Authority in its previous report. The responses of the two remaining agencies are detailed below.

##### **Agency Actions**

###### *Potato Marketing Corporation*

In its previous review, the Committee reported that it required additional information from the Potato Marketing Corporation in order to assess the extent of the Corporation's compliance with the Auditor General's recommendations. In response, the Corporation advised that its internal auditor will review performance, including the delegations of authority, as part of its strategic audit reviews through to 2011–2012. Any recommendations made by the auditor will be reflected in changes to the Corporation's policies.<sup>127</sup>

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<sup>124</sup> Dr Stefano Carboni, Director, Art Gallery of Western Australia, Letter, 20 April 2010.

<sup>125</sup> Mr Richard Muirhead, Chief Executive Officer, Tourism WA, Letter, 16 June 2009.

<sup>126</sup> Ms Stephanie Buckland, Acting Chief Executive Officer, Tourism WA, Letter, 17 June 2010.

<sup>127</sup> Mr Robin Nussey, Chief Executive Officer, Potato Marketing Corporation, Letter, 26 October 2009.

### *Department of Fisheries*

In its previous review, the Committee provided a summary of the Department of Fisheries' response and advised that it was awaiting feedback from the Auditor General. That feedback was subsequently provided and was supportive of the actions taken by the Department.

### **Committee Conclusion**

After considering the agencies' responses, and giving consideration to the advice provided by the Auditor General, the Committee resolved to conclude its follow-up of the agencies, as it was satisfied that adequate steps had been taken to address the recommendations contained in the report.

### **(iii) Records Management**

#### **Background**

The Auditor General examined the records management practices of several government agencies, and the Committee concluded its follow-up of most of these in its last review. Two agencies, Landgate and the Geraldton Port Authority, were held-over to await the provision of additional information.

#### **Agency Actions**

##### *Landgate*

In its last review, the Committee reported that Landgate had documented processes it had implemented to ensure appropriate IT access rights for employees, the deletion of inactive accounts and the implementation of user logs and audits. Although the Committee was satisfied with these responses, Landgate was requested to provide additional information on the steps it had taken to address the recommendation relating to its disaster management plans. In response, Landgate advised that its disaster recovery plan included the roll-out of duplicate servers, the installation of high speed cabling within its recovery centre, and the daily back-up of its data from its main data centre to an off-site location.<sup>128</sup>

##### *Geraldton Port Authority*

The Geraldton Port Authority provided the Committee with its updated Disaster Recovery Plan which outlined the implementation of off-site back-up procedures, security procedures, hardware requirements and assessments of system vulnerabilities.<sup>129</sup>

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<sup>128</sup> Mr Ian Hyde, Acting Chief Executive Officer, Landgate, Letter, 8 July 2010.

<sup>129</sup> Ms Jillian Gibson, IT Officer, Geraldton Port Authority, Email, 5 August 2010.

### **Committee Conclusion**

After consulting with the Auditor General, the Committee resolved to conclude its follow-up of the agencies as it was satisfied that the information provided detailed an adequate implementation of the recommendations made by the Auditor General.

#### **(h) Second Public Sector Performance Report – Report No. 8, 2008 (11 November 2008)**

##### **(i) *Management of Traffic Infringements for Government Vehicles and Staff***

### **Background**

The Auditor General investigated follow-up by agencies of traffic infringements including actions taken by agencies to address procedural weaknesses. The *Road Traffic Act 1974* requires corporate vehicle owners, including government agencies to nominate who was driving a vehicle at the time an infringement takes place. Media reports in 2008 indicated that government agencies frequently failed to nominate drivers of government vehicles photographed by red-light or speed cameras.

The Auditor General examined ten agencies and found that drivers were not identified in 12 per cent of cases involving traffic infringements. In response, the Auditor General recommended that WA Police implement a simpler driver nomination form as a matter of priority, and that all agencies comply with the Premier's Circular by nominating an individual as responsible for a vehicle when agencies receive a request from WA Police.

### **Agency Actions**

WA Police advised that the implementation of the recommendations had been fully completed by early January 2010. In particular, a new form allowing the nomination of responsible drivers had been Gazetted in November 2009. This revised form placed the driver nomination section on the front of the form with payment details and instructions now appearing on the rear of the form.<sup>130</sup>

### **Committee Conclusion**

After giving consideration to the actions of WA Police, the Committee resolved to conclude its follow-up of WA Police on the grounds that it was satisfied with the actions taken by the agency in response to the recommendations made by the Auditor General.

