



Public Accounts Committee

**Review of the Reports of the
Auditor General 2010-2011**

**Report No. 19
November 2012**

Legislative Assembly
Parliament of Western Australia

Committee Members

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| Chair | Hon. John Kobelke, MLA Member for Balcatta |
| Deputy Chair | Mr Tony Krsticevic, MLA Member for Carine (from 12/09/2012) Mr Joe Francis, MLA Member for Jandakot (until 16/08/2012) |
| Members | Hon. Dr Elizabeth Constable, MLA Member for Churchlands (from 16/08/2012) Ms Rita Saffioti, MLA Member for West Swan Mr Chris Tallentire, MLA Member for Gosnells |

Committee Staff

| | |
|----------------------------|-----------------|
| Principal Research Officer | Mr Mathew Bates |
| Research Officer | Mr Foreman Foto |

Legislative Assembly
Parliament House
Harvest Terrace
PERTH WA 6000

Tel: (08) 9222 7494
Fax: (08) 9222 7804
Email: lapac@parliament.wa.gov.au
Website: www.parliament.wa.gov.au/pac

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Report No. 19

Presented by

Hon John Kobelke, MLA

Laid on the Table of the Legislative Assembly on 8 November 2012

Chairman's Foreword

Ensuring agency compliance with the recommendations of the Auditor General is an important function for most Public Accounts Committees in Westminster-style parliaments. It is an activity to which this Committee has given a great deal of its focus over the last four years and it is pleasing to see the contribution that the follow-up of the Auditor General's reports has made to accountability in Western Australia.

Last year, we introduced a new system for the follow-up of reports tabled by the Auditor General after November 2010. This new process has been progressing well, but it has required that the Committee continue to handle a number of older reports under the previous system. I am pleased to report that this is the final Review of the Reports of the Auditor General that will be presented under this older system. Since we last reported, we have been able to successfully conclude over 20 individual reports made by the Auditor General, including some reports going back as far as 2005.

During the four years of the 38th Parliament, the Committee has successfully completed reviews of over 80 individual issues audited by the Auditor General. In the process, the Committee has handled approximately 1,400 individual items of correspondence – either generating it for transmission to agencies or receiving it from agencies for consideration in response to recommendations made by the Auditor General.

For the most part, the responses the Committee receives from agencies have dealt with the issues identified by the Auditor General and laid out plans for how any shortcomings will be tackled. It is only occasionally that we have had the need to take issue with responses made by agencies. This is most often because there might be a lack of detail provided about how agencies intend to respond to the recommendations or because it is too early to form a judgement as to the success of the agency responses.

It is in this context that some comment should be made about the Department of Indigenous Affairs' (DIA) response to the Auditor General's 2005 report: *Progress with Implementing the Responses to the Gordon Inquiry*. The follow-up to this report has been the Committee's single longest ongoing activity, a detailed chronology of which is provided in this report. At issue was the inability to account for how \$72 million had been spent across government in response to the Gordon Inquiry. Although we acknowledge that there were a number of factors that made accounting for this \$72 million a difficult task, we would have expected a better understanding of where the money had gone and the effectiveness that the spending had on improving outcomes for vulnerable members of the Indigenous community.

In the end, we had to agree with the Auditor General who noted that it is questionable whether it would be possible or cost-effective to untangle the funding picture for the Gordon Action Plan across so many agencies after more than a decade. The Auditor General went on to ponder whether Aboriginal families and communities are safer, and whether government agencies are delivering better services. It remains an open question.

HON JOHN KOBELKE, MLA
CHAIRMAN

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Ministerial Response

In accordance with Standing Order 277(1) of the Standing Orders of the Legislative Assembly, the Public Accounts Committee directs that the Parliamentary Secretary for Education report to the Assembly as to the action, if any, proposed to be taken by the Government with respect to the recommendations of the Committee.

Findings and Recommendations

Recommendation 1

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The Department of Education should develop a student attendance information system that provides data on student attendance each school term to individual schools, regional offices and the central office.

Recommendation 2

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The Department of Education should establish a demonstration program to categorise the reasons for student absence across a representative sample of schools in order to better understand the reasons for student absence with a view to improving student attendance.

Recommendation 3

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Once the Attendance Improvement Measures project has been completed, the Department of Education should undertake an independent review of the project to determine its success factors and consider rolling out the successful measures to other schools.

Chapter 1

Introduction

In 2010, the Public Accounts Committee introduced changes to the way in which it conducts the follow-up of agency implementation of the Auditor General's recommendations. The changes were introduced as a means to streamline the manner in which the Committee handles this work and has seen a significant shortening of the average time the Committee spends interacting with agencies the subject of Auditor General reports. As a result, this will be the final *Review of the Reports of the Auditor General* in this format; all reports tabled by the Auditor General since November 2010 have been conducted under the revised process outlined by the Committee in Report 12: *Revised Follow-Up Process to Auditor General Reports*.

During the period, the Committee concluded its follow-up of recommendations made in 17 reports involving over 50 agencies (note that some agencies have been examined by the Auditor General in multiple reports).

Chapter 2

The Reports

Progress with Implementing the Responses to the Gordon Inquiry – Report 11, 2005

Background

For an extended period of time, the Committee has been pursuing the implementation of the Gordon Plan of Action with the Department of Indigenous Affairs (DIA). The Committee is concerned at the delays by DIA in providing timely responses accounting for the impact of funding and the initiatives by Government implementing the recommendations of the Gordon Inquiry and further recommendations thereon by the Auditor General in 2005.

The Gordon Action Plan was formulated by the State Government in response to the Gordon Inquiry into family violence and child abuse in Aboriginal families. It comprises a set of more than 120 initiatives involving 15 public agencies and was allocated new funding of \$66.5 million as of the end of 2005. The Plan further seeks to address child abuse and family violence in the wider community by improving coordination of community services across government agencies.¹ In 2005, DIA assumed responsibility of a secretariat established to manage and report progress of initiatives undertaken by government agencies to give effect to the Plan.²

In November 2005, the Auditor General presented a performance audit report reviewing the effectiveness of monitoring the implementation of the Action Plan, three years following the release of the Plan. The Auditor General considered this timely and expected some initiatives to be sufficiently advanced to be able to be assessed for outcomes, such as decreased rates of family violence and child abuse.³

Key Findings

The Auditor General established that there were inadequacies in the central reporting and monitoring of progress of the Action Plan to facilitate effective oversight by Government.⁴ Without a central monitoring and reporting system by the secretariat, participating groups did not have basic information on the Plan such as the total

1 Auditor General for Western Australia, *Progress with Implementing the Response to the Gordon Inquiry*, Report 11 – November 2005, p. 5.

2 Public Accounts Committee, *Review of the Reports of the Auditor General 2009-2010*, p. 21.

3 Auditor General for Western Australia, *Progress with Implementing the Response to the Gordon Inquiry*, Report 11 – November 2005, p.5.

number of initiatives, the number implemented and estimates on financial expenditure and anticipated completion dates. Reporting to the public regarding the performance of the initiatives did not cover all initiatives, resulting in the public not being fully informed about the progress of many initiatives or the Plan as a whole. An evaluation framework for assessing the impact of the Plan which was supposed to have been formulated by the end of 2003 had not been delivered by the end of 2005. The Auditor General noted that this delay was significant because a clear and shared sense of purpose is important during the planning and implementation phases and because an opportunity to collect some important baseline data may have been lost. In the absence of an authoritative accounting and appropriate public reporting framework, the Auditor General examined a sample of 10 key initiatives and found that seven initiatives had been implemented or substantially progressed on time. Three remaining initiatives were progressing but were behind schedule. Reasons for this included coordination across agencies and with Aboriginal communities taking longer than expected, and delays in the construction of facilities and in delivering financial assistance.

Recommendations

The Auditor General recommended that DIA, as the lead agency for implementing the Plan since April 2005, should, in conjunction with participating agencies, establish an authoritative reporting system regarding progress of the Plan initiatives and finalise an evaluation framework. He further recommended that the effectiveness of collaboration between agencies through the current oversight arrangements and on the ground should be revisited with a view to expedite the implementation of the initiatives.

Committee follow-up

The Committee commenced following up progress regarding the implementation of the Gordon Action Plan with DIA in May 2006. The Auditor General provided feedback which noted DIA's progress in implementing the recommendations of the audit report.⁵ He singled out two developments, namely a report on progress up to June 2007 which was being finalised and an evaluation that was expected to be completed by July 2007.

In the 38th Parliament, the Committee continued to pursue the subject of the implementation of the Gordon Action Plan and engaged with both DIA and the Office of the Auditor General.

The Committee requested an update on the status of the recommendations of the Auditor General in February 2009. The Committee noted that as a result of a change in Government, significant changes to the approach to Indigenous Affairs had occurred.

⁵ Mr Colin Murphy, Auditor General, Letter, 29 June 2007.

DIA provided a response which the Committee referred to the Auditor General for comment.

The Auditor General expressed concern at the quality of the response, notably the extent to which the response could enable the Committee to assess progress against the recommendations in the Auditor General's report.⁶ He especially noted that the response did not provide the Committee with up-to-date information regarding progress toward completion of initiatives, whether they have made a difference, and whether agency collaboration has been reviewed and improved. He gave an example of a progress report in May 2007 which indicated that 35 initiatives were still in progress. According to the Auditor General, the response provided by DIA was not clear as to the status of the 35 initiatives.

The Auditor General reiterated the three recommendations he made in his audit report.⁷ He noted that DIA forwarded a copy of the progress monitoring report as at May 2007 as evidence of progress on the action plan initiatives, and that they had addressed his first recommendation. The Auditor General considered this and an investment of \$71 million (2003–04 to 2006–07) and a further \$45 million in agency estimates from 2007–08 to 2009–10, to be a demonstration of significant progress across a range of initiatives.

He, however, highlighted that the progress report makes it clear that it does not assess the outcomes and impact of implementing the initiatives, and that a separate outcomes evaluation addressing the second recommendation of the audit report was underway. DIA, despite earlier promises, did not forward a copy of the evaluation of outcomes report to the Committee or release it publicly. He concluded at that stage therefore, that there was little evidence to demonstrate the impact of the measures taken by DIA to address the second recommendation. Similarly, an assessment of the extent to which the recommendation to revisit and enhance effective collaboration between agencies, was not possible without the outcome evaluation report.

In September 2009, the Committee requested an updated progress report and an outcomes evaluation report on the Plan. DIA advised in an email in November 2009 that as a result of policy changes at Commonwealth and State levels, the agency needed, together with other related agencies, to develop a fresh approach to Indigenous family and community safety.⁸ It attached a suite of documents, including an Indigenous Safety Progress Report prepared for the Committee and a paper presented by the Premier to the Council of Australian Governments (COAG) entitled, *Building on Safety to Close-the-Gap: Indigenous Reform in Western Australia*. Both papers confirmed the policy changes and a collaborative approach between the

⁶ Mr Colin Murphy, Auditor General, Letter, 4 September 2009

⁷ Ibid.

⁸ Ms Monique Berkhout, Principal Policy Consultant Department of Indigenous Affairs, Email,

Commonwealth and the State in this area. However, the email did not enclose the evaluation report as requested by the Committee. The Committee reiterated to DIA its interest in receiving the evaluation report.

The Auditor General provided feedback on the response from DIA in December 2009.⁹ He noted that while the information DIA had enclosed did not specifically relate to the recommendations of the Auditor General carried in his 2005 Report, some of the material, notably the Premier's speech, referred to some of the initiatives arising from the Gordon Inquiry. He acknowledged the developments in the policy settings and their potential impact on the Government's efforts to address family violence and child abuse in Aboriginal communities. He observed that these developments could supersede the remaining initiatives in the Government's response to the Inquiry. He could not determine on the basis of material provided by DIA whether indeed this would be the case, nor was it clear how any ongoing initiatives in responding to the Gordon Inquiry would integrate with any new policy and approaches.

The Auditor General, however, emphasised that despite a changing policy landscape, it was important that agencies remained accountable and up to date with their actions implementing the Gordon Action Plan. He argued that changing policy settings does not imply the removal of the requirement for agencies to be accountable for the significant public money that was invested as part of the Action Plan. He also highlighted the importance of DIA delivering a copy of the outcome evaluation report, a document which potentially held the key information in understanding the implementation and impact of the initiatives of the Gordon Action Plan.

The Committee eventually received the evaluation report entitled *Evaluation of the Impact of the Government's Response to the Gordon Inquiry* in January 2010. After receiving feedback on the report from the Auditor General, the Committee resolved to seek the following additional information:

1. Which of the 23 recommendations of the report have been accepted by DIA, and/or government?
2. If applicable, what was the rationale for not accepting the recommendations?
3. What has been the progress in implementing the recommendations that have been accepted?
4. What have been the lessons learned for the implementation of Aboriginal programs?
5. The status of stages two and three of the response to the Gordon Inquiry report.

⁹ Mr Colin Murphy, Auditor General, Letter, 15 December 2009.

