



PUBLIC ACCOUNTS COMMITTEE

REVIEW OF THE REPORTS OF THE AUDITOR GENERAL 2005-2006

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in the 37th Parliament**

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Public Accounts Committee

Review of the Reports of the Auditor General 2005-2006

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PUBLIC ACCOUNTS COMMITTEE

REVIEW OF THE REPORTS OF THE AUDITOR GENERAL 2005-2006

Report No. 6

Presented by:

Mr J.R. Quigley, MLA

Laid on the Table of the Legislative Assembly
on 30 November 2006

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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.

- 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) is referred to it by resolution of the Assembly;
 - (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.

CHAIRMAN'S FOREWORD

I am pleased to present for tabling the Review of the Reports of the Auditor General for 2005-2006. At the commencement of the 37th Parliament, the Public Accounts Committee (the Committee) resolved to continue the work initiated by its predecessor and follow-up on the progress made by agencies in the implementation of the Auditor General's recommendations.

This report examines the findings and recommendations made by the Auditor General in respect of Public Sector Performance Examinations during the 2005/06 financial year, and provides details of the agencies' responses to the Committee's request for information as to the action taken in applying the recommendations.

The Committee's follow-up process plays an important role in relation to ensuring the recommendations made by the Auditor General are given due consideration by the relevant agencies. In compiling this report, the Committee believes that it not only provides additional information to the public on the work carried out by the Auditor General, but further enhances the accountability of government agencies to the Parliament.

Whilst acknowledging its independence, the Committee wishes to recognise the constructive and effective working relationship it has developed with the Office of the Auditor General in recent years. The Committee takes this opportunity to thank Mr Des Pearson for the service he has provided to the Parliament and to the people of Western Australia in his position as Auditor General over the past 15 years. The Committee, and in particular myself as its Chairman, wish him all the best in his new role as Auditor General of the State of Victoria. I anticipate that the positive relationship this Committee has enjoyed with the Office of Auditor General will continue in 2007 with the appointment of the new Auditor General.

I express my appreciation to the Members of the Committee for their support and commitment, in particular: the Deputy Chairman, Dr Steve Thomas (Member for Capel); Mr Terry Redman (Member for Stirling); Mr Peter Watson (Member for Albany); and Mr Ben Wyatt (Member for Victoria Park). I also thank the Principal Research Officer Ms Liz Kerr, and the Research Officer Ms Nicole Burgess for their able assistance to the work of the Committee.

I commend this report to the House.

MR J.R. QUIGLEY, MLA
CHAIRMAN

ABBREVIATIONS AND ACRONYMS

BEA	Business Exit Assistance
CBS	Community Based Sentences
CJJ	Community and Juvenile Justice
CJS	Community Justice Services
CWTS	Controlled Waste Tracking System
DAFWA	Department of Agriculture and Food
DCD	Department of Community Development
DET	Department of Education and Training
DMPR	Department of Minerals and Petroleum Resources
DOCEP	Department of Consumer and Employment Protection
DoH	Department of Health
DOIR	Department of Industry and Resources
DPC	Department of the Premier and Cabinet
DPI	Department for Planning and Infrastructure
DTF	Department of Treasury and Finance
EMP	Environmental Management Plan
FAAA	Financial Administration and Audit Act 1985
HRIT	Health Reform Implementation Taskforce
IT	Information Technology
OAG	Office of the Auditor General
PTA	Public Transport Authority
The Committee	Public Accounts Committee
TRELIS	Transport Executive and Licensing Information System
VLS	Vehicle Loads System
WA	Western Australia

CHAPTER 1 INTRODUCTION

1.1 Background

On 15 May 2003, the Public Accounts Committee of the 36th Parliament tabled report No. 5, *The 2001-2002 Annual Report of the Office of the Auditor General: A Performance Review*. In that report the Committee made a number of recommendations aimed at enhancing the effectiveness of the Office of the Auditor General (OAG) in carrying out its requirements under the *Financial Administration and Audit Act 1985* (FAAA). Although the Auditor General undertakes selective Follow-up Performance Examinations to assess agencies' progress in the relevant area, there is no further assessment of the implementation of individual recommendations.

The Committee found that two main benefits would result from direct monitoring of the implementation of recommendations by agencies. Firstly, it would provide general information on the impact of the Auditor General's work on the Western Australian public sector. Secondly, it would allow a means by which to rate the effectiveness of individual recommendations made by the Auditor General. The Committee therefore recommended that all government agencies that are the subject of a Performance Examination by the Office of the Auditor General should be required to report to the Public Accounts Committee within 12 months providing details on the implementation or otherwise of the Auditor General's recommendations.¹

The Committee subsequently wrote to all Government Ministers and Directors General advising them of the requirement to report to the Committee, and received favourable responses. The Committee's initiative was welcomed by the Auditor General as a means of ensuring that agency accountability to Parliament is enhanced.

1.2 Follow-up Process

The Committee established a process by which it could follow up on the Auditor General's reports, however did not have an opportunity to report on its activities before prorogation of the 36th Parliament ahead of the February 2005 election.

Upon its establishment in May 2005, the Public Accounts Committee of the 37th Parliament resolved to continue the practice of following up on the reports of the Auditor General and is now in a position to report on its activities in this regard.

The procedure established by the Committee is as follows:

1. The Auditor General tables a Performance Examination report relating to a particular agency;

¹ Western Australian Legislative Assembly, Public Accounts Committee, Report 3/2003, *The 2001-2002 Annual Report of the Office of the Auditor General: A Performance Review*, pp 7-9.

2. Approximately one month after the report is tabled, the Committee requests a report from the agency within 12 months of the date of tabling as to progress in the implementation the Auditor General's recommendations; and
3. The Committee considers the agency's response and may request additional information.

The Committee has resolved to forward those responses to the Auditor General for comment and, after due consideration, may convene a hearing of relevant senior agency officers and/or the Auditor General.

1.3 Reports of the Auditor General

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

Specifically the Auditor General:

- Audits and provides an opinion to Parliament on each public sector agency's annual financial statements and performance indicators;
- Provides an opinion on the adequacy of controls in satisfying legislative provisions;
- Conducts performance examinations; and
- Reports any significant matters to Parliament.²

(a) Public Sector Performance Reports

Public Sector Performance Reports are undertaken by the Auditor General with a focus on regulatory compliance, probity and the adequacy of management controls over program delivery and the operation of administration and computer systems. The reports contain a number of discrete examination subjects that normally gauge whether major areas of public sector operations are reliable and follow accepted practice.

Three Public Sector Performance Reports were undertaken by the Auditor General in this reporting period.