#### **(ii) *Complaints Management in Shared Services Centres***

### **Background**

The Auditor General's examination focussed on how the three major Shared Services Centres (SSCs) deal with complaints arising from their cores businesses and the extent to which their

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<sup>130</sup> Mr Greg Italiano, Executive Director, WA Police, Letter, 18 January 2010.

services are improving after learning from the complaints.<sup>131</sup> The three SSCs examined were the Department of Treasury and Finance Shared Services Centre, the Health Corporate Network (HCN) and the Education and Training Shared Services Centre.

The Auditor General found that none of the SSCs examined were able to provide information relating to the volume and nature of, or time taken to resolve, complaints. The Auditor General recommended that each agency administering an SSC should:

- formally define complaint and service requests;
- develop and implement complaint handling policies;
- capture and analyse information about complaints; and
- conduct regular reviews of complaints, systems and processes.<sup>132</sup>

### **Agency Actions**

#### *Department of Health*

DoH advised that it had implemented a number of systems to respond to the recommendations made by the Auditor General; in particular staff guidelines had been established for the appropriate management of and response to complaints. DoH also instigated the recording and logging of all complaints, which are then monitored by a member of its business support unit. Furthermore, both the Senior Manager of Business Support and the Communication Coordinator are responsible for the performance of the complaint handling functions of HCN. Finally, trends and key issues identified through the complaints process are considered by the Executive and solutions implemented through inclusion in a quality improvement plan or other improvement workshops.<sup>133</sup>

#### *Department of Treasury and Finance*

DTF advised that, in response to recommendations made by the Auditor General, it had altered its definitions of 'complaint' and 'feedback' in order to meet the relevant Australian Standards. In addition, a separate complaints management system was implemented and allows for a clear and accessible avenue for the lodgement of complaints, compliments or suggestions. Complaints are now recorded and reported on a quarterly basis and the information is used to identify trends over time.<sup>134</sup> The Committee requested additional information from DTF relating to how it uses the information it collects to improve its service delivery. In response, DTF reported that complaints are directed to the manager of the relevant section and the information is then used to assess

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<sup>131</sup> Auditor General for Western Australia, *Second Public Sector Performance Report 2008*, Report 8, 3 December 2008, p. 5.

<sup>132</sup> *ibid.*, p. 6.

<sup>133</sup> Mr Kim Snowball, Director General, Department of Health, Letter, 20 January 2010.

<sup>134</sup> Mr Tim Marney, Under Treasurer, Letter, 10 December 2009.

whether improvements are required. Between July 2009 and March 2010, 36 complaints were received and 31 of these were resolved within the allocated timeframes.<sup>135</sup>

### *Department of Education*

DoE advised the Committee that it had responded to the recommendations made by the Auditor General, in particular it had implemented a process of reporting and logging complaints.<sup>136</sup> The Committee requested additional information from DoE relating to how it uses the information it collects to improve its service delivery. In response, the Department advised that service delivery was improved through meetings with relevant senior personnel, and where issues identified are entered into a database and progress tracked. Users of the Department's SSC enter Service Level Agreements, which are reviewed annually. Furthermore, monthly performance reports are provided to clients, and the Agreements include dispute resolution mechanisms which, the Department notes, have never been invoked. Finally, the Department also undertook an independent client satisfaction survey which was used to identify issues and to develop strategies for responding to these issues.<sup>137</sup>

### **Committee Conclusion**

After considering the agency responses, together with additional information requested by the Committee, the Committee concluded its follow-up of the three agencies as it was satisfied that the agencies adequately responded to the Auditor General's recommendations.

### **(i) First Public Sector Performance Report – Report 1, 2009 (1 April 2009)**

#### **(i) *Management of Fringe Benefits Tax***

#### **Background**

The Auditor General examined six agencies for their compliance with Fringe Benefits Tax (FBT) legislation and associated taxation rulings. The six agencies examined were:

- Central TAFE
- Department of Commerce
- Department of Local Government
- University of Western Australia
- Lotteries Commission
- Zoological Parks Authority

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<sup>135</sup> Mr Tim Marney, Under Treasurer, Letter, 3 June 2010.

<sup>136</sup> Ms Sharyn O'Neill, Director General, Department of Education, Letter, 24 December 2009.

<sup>137</sup> Ms Sharyn O'Neill, Director General, Department of Education, Letter, 16 June 2010.

The agencies were examined to ensure that they had correctly identified, calculated and reported tax liability for key fringe benefits and whether they had implemented adequate policies, procedures and guidance.<sup>138</sup> The Auditor General found that five of the six agencies were managing their FBT obligations adequately, although there were errors across all agencies relating to the treatment of FBT, these errors related to the misreporting of benefits, inadequate procedures and inadequate records.