In response, DIA reiterated that as a result of policy changes both at Commonwealth and State levels, a new approach and emphasis in Indigenous affairs in Western Australia and nationally had been adopted.¹⁰ The agency reported that subsequently, the intent of the Gordon Inquiry (to address Indigenous family violence and child abuse) was being integrated into a new policy and governance paradigm. DIA noted that although the timing of the policy changes meant that the recommendations of the Evaluation Report were not formally accepted by government, the intent of the Gordon Inquiry has been retained as the foundation for Western Australia's work in closing the gap reforms under COAG.

DIA also reported that policy changes had superseded the 23 recommendations made in the Evaluation Report. However, the agency noted that the current government maintained a commitment to reducing child abuse and family violence in Aboriginal communities, which is the primary goal of the Gordon Plan of Action. In terms of lessons learned in implementing Aboriginal programs, DIA highlighted the importance of elements that are based on respect for cultural differences. These include engaging with Aboriginal people in the setting of policy and priorities, and in service design and delivery and increasing Aboriginal staffing levels and capacity. Regarding the three phased/staged evaluation of the implementation, DIA reported that stages two and three (covering implementation to 30 June 2006 and 30 June 2008, respectively) were superseded by the change in the context of addressing Indigenous family violence and child abuse at State and Commonwealth levels. The agency, however, noted that significant actions for addressing these issues were underway with DIA taking a lead role in ensuring coordination around Indigenous safety activities and associated reporting frameworks.

The Auditor General provided feedback acknowledging that significant changes to the political and administrative landscape associated with the implementation of the Gordon Plan of Action.¹¹ This, in the opinion of the Auditor General, meant that DIA no longer viewed the Action Plan as a separate and distinct set of initiatives against which it can report. This indicated that the Auditor General's recommendation that an authoritative account of progress on the Plan was implemented, but was no longer maintained and had therefore been superseded. Regarding the recommendation to revisit the effectiveness of agency collaboration, the Auditor General did not believe that DIA's response showed how lessons are being implemented.

The Auditor General concluded that while DIA may no longer regard the Plan as a distinct set of initiatives against which it will report, many of the initiatives were still underway. Nearly \$72 million in funding was allocated to the Plan. He noted that his

¹⁰ Mr Patrick Walker, Director General, Department of Indigenous Affairs, Letter, 14 June 2010.

¹¹ Mr Colin Murphy, Auditor General, Letter, 30 August 2010.

recommendations to have a framework to track, evaluate and report on progress with the Plan were intended to provide full accountability for that funding.

Consequently, the Committee wrote back to DIA in February 2011 and requested the following:

1. a formal statement detailing how the \$72 million was expended;
2. detail as to whether and how this expenditure has met the objectives of the Gordon Action Plan; and
3. which programs commenced under the Plan are continuing.

DIA responded in 18 April 2011 and requested to meet Committee staff. The purpose of the meeting was 'to advise on the Review and how this will contribute to information requested by the Public Accounts Committee'. After the meeting, DIA would then provide the Committee with a more detailed response to the issues raised.¹²

Following the meeting, the Committee requested DIA in May 2011 to collate and provide any information relating to the expenditure of \$72 million and whether and how this expenditure has met the Plan's objectives. The Committee also requested a copy of the report reviewing the action programs of the Plan, once it has been completed.

After more than 13 months, DIA eventually provided the Committee with a response to information requested on 17 February and 26 May 2011.¹³ The agency accounted for the rather long delay in providing a response to the need to secure endorsements from participating agencies to the response. Two copies of reports were provided, one entitled *Review of the Gordon Action Plan and Indigenous Safety Responses* and another, a statement on the Gordon Plan Action expenditure.

The Auditor General provided feedback on the response and advised that he had framed his response in terms of the information provided to the Committee since 2007. He also included the recent Review of the Action Plan. He reiterated the effect of policy changes regarding the structure and delivery of services to Aboriginal people both at Commonwealth and State levels. He particularly referred to the 'Closing the Gap' approach which involves formal partnerships and agreements between the State and the Commonwealth via COAG, in addressing needs of Aboriginal communities. This involves different accountability systems and requirements regarding the response of the State to the Gordon Report. The Auditor General formed the view that this fundamental shift is likely to have made it difficult to track agency activity and

12 Mr Patrick Walker, Director General, Department of Indigenous Affairs, Letter, 18 April 2011.

13 Mr Rory Whitelaw, Acting Director, Community Development, Department of Indigenous Affairs, Email, 2 August 2012

responses to both the recommendations in the 2005 audit report and the original Gordon Report. He expressed general satisfaction that the response gives a reasonable picture of the status of individual initiatives at individual agencies. He noted, however, that the review does not evaluate the impact or outcomes of the implemented changes. He also noted that regardless of the changes, DIA has a responsibility to collate data against indicators established under these COAG arrangements.

Regarding the request by the Committee for a detailed breakdown of the \$72 million allocated to fund the Action Plan, the Auditor General formed the view that DIA appeared unable to give a comprehensive picture of the expenditure involved. He proceeded to observe that a single cross-agency accounting arrangement was never established for the funds, making it difficult for DIA to produce an accurate picture of expenditure across such a large group of agencies.

Committee conclusion

The Committee considered the responses provided by DIA and the feedback thereon by the Auditor General. The Committee was not impressed at the long delays DIA took to provide information requested by the Committee, especially the more than 13 months stated above. The Committee found this quite unacceptable especially as the agency did not proffer reasonable grounds for the delays.

The Committee also took a keen interest in unravelling in detail the expenditure of approximately \$72 million allocated to fund the Gordon Plan Action Plan. It endorsed the view of the Auditor General that regardless of policy changes that governments undertake from time to time, it is important for the agencies to account for the impact of their programs and expenditures under all circumstances. The Committee, however, conceded the point made by the Auditor General that it is questionable whether it would be possible or cost-effective to untangle the funding picture for the Gordon Action Plan across so many agencies and more than a decade later. It pondered the question raised by the Auditor General whether Aboriginal families and communities are safer, and whether government agencies are delivering better services. Acknowledging these difficulties, including the challenges of assessing agency responses to the recommendations of the 2005 audit report, the Committee resolved to conclude follow-up of the matter.

Second Public Sector Performance Report – Report 3, 2007: Major Information and Communication Technology Projects

Background

The Auditor General examined the delivery of major Information and Communications Technology (ICT) projects by government agencies and how this 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 Department of Treasury and Finance (DTF) and the 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 accountability for problems in project delivery. In addition, he 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.

Agency actions

DTF advised that it has issued business case guidelines in conjunction with the Public Sector Commission (PSC) that specifically addressed ICT projects and that these guidelines have been included in the suite of Strategic Asset Management Framework (SAMF) policy documents. The guidelines aim to assist agencies prepare business cases for capital projects. Agencies have also been advised to consult with DTF or PSC early in the process of new ICT procurement. DTF also reported that the Centre for Excellence and Innovation in Infrastructure Delivery which was established to promote formal collaboration between agencies on infrastructure matters, has hosted a series of knowledge forums, bringing together specialists from both government and the private sector to share experiences and expertise. Finally, DTF has acknowledged the recommendations of the Economic Audit Committee (made in October 2009) regarding ICT policy, in particular the need to establish a Chief Technology Officer (CTO) and a Chief Information Officer (CIO) position for the entire public sector.¹⁴ Both agencies advised that Government would be considering the implementation of the recommendations on their merits, although it should be noted that the government subsequently decided against the creation of the CIO and CTO positions.

Committee conclusion

The Committee consulted with the Auditor General who noted that there were still some outstanding issues that had yet to be addressed by the agencies.¹⁵ These included the absence of a whole of Government approach to monitoring initiatives to

¹⁴ Mr Timothy Marney, Under Treasurer, Letter, 29 December 2009

¹⁵ Mr Colin Murphy, Auditor General for Western Australia, Letter, 12 January 2011

promote better management of ICT projects. As a result, the Auditor General noted that it was not yet possible to conclude that ICT projects are being well managed, delivering on time and on budget, and realising their maximum benefits. It was noted that SAMF, which includes ICT projects and is a key initiative of the *Works Reform* program, has focussed on major building projects. The Auditor General observed that although DTF had for the first time reported on agency compliance with SAMF in its 2010 Annual Report, this new performance indicator did not disaggregate ICT projects from building and other projects, rendering the indicator unhelpful for monitoring improvement in ICT project management.¹⁶ Regarding the PSC, which had at the time absorbed the former Office of e-Government, he noted that it does not have a leading role in ICT improvement across government, although it provides some agency advisory services. He further reported that Government was considering appointing a Chief Information Officer and a Chief Technological Officer as recommended by the Economic Audit Committee.

After considering the responses from DTF and PSC, and the advice of the Auditor General, the Committee concluded its follow-up.

Shared Services Reform: A Work in Progress – Report 5, 2007

Background

The Auditor General examined three agencies—the Department of Education and Training (DET), the Department of Health (DoH) and the Department of Treasury and Finance (DTF)—responsible for overseeing the three shared services centres. 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 driving it should ensure that monitoring and reporting of financial and performance information about their shared services centres occur separately; but

¹⁶ Ibid.

ongoing coordination and shared responsibility between the three services was required as a whole-of-government initiative.

In the last review, although the Committee was satisfied that DTF was actively implementing the recommendations of the Auditor General, it requested quarterly updates from DTF as to the status of agency roll-in into the service.

Committee conclusion

The Committee received several updates on agency roll-in from DTF; however, at the beginning of 2011, the Economic Regulation Authority (ERA) conducted a review into the benefits and costs of the shared services project, and published a report on this subject in June 2011.¹⁷ The report recommended that the shared services project be disbanded as it was not viable. This prompted the Committee to hold a hearing with the Chair and officials of ERA to gain a better understanding of the basis of the ERA recommendation, which Government had accepted and was implementing.

The Chair of the Authority, Mr Lyndon Rowe noted that there was no known successful implementation of the shared services model in the public sector in Australia.¹⁸ He advised the Committee that having conducted a qualitative and quantitative analysis of continuing with the service, the Authority had taken the view that decommissioning was the cheapest option for Western Australia. This decision was also informed by the history of the project and the uncertainty about its future.

Following the decision by Government to disband the shared services program, the Committee concluded its follow-up of the implementation of the recommendations by the audited agencies.

Public Sector Performance Report 2008 – Report 1, 2008: Regulation of Security Workers

Background

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 focussing on the suitability of employees, the monitoring of compliance with regulatory requirements, and whether decision-makers are duly authorised and accountable and licensing decisions are consistent and appropriate.¹⁹ The Auditor General’s recommendations pertained to

17 Economic Regulation Authority of Western Australia, *Inquiry into the Benefits and Costs Associated with the Provision of Shared Corporate Services in the Public Sector*, Final Report, 10 June 2011.

18 Mr Lyndon Rowe, Chairman, Economic Regulation Authority (ERA), *Transcript of Evidence*, 7 September 2011, p. 2.

19 Auditor General for Western Australia, *Public Sector Performance Report 2008*, p. 10.

Western Australia Police (WAP) and the Department of Corrective Services (DCS). The Committee concluded its follow-up of WAP 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 the status of prison officers change.

Agency actions

As reported previously, DCS accepted the second recommendation of the Auditor General but rejected the recommendation to check references for job applicants relating to permits to work in Acacia Prison, which is privately run. The Committee then requested additional information as to the reasons referee checks are not considered important for the employment of prison guards. Further, DCS was asked to detail other procedures that it uses to confirm the identities of its prison employees.

In response, DCS argued that while reference checks are one means of determining an applicant's suitability, it is not always relevant and/or necessary to contact referees to confirm information provided by an applicant.²⁰ It stated that the evaluation of an applicant's suitability rather revolves around a 100 point identification check and an integrity check. DCS pointed out that private prison operators like Serco, recruit under the Contract Management Framework and the associated Work Instructions on employment approval, and responsibility for employment rested with the contractors.²¹ Other procedures that DCS utilises include requiring recruiting officers or businesses to confirm applicants' identification in face-to face dealings.

Committee conclusion

The Committee considered the additional information provided by DCS, and concluded its follow-up.

Lost in Transition: State Services for Humanitarian Entrants – Report 3, 2008

Background

The Auditor General examined the effectiveness of services being delivered to humanitarian entrants by state government agencies. The successful settlement of humanitarian entrants – 'people displaced by humanitarian crises for which no other durable solutions exist'²² – and the successful minimisation of entrenched social problems largely depend on the accessibility and effectiveness of government services.

20 Mr Ian Johnson, Commissioner, Department of Corrective Services, Letter, 15 December 2010.

21 Ibid., p. 2.

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

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 of Local Government – plan, effectively coordinate and deliver, and provide access to services for humanitarian entrants. The examination focussed on persons who arrived after 2001 who had been granted permanent residency in Australia off-shore, and were therefore eligible for services immediately upon their 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 planning and delivery of these services, including opportunities to relocate or co-locate.

