Second Public Sector Performance Report 2004

Report 4
June 2004

AUDITOR GENERAL
for Western Australia

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LEGISLATIVE COUNCIL

SECOND PUBLIC SECTOR PERFORMANCE REPORT 2004

I submit to Parliament my second Public Sector Performance Report for 2004 pursuant to section 95 of the *Financial Administration and Audit Act 1985* (FAAA). This Report contains four items that have arisen from work undertaken pursuant to section 80 of the FAAA.

D D R PEARSON
AUDITOR GENERAL
June 30, 2004

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Management of Food Safety in Western Australia by the Department of Health

Overview

The Department of Health (DoH) has overall responsibility for administering and coordinating food safety in the State. This includes responsibility for monitoring the activities of local governments which ensure regulatory compliance through on-ground monitoring and surveillance programs within their districts. Whilst Western Australia (WA) has a good food safety record compared to other States, we found that the Department should provide greater support and coordination of food safety activities of local governments.

Key Findings

❑ *Only eight per cent of local governments are consistently submitting required food safety reports to DoH. The sampled local governments commonly questioned the value of food safety indicators they are required to report on. Without consistent and meaningful reporting from local governments, DoH is unable to provide assurance that food safety standards are being applied consistently across the State.*

❑ *There is no coordinated approach or guidance given to local government on when, what or how often food samples should be tested for contamination. Despite all local governments participating in and paying for an analytical service scheme, about 44 per cent fail to conduct any food sampling and analysis.*

❑ *Less than half of the 142 local governments have had their food surveillance programs assessed by DoH since 1995. DoH has not used risk based criteria when selecting local government food surveillance programs for assessment (such as the lack of food sampling and analysis).*

❑ *DoH's assessment of local government food surveillance programs is undermined by lengthy delays in reporting the findings to the local governments and by a failure to monitor and/or enforce implementation of the recommendations.*

What is Being Done?

❑ An independent consultants review has been conducted of the Local Health Authorities Analytical Committee (LHAAC) with the aim of improving the efficiency of the food sampling and analysis scheme provided to local governments.

❑ DoH has completed consultations with stakeholders as a precursor to drafting new food legislation. The new legislation will assist local governments to resource food safety inspections.

What Else Should be Done?

❑ DoH should investigate and develop more effective mechanisms to ensure all local governments meet annual reporting requirements. This should include continued liaison with local governments to develop a set of meaningful indicators for annual reporting of food surveillance and other environmental health issues.

❑ DoH should develop a scheduled risk-based program for detailed assessments of local government environmental health services.

❑ DoH should, through the LHAAC and the WA Food Monitoring Program (WAFMP), play a more proactive role in liaising with all local governments to develop a coordinated and risk-based food sampling program.

Background

According to a survey by National and State government health agencies, approximately 17.2 million people experienced infectious gastroenteritis in 2002 with an estimated 5.4 million of these most likely due to contaminated food. Gastroenteritis is estimated to cause approximately 6.5 million lost days of work each year. The survey results showed WA's rate of 9.8 per cent is less than the national average of 11.2 per cent of people reporting an incidence of gastroenteritis in the month prior to the survey.

The safety of food in Western Australia is managed under the *Health Act 1911*, the *Health (Food Hygiene) Regulations 1993* and the Australia New Zealand Food Standards Code. The Executive Director of Public Health (EDPH) has responsibility for administering and coordinating food safety, with local governments authorised and directed to carry out the provisions of the Act and the regulations. DoH therefore relies principally on local governments to oversee and enforce food safety standards and regulations.

Local government environmental health officers ensure compliance through on-ground monitoring and surveillance programs of approximately 10 500 food premises in WA. In 2003 there were approximately 26 000 inspections of food premises, 1 700 food complaints and 21 prosecutions.

Environmental Health branches within local governments generally report at least annually to their local council. All local governments are required to participate in an analytical service scheme, for the analysis

of food samples taken within their local boundaries. The scheme is coordinated by the LHAAC which is constituted under the *Health Act* and made up of representative members of local governments.