(b) Follow-up Performance Examination Reports

Performance Examinations are undertaken by the Auditor General to examine the accountability, efficiency and effectiveness of public sector agencies or specific areas within agencies. Following

² Auditor General for Western Australia, *Audit Practice Statement*, in Report on Ministerial Portfolios at November 25 2003, Office of the Auditor General, December 2003, p.38.

the completion of these initial examinations, the Auditor General may return to complete a Follow-up Performance Examination that assesses the agencies' responses to issues that have arisen.

Two Follow-up Performance Examinations were undertaken by the Auditor General in this reporting period, with summaries included in the Second and Third Public Sector Performance Reports of 2005.

(c) Audit Results Reports

The Auditor General presents Audit Result Reports to the Parliament, which report on the audit findings from the annual attest audits of financial statements, controls and performance indicators prepared by agencies.

Two Audit Result Reports were undertaken by the Auditor General in this reporting period. One covered agencies with 30 June and 31 July 2005 reporting dates while the second reported on agencies with a 31 December 2005 reporting date, mainly universities and TAFE colleges.

The Committee does not examine Audit Results Reports as part of its review process. For a list of reports reviewed herein refer to Appendix One.

CHAPTER 2 REVIEW OF THE REPORTS OF THE AUDITOR GENERAL AND AGENCY RESPONSES

The Auditor General tabled 15 reports in Parliament from 1 July 2005 to 30 June 2006, including two Audit Results Reports and three Public Sector Performance Reports, in addition to the Annual Report.

This Chapter includes details of the Committee's follow-up process and includes two reports tabled in the previous reporting period (refer sections 2.1 and 2.2).

2.1 Public Sector Performance Report - Report No 1, 4 May 2005

(a) Software Licensing

(i) Background

In this report the Auditor General assessed the management of software in four government agencies and examined whether there were adequate security policies and procedures in place; if sufficient measures were taken with regard to purchasing and installing software; and if agencies had the appropriate licenses, and certificates for installation.

(ii) Auditor General's Findings and Recommendations

The report found that agencies could have purchased software more economically, some had exposed themselves to risk by downloading software from the Internet and had run software without proper licenses.

(iii) Agency Response

The Committee wrote to Department of the Premier and Cabinet (DPC) and requested a report, including an explanation of how each recommendation has been implemented. A response was received from the DPC, to which the Committee requested further information, (specifically the number of agencies that reported compliance with the recommendations).

The DPC advised that it had written to all Directors General and Chief Executive Officers requesting they provide details of the steps they were taking in implementing the Auditor General's recommendations.

Trends noted by the DPC in the responses it received (from 90 agencies) were as follows:

- The Auditor General recommended procurement of agency software should be based on forward planning of needs. Most vendors offer economies of scale for purchase of whole of agency software, and this should be taken advantage of where possible.

- Overall the majority of agencies reported that the procurement of software is based upon whole of agency forward planning processes, to ensure economies of scale are achieved. Smaller agencies reported that it was generally difficult to obtain real savings when purchasing software on the basis of economies of scale. Nevertheless they reported that wherever possible economies of scale were sought, and that whole of agency purchasing was undertaken wherever possible to maximise any cost saving opportunity;
- The Auditor General noted that downloading software products from the Internet risks agency exposure to viruses, security attacks and installation of unauthorised software. Where such practices occur, appropriate security controls should be in place to minimise the attendant risks.
 - In response DPC advised that where software is downloaded from the Internet, such download and installation occurs in a controlled environment, frequently within their Information Technology (IT) Branches or equivalent. Commonly employed mechanisms include the use of firewalls, antivirus and anti spyware software, locked down operating systems, web filtering software and other monitoring and scanning tools; and
- The Auditor General highlighted that every agency has a legal obligation to ensure that all software on agency Information Technology systems and desktops is licensed.
 - The DPC advised that the majority of agencies reported that they monitor the software of agency IT systems through the use of central registers and audit systems.³

(iv) Committee Action/Comment

The Committee forwarded the responses it received from DPC to the OAG for comment. The Auditor General indicated a favourable response to the approach taken by DPC, however acknowledged that a more detailed and rigorous survey would be needed to gain a reliable understanding of agency management of software licensing.⁴ Following consideration of the response the Committee determined that it was satisfied with the action taken by the DPC and would not require further information or make further comment on this occasion.

(b) Regulation of Incorporated Associations and Charities

(i) Background

The regulatory operations of the Department of Consumer and Employment Protection (DOCEP) were examined by the Auditor General, with an assessment of whether WA's incorporated

³ Correspondence from Mr M.C. Wauchope, Director General, Department of the Premier and Cabinet, 27 March 2006, and 10 May 2006.

⁴ Correspondence from Mr John Doyle, Deputy Auditor General, 6 June 2006, p.1.

associations and charities are adequately controlled and monitored. DOCEP is responsible for administering the *Associations Incorporation Act 1987*, the *Charitable Collections Act 1946*, and the *Street Collections Regulations Act 1940*.

(ii) Auditor General's Findings and Recommendations

The report suggested that DOCEP should establish that surplus assets of an association when wound up are distributed in accordance with legislation and strengthen its procedures over the assessment of incorporation applications. The Auditor General also believed that there was a need to improve the evidence provided by associations during complaint investigations and analysis of charity obtained data.

(iii) Agency Response

The Committee wrote to DOCEP and requested a report, providing an explanation of how each of the Auditor General's recommendation has been addressed. A response was received in which DOCEP indicated it had taken the appropriate steps to implement all of the recommendations made by the Auditor General. Reported action taken by the Department included the following:

- Instigating a more stringent procedure in obtaining assurances that surplus assets were appropriately distributed;
- Upgrading the checklist the Department uses to assess the rules of associations seeking incorporation;
- Extensively amending the investigative procedure used in dealing with complaints about incorporated associations;
- Generating and tabling a quarterly report containing information regarding street collection statements;
- Commissioning an independent Senior Counsel to consider the proper construction of the *Charitable Collections Act 1946* and confirm the practices of the Department;
- Implementing a report that provides information on any outstanding financial statements and presenting this at monthly Charitable Collections Advisory Committee meetings; and
- Conducting a project to identify the operational status of the approximately 18, 000 incorporated associations recorded on its database" and cancelling those "deemed to be defunct."⁵

⁵ Correspondence from Mr Brian Bradley, Director General, Department of Consumer and Employment Protection, 8 May 2006.

(iv) Committee Action/Comment

The Committee sought clarification from the OAG on the measures outlined in the DOCEP response. Advice was received on 10 July 2006, in which the Auditor General noted that DOCEP had adequately covered most of the recommendations made, but highlighted some outstanding issues to consider.