In the April 2010 review, OMI provided the Committee with a comprehensive joint update for the Department of Education (DoE), Department of Health (DoH) and the Department of Training and Workforce Development (DWTD), on the implementation of the recommendations of the Auditor General, in December 2010.²³

Agency actions

The update reported 32 actions agencies were taking to address the recommendations. These actions were in relation to improved information provision on service needs, language services, coordination in service delivery and the flexible application of policies and programs. Of these, 21 were updates to programs cited in the 2009 joint response and 11 were new initiatives. OMI believed this demonstrated significant commitment by agencies to addressing the needs of humanitarian entrants.

Further, the joint update highlighted some of the key ongoing and new initiatives that agencies have undertaken in line with the recommendations of the Auditor General:

- a) the establishment of the Interagency Settlement Group;
- b) improved communication strategies by agencies to engage with people from culturally and linguistically (CaLD) backgrounds;
- c) finalisation of the State Affordable Housing Strategy by the Department of Housing;

²³ Ms Jennifer Matthews, Director General, Department of Local Government, Letter, 2 December 2010.

- d) establishment of a new Refugee Health Clinic Program in Bentley by the DoH;
- e) proposed establishment of two new Intensive English Centres in 2011, including pre-primary English as a Second Language (ESL) programs, and a review of the current ESL service delivery by DoE; and
- f) ethnicity data collection by DTWD for its new Workforce Development Centres.²⁴

Committee conclusion

The Committee considered the update in consultation with the Office of the Auditor General and was satisfied with the implementation of the recommendations. The Committee, therefore, concluded its follow-up.

The Juvenile Justice System: Dealing with Young People under the *Young Offenders Act 1994* – Report 4, 2008

Background

The Auditor General conducted an examination primarily focusing on whether WA Police, the Department of Corrective Services (DSC) and the Department of the Attorney General 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 (JJTs); participation of victims of crime in the justice process; and whether remand was used as an option of last resort.²⁵

The Auditor General made several recommendations ranging from the improvement of collaboration between government agencies, to WA Police using court notices only when no other avenues are available. Further recommendations were made including that agencies should improve the monitoring and evaluation of the impact of indigenous specific initiatives and that DCS should enhance the performance of the JJT program through improved timeliness and ensuring action plans are targeted at supporting the young person's rehabilitation. 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.²⁶

24 Ibid., p.3.

25 Auditor General for Western Australia, *Juvenile Justice System: Dealing with Young People under the Young Offenders Act 1994*, Report 4, 18 June 2008, pp.6-7.

26 Ibid., pp. 8-9.

Agency Actions

In the last review, the Committee noted commendable progress made by agencies towards implementing the recommendations of the Auditor General, especially the setting-up of cross agency collaborative structures, and the expansion of JJs into new regions. This also included the implementation of the new juvenile justice delivery system using multi-disciplinary teams in Geraldton and Kalgoorlie. The Committee noted that most of these initiatives were in their early stages and therefore requested an update be provided in late 2010.

A comprehensive and coordinated response was delivered to the Committee via DCS.²⁷ The Auditor General provided feedback confirming that agencies were making a concerted effort to address the issues raised in the report.²⁸ These actions include developing collaborative strategies to better case manage young offenders, separating adult and juvenile community corrections in DCS, increasing the number of regional youth justice officers and prioritising services to young offenders in regional areas, and transferring responsibility for long distance transport of young offenders from WAP to DCS. WAP was reporting an increase in diversions to JJs, and greater awareness raising of this option to its officers. The Auditor General commended the manner in which agencies have come together to implement these changes and emphasised the importance of this collaborative effort continuing.²⁹

Committee conclusion

The Committee considered the joint response from the agencies and the feedback from the Office of the Auditor General and concluded its follow-up, as it was satisfied with the implementation of the recommendations.

Improving Resource Project Approvals – Report 5, 2008

Background

The Auditor General examined whether the approval process in the resource sector by government agencies had improved in Western Australia, and if there were opportunities for further reform. This included better integration across government agencies, and greater certainty about timelines and requirements.³⁰ The purpose of the approval process is to protect environmental and cultural assets in a mining area. The examination involved the Department of Industry and Resources (DoIR) (now the Department of Mines and Petroleum (DMP); DEC; DIA; DPI (now the Department of

27 Hon. Christian Porter, Attorney General; Minister for Corrective Services, Letter, 25 November 2010.

28 Mr Colin Murphy, Auditor General for Western Australia, Letter, 2 June 2011.

29 Ibid.

30 Auditor General for Western Australia, *Improving Resource Project Approvals*, Report 5, 7 October 2008, p. 5.

Planning (DoP) and the Department of Transport (DoT); and the Office of Development Approvals Coordination (ODAC) within DPC.

The audit revealed that although agencies had implemented key initiatives arising from the government's commitment to improve the resource approval processes, the initiatives had not resulted in the intended improvements. It also noted that resource projects could not be tracked across government, and agencies were not reporting on the time taken for the whole approvals process. Because of this, it was not possible to determine if overall timelines had improved. 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 had improved, while DEC's compliance had remained the same (87 per cent completed within set time), and DIA's heritage approvals and DoIR's petroleum approvals had worsened.³¹

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.³²

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.³³

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

31 Ibid., p. 6.

32 Ibid. pp. 7-8.

33 Hon. Colin Barnett, MLA, Premier of Western Australia, Letter, 16 December 2009.

set to be improved, including 'exception reports' that may be used to identify where improvements in processes are needed.

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 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 is the lead agency administering the Royalties for Regions Fund.³⁴

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 measures to retain and recruit suitable staff, including the implementation of workplace renewal programs, and the provision of attraction and retention benefits.³⁵

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. Having said that,

34 Ibid.

35 Ibid.

the Committee requested additional information regarding how agencies intend to monitor and track the impact of the initiatives on the resource approvals process.

In response, DPC pointed to a number of arrangements in place to monitor and track the impact of the initiatives on the resource approval process.³⁶ This includes the Ministerial Taskforce on Approvals Development and Sustainability established in 2008 to guide and oversee the implementation of initiatives that streamline approval processes while protecting environmental and heritage assets. The Taskforce is guided by the recommendations of the Auditor General and the findings of various reports and reviews into the approvals process.³⁷ The Department also reported that an electronic application process was being established across agencies to facilitate a whole of government approach process. This will also allow assessment of time taken to process applications, identifying bottlenecks in the process.

Committee conclusion

The Auditor General provided feedback on the responses and expressed satisfaction with the agencies' actions following the recommendations of the audit report.³⁸ He noted that Government is actively monitoring the impact of agencies' initiatives to remove duplication, decrease approval times and transparency of the process, and improve coordination between the agencies involved.

The Committee accordingly concluded its follow-up.

Responding to Changes in Attraction, Retention and Achievement in Vocational Education and Training – Report 7, 2008

Background

The Auditor General has examined trends in the publicly funded Vocational and Education (VET) sector, and focussed on how the Department of Education and Training, and Colleges manage attraction, retention and achievement and, respond to trends in this area.³⁹

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 Institutional Based Training (IBT) enrolments. The lack of focus on student retention and achievement meant that DET and Colleges were not using all the available strategies to deliver skilled people to meet industry and

36 Mr Peter Conran, Director General, Department of the Premier and Cabinet, Letter, 23 August 2011.

37 Ibid.

38 Mr Glen Clarke, Acting Auditor General, Letter, 17 April 2012.

39 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

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.⁴⁰

DET and Colleges should:

- 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.⁴¹

Agency Actions

The Department of Training and Workforce Development (DTWD), and Central TAFE on behalf of TAFE colleges in Western Australia, reported their responses to the recommendations of the Auditor General.

DTWD advised that it was implementing all the recommendations of the Auditor General via a number of strategies. This included providing TAFE colleges with increased flexibility and 'growth funding' in order to provide capacity and capability to

40 Ibid., pp. 5–7.

41 Ibid.

the colleges to enable them to respond to demand for IBT. It noted increased enrolments in IBT and TAFE programs for the period July 2008 to July 2009. It also reported that simultaneously, completion rates for IBT had risen to 74 per cent in August 2009, compared with 72.1 per cent in 2008.⁴²

The agency reported a range of developments it has undertaken with colleges in line with the recommendations of the Auditor General.⁴³ They include:

- State Training Providers (former TAFE colleges) now being able to identify students who complete their course, regardless of whether they apply for their award or not.
- The Department's Corporate Executive approving a State Provider Strategic Plan and Business Plan template to be submitted by State Training Provider Managing Directors to the Minister by 31 October each year.
- Changes being made to State Training Provider profile funding to incentivise colleges to increase their completion dates.
- The Department and State Training Providers working together to support the attraction, retention and achievement of VET courses, particularly relating to institutional-based delivery.
- A joint Department and State Training Provider Working Group being established to develop a range of strategies to address the Auditor General's recommendations with special emphasis on improving student retention and achievement rates.
- A framework for public performance reporting at State Training Provider level being developed.

TAFE Colleges also reported an increase in IBT places, and the establishment of a 'TAFE Response Unit' designed to provide candidates with a "one stop shop" for skill assessment and relevant training opportunities. Mechanisms were being developed to monitor and report work based training that occurs within the IBT context. This would allow TAFE colleges to better understand the effectiveness of work based training programs.⁴⁴

The Colleges noted that they met national benchmark reporting requirements and reported on completion rates, learner and employer satisfaction. They argued that this

42 Mr Robert Player, Acting Director General, Department of Training and Workforce Development, Letter, 8 December 2009.

43 Hon Peter Collier, MLC, Minister for Energy, Training and Workforce Development; Indigenous Affairs, Letter, 28 March 2011

44 Mr Neil Fernandes, Managing Director, Central TAFE, Letter, 10 December 2009.

manner of reporting allows a systematic approach to the management and analysis of critical information relating to student expectations and outcomes. The colleges also advised that they plan 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.⁴⁵

Previously, the Committee reported that after considering the responses provided by DTWD and the TAFE colleges, and consulting with the Auditor General, the Committee had formed the view that solid steps were being taken to address the recommendations made by the Auditor General. To gain a better understanding of the impact of the agencies' responses to the recommendations, the Committee requested an update on the progress of implementing the recommendations.

DTWD submitted the update to the Committee via its Minister and noted that the strategies the Department identified have been successfully implemented across the sector.⁴⁶ The response set out a detailed program of action that the sector has undertaken to implement all the recommendations of the audit report.

The Auditor General provided feedback to the response and advised that the Department appeared to continue to make steps towards addressing the recommendations of the report, in particular the introduction of a unique student identifier, which was agreed to by the Council of Australian Governments in August 2011.

Committee conclusion

The Committee considered both the response of DTWD and the feedback provided by the Auditor General, and concluded its follow-up.

Coming Ready or Not: Preparing for Large-Scale Emergencies – Report 4, 2009

Background

The Auditor General examined how well prepared Western Australia was for large-scale emergencies and assessed whether it has an emergency management framework and adequate plans. The Auditor General focused on high level state preparedness through the State Emergency Management Committee (SEMC).⁴⁷

45 Ibid.

46 Hon. Peter Collier, MLC, Minister for Energy, Training and Workforce Development; Indigenous Affairs, Letter 28 March 2011.

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

The audit revealed that there had been no regular review of the types of hazards the state should be preparing for, with the risk that the state may be preparing for the wrong hazards. SEMC had not 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.

The Auditor General made a number of recommendations for the SEMC and Emergency Management WA, particularly with respect to the formal assessment of the types of hazards the state should prepare for and the 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.⁴⁸

Agency Actions

SEMC provided a detailed response in which it welcomed the recommendations of the Auditor General.⁴⁹ It advised that it is well-prepared to respond to emergencies, and implementing the recommendations would enhance its current arrangements. The agency 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 advised 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 be completed by the end of 2010.

Further, SEMC advised the Committee that it has recently established an Emergency Risk Assurance Group within the Fire and Emergency Services Authority (FESA), in order to assess the level of preparedness of the State. 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 has 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, the agency advised that it has taken on the role of ensuring that the individual agencies were fulfilling their obligations under the *Emergency Management Act 2005*.⁵⁰

48 Ibid.

49 Dr Karl O'Callaghan, Chairperson, State Emergency Management Commission, Letter, 21 June 2010.

50 Ibid.

As to the recommendation that outstanding legislative changes be processed in Parliament as a matter of priority, SEMC reported that this work was underway. As at June 2010, four such regulations were in the drafting phase while another four were under review. In relation to the recommendation to prepare emergency plans with local government, SEMC reported that only eight per cent of local governments have such plans in place. A further twelve per cent of local government were in the process of preparing such plans in consultation with SEMC. Additionally, financial support is also provided to local governments to conduct risk assessments and risk management training.

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 emergencies⁵¹.

