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IMPROVED PERFORMANCE MANAGEMENT ARRANGEMENTS NEEDED FOR WA'S PUBLIC SECTOR CEOs

Acting WA Auditor General Colin Murphy has called for a strengthening of the arrangements used in managing the performance of Chief Executive Officers in the West Australian public sector.

An audit by Mr Murphy has found that although the current CEO performance management arrangements incorporated many good practice elements, some parts are poor and compromise the overall effectiveness of the process.

The results of that audit are reported in Mr Murphy's first Public Sector Performance Report, tabled in Parliament today, which also contains the results of two other audits – how promptly government agencies pay their bills and the management of consumer protection investigations by the Department of Consumer and Employment Protection (DOCEP).

In relation to the performance management arrangements for CEOs subject to the Public Sector Management Act, Mr Murphy found:

- Except in a few cases, the template performance agreements issued by the Department of Premier and Cabinet (DPC) for use by Ministers and their CEOs do not require measurable performance criteria – noting that measures, such as targets, would enable all parties to know what level of performance is required to satisfy the criteria.
- For the past three years CEOs and Ministers have not received the template performance agreements until four to five months after the commencement of the year, this significantly reducing their usefulness for managing performance.
- Performance management arrangements are not applied to acting CEOs – in 2006, 16 agencies had acting CEOs, seven of which had been acting for more than 12 months.
- DPC's oversight of the arrangements is limited and will not identify inappropriate practices such as a lack of targets or quantitative data to support assessments.

In agencies not subject to the Public Sector Management Act it was found that:

- In 50% of the sampled agencies assessments were not in writing – noting that undocumented assessments limit independent review and reduce the transparency of the process.
- Five arrangements in the sampled agencies included performance bonuses, the average payment in 2005-06 being about $34,000.

In examining DOCEP's arrangements for managing its consumer protection investigations, Mr Murphy notes that in 2005-06 DOCEP completed over 3000 investigations into possible breaches of the 60 pieces of consumer protection legislation that it administers – most of these arising from public complaints or from DOCEP's own monitoring and commonly involving allegations against real estate agents, retailers, landlords, service providers, service stations, motor vehicle dealers, finance brokers and plumbers.

Key findings were that

- DOCEP has a comprehensive system for conducting consumer protection investigations with the system meeting the WA Ombudsman's requirements for fair and proper administrative investigations.
- Some opportunities for improvement (such as keeping complainants better informed about investigations and periodically conducting independent reviews of consumer protection investigations to assure their quality) were identified but these did not amount to fundamental system flaws.

In ascertaining how promptly government agencies paid their bills, Mr Murphy sampled payments at 21 agencies representing a range of government activity and type to see if they complied with a Treasurer's Instruction that all commercial payments be paid within 30 days of the receipt of the creditor's claim, or within 30 days of provision of the goods or services.

Key findings included:

- Fourteen per cent of invoices sampled failed to meet the Treasurer's Instruction by taking more than 30 days to pay – the lateness of these payments ranged from 1 to 90 days over the 30-day limit and the value of delayed invoices ranged from $10 to $406,000.
- Seventy six per cent of late payments were caused by delays before invoices reached the financial sections of agencies.
- Only three of the 21 agencies were consistently recording the date invoices were received and so were able to monitor accurately the timeliness of their payments to creditors and their compliance with Treasurer's Instruction – four agencies recorded this date less than 50 per cent of the time.
- Five agencies could not provide requested data from their financial systems – this was caused by combinations of outsourced service provision, technical limitations of the data kept, and costs.

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