The Auditor General noted in particular the absence of details of specific changes made to investigative procedures to ensure that documentation is held to support a conclusion that a complaint is not valid or otherwise requires no further action.⁶ The Committee then resolved to follow this issue up with DOCEP, to which it responded:

Current complaint handling procedures in the Associations and Charitable Collections Section require the Compliance Officer to fully document information gathered and place all relevant documentation on the compliance file...To ensure that documentation is held that sufficiently supports the conclusions of the Compliance Officer, two Senior Officers review the Investigation Report and the Compliance file prior to the complaint being closed.⁷

DOCEP further advised that, in relation to amendments to both Associations and Charitable Collections legislation, it will provide the Committee with the Green Bill and explanatory memorandum once these have been endorsed by the Cabinet. The Committee is satisfied with the responses to its follow up process and looks forward to receiving those documents in due course.

(c) Environmental Assurance on Agricultural Research Stations

(i) Background

The Auditor General reviewed the Department of Agriculture's systems for managing environmental issues on agricultural research stations.

(ii) Auditor General's Findings and Recommendations

The audit found that research stations have an obligation to develop systems and procedures to demonstrate that the land, water and air on the stations are appropriately managed in a sustainable condition. The Department of Agriculture is developing options that will provide the extra guarantees required by customers and the public. The Auditor General recognised that the Department had to further advance and demonstrate environmental assurance strategies in order to ensure the following:

- Environmental issues do not adversely affect research projects;
- Neighbouring properties are protected; and

⁶ Correspondence from Mr Des Pearson, Auditor General, 10 July 2006.

⁷ Correspondence from Mr Brian Bradley, Director General, Department of Consumer and Employment Protection, 12 September 2006.

- The use of the stations is environmentally sustainable.⁸

(iii) Agency Response

In its response to the Committee, the Department advised, among other things, that:

- Environmental Management Plans (EMPs) have been developed;
- Environmental risk assessment has been undertaken to determine any level of risk associated with station activities;
- Environmental legislative requirements and relevant codes of practice have been identified; and
- Action plans for priority issues to address environmental risk have been developed.

(iv) Committee Action/Comment

The Committee sought further clarification in relation to the Department's response from the Auditor General, who advised that the steps taken by the Department are encouraging, in particular the trialling of auditable systems for specific industries. The Auditor General also supported the development of EMPs for research stations and identified this as a key step towards actively managing environmental issues. The Auditor General suggested the Department could audit the effectiveness of the EMPs, which would assist it to demonstrate that the condition of a valuable public asset such as a research station is sustainably managed.⁹

The Committee considered these comments at its meeting on 16 August 2006 and was satisfied with the steps taken by the Department and the response provided by the Auditor General.

2.2 Implementing and Managing Community Based Sentences - Report No 2, 25 May 2005

(i) Background

Until February 2006, the Department of Justice's Community Justice Services (CJS) managed offenders who can be issued with a Community Based Sentence (CBS) that could include unpaid community service work; treatment programs; supervision; and curfews. On 1 February 2006 the Department of Corrective Services was established and assumed responsibility for the management of prisoners and offenders in WA.

In 1996 CBSs were introduced on the discontinuation of probation and community service orders. This report represents a follow up performance examination on the Auditor General's 2001 Report

⁸ Auditor General's Report, Western Australia, *Public Sector Performance Report 2005*, Report 1 May 2005, p.49.

⁹ Correspondence from Mr Des Pearson, Auditor General, 5 July 2006.

Implementing and Managing Community Based Sentences. It focuses on case management; staffing; and information and performance measurement.

(ii) Auditor General's Findings and Recommendations

The Auditor General's report found that following the 2001 examination the case management of adult offenders has improved. However, whilst successful completion numbers have remained stable over the last few years, more than 40 per cent of offenders fail to complete their CBS and return to the courts.

The Auditor General also found that the success of CJS in measuring the effectiveness of its operations will be restricted until the full implementation of the newly developed information and performance measurement systems.

(iii) Agency Response

In its report to the Committee the Department of Corrective Services CJS division advised that strategies have been undertaken including:

- Reducing the proportion of contract, casual and acting community corrections staff.
 - The CJS has established a recruitment pool, and a team with permanent relieving arrangements in both metropolitan and regional areas. A regional recruitment drive has also been undertaken along with a commitment to fill vacant positions within a two week time frame.
- Staffing branches according to caseload and supervision ratios.
 - The Community and Juvenile Justice (CJJ) division has been working on the Strategic Management System, a demand based simulation model that links the resource needs of the division to the demand drivers of service delivery. CJJ used this system in the 2006/07 budget process to determine the necessary number of Community Correction Officers and Juvenile Justice Officers positions to meet the forecast demand for service delivery.
- Providing and evaluating more rehabilitative treatment programs.
 - CJS report an increase in the number and range of programs that have been implemented in recent years, in particular noting a substance abuse program and a domestic violence program. The database that captures information from referral to completion has been rewritten to provide more information and monitoring of treatment programs including:
 - the number of treatment programs being delivered; and

- the number of offenders being referred, assessed, enrolled and completing programs.
- Auditing case management for consistency and compliance.
 - A Professional Practice and Standards Unit was established in 2004 to maintain an audit and review system that encourages best practice standards in CJS service delivery. As an outcome of reviews of all CJS Centres, recommendations were made for improved case management practices. As a result, additional Senior Community Corrections Officer positions were created to provide support to staff in CJS Centres.
- Measuring the quality of services and their impact on offenders.
 - An Information Project was established which deals with 5 Key outcome areas:
 1. Crime prevention and reductions;
 2. Diversion;
 3. Informing courts and releasing authorities on appropriate dispositions for offenders;
 4. Offender case management and rehabilitation; and
 5. Victim support.

There is also a Standards project, which is anticipated will provide an overview of the standards and practices for CJS. Compliance with standards will be monitored via a combination of quantitative performance measures, qualitative review and compliance audit processes.¹⁰

(iv) Committee Action/Comment

In August 2006 the Committee sought a response to these measures from the OAG. The OAG advised the Committee that “it is pleasing that the Department has made some progress in implementing the report recommendations”.¹¹ There were however some questions raised as to the usefulness of the data in establishing the effectiveness of the initiatives, without further detail on their progress and outcomes.

The Committee has noted the points raised and has resolved to maintain a watch on the progress of the programs in the coming year.

¹⁰ Correspondence from Ms Jackie Tang, Deputy Commissioner, Community and Juvenile Justice, 10 August 2006.

¹¹ Correspondence from Mr John Doyle, Acting Auditor General, 12 September 2006.

2.3 Regulation of Heavy Vehicles - Report No 4, 29 June 2005

(i) Background

In this report the Auditor General raised issues regarding the following key areas:

- Regulation of Heavy Vehicles;
- Enforcement Activities; and
- Monitoring and Information Management.

(ii) Auditor General's Findings and Recommendations

The Auditor General recommended, among other things, that Main Roads should: attain accurate and meaningful reports from crash data to be used routinely in business planning and policy formation; and standardise its inspection criteria, modify its inspection program and monitor their application.