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.⁵²

The Committee wrote to the Chair of the State Emergency Management Committee, Dr Karl O'Callaghan, asking for an update on the implementation of the recommendations of the Auditor General. SEMC provided a response in which it reported that it has reviewed the agency's State Emergency Management Plans (Westplans) and amended the 2 year review clause to 5 years, to allow more comprehensive testing via exercises and/or actual incidents since June 2010. The agency further advised that it was updating Westplans, and 23 of the plans and eight support plans have been allocated. 26 of the total of these plans were reported as current while five were in the process of either being reviewed or withdrawn. The Committee was also informed that since June 2010, the regulations relating to the appointment of hazard management agencies have been completed, including for the following agencies:

- FESA for fire hazard;
- Office of Energy for gas supply and liquid supply disruption; and
- Department of Transport – Marine Safety for Marine Emergency and Marine Oil Spill.

51 Ibid.

52 Ibid.

Furthermore, six combat agencies and a support organisation have been prescribed; and three regulations have also been prescribed in relation to the 'Exchange of Information' provisions.

The update further reported that 63 of the total of 98 local emergency management committees (LEMC) that submitted their annual reports for inclusion in the SEMC annual report, advised as having endorsed local emergency and recovery arrangements for their areas. 61 LEMCs were reported as having conducted formal emergency risk management processes to identify risks peculiar to their districts.

Committee conclusion

Having taken note of the progress displayed by the SMEC in implementing the Auditor General's recommendations, the committee resolved to conclude its follow-up of the agency.

Rich and Rare: Conservation of threatened Species – Report 5, 2009

Background

The Auditor General examined the extent to which the Department of Conservation (DEC) effectively protects and recovers threatened species, a critical element of Western Australia's biodiversity. The audit analysed DEC's strategies, plans, policies and procedures, and assessed as to whether they complied with relevant legislation and other policies.

DEC is the primary agency responsible for conserving Western Australia's biodiversity. One of its 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.⁵³

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 there were no recovery efforts for the majority of threatened species due to the department devoting the bulk of its resources to recovering critically endangered species. As a result, these threatened species were being put at greater risk of decline.⁵⁴ The audit noted that while DEC had some successful programs that were addressing large-scale threats to multiple species;

53 Auditor General for Western Australia, *Rich and Rare: Conservation of Threatened Species*, Report 5, June 2009, p. 5.

54 *Ibid.*, p.6.

other areas underpinning conservation efforts were proving challenging for the Department.

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.⁵⁵

Agency Actions

DEC provided the Committee with a detailed and wide-ranging response to the Auditor General's recommendations. The actions that DEC was taking included replacing legislation, and progressing the drafting of the Biodiversity Conservation Bill.⁵⁶ It is noteworthy that various governments have committed to progressing this legislation from as far as back August 2000. DEC also reported that it was undertaking work to identify priority flora species in the Pilbara, Goldfields, Kimberley and Ravensthorpe areas. It 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.

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

55 Ibid., pp.7-8.

56 Mr Keiran McNamara, Director General, Department of Environment and Conservation, Letter, 16 August 2010

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.⁵⁷ 'Conservation advices' are being introduced in Western Australia, and DEC noted that it had already prepared these advices for use by the Commonwealth.

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.⁵⁸

Although the Committee noted DEC's response which indicated that it had begun to address the recommendations of the Auditor General, it requested an update from the Department detailing the impact that the Threatened Species Council and Threatened Species Scientific Advisory Council have had on threatened species conservation. In its update, DEC detailed a number of initiatives that the Council has developed and implemented for threatened species conservation.⁵⁹ These include the establishment of an agreed list of the top priority species for recovery action, comprising 16 threatened fauna and 25 threatened flora species, support for the development of a new simplified threatened species, Conservation Advice Statement; organisation of the State's first threatened species research forum bringing together researchers across various agencies; and developing the proposal for a State threatened species internet portal, bringing together information on the species, threats and recovery management actions.

Committee conclusion

The Auditor General provided feedback to the response, and noted that DEC was continuing to address some of the recommendations of the audit report. He expressed the view that over time, this work should improve the protection of threatened species in the State.⁶⁰

The Committee was satisfied that DEC was addressing the recommendations contained in the audit report, and concluded its follow-up.

57 Ibid.

58 Ibid.

59 Mr Keiran McNamara, Director General, Department of Environment and Conservation, Letter, 9 February 2012

60 Mr Glen Clarke, Acting Auditor General, Letter, 17 April 2012.

Maintaining the State Road Network – Report 6, 2009

Background

In the last review, the Committee reported that Main Roads Western Australia (MRWA) carries out two types of road maintenance. It does reactive repairs which involve fixing potholes and cracks on a daily basis, and planned maintenance which involves the resurfacing and rebuilding of roads. MRWA is also 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.

In 2009, the Auditor General examined the maintenance of Western Australia's road network by MRWA and found that the condition of the road network had deteriorated following the out-sourcing of road maintenance functions by MRWA. While the audit found that road surfaces were generally smooth, it noted that the age of road infrastructure was steadily increasing, with approximately one-third of the state's road network having reached the end of its design life. Further, 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.⁶¹ 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.⁶²

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 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.⁶³

61 Auditor General for Western Australia, *Maintaining the State's Road Network*, Report 6, June 2009, p 5.

62 *Ibid.*, p. 6.

63 *Ibid.*

Agency actions

MRWA reported that the recommendations of the Auditor General had been extremely useful in the development of the strategy for maintenance delivery under a new Integrated Services Arrangements which will supersede the Term Network Contracts. The agency advised that it was addressing each of the recommendations of the Auditor General, and provided an update to the three specific areas as requested by the Committee.⁶⁴ These are the maintenance management system, the bridge management system and the award of the Integrated Service Arrangements.

The Auditor General provided the Committee with feedback on the response and confirmed that as a result of the audit report, MWRA has undertaken measures which include:

- visually assessing the condition of road surfaces thus improving the assessment of overdue resurfacing and rebuilding maintenance which was previously based on predictive modelling;
- conducting visual assessments of bridges, revealing that overdue bridge maintenance of \$84 million and rebuilding and improvement needs of \$160 million; and
- developing a road maintenance and management system which will use a single system. The maintenance information system will assist MRWA to manage maintenance and minimise whole life costs of roads.⁶⁵

The Committee reviewed both the initial response and the comments of the Auditor General. It noted that the road maintenance management system and the bridge management system were still in the development stages and that many new maintenance contracts had not yet been awarded. As a result, it requested a further update from MRWA reflecting the status of the recommendations of the Auditor General after 12 months of their implementation.

MWRA provided the Committee with a detailed update, which was provided to the Auditor General for feedback. The Auditor General noted that:

- As of September 2011, all Integrated Service Arrangements (ISAs) have been awarded replacing the former Term Network Contracts.
- MRWA has continued to develop the bridge management system (BMS), now in Phase 2 after the release of Phase 1 across the State in September 2011. MRWA expected full deployment of Phase 2 by the end of July 2012.

⁶⁴ Mr Menno Henneveld, Managing Director of Main Roads, Letter, 15 June 2010.

⁶⁵ Mr Colin Murphy, Auditor General, Letter, 21 January 2011.

- MRWA is developing a single corporate road management information system (MMIS). This tool is expected to be fully deployed by December 2012.

Committee conclusion

The Committee considered the reports provided by MRWA and the feedback of the Auditor General, and was satisfied that recommendations of the audit report were being addressed. The Committee accordingly concluded its follow-up.

Every Day Counts: Managing Student Attendance in Western Australian Public Schools – Report 9, 2009

Education is central to the development of human capital, labour productivity and social mobility

In his 2009 audit report, the Auditor General noted that education can be a ‘powerful tool in overcoming social exclusion and disadvantage.’⁶⁶ It would be hard to disagree with this view. The Organisation for Economic Cooperation and Development (OECD) found in a 2011 report that access to education is the best mechanism for governments seeking to promote intergenerational social mobility. According to the OECD, social mobility is closely related to ‘educational achievement, given the direct links between, on the one hand, human capital and, on the other hand, labour productivity.’⁶⁷

Education, then, is central to social mobility, but gaining an education requires that students attend school regularly. In his audit report, the Auditor General noted that a student who missed one full day per week on average would lose two years of education over 10 years.⁶⁸ Studies by the Institute of Child Health Research have found that a child’s education is at risk if they frequently miss more than half a day of school each week. This equates to less than 90 per cent attendance. The Department of Education (DoE) describes any student with a greater than 90 per cent attendance rate as being a regular attender at school.⁶⁹

Ms Sharyn O’Neill, the Director General of the Department of Education, told us that ‘students need to attend [school] around 90 per cent of the time to maintain a

66 Office of the Auditor General, *Every Day Counts: Managing Student Attendance in Western Australian Public schools*, August 2009, p. 4.

67 Organisation for Economic Cooperation and Development, *Economic Policy Reforms: Going for Growth*, 2010, Part II, Chapter 5, p. 3.

68 Office of the Auditor General, *Every Day Counts: Managing Student Attendance in Western Australian Public schools*, August 2009, p. 9.

69 Office of the Auditor General, *Every Day Counts: Managing Student Attendance in Western Australian Public schools*, August 2009, p. 9.

consistent and ongoing educational program that builds piece by piece on top of each other'.⁷⁰

What the Auditor General examined

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.

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.

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;
- 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.⁷¹

School attendance rates have been mostly stable during recent years, although they fell steadily between 2000 and 2008

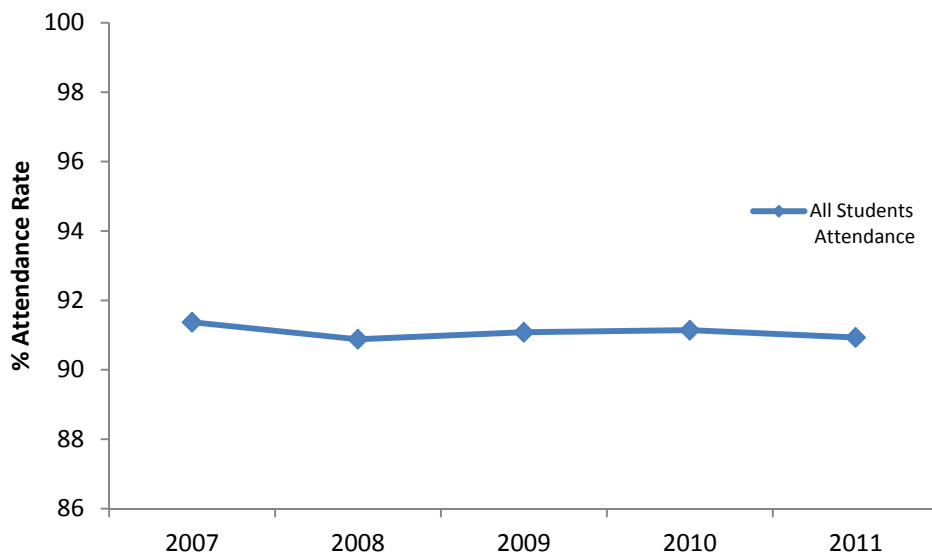
In his audit report, the Auditor General found that between 2000 and 2008, average attendance in primary schools fell from 94.5 per cent to 92.6 per cent and from 90.7

70 Ms Sharyn O'Neill, Director General, Department of Education, *Transcript of Evidence*, 8 August 2012, p. 2.

71 Office of the Auditor General, *Every Day Counts: Managing Student Attendance in Western Australian Public Schools*, August 2009, pp. 7–8.

per cent to 88.0 per cent in secondary schools.⁷² Updated information provided to us by DoE does not break school attendance information into the same categories as used in the audit report; however, the data reveal that since 2007 there has been an appreciable levelling-off of the decline in student attendance rates (although there is some variability, which is to be expected). **Figure 2.1** below provides a graphical representation of attendance rates for all students in School Years 1–10 between 2007 and 2011.

Figure 2.1: State-wide attendance data.⁷³



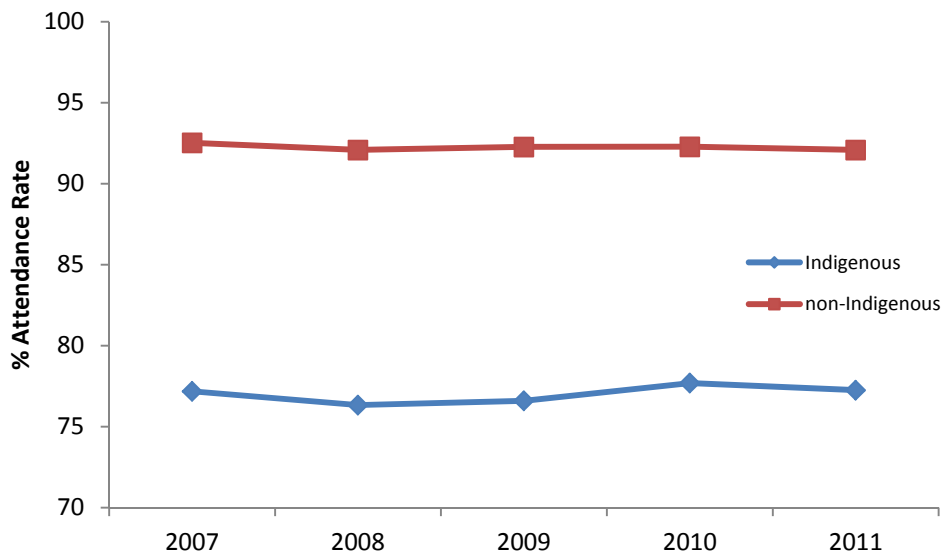
Indigenous students are far less likely to attend school than their non-Indigenous peers

The gap between attendance rates for indigenous and non-indigenous students has seen no appreciable improvement during the period. **Figure 2.2** provides a breakdown of attendance rates for the two groups in School Years 1–10 between 2007 and 2011.