### Agency Actions

Agencies responded satisfactorily to the Committee's request for the details of actions that had been taken to respond to the Auditor General's recommendations. All agencies indicated that improved training procedures had been implemented, including the development of improved policies for the identification of the various types of FBT obligations. The Department of Local Government has included FBT training as part of its new staff induction processes and manual,<sup>139</sup> while the Lotteries Commission developed new policies and procedures detailing FBT obligations for all staff members.<sup>140</sup>

In the case of the Department of Commerce, in response to underpayment of FBT relating to meal entertainment, the Department created additional accounts under its chart of accounts enabling incurring officers to identify expenses that may be subject to FBT.<sup>141</sup> In terms of applying the correct interpretations of FBT treatment, most agencies committed to improvements in this area, either through improved use of expert advice or through improved training for staff. Perth Zoo, which was found by the Auditor General to be a 'better practice agency', noted that its annual FBT returns are independently scrutinised in order to ensure that the correct FBT treatments are being applied.<sup>142</sup> In relation to the Auditor General's recommendation that agencies scrutinise external service providers (i.e. organisations that provide salary packaging services), the University of Western Australia reported that its staff had reviewed new vehicle purchases under salary packaging arrangements and found that, for 2010, all such purchases had been done in compliance with FBT policies.<sup>143</sup> Central TAFE, on the other hand, reported that it disagreed with the recommendation as it did not have the staff with the necessary expertise to carry out such scrutiny.<sup>144</sup>

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<sup>138</sup> Auditor General for Western Australia, *First Public Sector Performance Report 2009*, Report 1, April 2009, p. 32.

<sup>139</sup> Ms Jennifer Mathews, Director General, Department of Local Government, Letter, 21 May 2010.

<sup>140</sup> Mr Graham Lewis, Chief Finance Officer, Lotteries Commission of Western Australia, Letter, 27 May 2010.

<sup>141</sup> Mr Brian Bradley, Director General, Department of Commerce, Letter, 21 June 2010.

<sup>142</sup> Ms Susan Hunt, Chief Executive Officer, Perth Zoo, Letter, 13 May 2010.

<sup>143</sup> Mr Scott Logan, Director Financial Services, University of Western Australia, Letter, 17 May 2010.

<sup>144</sup> Mr Neil Fernandes, Managing Director, Central Institute of Technology, Letter, 24 March 2010.



## **Committee Conclusion**

After considering the responses from the six agencies, and liaising with the Auditor General, the Committee resolved to conclude its follow-up of the agencies as it was satisfied that adequate steps had been taken to comply with the recommendations made in the Auditor General's report.

### **(ii) Management of Water Resources in Western Australia – Follow-up**

#### **Background**

This report was a follow-up to a report carried out by the Auditor General in 2003 relating to the management of water resources in Western Australia. The 2003 report had identified a number of major challenges to water resource measurement, allocation and regulation. In particular, funding for water resource management had not kept pace with anticipated or actual demand growth. Given this, the Auditor General examined whether the issues raised in the 2003 report has been addressed by the creation of the Department of Water (DoW) and whether the management of water resources had improved.

The Auditor General found that DoW had made sound progress in meeting the recommendations made in the 2003 report, although it was noted that significant challenges remained. The Auditor General recommended that the Department meet its timelines for implementing improvements to the surface water measurement network and that it complete protection plans for public drinking water sources. Other recommendations related to the completion of water resource allocation plans in accordance with agreed standards and schedules and that compliance monitoring programs based on strategic risk assessments be implemented. The Auditor General's final recommendation was in relation to the recording of compliance activities and outcomes in a common format that provides adequate information for managers to track implementation and guide future business and strategic planning.<sup>145</sup>

#### **Agency Response**

DoW reported that it had completed a review of the surface water measurement network and that it was upgrading the network in order to deliver better measurement outcomes. In addition, the Department indicated that it acquired new technology allowing it to undertake improved flow measurements which, in conjunction with new flow modelling techniques, are allowing for reduced reliance on field measurements. The length of time taken to complete the analysis of stream flow rates has also been significantly reduced due to the roll-out of technological improvements.