Further, the Auditor General found that the Road Transport Compliance (Compliance) section does not review the activities of its inspectors. There are significant differences in the rates of roadworthiness cautions versus work orders issued by individual Transport Inspectors. This was evident from the analysis of Transport Inspector reports over a four month period in 2004-05.

(iii) Agency Response

In its comprehensive report to the Committee, Main Roads outlined details of the actions taken in response to the Auditor General's report, and advised that measures identified to address the recommendations are in various stages of implementation.

The Commissioner of Main Roads noted that:

the management of heavy vehicle operations on the State's road network is a complicated issue, involving the efforts of a number of agencies at all levels of Government...[and] the Auditor General's report has been important in raising awareness of the roles of the respective agencies in this task.¹²

Key initiatives instigated in response to the Auditor General's recommendations include:

- Main Roads has introduced the Heavy Vehicle Access Project to deliver short term and long term improvements to the way it provides access to the road transport industry; and
- In May 2005 Main Roads introduced the two-year Class 1 Oversize Period Permit. Operators with vehicles that fit inside a 5m high x 5m wide x 30m long envelope can obtain one of these Permits and operate for two years without coming back to Main Roads.

¹² Correspondence from Mr Menno Henneveld, Commissioner of Main Roads, 17 July 2006.

As a result of the findings in relation to the rates of roadworthiness cautions versus work orders issued by individual Transport Inspectors, the Auditor General recommended that Main Roads should standardise its inspection criteria, revise its inspection program and monitor their application. In response, Main Roads indicated its Compliance section has:

- Reviewed its practices in relation to the collection and storage of information relevant to the activities of the Transport Inspectors and a suite of reports intended for internal monitoring of individual Transport Inspector performance is in the development stage. These reports will be produced and reviewed by management on a monthly basis and will be used to establish key performance indicators.

Other initiatives to assist with addressing inconsistencies in vehicle assessments include:

- More careful consideration being given to individual skill levels when rostering partnerships (the Transport Inspectors work in pairs) to enhance the sharing of knowledge between teams;
- The purchase of additional “tools” to assist with consistent and accurate assessment of some vehicle components, including heat guns for assessing brake temperature and gauges for measuring wear in tow couplings;
- A review of all relevant processes and procedures, including the development of more clearly defined work instructions;
- A series of National Guidelines to assist the Transport Inspectors in the consistent assessment of mass, dimension and load restraint will be adopted; and
- A business case is to be prepared to fund the acquisition of laptop computers to allow the Transport Inspectors in-field (patrol car) access to relevant data bases, particularly the DPI Transport Executive and Licensing Information System (TRELIS), to verify information at the time of interception rather than when they return to the office. This should have a significant impact on reducing the time the Transport Inspectors are required to spend in the office and increase patrol time.

The Auditor General’s report found that the Compliance section does not base its inspection program on any documented risk assessment nor analyse results for management reporting and planning purposes. However, a high level of knowledge and experience was found amongst the inspectorate and management of the section. Main Roads informed the Committee that:

- Since transferring from the Department of Transport to Main Roads in November 2001, the Compliance section has concentrated on recruiting and training new inspectors, rather than systems development;
- With the consolidation of recruitment and new work practices now well advanced, the next step for the Compliance section is to move to a more strategic approach. Work has commenced on developing a comprehensive Compliance Plan; and

- An important requirement of a more strategic approach to compliance will be the development of a replacement system for the existing Vehicle Loads System (VLS) to allow the sharing of information across access, accreditation and compliance activities.

Initiatives identified to assist with inspection planning include the following:

- A Strategic Compliance area has been established within the Compliance section, responsible for planning and co-ordination of on-road compliance and enforcement strategies;
- A comprehensive Heavy Vehicle Operations Compliance Plan has been produced. Monitoring the efficiency and effectiveness of the compliance and enforcement outcomes is recognised as a vital component of an effective regulatory approach and this Plan sets the medium to high level direction for a conventional compliance and enforcement regime for heavy vehicles through to 2008; and
- An independent data base has been established to capture key information relevant to the activities of the Transport Inspectors (this is an interim measure pending a replacement system for VLS). A suite of compliance reports is now being produced on both a monthly and quarterly review cycle giving a strategic overview of the performance of the transport industry. The reports are for both internal and external distribution. A separate suite of reports intended for internal monitoring of individual Transport Inspector performance is expected to be fully developed by October 2006.

Main Roads plans to develop a new system to replace VLS with information sharing and “operator profiling” capabilities by the end of 2008. Further, a “Heavy Vehicle Compliance Calendar” is being prepared to capture the main areas of enforcement focus, areas of interest and key dates relevant to the heavy vehicle industry and its activities. It is Main Roads’ intention to produce a calendar each year commencing from 2007 and distribute it to the heavy vehicle industry.

Main Roads advised that it will also be participating in the development of a national heavy vehicle enforcement strategy, being fast tracked as part of the Council of Australian Governments agenda by the National Transport Commission. Agency involvement is expected to commence in August 2006.¹³

(iv) Committee Action/Comment

The Committee sought the opinion of the Auditor General in relation to the Main Roads initiatives, to which a favourable response was received. It appears Main Roads has “address[ed] all the key recommendations made in [the] examination of Heavy Vehicles”.¹⁴ The Committee commends Main Roads for its progress in this area and for the comprehensive manner in which it approached the request for information.

¹³ Correspondence from Mr Menno Henneveld, Commissioner of Main Roads, 17 July 2006.

¹⁴ Correspondence from Mr Des Pearson, Auditor General, 30 August 2006.

After some consideration, the Committee resolved to clarify two aspects of the implementation process and follow up on the progress of the business case for the VLS and the proposed amendments to legislation that have a direct impact on Main Roads. Main Roads' response will be incorporated into the Committee's subsequent review of the Auditor General's reports in 2007.

2.4 Administration of Protection of Old Growth Forest Policy Funding Programs - Report No 6, 25 August 2005

(i) Background

In May 1999 the Commonwealth and WA governments signed a Regional Forest Agreement to reduce logging of Jarrah and Karri from State forests and established a Business Exit Assistance (BEA) package to assist businesses in exiting the industry. Guidelines were developed to administer the scheme.

In February 2001, as part of its Protection of Old Growth Forest's Policy, the State government immediately ceased logging in 99 per cent of WA's remaining old growth forests and the Commonwealth government withdrew its support and involvement in the process. At that time, eight applications under the existing guidelines had been received and it was determined that the existing guidelines should remain in place until new guidelines could be introduced.

The Department of Industry and Resources (DOIR) was the agency given responsibility for implementing the BEA Program. This program, with a budget of \$74 million, was designed to assist businesses to leave the native forest timber industry. The Auditor General's report examined the administration of the BEA program.

(ii) Auditor General's Findings and Recommendations

The report found that there were major shortcomings in the BEA process and documentation, specifically inadequate assurance that BEA has been allocated according to the Program Guidelines or that consistency and fairness throughout the process was achieved.