⁷² Office of the Auditor General, *Every Day Counts: Managing Student Attendance in Western Australian Public schools*, August 2009, p. 15.

⁷³ Ms Sharyn O’Neill, Director General, Department of Education, Letter, 13 March 2012, p. 8. The chart details the number of students that fall into the ‘regular attendance’ category each year; in other words, the number of students who attend school at least 90 per cent of the time.

Figure 2.2: State-wide Attendance Data (Indigenous and non-Indigenous).⁷⁴

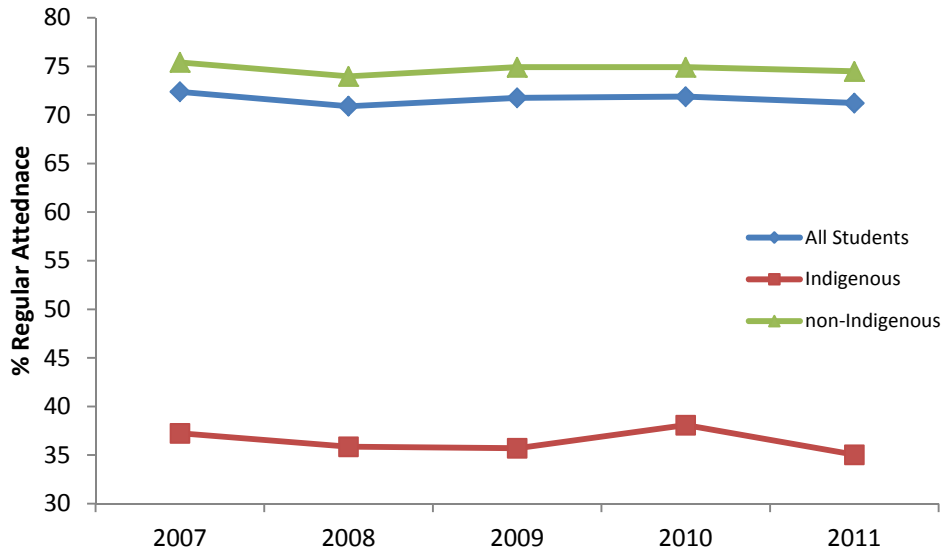


Very few Indigenous students are regular attenders at school

A student who attends school more than 90 per cent of the time is said to fall within the regular attendance category. **Figure 2.3** below provides a break-down of regular attendance figures for Indigenous and non-Indigenous students. The chart reveals that for the previous five years, the number of Indigenous students in the regular attendance category has never been above 40 per cent, whilst for non-Indigenous students that figure has been steady at close to 75 per cent.

⁷⁴ Ms Sharyn O'Neill, Director General, Department of Education, Letter, 13 March 2012, p. 8. The chart details the number of students that fall into the 'regular attendance' category each year; in other words, the number of students who attend school at least 90 per cent of the time.

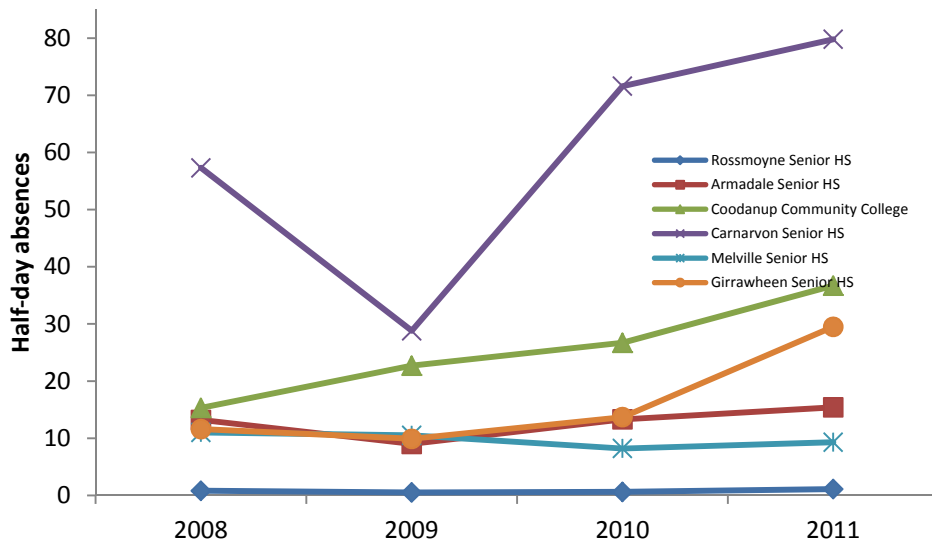
Figure 2.3: Percentage of Students in Regular Attendance Category.⁷⁵



Student attendance rates – and trends – vary across the school system

Although student attendance rates were broadly stable, some schools were experiencing worsening student attendance figures, whilst others have improved. The information presented in **Figure 2.4** has been taken from information provided by DoE

Figure 2.4: Average half-day unauthorised absences per student per year.⁷⁶



⁷⁵ Ms Sharyn O'Neill, Director General, Department of Education, Letter, 13 March 2012, p. 9. The chart details the number of students that fall into the 'regular attendance' category each year; in other words, the number of students who attend school at least 90 per cent of the time.

⁷⁶ Adapted from Legislative Assembly Tabled Paper 4711.

in response to a Question on Notice from Mr Paul Papalia MLA in the Legislative Assembly. The information in the chart below is based on 'unauthorised half day absences', which differs from the information used in the preceding charts although it still provides an indication of attendance rates at the schools in question.

What the data indicates in particular is that the experience of student attendance is different for each school. It also means that the response to the challenges posed by poor student attendance must be tailored to suit the circumstances of each particular school. In remote locations of the State, for example, where there can be a high degree of social disadvantage, schools provide meals and clean uniforms to students and have adopted flexible approaches to the provision of transport.⁷⁷ Other schools have adopted close working relationships with organisations in the non-government sector to provide services to students from lower socio-economic backgrounds.⁷⁸ It is important to note that an approach that might work in one school with its unique set of students and associated challenges is not guaranteed to work in another school with entirely different sets of challenges. Ms O'Neill told us that it was 'simplistic to suggest that you can have a system-sized solution to an issue like attendance that is highly differentiated, community to community'.⁷⁹

Schools are given independence to decide the best way to respond to student attendance problems

Approximately \$50 million is made available to schools each year under the School Support Program Resource Allocation (SSPRA) to spend on issues that the schools themselves determine to be priorities. Since 2011, SSPRA has been used to fund student engagement and participation programs.⁸⁰ All schools receive SSPRA funding and it is not necessary for individual schools to apply for it.

SSPRA combines funding for a number of different issues and in 2012 consisted of the following components (where DoE has provided additional information on the components, this information is reproduced below):

- **Aboriginal Attendance Grants** – Calculated for schools that have at least 10 Aboriginal students in each of the preceding three years whose attendance was lower than 90 per cent.

77 Ms Sharyn O'Neill, Director General, Department of Education, *Transcript of Evidence*, 8 August 2012, p. 2.

78 Ms Sharyn O'Neill, Director General, Department of Education, *Transcript of Evidence*, 8 August 2012, p. 8.

79 Ms Sharyn O'Neill, Director General, Department of Education, *Transcript of Evidence*, 8 August 2012, p. 9.

80 Ms Sharyn O'Neill, Director General, Department of Education, *Transcript of Evidence*, 8 August 2012, p. 17.

- **Aboriginal Language Speaking Students** – To be eligible for resourcing, students must meet five criteria:
 - home language is an Aboriginal language, a Creole or Aboriginal English;
 - assessed as at or below Level 3 in Speaking in English as an Additional Language/Dialect;
 - community main language is not Standard Australian English;
 - commencing compulsory schooling; and
 - students have not attracted ALSS funds previously.
- **Aboriginal Literacy Strategy** – Funds are allocated to schools within the Midwest, Kimberley, Goldfields and Pilbara Regions. A region capacity rating has been applied to each school's K–10 Indigenous school population. The capacity rating includes factors such as staff turnover and experience of teachers within the district.
- **Behaviour Management and Discipline** – The allocation to each school is determined by a formula based on the number of students in the target group (Years 4–10), the Socio-Economic Index (SEI) (schools with an SEI of 101.74 or less) and a distance factor.
- **Learning Support** – The amount of funding for each school is determined according to the size of the school (Semester 1, 2012 census). The allocations for 2013 are based on:
 - schools with a student population up to 100;
 - schools with a student population between 100 and 800; or
 - schools with a student population over 800.
- **Literacy and Numeracy** (Separate components for both Primary and Secondary students)
- **Priority Country Areas Program** – Eligibility is based on distance to Perth being greater than 150 km and distance to population centre of 10,000 being greater than 50 km. The allocation to each eligible school is determined by the size of the school and its isolation.
- **Senior School Engagement** – The funding is allocated to all eligible secondary schools through a formula based on:

- the school's total Year 11 and 12 enrolments;
 - the school's SEI and relative distance to other population centres;
 - a loading for existing programs that are 'off-site'; and
 - recognition of previous funding allocated to 12 schools that provide multiple programs across a range of contexts.
- **WACE Course Scholarships** – Funding is dependent on the number of students enrolled in Year 12. The allocations for 2013 are based on Semester 1, 2012 enrolments:
 - schools with a total number of students enrolled in Year 12 between 1 and 124;
 - schools with a total number of students enrolled in Year 12 between 125 and 174;
 - schools with a total number of students enrolled in Year 12 between 175 and 224; or
 - schools with a total number of students enrolled in Year 12 of at least 225.⁸¹

SSPRA funding received by schools varies from year to year

If SSPRA funding was averaged across the school system, each school would receive approximately \$65,000 per year; however, some schools receive significantly more money than others, and the amount of funds made available to individual schools varies each year. Coodanup Community College, for example, received \$155,000 in 2009, \$117,000 in 2010⁸² and \$145,000 in 2011.⁸³

We asked DoE to provide us with SSPRA funding information for five schools in 2011 and 2012. As **Table 2.1** below demonstrates, in four of the five schools there were significant fluctuations in the levels of funding received over the two years.

According to DoE the variation in funding between the two years is accounted for by changes to the composition of SSPRA: *Aboriginal Attendance Grants*, *Aboriginal Language Speaking* funding and *Senior School Engagement* funding – which had been

81 All information on the composition of SSPRA allocations has been sourced from: Ms Sharyn O'Neill, Director General, Department of Education, Letter, 22 October 2012.

82 In the College's budget, this \$117,000 figure consists of both SSPRA and BMAD (Behaviour Management and Discipline) funding.

83 Ms Sharyn O'Neill, Director General, Department of Education, Letter, 1 September 2012.

Table 2.1: SSPRA funding allocations for selected schools

| School | SSPRA Funding 2011 | SSPRA Funding 2012 |
|------------------------------|-------------------------|--------------------|
| Eastern Goldfields College | \$16,178 | \$155,423 |
| Sevenoaks Senior College | \$14,406 | \$129,713 |
| Geraldton Senior College | \$79,606 ⁸⁴ | \$213,786 |
| North Lake Senior Campus | \$13,426 | \$154,823 |
| Mullewa District High School | \$107,616 ⁸⁵ | \$106,614 |

separately funded programs – were rolled in to SSPRA in 2012 whereas previously they had been separately provided through other schemes.

The expansion of SSPRA would not seem, however, to adequately explain the variation. We asked DoE to provide information on any additional attendance funding not included in SSPRA for either of the two years. According to DoE only Geraldton Senior College and Mullewa District High School received additional funds in 2011, specifically for aboriginal attendance. No other explanation was offered for the significant variation in funding over the years for the other schools (and, indeed, the explanation does not adequately account for the \$130,000 increase in funding for Geraldton).

If SSPRA funding is to be used by schools as a means to address attendance problems, we would have expected to see greater consistency in the funding levels provided to each school across multiple years.

It is not clear that all schools that need it are receiving enough SSPRA funding

Although for the most part funding under the SSPRA program correlated to school size and also the extent of any problems with student attendance numbers, **Table 2.1** below reveals that several schools with significant attendance problems received only limited funding under the SSPRA program. Given their student populations and their numbers of unauthorised absences, we were a little surprised that Eastern Goldfields College, Sevenoaks Senior College and North Lake Senior Campus were not the recipients of greater levels of SSPRA funding.

