

Second Public Sector Performance Report 2008

Executive Summary

Report 8
December 2008

This second Public Sector Performance Report for 2008 brings to notice legislative compliance and control issues.

Complaints Management in Shared Service Centres

Background

Good business practice and Government policies require organisations to have appropriate systems in place to effectively manage complaints. Organisations which are fundamentally service delivery institutions should be especially sensitive to managing complaints from clients.

Complaints can be used as an indicator of how well things are tracking for an organisation, including the effectiveness of service delivery. They can also be used to identify areas for improvement.

In 2005, three major shared services centres (SSCs) were established to provide corporate services to the WA public sector:

- the Department of Treasury and Finance Shared Service Centre (DTFSS)
- the Health Corporate Network (HCN)
- the Education and Training Shared Services Centre (ETSSC).

Our examination focused on how these three SSCs deal with complaints arising from their core business, and to what extent they are improving their services by learning from the complaints process.

What the examination found...

None of the three SSCs are able to provide basic information including volume, nature and time taken to resolve complaints. This arises for a number of reasons. Specifically:

- none of the SSCs adequately define, identify and capture complaints
- none of the agencies have developed clear processes and policies for handling complaints specific to their SSCs. While all three agencies have a formal complaints process, in each case this is focused on dealing with complaints about their core business (for example, complaints about health or education services) and not with their SSC's role as providers of corporate services

- only one SSC had a complaints management system that was accessible to all their clients
- review of processes and analysis of complaints data by SSCs is either non-existent or inadequate, largely due to insufficient data collection and poor recordkeeping.

Because of these weaknesses they may not be identifying potential business improvement opportunities or meeting client needs as effectively and efficiently as they could. Despite the weaknesses in their complaints management processes, all three SSCs are focused on resolving client problems and staff treat client issues seriously.

Funding and Purchasing Health Services from Non-Government and Not-For-Profit Organisations

Background

The non-government and not-for-profit sector is engaged in delivering numerous forms of community service and education activities. Many of these organisations are dependent upon Government funding to carry on some or all of their activities. The Department of Health (DoH) is a major purchaser of services from these organisations. In 2006-07 DoH funded and purchased services valued at approximately \$526 million from almost 400 of these organisations.

In 2002 the Western Australian Government released its policy on Funding and Purchasing Community Services from the not-for-profit sector. The policy recognised the significant contribution not-for-profit organisations make to the well-being of our State and the unique difficulties they experience with a system of competitive tendering and contracts.

The policy aims to promote flexibility and innovation to better meet community needs whilst still maintaining appropriate levels of transparency, accountability and value for money.

This examination assessed how well DoH is contracting and managing its arrangements with these not-for-profit organisations and whether it is complying with the general requirements of the 2002 government policy.



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What the examination found...

Our examination of DoH's funding and purchasing of health services from non-government and not-for-profit organisations found that DoH had made a number of important improvements since our last audit in 2003. However, we still found:

- over 75 per cent of funding arrangements examined were historical funding arrangements, renewed following a prior agreement. Eighty-six per cent of these were renewed without an evaluation of the provider against predetermined preferred service provider criteria and without market testing
- contract managers are not supported in their day-to-day functions by DoH's current electronic contract management system resulting in inconsistent and inefficient practices. DoH has been considering replacing the system since 2006
- there was a consistent lack of evidence across all of DoH's funding areas of due diligence assessments being undertaken prior to entering into agreements. Such assessments address concerns such as capacity to deliver and quality of service
- DoH has developed procedures to manage large, complex and high risk funding arrangements but has not defined which funding arrangements fall into these categories
- 24 per cent of financial and service reports were not lodged by providers or were lodged more than two months late. In nearly 30 per cent of reports lodged it was not clear what level of review had been undertaken by the contract manager
- only 17 per cent of files examined contained structured performance reviews at the completion of the agreement. Such assessments should be a key input to any decision to enter into a renewed agreement and the terms and conditions of that agreement.

Management of Traffic Infringements for Government Vehicles and Staff

Background

Under the *Road Traffic Act 1974* corporate vehicle owners including government agencies are required to nominate who was driving the vehicle at the time a traffic infringement is incurred, so that the responsible driver can be issued the appropriate infringement notice.

A media report in March 2008 indicated that government agencies often failed to nominate drivers of government vehicles that had been photographed by speed or red-light cameras infringing road traffic regulations. The information in the article implied that agencies were paying penalties on behalf of their employees. However the article also raised a more serious possibility that agency staff might have been acting improperly to avoid appropriate penalties.

We investigated the issue of agency follow-up of traffic infringements including actions taken by agencies to address any procedural weaknesses.

What the examination found...

During 2007-08, the 10 selected agencies failed to identify the driver in 12 per cent of reported traffic infringements. Two systemic weaknesses contributed to the failure to identify drivers:

- A complex form to request information about the identity of the driver of an infringing vehicle created potential for misunderstanding about the action required. This increased the risk of individuals escaping punishment for driving infringements. The form used by the WA Police is specified under the *Road Traffic (Infringements) Regulations 1975*. WA Police are taking steps to simplify the form.
- A lack of central control by agencies meant that they were often unaware that the Police were not being notified of the driver's identity. The agencies we examined have changed their processes to address this weakness.

Penalties for failing to nominate drivers of government vehicles were being paid, but only rarely by agencies. Rather, the form design created potential for drivers to misunderstand requirements and to pay the penalty for failing to nominate the driver instead of the traffic infringement.

Because of the form design and weaknesses in agency processes, we were unable to determine that any government employees acted improperly by deliberately trying to avoid the penalty from the infringement.