(iii) Agency Response

In response to the Committee's request for a report, DOIR advised that the Timber Industry Assistance Program is now near completion. Eleven of the 161 applications received remain to be finalised.

In responding to the Committee, the DOIR expressed a view that the Auditor General "did not take into account most of the factual information provided which resulted in an overly critical report".¹⁵ The DOIR accepted small errors resulted from the rush to implement the program, however suggested that the Auditor General "presented no definitive evidence that the State

¹⁵ Correspondence from Dr Jim Limerick, Director General, Department of Industry and Resources, 29 May 2006, p. 6.

(hence the taxpayers) had suffered financially by the Department's administration of the program".¹⁶

(iv) Committee Action/Comment

The Committee was concerned to note some of the comments made in relation to this audit and wrote to the Auditor General requesting feedback on the response.

The Committee has received a response from the Auditor General in relation to this review and has resolved to revisit the matter in a subsequent report following further consideration of the issues raised by both the DOIR and the Auditor General. The outcome of those considerations will be reported in the Committee's review of Auditor General Reports in 2007.

2.5 Contract Management of the City Rail Project - Report No 7, 31 August 2005

(i) Background

New MetroRail, the biggest public infrastructure initiative underway in WA, is the project name for the expansion of the Perth metropolitan passenger rail network and comprises:

- The Southern Suburbs Railway (Perth to Mandurah);
- An extension of the existing Northern Suburbs Railway;
- A spur line to Thornlie; and
- 93 new rail cars.

The City Rail Project is considered to be the most challenging component of the New MetroRail Project and involves civil, structural and drainage works from Perth to the Narrows Bridge, including approximately 700 metres of tunnelling.

The City Rail contract was awarded on 14 February 2004 to Leighton Contractors Pty Ltd (the Contractor), with a completion date of 23 October 2006. On behalf of the State, the Public Transport Authority (PTA) is the project owner, contract principal and contract manager of the City Rail Project.

The Auditor General's report examines the PTA's contract management processes and systems in relation to the City Rail Project with consideration given to implications for ongoing contract management.

¹⁶ *ibid.*

(ii) Auditor General's Findings and Recommendations

The report found that at 30 June 2005, the PTA was capably fulfilling its contract management role and should continue to monitor the Contractor's performance; develop contingency plans in the event the project runs late; retain an experienced contract management team through to the conclusion of the City Rail Project; review City Rail budget to ensure contingencies are provided for; and conduct a post project evaluation to provide information for the delivery of future public infrastructure projects.

The audit recommended that the PTA should continue to monitor the Contractor's performance and give priority to developing contingency plans in the event that the City Rail project is significantly late.

The audit was satisfied with the performance of the contract management team and suggested that its contract management practices, together with any lessons learned should be shared with other agencies. To this end, a post-project evaluation of the contract model was suggested, to inform the delivery of future infrastructure projects.

(iii) Committee Action/Comment

Given that this project was at the halfway mark, the Committee requested the PTA provide it with a briefing toward the end of the project. At the time of the Committee's request project completion was scheduled for December 2006, however, the project is now expected to be complete in July 2007. The PTA has agreed to provide the Committee with a detailed briefing toward the latter stages of the project. Consequently, the Committee will include its evaluation in its 2007 review of Auditor General's reports.

2.6 Early Diagnosis: Management of the Health Reform Program - Report No 5, 14 June 2006

(i) Background

In August 2004 the State Government assigned the Health Reform Implementation Taskforce (HRIT) with the brief to implement the recommendations of the Health Reform Committee report. The health reform program is the blueprint for transforming the public health system of WA. The HRIT has as its Executive Chairman, the Director General of the Department of Health (DoH).

There are 99 distinct health reform projects. This performance examination reviewed a sample of fifteen of the 99 projects to see how well the HRIT was managing the reform program and whether it was fulfilling its role to deliver anticipated outcomes on-time and on-budget.

(ii) Auditor General's Findings and Recommendations

The Auditor General found that while there had been some early achievements, most of the reform projects examined were delayed and behind schedule and there was inadequate project management and reporting. Recommendations made to the HRIT included that it should:

- Identify and address the extent and causes of project delays;
- Ensure that good record keeping practices are observed and project approvals are documented;
- Prepare documentation containing information that will facilitate effective project planning, implementation, monitoring and evaluation; and
- Regularly report progress in implementing health reforms and ensure that report contains relevant, complete and accurate information about project progress, changes to project scope and expenditure against budget.¹⁷

(iii) Agency Response

In its report to the Committee the DoH provided an overview of the improvements achieved and those planned, in response to the Auditor General's report. Following is a summary of the key recommendations and the responses provided to the Committee:

- HRIT should identify and address the extent and causes of project delays

Achieved:

- A review of project status in relation to the Health Reform Committee Recommendations according to government endorsed timeframes was completed in May 2006 and tabled in Parliament on 14 June 2006.
- Progress of the health reform program was tabled at the Health Reform Implementation Steering Committee meeting 6 and 7 June 2006.

Planned:

- A Year 2 Review is planned for August 2006, which will include documentation of project status, extent and cause of project delays, risk mitigation and benefits realisation.

- HRIT should ensure good record keeping practices are observed and project approvals are documented.

Achieved:

- These practices are currently under review as part of a revision of the project management framework to be implemented during the first quarter 2006/07.

¹⁷ Auditor General's Report, Western Australia, *Early Diagnosis: Management of the Health Reform Program*, Report 5 June 2006, p.7.

Planned:

- Documentation of project status approval will be updated as part of the planned Year 2 Review.
- HRIT should prepare documentation containing information that will facilitate effective project planning, implementation, monitoring and evaluation.

Achieved:

- HRIT have clearly defined the objectives and targets of the health reform program and incorporated them within whole of agency planning via the WA Health Operational Plan 2006/07.¹⁸

Planned:

- Revision of the project management framework is currently in progress. This will include documentation on project planning, implementation, monitoring and evaluation and will be complimented by the more detailed documentation gained via the Year 2 Review.
- HRIT should regularly report progress in implementing the health reforms and ensure that reports contain relevant, complete and accurate information about project progress, changes to project scope and expenditure against budget.

Achieved:

- The HRIT website includes regular updates on the outcomes and achievements of the programs and progress is regularly reported to the Government's Economic Review Committee as part of reporting requirements established for 2006.
- Reporting on specific aspects of the program is made directly to the Minister for Health, including the Capital Works Program, Mental Health Strategy and Activity Targets.

Planned:

- Annual and quarterly reporting on health reform progress is scheduled throughout 2006/07.

(iv) Committee Action/Comment

The Committee considered the information provided by the DoH and resolved to seek further input from the OAG as to the effectiveness of the approach taken.