In addition to the SSPRA funding, there are separate funds available to schools to deal with both participation and attendance. DoE highlighted the Better Attendance, Brighter Futures program, which made more than \$1 million dollars available to 40 schools. There was also the Tri-Border Attendance strategy, which has been internationally recognised and provided \$400,000 in funds to schools bordering both the Northern Territory and South Australia.

It is, however, the role of SSPRA funding that remains of particular interest as it was described by DoE as giving schools the flexibility to use it for whatever their individual

84 Includes Aboriginal Attendance Program Grant.

85 Includes Aboriginal Attendance Program Grant.

Table 2.1: Attendance rates and SSPRA funding⁸⁶

| School | Average nbr of half-day absences per student | Enrolment (students) | SSPRA funding ⁸⁷ (2011) |
|----------------------------|--|----------------------|------------------------------------|
| Roebourne District HS | 97.9 | 195 | \$169,924 |
| Carnarvon Senior HS | 79.8 | 203 | \$160,099 |
| Mullewa District HS | 52.9 | 94 | \$57,616 |
| South Hedland PS | 50.4 | 246 | \$124,797 |
| Coodanup Community College | 36.7 | 360 | \$145,620 |
| Balga Senior HS | 34.6 | 456 | \$199,016 |
| Eastern Goldfields College | 29.9 | 477 | \$16,178 |
| Sevenoaks Senior College | 29.2 | 501 | \$14,406 |
| Geraldton Senior College | 28.0 | 841 | \$49,606 |
| Swan View Senior HS | 23.1 | 409 | \$131,814 |
| North Lake Senior Campus | 21.4 | 296 | \$13,426 |
| Gilmore College | 15.2 | 895 | \$363,698 |
| Kelmscott Senior HS | 9.0 | 1,362 | \$282,148 |

problems might be. Ms O’Neill put it most simply when she noted that if ‘attendance is the issue in their school, then they can use it for that purpose’.⁸⁸ There is, however, a central problem with this proposition: the mechanisms used to calculate SSPRA allocations for each school do not appear to give any particular emphasis to problems of attendance. Of the eight different components of SSPRA (and outlined on pages XX-XX), only one specifically relates to attendance and is narrowly focused on issues regarding aboriginal attendance.

If attendance is a problem in a particular school, then it is unlikely that the SSPRA funding received by the school will reflect the problem, as SSPRA would not seem to give any emphasis to school attendance in the calculation of how its funds are disbursed. This possibly explains why some schools with significant attendance problems do not receive the level of SSPRA that would otherwise be expected given Ms O’Neill’s comments to the Committee.

The Department does not record how SSPRA funding is being spent by schools

We asked the Department whether it keeps central records for how individual schools are choosing to spend the SSPRA money they receive each year. This is an important issue because accountability derives from transparency. In this case it is appropriate that the Department hold individual schools to account both for how they spend money and, when it relates to attendance, how that money is achieving the desired

86 Adapted from information provided by DoE.

87 Excludes Aboriginal Attendance Program Grant.

88 Ms Sharyn O’Neill, Director General, Department of Education, *Transcript of Evidence*, 8 August 2012, p. 7.

targets. Without this centralised data, the Department's accountability function is significantly more difficult to perform.

We expected that the Department would require individual schools to report at least annually on how SSPRA funding was being spent; however, DoE has no requirement for schools to report back 'line by line' on the expenditure of their SSPRA funds.⁸⁹

In addition to providing assurance about accountability, such reporting would also assist DoE in assessing the effectiveness of the attendance programs its schools are administering. Some approaches taken by schools will work better than others and in the process deliver better value for money. By failing to record expenditure data centrally for comparison against attendance information, DoE is potentially missing an opportunity to use evidence-based approaches to tackling the problem of school attendance.

There is a delay before attendance information is centrally collated

In his 2009 report, the Auditor General recommended that DoE 'ensure that a timely and comprehensive view of attendance data and issues is available to schools, districts and Central Office staff'. Each individual school is responsible for accurately recording student absences and we assume that, at an individual school level, the records are accurate and up-to-date. The records kept by individual schools include 'watch lists' that highlight at risk children and allow the school to take action before non-attendance becomes a potentially recurring problem.⁹⁰

The Central Office conducts an annual student attendance audit which compiles the data collected from individual schools and is used to create system-wide data for issues including attendance rates. As the data is only updated centrally once each year there is a delay in the development of attendance statistics which increases the risk that negative trends will only be identified too late to respond to. This also inhibits the ability of the Department to carry-out real-time evaluation of the effectiveness of school strategies to respond to non-attendance issues. What this means, in effect, is that evaluations will be using 12-month old data which may not be relevant to future student cohorts as they move through the system.

Recommendation 1

The Department of Education should develop a student attendance information system that provides data on student attendance each school term to individual schools, regional offices and the central office.

89 Ms Sharyn O'Neill, Director General, Department of Education, *Transcript of Evidence*, 8 August 2012, p. 18.

90 Ms Sharyn O'Neill, Director General, Department of Education, *Transcript of Evidence*, 8 August 2012, p. 5.

Recommendation 2

The Department of Education should establish a demonstration program to categorise the reasons for student absence across a representative sample of schools in order to better understand the reasons for student absence with a view to improving student attendance.

Schools are accountable for attendance performance

We have been particularly interested in gaining a better understanding of how individual schools are held to account for their attendance records. This is not to say that schools bear sole responsibility for student attendance issues; rather schools are part of complex social and economic environments that drive families and society and their attitudes to education and school attendance. School accountability should extend to ensuring that policies and programs that have not contributed to improving attendance rates are not allowed to continue unquestioned or unchanged.

To that end, DoE advised that accountability is ensured through the following processes:

- Every teacher is responsible for tracking student attendance.
- Principals are legally required to follow-up with parents when a legitimate explanation for a child's absence has not been provided within three days.
- Principals can monitor student attendance through the school information system (SIS).
- Principals must comply with requests from Regional and Central Office to provide information on student attendance – including via the previously mentioned annual attendance audit.
- Public schools set individual attendance targets which they must monitor. Principals are expected to use the SIS to identify patterns for their schools as a whole, student cohorts and also individual students.
- Since the start of 2012, Aboriginal students with attendance rates below 90 per cent have been required to have a documented plan addressing barriers to attendance and responding to identified educational needs.
- Chronic non-attendance may be addressed by a school through Parenting agreements, the establishment of attendance panels and, in serious cases, prosecution. In his report, the Auditor General noted that attendance panels – essentially independent forums where issues can be reviewed impartially – are rarely used. In response to the Auditor General's recommendations, the Department indicated that further advice has been provided to schools to assist in

the use of the panels, as they are a necessary step before prosecutions can commence.

- School level student attendance is also monitored through the use of the School Performance Monitoring System (SPMS). If a school's attendance rate causes concerns, the school may be referred for a more intensive review by the Expert Review Group (ERG). The ERG is a team of reviewers that evaluates the school and provides feedback to teachers and staff designed to improve school performance.⁹¹ The types of strategies prescribed by the ERG for schools include:
 - Improving processes to monitor, respond to and improve attendance;
 - Collaborating with community members to develop a comprehensive attendance and engagement strategy;
 - Providing incentives and rigorous monitoring at an individual, cohort and whole of school level; and
 - Introducing a coordinated government and community case management approach to improving student attendance.⁹²

The Attendance Improvement Measures project has met with success

In 2010, the Department established the Attendance Improvement Measures (AIM) project which was targeted at 40 schools with significant non-attendance issues, including Aboriginal and non-Aboriginal students and schools in both country and metropolitan locations. The project will be completed by the end of 2012 and by March 2012 over \$4.4 million had been spent to support project outcomes.⁹³

The Department told us that 33 of the forty schools involved in the AIM project had seen their attendance rates either stabilise or improve.⁹⁴

In regional areas, measures undertaken at AIM schools include:

- Providing bus services including to remote communities and also providing 'late' bus services that collect children that may have missed earlier buses;
- Employing Aboriginal education assistants;
- Home visits from teachers to the families of regular non-attenders; and

91 Ms Sharyn O'Neill, Director General, Department of Education, Letter, 1 September 2012.

92 Ms Sharyn O'Neill, Director General, Department of Education, Letter, 1 September 2012.

93 Ms Sharyn O'Neill, Director General, Department of Education, Letter, 13 March 2012, p. 6.

94 Ms Sharyn O'Neill, Director General, Department of Education, *Transcript of Evidence*, 8 August 2012, p. 14.

- Using incentives to promote regular school attendance (including access to community pools and youth centres as well as school-based ‘prize draws’).

In the metropolitan area, measures have included:

- Incentivisation schemes including prize draws, the awarding of ‘house points’ for good attendance, and access to laptop computers conditional on attendance rates;
- Providing after school activities including arts and a ‘learning centre’ to support school work;
- Developing individualised learning plans for students; and
- Improving communication and interaction with parents.

Recommendation 3

Once the Attendance Improvement Measures project has been completed, the Department of Education should undertake an independent review of the project to determine its success factors and consider rolling out the successful measures to other schools.

Concluding remarks

After considering the evidence provided by DoE at hearing and also in written submissions, it became clear that the problems associated with student attendance in schools do not have an easy solution. It was pleasing to see that the Department was enjoying success through its AIM project, although we remain concerned about the lack of information held by the Central Office. This applies to both the 12-month old attendance information collected as a result of the annual attendance audit as well as concerns about the lack of information collected about how schools spend their SSPRA funding.

Adult Community Mental Health Teams: Availability, Accessibility and Effectiveness of Services – Report 10, 2009

Background

The Committee has noted in earlier reviews that the strategy for the provision of adult mental health has shifted in recent years from hospital to community-based care, enabling individuals to remain active in their communities. For this approach to be effective in treating mental illness, it needs to be supported by the provision of non-clinical services such as housing, employment and general life styles skills across the state. 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.⁹⁵

The audit revealed that WA Health did not have responsive resource planning mechanisms in place for clients receiving the mix of services provided by CMHTs. Often, the Auditor General reported, individuals find themselves in crisis before they receive help. The Auditor General also found disparities in the quality of care, depending on location, and that the overall objectives of CMHTs were unclear as 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.⁹⁶

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 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 assessed as having severe mental problems. 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.⁹⁷

Agency actions

The Department of Health provided a joint response with the Mental Health Commission (MHC).⁹⁸ The response reported that a number of measures had been taken consequent to the recommendations of the Auditor General. These include a draft mental health strategic policy document under the Minister for Health's consideration,⁹⁹ and MHC implementing key initiatives, including individualised support and funding for people with severe and persistent mental illness to successfully transition them from hospital to the community; increasing the supply of public housing for people with mental illness and increasing funding to provide early intervention services to assist young people and their families to overcome issues associated with suicide, depression and self-harm.

MHC has also set up an Implementation Steering Committee with the Commonwealth Department of Health and Ageing, the WA Department of Health, consumers and other

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

96 *ibid.*, pp. 7–8.

97 *Ibid.*, p. 9.

98 Dr D Russell-Weisz, Acting Director General, Department of Health, Letter, 25 July 2011.

99 *Ibid.*, p. 2

key stakeholders to coordinate implementation.¹⁰⁰ Dissemination about standards and implementation guidelines to key stakeholders was reported to have begun. Information for Aboriginal and Torres Strait Islander people was also being developed.¹⁰¹ Further, MHC engaged two international mental health experts to provide advice on a quality assurance framework for the mental health sector in WA.

Committee conclusion

The Committee considered the joint response and consulted with the Auditor General who confirmed progress in the implementation of the recommendations of the audit.¹⁰² This included finalising the *2010–2020 Mental Health Strategy*, and the monitoring and reporting of minimum standards and the provision of an appropriate mix of services to prevent consumers deteriorating into crises. The Auditor General also noted progress regarding coordinated clinical and support services and the increased provision of housing via the MHC to people with mental illness moving into the community.

The Committee noted the progress the Department of Health and MHC are making implementing the recommendations of the Auditor General, and concluded its follow-up.

Third Public Sector Performance Report 2009 – Report 11, 2009: Managing Staff Attendance in the Public Sector

The Auditor General examined seven government agencies to assess management of staff attendance in the Western Australian public sector. 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

100 Ibid., p. 3.

101 Ibid.

102 Mr Colin Murphy, Auditor General for Western Australia, Letter, 17 November 2011.

The audit found that most agencies had not administered staff attendance well. Despite the existence of generally sound policies, the audit identified weaknesses in the application of these policies by agencies. 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;
- 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.¹⁰³

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.¹⁰⁴

Agency actions

In the last review, the committee concluded its follow-up of all agencies except the Department of Environment and Conservation (DEC) and the Department for Communities (DC). Both departments have since provided their responses.

DEC reported that it has reviewed its policies and procedures on staff attendance to ensure that they are in line with relevant Awards, Agreements, legislation and Treasurer's Instructions, following the recommendations of the Auditor General.¹⁰⁵ The Department has also standardised time sheets for consistent recording of hours worked and leave taken across the organisation. In addition, information sessions covering leave liability and the proper use of time sheets have been conducted with staff.