In relation to the Auditor General's recommendation to implement drinking water source protection plans, DoW reported that by June 2010 approximately 77 per cent of drinking water sources would have a protection plan in place. Furthermore, the Department was scheduled to complete in June 2010 all of its water allocation plans and the effectiveness of these allocation plans was reported as having improved by 12 per cent. Finally, DoW advised that it had

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<sup>145</sup> Auditor General for Western Australia, *First Public Sector Performance Report 2009*, Report 1, April 2009, p. 7.

undertaken to review the performance of its Compliance and Enforcement Unit in order to ensure the effectiveness of compliance activities across the Department. Implementation of the changes arising from the Department's review was expected to be completed by 2013.<sup>146</sup>

### **Committee Conclusion**

After consulting with the Auditor General, the Committee resolved to conclude its follow-up of the Department of Water as it was satisfied that it demonstrated adequate responses to the recommendations in the Auditor General's report.

#### **(iii) Administration of the Metropolitan Region Scheme by the Department of Planning and Infrastructure (now the Department of Planning)**

### **Background**

The Metropolitan Region Scheme was introduced in 1963 and controls all public and private land use, and property development within the metropolitan region. Amendments to the Scheme can be the cause of considerable public debate and a key role of DoP is to maintain public confidence in the planning process. An important aspect of this is to handle amendments and land transactions in an open, consistent and transparent manner compliant with legislation. The Auditor General examined how the Department handles requests for Scheme amendments and how it buys, sells and takes land to give effect to the Scheme.

The Auditor General found that the Department generally handles amendments to the Scheme, and purchases, sales and takings of land in a sound manner. In transactions, the Auditor General found that landowners were given fair value for their land. Despite being pleased with the Department's performance, the Auditor General raised concerns about its sustainability, particularly due to reliance on a small number of highly experienced staff on planning related matters. The Auditor General found that business procedures were not adequately documented and that there had not been a formal governance agreement between the Department and the Western Australian Planning Commission (WAPC) for more than two years. The Auditor General also found the Department was not always disclosing key information to the Commission and other stakeholders, and recommended that:

- DoP and the WAPC complete and implement their formal governance agreement in a timely fashion; and
- DoP should improve the documentation of its business procedures and improve its disclosure of information to stakeholders.

### **Agency Response**

In response to the Auditor General's first recommendation, DoP reported to the Committee that it and the WAPC had signed an Memorandum of Understanding in November 2008 detailing the governance arrangements between the two bodies. The Service Level Agreement between the

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<sup>146</sup> Mr Kim Taylor, Director General, Department of Water, Letter, 6 May 2010.

bodies had not been completed in sufficient detail; however, the Department noted that the existing Agreement continued to be in force, and that it and the WAPC were continuing to review their respective key performance indicators and were undertaking a major review of the State Planning Strategy.<sup>147</sup>

After consulting with the Auditor General, the Committee was not satisfied that the Department was taking clear action to implement the recommendation made in relation to the completion of a formal agreement with the WAPC. The Committee therefore sought confirmation regarding the date that Service Level Agreement would be completed. The Department subsequently advised that the Agreement would have effect from 1 July 2011.<sup>148</sup> In relation to the other recommendations made by the Auditor General, the Department reported that several of its procedures manuals, including those relating to the property procedures and amendments to the Scheme, were being amended and were to have been approved by the end of the 2010 financial year. Other changes made by the Department following the Auditor General's report include improvements to the information provided to property owners dealing with the Department in the context of compulsory land acquisitions and improvements to associated procedures manuals.<sup>149</sup>

### **Committee Conclusion**

The Committee concluded its follow-up of the DoP as it was satisfied that sufficient steps had been taken to implement the recommendations made by the Auditor General.

### **(j) Second Public Sector Performance Report – Report 7, 2009 (25 June 2009)**

#### **(i) Compliance in Western Australia's Commercial and Recreational Fisheries**

### **Background**

Given the fishing industry's importance to the Western Australian state economy, the Auditor General examined the effectiveness of the Department of Fisheries' commercial and recreational fishing compliance model. Thirty-five of Western Australia's 50 commercial fisheries are managed under the *Fish Resources Management Act 1994*, with the remaining 15 being managed through subsidiary legislation and regulations. The Department also manages the five licensed recreational fisheries, which attract an estimated 643,000 recreational fishers each year.

The Auditor General found that the Department was unable to demonstrate that its compliance program for Western Australia's commercial and recreational fisheries was effective. Despite increases in the detected level of illegal activity in the recreational fishing sector, the extent and frequency of the Department's compliance program had not increased to meet the growth of illegal activity. The Auditor General recommended that the Department develop a regional and state-wide compliance risk assessment as a basis for its compliance program. Furthermore, the

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<sup>147</sup> Mr Eric Lumsden PSM, Director General, Department of Planning, Letter, 29 April 2010.

<sup>148</sup> Ms Noelene Jennings, Acting Director General, Department of Planning, Letter, 17 September 2010.

<sup>149</sup> Mr Eric Lumsden PSM, Director General, Department of Planning, Letter, 29 April 2010.