¹⁸ This may be viewed at <http://www.health.wa.gov.au/HRIT/publications/index.cfm>.

In response the OAG advised that there are questions that require clarification, in particular:

- What assurance does the Director General now have that says the data now being reported is reliable? In an example noted by the Auditor General there were instances when projects were recorded as complete however they were still subject to ongoing activity.
- How effectively does the Year 2 Review determine the extent and cause of project delays, risk mitigation and benefits realisation?
- In addition to the HRIT website updates how does WA Health intend to report the outcomes and achievements of the health reform program to the wider community?

The Committee notes the Auditor General's intention to monitor the health system's progress and revisit the health reforms within the next three years. The Committee has sought a copy of the Year 2 Review for further consideration and will take an interest in future developments.

The following chapter provides details of reports that will be completed in the Committee's 2007 review due to the lead time allowed for agency responses to the request for information.

CHAPTER 3 REVIEWS TO BE COMPLETED IN 2007

3.1 Introduction

Agencies that are the subject of Auditor General Reports are given 12 months to respond to the Committee's request for details on the implementation or otherwise of the recommendations contained therein. There were a number of these reports tabled in the Parliament between 1 July 2005 and 30 June 2006 which have not yet reached the stage of agency reporting. In some cases agencies have requested an extension of time to report to the Committee. This chapter provides some detail on those reports, which it is anticipated will be included in the Committee's 2007 review.

3.2 Second Public Sector Performance Report - Report No 8, 19 October 2005

(a) Production, Transport and Disposal of Controlled Waste

(i) *Background*

In its role of monitoring and enforcing the *Environmental Protection (Controlled Waste) Regulations 2004* the Department of Environment manages the production, transport and disposal of controlled waste. This report looks at the accuracy, reliability and security of the Controlled Waste Tracking System; the systems in place with regard to training, licensing and inspection and the Department's approach to incident investigation and enforcement.

(ii) *Auditor General's Findings and Recommendations*

The Auditor General found that problems with the Controlled Waste Tracking System (CWTS) launched in January 2004 make it difficult to gain reliable data from the system which affects its usefulness as a management tool.

The Auditor General recommended that inspections should be planned using a risk-based approach and that records of driver's licenses within CWTS need to be checked to eliminate duplicate and outdated records.

(b) Regulation of Child Care Services

(i) *Background*

The Department of Community Development (DCD) is responsible for administering the *Community Services Act 1972*, the *Community Services (Child Care) Regulations 1988* and *Community Services (Outside School Hours Care) Regulations 2002* in relation to child care services. This report examined DCD's licensing and compliance activities for child care providers.

(ii) Auditor General's Findings and Recommendations

The report found that DCD adequately assess applications for new or renewed licences, however made recommendations to improve current practices, including the:

- Assessment of the number and qualification of staff in its centres;
- Classification of the significance of regulation breaches in order to determine non-compliance levels and what constitutes grounds for prosecution; and
- The time taken to conduct investigations of complaints and allegations into child maltreatment.

(c) The Personnel and Payroll Processing Function at the Department of Education and Training

(i) Background

As the largest State Government employer it is essential that the Department of Education and Training (DET) effectively coordinates, controls and monitors its personnel and payroll function. Concentrating on the period from March 2004 to March 2005 this report examined the adequacy of DET's personnel and payroll processing functions.

(ii) Auditor General's Findings and Recommendations

The Auditor General found high employee turnover in the personnel and payroll branch in 2004 and that although 98 per cent of pays were correct, improvements are needed in DET's control environment to ensure reliability of pay and leave entitlements. The report recommended that DET should establish performance measures to monitor and evaluate the efficiency and effectiveness of the personnel and payroll function.

(d) Follow-up Performance Examination on 2001 Report *Life Matters: Management of Deliberate Self-Harm in Young People*

(i) Background

This report was a follow up Performance Examination on the Auditor General's 2001 Report *Life Matters: Management of Deliberate Self-Harm in Young People*, which compared the care given by hospital emergency departments and community mental health services with medical guidelines.

(ii) Auditor General's Findings and Recommendations

The report found that limited progress has been made in addressing recommendations. The Auditor General recommended that the DoH should expedite initiatives to support psychiatric review in hospital emergency departments and monitor compliance with the National Mental

Health Standards. The Auditor General also saw a need for DoH to improve coordination between hospitals and community health services by developing and implementing similar protocols. The report recommended the DoH assess its progress in achieving State Mental Health Strategy objectives.

The Committee notes that in September 2006, the Legislative Council's Standing Committee on Public Administration reported on the compliance of the DoH with the recommendations of the Auditor General's report. That Committee identified specific improvements to enhance the management of young people at risk of deliberate self harm, within the context of more effective and efficient administrative practices.¹⁹

3.3 Third Public Sector Performance Report - Report No 9, 16 November 2005

(a) Unauthorised Driving - Unlicensed Drivers and Unregistered Vehicles in Western Australia

(i) Background

The Department of Planning and Infrastructure (DPI) is responsible for administering and enforcing Western Australia's driver and vehicle licensing laws. The detection and prosecution of unauthorised drivers is the primary responsibility of the Western Australian Police. In this report the Auditor General assessed the arrangements in place to deal with unauthorised driving which covered both unlicensed drivers and unregistered vehicles in Western Australia.

(ii) Auditor General's Findings and Recommendations

The Auditor General found that there is a need for reliable data on the incidence of unauthorised driving in Western Australia and that the ability to detect and prosecute unauthorised drivers by Police and DPI is limited by legal and technical difficulties. It is anticipated that this situation may change with amendments to the *Road Traffic Act 1974*. The Auditor General recommended the DPI:

- Determine the incidence and type of unauthorised driving in WA so that it can assess the risks posed to the community; and
- Actively pursue amendments to the *Road Traffic Act 1974* to enable Police to issue an infringement notice rather than a court summons to people caught driving an unregistered vehicle and to allow court orderlies to accept surrendered licences by disqualified drivers.

The Auditor General recommended that the Western Australian Police:

¹⁹ Western Australia, Legislative Council, Standing Committee on Public Administration, *Compliance of the Department of Health with Recommendations of the Auditor General's 2001 Report on Life Matters: Management of Deliberate Self-Harm in Young People*, September 2006.

- Expedite development of high volume electronic licence and registration checks to increase detection of unauthorised driving; and
- Give priority to resolving the issues delaying the proclamation of stronger 'owner onus' legislation passed by Parliament in 2000 but yet to be proclaimed.²⁰

(b) The Management of the Light Vehicle Fleet

(i) Background

State Fleet, a branch of the Department of Treasury and Finance (DTF) is responsible for leasing passenger and light commercial vehicles to government agencies. This report examined the management of the light vehicle fleet, concentrating on the period from August 2004 to June 2005, using four sample agencies:

- Department of Indigenous Affairs;
- Disability Services Commission;
- Fremantle Port Authority; and
- Fire and Emergency Services Authority.