The Food Safety Branch of the Department of Health monitors the chemical and microbiological safety of food through the WA Food Monitoring Program (WAFMP), and coordinates the food sampling activities of the program. They provide guidance to local government and the food industry to improve consistency of application of food legislation. They also coordinate the investigation of food-borne disease outbreaks in the community. The Applied Environmental Health Branch of DoH conducts periodic assessments of the environmental health services, including food safety, of individual local governments. Figure 1 illustrates the coordination and management of food safety in WA.
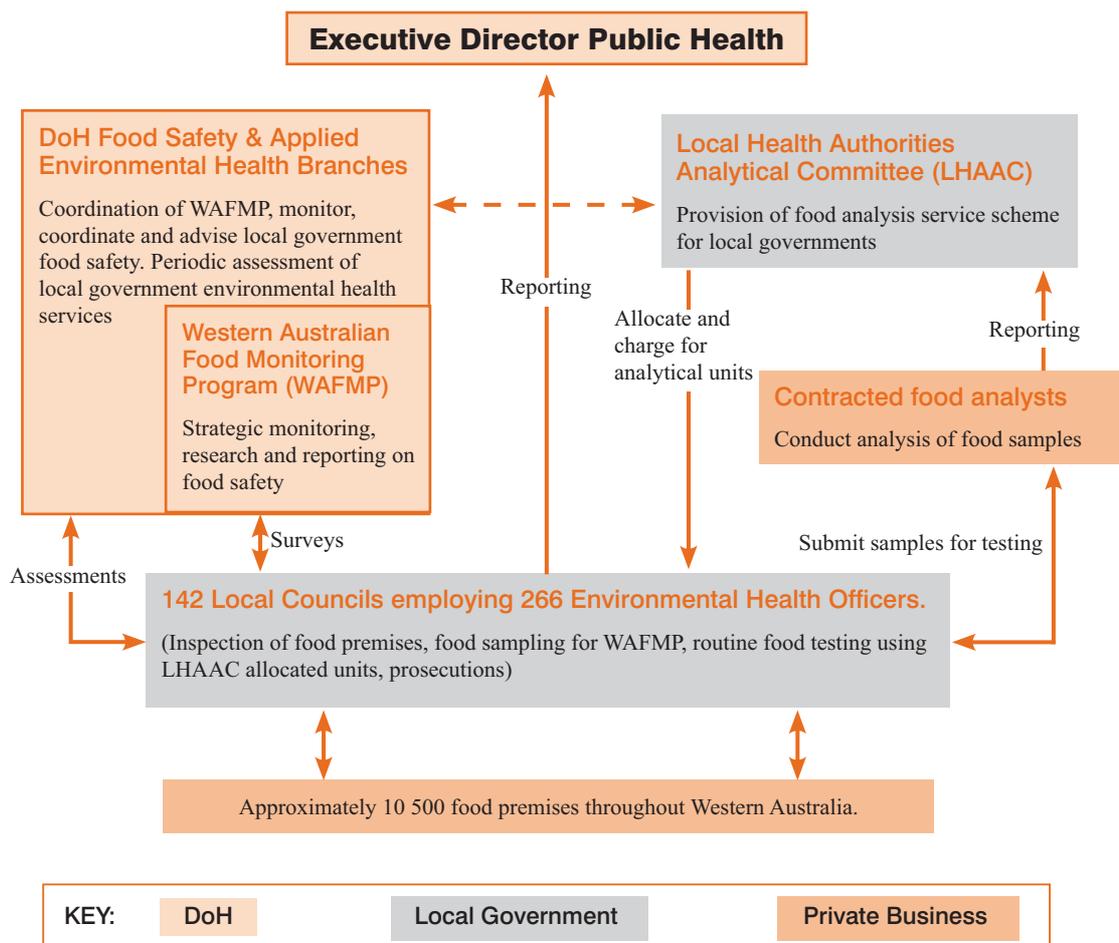
Figure 1: Management and coordination of food safety in Western Australia.

WA is in the process of introducing national food legislation reforms which will see introduction of a new Food Act to replace current legislation. The reforms propose registration of all food businesses with the exception of charitable and community groups. The reforms will also allow local governments to set a registration fee for food businesses up to a maximum level. DoH has developed several discussion papers and conducted consultations with industry stakeholders as a precursor to drafting the new legislation.

What Did We Do?

The examination assessed whether WA has a sound system of food monitoring such that consumers can have a high level of confidence in the safety of the food they consume.

This involved reviewing DoH's activities to determine whether they are fulfilling their statutory obligations and responsibilities related to management, coordination and oversight of food safety and compliance by local governments. This Office does not have authority to audit local government, however Principal Environmental Health Officers from six local governments were interviewed to gain insight into the level of cooperation and liaison between local governments and DoH.

What Did We Find?

Appointment of Environmental Health Officers

We found that the DoH ensures all local government environmental health officers (EHOs) have appropriate qualifications. Local governments request approval from the EDPH for appointment of all EHOs. The DoH check that the qualifications of EHOs meet industry standards prior to recommending them for gazettal and appointment. In addition, the DoH maintains a database of all EHOs in the State. The database is updated regularly as new EHOs are appointed or as EHOs resign. We found that all local governments have appointed EHOs, with some smaller regional local governments sharing EHOs.