Department should determine the level of compliance activity that is required to achieve effective compliance outcomes for individual fisheries and should also collect the key information required for compliance reporting and management purposes.<sup>150</sup>

### **Agency Response**

The Department of Fisheries reported in a detailed and comprehensive response to the Committee that significant progress had been made in implementing the recommendations made by the Auditor General. The Department had completed risk assessments for each of the five regions in Western Australia for recreational and commercial fishery. The criteria used to establish the assessments included environmental impacts, social and economic sustainability, government priorities and sensitivities, and the risks associated with inaction. Arising from these regional assessments, a state-wide risk assessment was completed using the high-risk fisheries and activities from each region.

In responding to the Auditor General's recommendations relating to the level of compliance activities, the Department noted the difficulties associated with compliance in fisheries due to the 'covert and conscious' nature of offenders<sup>151</sup>. That being said, in some fisheries (including Western Rock Lobster and Abalone), the Department had established benchmarks for compliance coverage. These benchmarks were established using the local knowledge of Fisheries and Marine Officers, intelligence reporting, complaints from fishers and the public, detected offences and non-compliance rates. The Department also reported that, while it acknowledged that the better integration of the information that it collects would assist with its compliance efforts, to do so would require a significant investment in new IT systems. That being said, information collected from compliance measures undertaken by the Department are collected and are accessible electronically. Work was being undertaken to automate this process and to make the information available through the Department's existing reporting tools.<sup>152</sup>

### **Committee Conclusion**

After considering the Department's response, the Committee was satisfied that the recommendations made by the Auditor General were being implemented. The Committee therefore resolved to conclude its follow-up of the Department.

### **(ii) Dangerous Goods Safety**

#### **Background**

The *Dangerous Goods Safety Act 2004* came into force in March 2008 and provides for the safety of dangerous goods manufacture, storage, handling and transport. The regulation of dangerous goods safety is managed by the Department of Mines and Petroleum (DMP) in Western Australia.

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<sup>150</sup> Auditor General for Western Australia, *Second Public Sector Performance Report 2009*, Report 7, 25 June 2009, pp. 16–17.

<sup>151</sup> Mr HG Brayford, Chief Executive Officer, Department of Fisheries, Letter, 6 July 2010.

<sup>152</sup> *ibid.*

The Auditor General examined the extent to which DMP had prepared for the implementation of the new Dangerous Goods Act and Regulations and the extent to which it had complied with the legislation when issuing and renewing licences. The Auditor General also examined the effectiveness of DMP's monitoring of the transport, storage and use of dangerous goods.<sup>153</sup>

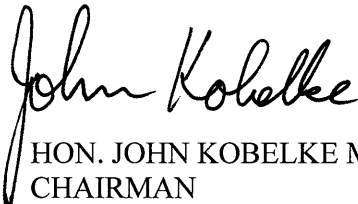
The Auditor General found that DMP had made sound progress in implementing and managing the new dangerous goods legislation. That being said, the Auditor General found that weaknesses in the regulations had led to licences being issued without the required police background checks and licences being renewed after reapplication dates had expired. The Auditor General also found that DMP lacked an adequate management system for planning and managing its compliance activities. The Auditor General recommended that DMP should, as a matter of urgency, resolve the issue of background checks and ensure that it adheres to the requirements of the legislation by having operational rules about the renewal of licences. DMP should also ensure that its proposed compliance management scheme was introduced as soon as possible.<sup>154</sup>

### **Agency Response**

The Department reported that it had implemented all of the recommendations made by the Auditor General. In particular, in cooperation with WA Police, the Department had reached agreement on the wording for the Dangerous Goods Safety Regulations and had processed over 7,000 dangerous goods security card applications. The Department had also amended its license renewal processes and identified all remaining dangerous goods storage facilities with expired licences. Finally, in relation to the implementation of the Department's compliance management system, the Department had commenced work on a new system in December 2009 and was intending to have the system implemented in 2011.<sup>155</sup>

### **Committee conclusion**

After giving consideration to the Department's response and liaising with the Auditor General, the Committee was satisfied with the Department's performance in implementing the recommendations and resolved to conclude its follow-up.



HON. JOHN KOBELKE MLA  
CHAIRMAN

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<sup>153</sup> Auditor General for Western Australia, *Second Public Sector Performance Report 2009*, Report 7, 25 June 2009, p. 5.

<sup>154</sup> *ibid.*, pp. 5–6.

<sup>155</sup> Mr Richard Sellers, Director General, Department of Mines and Petroleum, Letter, 28 April 2010.