(ii) Auditor General's Findings and Recommendations

The Auditor General found that although the WA Government Fleet Policy and Guidelines provide an adequate framework for the management of the fleet, that framework is not kept up-to-date. This would require whole of government monitoring and measurement by the Fleet Steering Committee, and it would appear that this is not current practice. The Auditor General recommended:

- The Fleet Steering Committee enhance its whole of government measurement, monitoring and management of the fleet; and
- Government agencies should ensure that they have up-to-date fleet management plans to provide for a cost effective balance of fleet composition and utilisation to achieve operational needs.²¹

²⁰ Auditor General's Report, Western Australia, *Third Public Sector Performance Report 2005*, Report 9 November 2005, p.5. The 'owner onus' legislation makes owners of vehicles identified by speed or red light cameras responsible for unauthorised driving, unless they give a sworn statement either naming the actual driver or giving good reasons as to why they cannot identify the driver.

²¹ Auditor General's Report, Western Australia, *Third Public Sector Performance Report 2005*, Report 9 November 2005, p.15.

(c) **Follow-up Performance Examination on the 2002 Report *Level Pegging: Managing Mineral Titles in Western Australia Report***

(i) ***Background***

This report is a follow up performance examination on the Auditor General's 2002 Report *Level Pegging: Managing Mineral Titles in Western Australia* which considered how the (then) Department of Minerals and Petroleum Resources (DMPR) managed mineral titles. In 2002 the DMPR was incorporated into the Department of Industry and Resources (DOIR).

(ii) ***Auditor General's Findings and Recommendations***

The Auditor General found that DOIR has made significant progress in implementing the report's recommendations with regard to: improving recordkeeping practices and mineral title application assessments. However, mineral title application assessment time is still longer than targets and the DOIR, while now monitoring mineral exploration reports for compliance, does not initiate forfeiture for non-compliance. Recommendations by the Auditor General to the DOIR included:

- Establishing and implementing criteria for assessing exploration licence applicants' work programme and technical and financial resources;
- Further improve timeliness of the mineral titles applications process;
- Forfeit titles for non-compliance with legislative requirements for mineral exploration reports;
- Proceed with current plans to audit annual expenditure on tenements; and
- Build on the guidelines for granting expenditure exemptions, particularly in relation to exemptions sought in relation to plant and machinery and the ground being unworkable.²²

3.4 Third Making the Grade? Financial Management of Schools - Report No 10, 16 November 2005

(i) ***Background***

In this report the Auditor General assessed the financial management practices of schools and the management processes Department of Education and Training (DET) has in place to support and monitor them.

²² Auditor General's Report, Western Australia, *Third Public Sector Performance Report 2005*, Report 9 November 2005, p.37.

(ii) Auditor General's Findings and Recommendations

The Auditor General found that DET is aware of ongoing problems being faced by schools in ensuring that purchases, payments and assets are well managed and value for money is achieved. However, schools are not meeting legislated and departmentally set standards of financial management practices. The Auditor General recommended that DET develop and implement a coordinated program with clear objectives, targets and timelines, in addition to the number of initiatives it has already instigated.

3.5 Progress with Implementing the Response to the Gordon Inquiry - Report No 11, 23 November 2005

(i) Background

In December 2002 in response to the Gordon Inquiry into family violence and child abuse in Aboriginal communities, the State Government released an Action Plan that contained more than 120 initiatives and was supported by \$66.5 million in new funding. Fifteen agencies were given responsibility for implementing the initiatives. In April 2005 the Department of Indigenous Affairs became the agency responsible for the Action Plan's Secretariat.

One of the key themes of the Action Plan was to enhance the way agencies worked together to deliver more effective services. This report examined the effectiveness of reporting and monitoring the progress of implementing the Action Plan, three years since its release.

(ii) Auditor General's Findings and Recommendations

The Auditor General evaluated 10 key initiatives: six initiatives put into action by the Department for Community Development and four initiatives executed by the Western Australian Police. In evaluating this sample the Auditor General reported that "seven initiatives have been implemented or substantially progressed on time and none of the seven have exceeded their budget."²³

The Auditor General found current oversight arrangements should be revisited due to a need for advanced cooperation and collaboration between agencies to ensure that the process of putting these initiatives into action is accelerated.

The Auditor General recommended that the Department of Indigenous Affairs, in conjunction with participating agencies, establish reporting arrangements to monitor the progress of initiatives and finalise an evaluation framework that assesses if the Action Plan is making a difference.

²³ Auditor General's Report, Western Australia, *Progress with Implementing the Response to the Gordon Inquiry*, Report 11 November 2005, p.16.

3.6 Management of the TRELIS Project - Report No 1, 12 April 2006

(i) Background

The Department of Planning and Infrastructure (DPI) became officially responsible for the Transport Executive and Licensing Information System (TRELIS) Project in July 2002, following the amalgamation of the Department of Transport and the Ministry for Planning. TRELIS is the critical computer system used to support licensing of drivers; registration of vehicles; and collection of fees for the Insurance Commission, the Police and Main Roads.

(ii) Auditor General's Findings and Recommendations

The Auditor General made a number of positive findings in relation to the introduction and operations of the licensing system, including that:

- TRELIS can be relied upon for accurate financial reporting and raising of fees and charges; and
- Satisfactory procedures were followed in respect of contracting activities, long-term strategic planning and independent reviews of software architecture and high-level project management.

However, there were a number of matters raised that caused some concern, including:

- Poor specification of business requirements and software development problems resulted in TRELIS being two years behind schedule;
- Significant cost-increases were incurred; and
- DPI has yet to fully test TRELIS' business continuity procedures and disaster recovery arrangements to confirm its robustness in the event of an emergency.

The Auditor General recommended a number of checks that DPI (and other government agencies) should carry out when undertaking any new large project. In relation to the TRELIS, it was recommended that DPI should:

- Test the business continuity procedures and disaster recovery arrangements; and
- Promptly address identified security weaknesses.

3.7 Public Sector Performance Report 2006- Report No 3, 17 May 2006

(a) Management of the Waterwise Rebate Program - Water Cycle Project

(i) Background

In February 2003, the State Government introduced the Waterwise Rebate Program as part of its Water Strategy. Rebates were offered to households on a number of different water saving products to encourage Western Australians to use water more efficiently. The Water Corporation administers the program and the State Water Council provides the government oversight. This report examined the management of the Waterwise Rebate Program.

(ii) Auditor General's Findings and Recommendations

The Auditor General found that rebate applications are processed in an accurate and timely manner. Public awareness of the program has been achieved by the Water Corporation, however, it is difficult to estimate the extent and cost of water saved as a result of program. The Auditor General recommended the development of clear program targets and goals.