DC advised that it has a well-established attendance system which is adhered to by staff.¹⁰⁶ It noted that there are a few exceptions which are, however, actively

103 Auditor General for Western Australia, *Third Public Sector Performance Report*, Report 11, 2009 p. 21.

104 Ibid.

105 Mr Keiran McNamara, Director General, Department of Environment and Conservation, Letter, 10 January 2011.

106 Ms Jenni Perkins, Director General, Department for Communities, Letter, 5 January 2011.

monitored. It reported that its Human Resources branch supports line managers by providing monthly leave balance reports to assist with the identification and monitoring of accumulated leave. Further, in line with the recommendations of the Auditor General, the Department was introducing arrangements to reduce departmental leave liability. This was being achieved via policies designed to keep leave liability manageable, and regular reporting to managers on staff leave usage rates and the financial liability to each division or branch.

Committee conclusion

The Committee considered the responses from both agencies and received feed-back from the Auditor General which expressed satisfaction with the implementation of the recommendations by the agencies.¹⁰⁷ The Committee accordingly concluded its follow-up.

Third Public Sector Performance Report 2009 – Report 11, 2009: Evaluation in Government

Background

Program evaluations provide agencies with opportunities to learn from practice and therefore more efficiently and effectively deliver services to the public. 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 Auditor General found that all agencies examined were evaluating some of their programs and projects and that four of the five agencies were following good practice. That being said, all of the agencies lacked a strategic approach to their evaluation activity, which was resulting in *ad-hoc* approaches.¹⁰⁸

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;

107 Mr Colin Murphy, Auditor General for Western Australia, Letter, 24 March 2011.

108 Auditor General for Western Australia, *Third Public Sector Performance Report*, Report 11, 2009 Ibid., p. 33.

- adopt a risk-based approach; and
- ensure the implementation of their evaluation processes.

Agency actions

In the last review, the Committee reported that it was awaiting a response from the Department for Communities, and that it was considering responses provided by the WA Tourism Commission (Tourism WA) and the Disability Services Commission.

The Department for Communities has since advised that it was developing a strategic evaluation framework which specify the goals of evaluation and the activities that should be included within the framework.¹⁰⁹ Features of the framework include a short-listing process to prioritise proposed evaluations, quarterly progress reports to update its Corporate Executive, and developing evaluations that are consistent with the strategic objectives and key performance indicators of the Department.

Tourism WA reported that it undertook a comprehensive evaluation during 2009–10 of the State’s investment in the tourism sector and in Tourism WA itself in particular.¹¹⁰ This evaluation resulted in a significant change to both the focus and structure of the agency. The agency also advised that it had commenced discussions with the Department of Treasury and the Auditor General for support in developing a revised set of indicators for submission as part of the State Budget process for 2011–12.

The Disability Services Commission informed the Committee that its Performance Reporting and Evaluation branch was developing an evaluation framework which was scheduled to be presented to its Corporate Executive before the end of December 2010.¹¹¹ As well as covering the broader issues of quality assurance raised in the report, the framework would address the recommendations of the Auditor General via elements which included an evaluation decision-making cycle aligned with the Commission’s operational cycle, each proposal being initially reviewed according to set criteria including their strategic importance and risk, and the cost benefit of undertaking an evaluation. The Performance Reporting and Evaluation branch would also identify any strategic gaps in the proposed evaluation which might require additional project development.

109 Ms Jenni Perkins, Director General, Department for Communities, Letter, 17 January 2011

110 Ms Staphanie Buckland, Acting Chief Executive Officer, Western Australia Tourism Commission, Letter, 18 November 2010

111 Dr Ron Chalmers, Director General, Disability Services Commission, Letter, 18 November 2010

Committee conclusion

The Auditor General reviewed the responses from the three agencies, and advised the Committee that the agencies were satisfactorily implementing the recommendations in the report.¹¹² The Committee therefore concluded its follow-up.

Fourth Public Sector Performance Report 2009 – Report 12, 2009: Accountability for Government Grants

Background

The Auditor General examined accountability for government grants distributed to non-government bodies by 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 have appropriate accountability arrangements in place and whether the recipient organisations could account for the funds they received.¹¹³

Although the audit established that both Healthway and DSR administered their grants programs appropriately, it noted that there were opportunities for improvement. DET was found not to have implemented sound accountability procedures, particularly as it had devolved responsibility for the administration of these grants to individual managers. The grant recipients were, however, found to have spent and accounted for their allocations adequately.¹¹⁴

The Auditor General recommended that accountability arrangements by agencies should reflect risks. Furthermore, agencies should ensure that recipients have arrangements that account 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; and

112 Mr Colin Murphy, Auditor General for Western Australia, Letters, 10 January 2011 and 24 March 2011

113 Auditor General for Western Australia, *Fourth Public Sector Performance Report*, Report 12, November 2009, p. 22.

114 Ibid.

- evaluate and improve performance.¹¹⁵

Agency actions

Since the last review, the Committee has received responses from each of the agencies examined.

DSR reported that it operates a six stage process regarding the management of grants.¹¹⁶ Its reporting and monitoring arrangements involve quarterly meetings between DSR staff and recipient organisations, and a client management system with reconciliations occurring every month. Additional governance arrangements include the development of a 'Business Intelligence' (BI) system with functionality to report upon grant application and management. The Department further reported that all grants have an assessment sheet either linked to specific program or generic agency criteria and that it has amended its Client Management System to produce correct acquittal documentation and to match the requirements of grant agreements. This also involved grant managers signing check lists to confirm that they had reviewed all acquittal information before finalising grants. Grant recipients are also required to furnish the department with third party audit certificates for grants as follows:

- audited financial report (Organisational Sustainability Program if more than \$20,000); and
- audit certification of acquittal (all projects and programs more than \$20,000).

Following the break-up of DET into the Department of Education (DoE) and the Department of Training and Workforce Development (DTWD), responses were received from the two new agencies. DoE reported that it has adopted a risk based approach to the management of grants and service agreements, and that its policy and procedures, in this regard, are aligned with the Government's Funding and Purchasing Community Services policy.¹¹⁷ It noted that this will ensure a more robust and accountable approach to the administration and monitoring of grant funds within the department. The Department's Strategic Procurement unit will provide oversight and support to business units in the management of grants and service agreements.

DTWD, on the other hand, advised the Committee that it is internally structured so that all grants and grant programs are managed from a single Directorate.¹¹⁸ The Directorate was developing specific policies and procedures to meet the needs of the agency in developing, establishing and managing grants and grant programs. The

115 Ibid., pp. 23-24.

116 Mr Ron Alexander, Director General, Department of Sport and Recreation, Letter, 18 February 2011

117 Ms Sharyn O'Neill, Director General, Department of Education, Letter, 10 December 2010

118 Ibid.

Department has also established a Procurement Review to review and endorse grants and grant programs.

Healthway provided a detailed response to the Committee in which it outlined the measures it has taken to address the recommendations of the Auditor General. Major actions include incorporating observations of the audit into a comprehensive accountability and acquittal review framework that Healthway had embarked on since 2008.¹¹⁹ This framework incorporates risk management principles and consideration for the reduction of compliance, where practical. As a result, a graduated scale of reporting and acquittal requirements is matched to the level and complexity/risk of funding. Recipients of \$5,000 or less have a significantly simplified reporting framework relative to sponsorship above \$5,000.¹²⁰

The agency reported that it has developed and implemented an assessment tool with appropriate selection criteria that each Healthway advisory committee utilises in recommending funding to the Healthway Board. The criteria include measurements that more closely match funding to the strategic objective priorities of Healthway and the capacity of the receiving organisation to deliver on the objectives. This approach is applied across all funding applications and facilities advisory committees so results can be more readily compared. An additional tool used to enhance accountability is the examination of management structure and internal reporting mechanisms of applicants. A specific milestone payment framework has also been implemented to all sponsorship agreements to assist with performance monitoring and control. Further, Healthway advised that it undertakes annual grant and sponsorship audits of its funded projects, including the examination of appropriate governance and management processes of funded organisations and the involvement of its Board/Managing Forum.

To minimise exposure to fraud and loss of grant funding, Healthway informed the Committee that it undertakes independent verification checks of key criteria as a first step to before approving funding applications. Further, grant and sponsorship agreements include capped instalments which are generally linked to the achievement of specific milestones. It reported that it has a number of legal and internal controls that ensure that unspent and uncommitted funds are recouped against grants and sponsorships where applicable.

Healthway also reported that it has developed new service agreements. These require sponsoring agencies to provide monthly reports outlining all monitoring activities undertaken with funded projects and to identify any issues and corrective measures taken. It advised the Committee that it also undertakes various monitoring activities of

119 Mr David Malone, Executive Director, Healthway, Letter, 16 December 2010.

120 Ibid., p. 2.

funded projects, including site visits and examination of interim reports from funded organisations.

Committee conclusion

The Committee considered the responses from DSR, DoE, DTWD and Healthway, and advice from the Auditor General on the implementation of recommendations by these agencies. The Committee was satisfied that the agencies were implementing the recommendations, and concluded its follow-up.

Fourth Public Sector Performance Report 2009 – Report 12, 2009: Management of Government Purchasing Cards

Background

In its previous report, the Committee noted that the Auditor General had examined 25 government agencies in respect of their use of credit cards. The audit had reported that in 2008–09, government agencies used 14,500 credit cards to purchase \$237 million 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.

Although the audit found that adequate controls were generally in place there were some instances of non-compliance with required procedures.

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.¹²¹

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.¹²²

At the time of compiling the last report, the Committee was awaiting responses from the:

121 Ibid., p. 34.

122 Ibid., p. 35

- Alcohol and Drug Authority
- Art Gallery of Western Australia
- Department of Education
- Department of Health
- Department of Housing,
- East Perth Redevelopment Authority,
- Legal Aid Commission,
- Office of Energy,
- Western Australian Land Information Authority (Landgate)
- Electricity Retail Corporation (Synergy) and
- Western Australian Treasury Corporation.

Agency actions

The Committee received and considered responses from each of the agencies listed above and from four other agencies that had been provided but not considered at the time of the last review. The Auditor General also reviewed the responses and provided commentary indicating that the agencies have reviewed their respective purchasing card policies and procedures consistent with Government guidelines.

Committee conclusion

The Committee was satisfied that the Auditor General's recommendations have been addressed and accordingly concluded its follow-up of the agencies.

Public Sector Performance Report – Report 3, 2010: Registration of Medical Practitioners

Background

In Western Australia the registration of medical practitioners is administered by the Medical Board of Western Australia, under the *Medical Practitioners Act 2008*. This Act outlines the registration standards for individuals to practise medicine. The Act further provides details as to how the register of medical practitioners is to be maintained and how complaints about medical practitioners should be managed.

Having examined whether the Medical Board was complying with the requirements of the Act, the Auditor General confirmed that the Board was ensuring medical practitioners in Western Australia are appropriately qualified and meet the correct standards. The audit also established that 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.¹²³

The Auditor General recommended that the Medical Board:

- 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.¹²⁴

Agency actions

In October 2010, the *Medical Practitioners Act 2008* was repealed following the introduction of the *Health Practitioner Regulation National Law (WA) Act 2010*. As a result, the Medical Board of Western Australia ceased to exist and there was no longer a responsible agency capable of responding to the recommendations made by the Auditor General.¹²⁵

Committee conclusion

Given that the audited body no longer existed, the Committee resolved to conclude its follow-up of the matter.

Fiona Stanley Hospital Project – Report 5, 2010

Background

The Auditor General examined the planning and management of the construction of Fiona Stanley Hospital between March 2004 and April 2010, and focussed on three principal areas:

- 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

123 Auditor General for Western Australia, *First Public Sector Performance Report*, Report 3, May 2010, p. 5.

124 *Ibid.*, p. 6.

125 Ms Pamela Malcolm, Director, Notifications and Legal Services (WA), Email, 21 August 2011.

- the extent to which project risks have been identified and appropriate strategies implemented to manage them.¹²⁶

The findings made in the audit include an escalation of the capital budget of the project from \$420 million in 2004 to \$1.76 billion in 2007. The increase was incremental. The audit 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 service demands became clearer, significant scope and design changes increased the size and cost of the hospital.¹²⁷ 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. The production of a business case for the project was delayed and hampered by significant information gaps which took eight months to resolve.

Although the audit found that robust financial and project management systems were now in place,¹²⁸ it warned that further changes to the design or scope of the project could escalate the costs of the project. 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.¹²⁹

The Auditor General made a range of recommendations directed at both the Department of Health (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.¹³⁰

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; and

126 Auditor General for Western Australia, *Fiona Stanley Hospital Project*, Report 5, June 2010, p. 5.

127 Ibid., p. 6.

128 Ibid., p. 7.

129 Ibid., pp. 6-7

130 Ibid., p. 8.

- actively managing the coordination of the facilities management contract and the stage two managing contractor contract.

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.

