

Public Sector Performance Report 1999

Report 7 – November 1999

Background

This Report contains the results of:

- seven Controls, Compliance and Accountability audits which focus on aspects of public administration not routinely covered by in depth performance examinations or annual attest audits of financial statements and performance indicators. Their objective is to facilitate improved performance and financial management in the public sector; and
- two follow-up examinations which assess the impact of previous performance examinations.

Controls, Compliance and Accountability Audits

Management of Government Social Concessions

This audit examined controls over the ongoing eligibility of concession recipients at five agencies and covered concessions totalling \$210 million including discounts and rebates on power, water, transport and council rates.

Many concessions are based on eligibility for concession cards issued by the Commonwealth Government (eg Pensioner Concession Card) or State Government (such as Seniors Card). Data matching, which compares agency's concession data to databases maintained by issuers of these cards, is an effective approach to verifying the eligibility of concession recipients.

The Water Corporation and Department of Transport, provide concessions totalling \$38 million which could be verified by data matching. These agencies had not instituted this control. In addition, the Water Corporation had not reviewed concession eligibility by 1998 as required by the Rates and Charges Act 1992.

Education Department of Western Australia (EDWA): Payroll System Controls

In September 1998, EDWA commenced operating a new payroll system which had cost \$13 million as at August 1998. Since the introduction of this system, the number of payroll errors resulting in overpayments, underpayments and non-payment of staff has increased significantly compared to previous years.

Recorded errors and overpayments totalled \$4.9 million in 1998-99 (compared with \$835 000 recorded in 1997-98), with a further \$491 500 relating to 1999-2000 being identified as at October 1, 1999.

These overpayments were due to a range of causes including late payroll advice from schools, human and system errors and processing delays.

Specialist Medical Practitioners – Private Practice Arrangements

Specialist medical practitioners employed by the Metropolitan Health Service Board in the four teaching hospitals may be granted rights of private practice. These arrangements allow practitioners to operate a private practice by either:

- receiving a salary increase with the hospital rendering accounts and receiving fees for private patients;
- or the practitioner rendering accounts directly and retaining an equivalent of either 16 or 25 per cent of salary after deducting certain expenses. The balance of any fees is split between the hospital and practitioners.

This audit found that private practice arrangements are inadequately managed and are applied differently across the four hospitals. Specifically:

- annual returns of private practice income are not submitted in a timely manner and were not always audited;
- adequate procedures were not in place to ensure all eligible private patients are charged by hospitals; and
- inconsistencies in the calculation of facilities fees.

Management of Intellectual Property (IP)

This audit reviewed controls and procedures over the identification, recording, protection and commercialisation of IP which is important to maximise financial returns and assist local industry. Key findings from the two agencies included in this examination were:

- Metropolitan Health Service Board has yet to develop a policy or implement procedures covering the identification, protection and management of IP; and



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- AGWEST has established an IP committee to develop and promote its IP management system. However areas identified for improvement included giving greater emphasis to consideration of IP matters during research planning, increasing awareness of IP policies and the development of a comprehensive register of IP assets.

All agencies who may develop IP, such as AGWEST, are also facing a greater need to properly evaluate the commercial opportunities that may arise from research and development activities to ensure potential royalty streams are protected.

Matters Relating to Lease of Government Land in Welshpool

Since the mid 1950s, government has maintained a site of about four hectares in Welshpool as a depot. Included in the site is an area of 1.17 hectares that contains office accommodation, workshops and some plant and equipment. In January 1999, this component of the site was leased and the plant and equipment thereon sold to a private training provider.

An examination of the processes that led to the lease and sale found inconsistency with aspects of government guidelines and insufficient understanding of the role of relevant agencies.

Annual Reports

Agencies subject to the *Financial Administration and Audit Act 1985* (FAAA) are required to prepare annual reports which are tabled in Parliament. This audit reviewed whether 1997-98 annual reports were tabled within the timeframes specified by the FAAA and complied with reporting obligations specified by the FAAA, other legislation and Government directives. Key findings were:

- only 52 per cent of reports had been tabled within timeframes, with around 20 per cent of reports tabled 20 days or later after due dates;
- a range of disclosures required by the FAAA, Government directives and other legislation were not included in the sample of reports reviewed; and
- variations between published and audited financial statements and performance indicators.

Health Services and Hospitals: Reporting of Morbidity Data in Performance Indicators

The Health Department of Western Australia's health morbidity data system records the incidence of disease and illness identified in the hospital system. Data from this system is used in a range of the performance indicators reported annually by health services and hospitals.

An audit of the 1997-98 data provided by HDWA to health services and hospitals for reporting in the performance indicators found there were several matters and definitional issues regarding how the data for indicators is compiled and reported. This can affect the completeness and accuracy of individual indicators. The matters identified are being addressed to improve the future reporting of indicators.

Follow-up Performance Examinations

On Display- Public Exhibitions at: The Perth Zoo The WA Museum The Art Gallery

Since the previous examination, the decline in the numbers of visitors to these facilities has been arrested. Access to the organisations and their exhibits have improved through increased opening hours at the Zoo and Museum and via the Internet for all three agencies.

The Zoo continues to demonstrate a thorough understanding of visitors and uses information to improve activities. The Museum and the Gallery have yet to prepare plans based on formal market research.

Each agency is developing alternative sources of income to increase their self-sufficiency.

Waiting for Justice - Bail and Prisoners in Remand

Since the previous examination, significant reductions have occurred to the rate of breach of bail and to the time taken to reapprehend defendants. However, little improvement has occurred to the rate at which persons who breach bail are charged for the offence or to the rate of forfeiture of bail or surety when bail is breached.

Shortfalls in remand accommodation are being addressed as are risks to the health of remand prisoners. Reduction to some health risks has occurred but there still remains a way to go.