(b) Regulation of animal feedstuffs, hormonal growth promotants and veterinary chemicals

(i) Background

The Department of Agriculture and Food (DAFWA) is responsible for the regulation and control of animal feedstuff production and the use of Hormone Growth Promotants in accordance with legislation and national guidelines. This report assessed the management and regulation of animal feedstuffs, hormonal growth promotants and veterinary chemicals.

(ii) Auditor General's Findings and Recommendations

The Auditor General found that although legislation and national guidelines are followed by DAFWA in its regulation of feedstuffs and hormonal growth promotants, the introduction of regulations to control the use of veterinary chemicals has been delayed, which restricts DAFWA control over their use. The Auditor General recommended that DAFWA endeavour to make sure that such regulations are put into operation as soon as possible.

3.8 Behind the Evidence: Forensic Services - Report No 4, 31 May 2006

(a) Efficiency and effectiveness of state government forensic services - Chemistry Centre, PathWest and WA Police

(i) Background

In Western Australia forensic investigation and analysis services are provided by PathWest, the Chemistry Centre and the WA Police to the Director of Public Prosecutions and the State Coroner. This report assessed the efficiency and effectiveness of these forensic services and how well they meet the needs of the justice system.

(ii) Auditor General's Findings and Recommendations

The Auditor General found there is a need for whole of service planning and coordination to provide forensic services in a timely and effective manner, particularly in relation to analysis of illicit drugs and DNA. The Auditor General noted a risk to the security and reliability of forensic exhibits due to storage arrangements, and the lack of a single register of exhibit details. Recommendations made to WA Police, PathWest and the Chemistry Centre included:

- Consideration of the impact across forensic service agencies when allocating resources;
- Development of whole-of-service capacity to meet future demand and appropriate quality standards;
- Enhance the current forensic information systems to improve access, tracking and sharing of information; and
- Ensure ongoing assessment and resolution of risks related to the security and occupational safety and health of forensic exhibit storage facilities.²⁴

The Auditor General also established that in Western Australia there is a large, increasing backlog of crime scene exhibits waiting for DNA analysis. The Auditor General recommended that the WA Police and PathWest should reduce the backlog in DNA analyses by prioritising requests and identifying redundant or unnecessary requests.

²⁴ Auditor General's Report, Western Australia, *Behind the Evidence: Forensic Services*, Report 4 May 2006, p.6.

3.9 Help Wanted: Public Service Workforce Management - Report No 6, 21 June 2006

(i) Background

This report examined the efficiency and effectiveness of the management of the Western Australian public service workforce. In addition to examining how well government agencies attract and keep the people needed to deliver public services, the DPC, the Office of Public Sector Standards Commissioner, and the Department of Consumer and Employment Protection were consulted by the Auditor General to conduct this performance examination. These key central agencies were used to examine the role of central agencies in managing the public service workforce as a whole.

(ii) Auditor General's Findings and Recommendations

The Auditor General found that agencies are struggling to attract and retain staff and that central government controls, including job advertising restrictions and remuneration controls, and the human resource practices of government agencies contribute to the attraction and retention problems. The Auditor General proposed a coordinated response that addressed the following:

- Leadership of the service;
- Benefit and accountability of controls; and
- Initiatives that complement Chief Executive Officers' roles and responsibilities.²⁵

3.10 Procurement Reform: Beyond Compliance to Customer - Focus Report No 7, 28 June 2006

(i) Background

In June 2002 the Functional Review Taskforce was set up by the State government to undertake a Review into the Effective Delivery of Government Priorities and to:

examine each agency's programs, functions, activities and services in detail in order to determine their efficiency and effectiveness. It was to also identify areas of expenditure where a whole-of-Government approach could produce a more cost effective outcome²⁶.

In its December 2002 report, the taskforce recommended that government agencies should adopt alternative methods of procurement. Since 2004 the DTF, through its Office of Government

²⁵ Auditor General's Report, Western Australia, *Help Wanted: Public Service Workforce Management*, Report 6 June 2006, p.6.

²⁶ Department of the Premier and Cabinet, Available at: www.functionalreview.dpc.wa.gov.au/index.cfm Accessed on 16 November 2006.

Procurement, has been leading the procurement reform agenda. The reform agenda encompasses 12 cross-agency procurement reform programs and incorporates 60 individual projects. In this report the Auditor General assessed the first year of procurement reform, how it was implemented and what savings were achieved.

(ii) Auditor General's Findings and Recommendations

The Auditor General found that DTF have put considerable effort into ensuring that the various benefits of procurement reform are measured and reported. The Auditor General noted that the DTF's savings estimates were reasonable and that the Department should, in addition to publishing the estimate of the savings that have been achieved, estimate and include the full costs of procurement reform. Recommendations regarding common use arrangements included agencies ensuring that processes were in place to address non compliance. The Auditor General noted that DTF would need to work closely with agencies to ensure they can achieve savings that are not at the expense of service delivery.

APPENDIX ONE

AUDITOR GENERAL REPORTS REVIEWED 4 MAY 2005 - 30 JUNE 2006

- Public Sector Performance Report (4 May 2005)
 - Software Licensing
 - Regulation of Incorporated Associations and Charities
 - Environmental Assurance on Agricultural Research Stations
 - Follow-up Performance Examination: Implementing and Managing Community Based Sentences (25 May 2005)
- Regulation of Heavy Vehicles (29 June 2005)
- Protection of Critical Infrastructure Control Systems (24 August 2005)
- Administration of Protection of Old Growth Forest Policy Funding Programs (24 August 2005)
- Contract Management of the City Rail Project (31 August 2005)
- Second Public Sector Performance Report (19 October 2005)
 - Production, Transport and Disposal of Controlled Waste
 - Regulation of Child Care Services
 - The Personnel and Payroll Processing Function at the Department of Education and Training
 - Follow-up Performance Examination: Life Matters: Management of Deliberate Self-Harm in Young People
- Third Public Sector Performance Report (16 November 2005)
 - Unauthorised Driving . Unlicensed Drivers and Unregistered Vehicles in Western Australia
 - Management of the Light Vehicle Fleet

- Follow-up Performance Examination: Level Pegging: Managing Mineral Titles in Western Australia
- Making the Grade? Financial Management of Schools (16 November 2005)
- Progress with Implementing the Response to the Gordon Inquiry (23 November 2005)
- Management of the TRELIS Project (12 April 2006);
- Public Sector Performance Report 2006 (17 May 2006);
 - Management of the Waterwise Rebate Program
 - Regulation of Animal Feedstuffs, Hormonal Growth Promotants and Veterinary Chemicals
- Behind the Evidence: Forensic Services (31 May 2006)
- Early Diagnosis: Management of the Health Reform Program (14 June 2006)
- Help Wanted: Public Service Workforce Management (14 June 2006)
- Procurement Reform: Beyond Compliance to Customer-Focus (28 June 2006)