Agency actions

DoH provided the Committee with a response outlining the measures that were being implemented in line with the recommendations of the Auditor General.¹³¹ It advised that to ensure that all future health projects conformed to SAMF, WA Health has developed a central Projects Support Office to especially support the development of major health infrastructure projects in common areas, including financial systems, facility planning and coordination between the agencies. DoH reported that governance frameworks for major health infrastructure projects had been agreed by WA Health and the then Department of Treasury and Finance and endorsed by the Major Health Infrastructure Projects Steering Committee.¹³²

To address time, cost, construction or life cost impacts of proposed changes to the hospital's design, the Department advised the Committee that weekly assessments are conducted via a Client Decision Meeting process, chaired by the Executive Director FSH and attended by key team members from both construction and operational areas. Further, the Director Project Delivery and the Senior Project Coordinator for facilities management meet as required to monitor progress against the agreed Facilities Management Alignment issues.¹³³

As to the recommendation that WA Health should progress mitigation strategies for the remaining risks to ensure the hospital is fully operational on opening, DoH reported that a business plan was being developed in relation to the South Metropolitan Area Health Service (SMAHS), including FSH, to ensure it is fully operational by 2014. This document will set out the full SMAHS reconfiguration planning process including key planning and operational milestones and timeframes. This business case was scheduled to be provided to DoH by the end of August 2011. Further, DoH informed the Committee that a SMAHS Workforce Working Group has been established to coordinate the workforce planning segment of the reconfiguration process. The group will work with a multi-level group of senior health staff and will develop a detailed workforce plan. DoH also reported that SMAHS has initiated the revival of the whole of Health Workforce Model Committee coordinated by DoH to ensure synergy between SMAHS and the whole of Health workforce planning.

131 Dr D Russell-Weisz, Acting Director General, Department of Health, Letter, 17 August 2011.

132 Ibid.

133 Ibid.

The Department of Treasury (DT) similarly provided a detailed response to the Committee.¹³⁴ With respect to the recommendation that all WA Health infrastructure projects should conform to SAMF, DT advised that SAMF prescribes that individual agencies are responsible for the development of business cases to support asset investment decisions by Government. In this respect, it noted that the *Works Reform* program implemented by Government in February 2009 was specifically aimed at improving the quality and consistency of business cases.¹³⁵ The program re-assigned the lead role in the development of business cases for non-residential buildings to the Building Management Works (BMW) and Strategic Projects (SP) divisions of the Department of Finance and Treasury.

These arrangements, according to DT, have encouraged significantly higher interaction between owner agencies responsible for service delivery, Treasury analysts and the asset delivery agencies (BMW or SP) from the early stages of project planning.¹³⁶ DT argues that as a result, especially for large, high risk projects where the negative consequences of poor planning are significant, a far higher degree of compliance is clearly evident since implementation of the *Works Reform* program. DT provided the Committee with recent examples of funding and program commitments informed by robust business cases and/or project definitions plans developed by DT, working in close consultation with agencies responsible for service delivery. These include the New Children's Hospital, Queen Elizabeth II Medical Centre Car Park and Central Energy Plant. DT confirmed that the governance arrangements in place for major health infrastructure projects involve agreement by WA Health and DT and endorsement by MHIPSC, and that WA Health had established a Projects Support Office as detailed in the response form DoH above.

DT advised that it was undertaking a review of SAMF to update its suite of policies and procedures and reflect current practice, and drive higher levels of compliance across Government. The review, consistent with the recommendation of the Auditor General that Treasury should reinforce SAMF, will clarify key steps in the asset management process – concept approval, strategic asset plan, business case and project definition plan – and key decision/approval points associated with those steps. A 'fast track' process will be included in the revised SAMF to subject fast tracked projects to the rigour and discipline necessary for sound decision making, regardless of the compressed time frames.

As to the question of ensuring the implementation of a robust financial and project management system, DT advised that it had taken measures, including implementing a purpose-designed project accounting system incorporating a proprietary software

134 Mr Timothy Marney, Treasurer, Department of Treasury, Letter, 14 July 2011.

135 Ibid. , p. 1

136 Ibid.

solution (Prolog).¹³⁷ This provides a direct interface to the DoH corporate finance system for FSH. The system captures all project expenses and provides robust reporting of actual costs against forecast cash-flow for the full project cycle. Under the *Works Reform* program, BMW and SP are also developing a web-based Project and Contract Management System that will provide a standardised approach to all non-residential building projects.

Regarding the impact of change, DT advised that the FSH Managing Contractor Stage 2 contract which was awarded in July 2010 within budget, is supported by a robust variation approval process to ensure that any proposed scope variation (whether initiated by client or contractor) are rigorously analysed before they are approved. DT also confirmed that all variations are evaluated for time, capital cost and operational impacts being presented before the Executive Director FSH for consideration. The response further confirms the arrangements to manage the impact of change described above by DoH.

DT also confirmed the arrangements to mitigate risks associated with the transitional phase, presented in the DoH response, above. The Committee was informed that a business case will be developed to support funding requests to meet the requirements for transition activities, based on a plan SMAHS was undertaking on the impact of opening FSH. DT reported that a comprehensive FSH Transition Plan would be developed following the completion of the SMAHS-wide plan.¹³⁸

Committee conclusion

After considering the responses from DT and DoH in consultation with the Auditor General, the committee resolved to conclude its follow-up of the two agencies.

Energy Smart Government – Report 6, 2010

Background

The Committee reported in its last review that the Auditor General examined whether the Energy Smart Government Program (ESG) was effective at achieving its goals. ESG, led by the Office of Energy, was meant to promote energy efficiency in government and the wider community. It set a target in 2002 of reducing energy consumption by 12 per cent over five years in every agency with a staff complement of more than 25 full-time employees.¹³⁹

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

137 Ibid., p. 3.

138 Ibid., p. 5.

139 Auditor General for Western Australia, *Energy Smart Government*, Report 6, July 2010, p.5.

had elements that allowed one-third of agencies to achieve reductions of 12 per cent or more, this potential was 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.¹⁴⁰

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 and measurable targets for improvement and identify how targets will be achieved.
- Government building designs and upgrades should address energy efficiency and include energy efficient products in building fit-outs.¹⁴¹

Agency actions

The Office of Energy reported that the Energy Smart Program was discontinued in 2009; however, the Committee was pleased to note the Office of Energy's commitment to consider the recommendations of the Auditor General should a similar program be established in the future.¹⁴²

Committee conclusion

The Committee accordingly concluded its follow-up.

Fitting and Maintaining Safety Devices in Public Housing – Report 7, 2010

Background

The Auditor General examined the management of a program to retrofit Residual Current Devices (RCDs) to all properties belonging to the Department of Housing (DH). The audit also examined programs relating to mains powered smoke alarms and how the Housing Authority (HA) maintains safety devices once they are installed.

140 Ibid.

141 Ibid., p. 7. To Office of Energy

142 Mr Michael Kerr, Acting Coordinator, Office of Energy, Letter, 18 November 2011

The Auditor General found that DH has 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.¹⁴³

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.¹⁴⁴

Agency actions

DH provided a detailed response to the Committee indicating the measures it was taking to address the recommendations of the Auditor General.¹⁴⁵ The measures included establishing a dedicated Building Condition and Compliance team to coordinate the assessment and management of risk associated the Department's tenancies. The Department reported that since February 2011, the risk of failure of safety device fitted to its houses has reduced from 'catastrophic' and 'quite likely' to 'moderate' and 'unlikely'. The Department further indicated that HA has adopted new project and risk management principles and practices and committed appropriate resources to the installation, maintenance and monitoring of safety devices in public housing.

DH also advised the Committee that as at 9 September 2011, all 36,600 HA public rental tenancies, either occupied or available for allocation were assessed as being compliant with regulatory requirements for RCDs.¹⁴⁶ The Department indicated that smoke detectors would be replaced in public rental tenancies including in Djilimbardi, so they would be compliant with legislative requirements by 1 October 2011. Record keeping enhancement was also underway, including modifying Caretaker, the primary data recording system, to allow for the accurate recording of safety device and other management data.

143 Auditor General for Western Australia, *Fitting and maintaining Safety Devices in Public Housing*, Report 7, 2010, p. 6.

144 *Ibid.*, p. 7.

145 Mr Grahame Searle, Director General, Department of Housing, Letter, received 20 September 2011, p. 5.

146 *Ibid.*, p. 6.

A more robust inspection and testing regime for safety devices for public housing endorsed by the Office of Energy Safety, was also reported by the agency.¹⁴⁷ Additional elements of this regime include property condition inspections and annual tests of RCDs and smoke detectors, mandatory induction sessions covering elements of safety identification and testing for Housing Service Officers. Further, the Committee was advised that the HA has reviewed its safety maintenance policies, programs and procedures to incorporate formal project methodologies with risk assessments applied to current and future projects involving safety devices. Lessons learnt in the areas of RCDs, smoke detectors and other relevant devices are also being shared with all stakeholders including Community Housing Organisations, real estate agents and Indigenous organisations.¹⁴⁸

Committee conclusion

The Auditor General advised the Committee that the response indicated that DH was committed to implementing the recommendations of the report and that the Department has made progress in that respect.¹⁴⁹ The Auditor General believed that the approach appeared comprehensive and covered the intent of the recommendations. Accordingly the Committee concluded its follow-up.

Environmental Management of Cockburn Sound – Report 8, 2010

Background

The Auditor General examined the management of Cockburn Sound by the Cockburn Sound Management Council (CSMC). The audit found that while a strong environmental framework has been established for Cockburn Sound, implementation and management gaps existed which undermined the effectiveness of the framework to maintain a healthy eco-system. The audit noted that implementation and oversight needed to be strengthened. Seagrass was also reported as under pressure and some sites were beginning to fall below acceptable health standards. It was further noted that contaminant discharges into the area were not monitored, reducing the ability of government to take timely and effective action on ecological dangers.¹⁵⁰

Errors, including inconsistencies in the reporting of ecosystem health, were found to have obscured the decline in seagrass health, as the focus on reporting the health of broad zones, masked areas of concern at some of the individual monitoring sites. The Auditor General recommended that the Environmental Protection Authority (EPA), the Department of Environment and Conservation (DEC) and the CSMC should bring

147 Ibid. , p. 9.

148 Ibid., p. 12.

149 Mr Colin Murphy, Auditor General for Western Australia, Letter, 14 November 2011

150 Auditor General for Western Australia, *Environmental Management of Cockburn Sound*, Report 8, September 2010, pp. 6-7.

forward the planned 2012 review of the State Environmental Policy (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.¹⁵¹

Agency actions

DEC submitted a detailed coordinated response to the Committee regarding the measures agencies were taking to implement the recommendations of the Auditor General.¹⁵² These include preparatory work that the EPA, DEC and CSMC have undertaken ahead of the main review to be undertaken in 2012 to improve SEP and strengthen its effectiveness. To strengthen the current monitoring methodology and practice, the three organisations commissioned a study by Professor Paul Lavery of Edith Cowan University, which confirmed Warnbro Sound as a valid reference site for Cockburn Sound. The agencies accepted that transparency and reporting need to be improved when benchmark standards for environmental quality criteria are adjusted and reported that this issue will be addressed in the SEP review. The agencies also reported that they were addressing the issue of periodic seagrass mapping to assess overall trends in the coverage of this species in Cockburn Sound. This requirement was included in Professor Lavery's seagrass review.¹⁵³ Existing aerial photographs will be acquired with a view to developing the baseline for more detailed monitoring around several seagrass sites. The value and frequency of aerial mapping will be addressed via the SEP review. The three organisations will also undertake desktop reviews of existing contaminant data on inputs and sources. The study will provide up to date information and recommendations for consideration in the SEP review.

To strengthen quality assurance frameworks for how data is collected and used, the three agencies reported that they have agreed to do this by increasing inter-organisational peer review of data, monitoring, analysis and reporting, and using external peer review if necessary. In line with the recommendations of the Lavery seagrass review, CSMC will update its quality assurance protocols and ensure all monitoring parties are familiar with its requirements. The Committee was further advised that options are being considered for the development of a suitable database management system that has quality assurance procedures that will further enhance and strengthen existing quality assurance frameworks for all environmental data.

151 Ibid., p. 7.

152 Mr Keiran McNamara, Director General, Department of Environment and Conservation, Letter, 16 November 2011

153 Ibid., p. 2.

CSMC reaffirmed that it has consistently fulfilled SEP requirements in relation to required notification of and negotiation with responsible parties when SEP standards or guidelines have been breached. The Committee was advised that resourcing requirements will be considered during the SEP review and that the three organisations will continue to work collaboratively with relevant stakeholders to ensure that appropriate action is taken when environmental guidelines and standards are exceeded. This will also optimise the environmental management of Cockburn Sound and its catchment.¹⁵⁴

Committee conclusion

The Auditor General expressed satisfaction to the Committee with the actions agencies have taken to implement the recommendations of the audit report. The Committee accordingly concluded its follow-up.

HON J.C. KOBELKE MLA
CHAIRMAN

¹⁵⁴ Ibid.

Appendix One

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.