Local government EHOs play a key role in implementing Health Regulations including food safety regulations and standards. Responsibilities include:

❑ inspecting food premises

❑ removal of food products from sale that are deemed to be unfit for human consumption

❑ undertake food sampling programs

❑ investigate food poisoning outbreaks

❑ investigate food complaints.

Reporting by Local Governments

All local governments are required to report environmental health activities, including food safety work, annually to the DoH. Reports may include the number of food premises inspections, the number of food complaints, number of prosecutions, number of food samples taken and results. Local governments are also required to provide annual financial reports to the DoH. These reports are intended to provide an indication of the financial resources that local governments put towards environmental health services generally.

Our examination found only one of a random sample of 16 of the 142 local governments had provided an environmental health report for 2003 and none had provided financial reports. DoH staff confirmed that only about eight per cent of local governments consistently submitted environmental health service or financial reports. DoH does not consistently follow-up or enforce the requirement for annual reporting by local governments.

Interviews with local government environmental health officers revealed that in some cases the requirement for annual reporting is ignored because it is felt that the indicators that they are required to report do not provide a true measure of the effectiveness of food safety programs. For example, a requirement to report the number of food premises inspections provides no indication of the thoroughness of those inspections. Comments were also made that DoH does not use the information to improve management or coordination of food safety in WA, and therefore there was little value in reporting activities.

Without a consistent and meaningful annual reporting mechanism from local governments DoH is unable to provide assurance to the public that food safety standards are being applied consistently across the State. DoH is also missing an opportunity to gather key data that could help strategically manage and monitor food safety in WA.

Assessment of Local Government Environmental Health Services

DoH conducts periodic assessments of local government environmental health services, including food surveillance activities. Since 2001, DoH has carried out three to four assessments each year with about half of the 142 local councils assessed since 1995.

Our examination found that assessments tend to be reactive rather than based on a scheduled risk based program. We also found significant delays in reporting some findings back to local government, and similarly significant delays in local governments responding to DoH recommendations for improvement. Failure to report, follow-up and enforce recommendations in a timely manner undermines the value of the assessment process.

For example, DoH took over a year to report the results of assessments conducted in 2003 to one council and made the decision to not report the results to another because of a similar delay.

The examination noted delays of over a year in the response of some local governments to recommendations made by DoH. In one case, DoH recommendations from 2002 had yet to be implemented by the council at the time of the audit. Although the EDPH can direct local councils to comply and if necessary to employ additional staff to fulfil their statutory duties under the *Health Act*, this authority has not been used.

EHOs from several local councils commented that council priorities and resource demands often meant that DoH recommendations could not realistically be implemented. Timely introduction of proposed new food legislation, requiring registration of all food businesses and allowing local councils to set a registration fee to a maximum limit, would go some way to resolving food safety resourcing issues for local councils. Currently not all food businesses need to be registered (eg Service Stations, Convenience Stores) and registration fees (ranging from $200 - $500) do not match the cost of implementing annual inspection and food sampling regimes.

Food Sampling and Analysis by Local Governments

The LHAAC is constituted as a body corporate under the *Health Act* and its function is "*to formulate and operate a scheme for the provision of analytical services for use by local governments*". The LHAAC has 10 members, five representing metropolitan local governments, three from outer metropolitan and two from regional local governments. The DoH has representatives that attend meetings but are not members of the committee.

The LHAAC scheme involves local governments paying a levy to the LHAAC based on population. Units are then allocated in proportion to the levy paid to be used for analytical work. All local governments contribute towards the scheme and are allocated units for analytical testing. The LHAAC does not have statutory power to force local governments to conduct food sampling and analysis.

Several local government EHOs interviewed during the audit suggested that there wasn't adequate guidance on the types of foods that should be sampled or coordination of food sampling between local governments. This view is confirmed by:

❑ a finding from a recent consultant's review of the LHAAC that local governments may be duplicating sampling effort or not sampling areas of high risk because of the lack of a coordinated food sampling program across councils

❑ around 44 per cent of local governments not submitting any samples for analysis. The LHAAC has consistently expressed concern in its annual report at the lack of sampling and analysis by many councils.

DoH advised that some non-sampling can be explained by the small nature of some of the local governments and lack of food premises within their boundaries. A lack of food sampling also does not necessarily reflect a lack of food surveillance. A recent National survey showed that all WA local governments are undertaking some food premises inspections.

Western Australian Food Monitoring Program

The WAFMP was established in 1990 by the WA Government. The WAFMP is managed by Food Safety Boards at DoH and plays an important role in coordinating strategic food monitoring between Local, State and Commonwealth governments. To do this the WAFMP invites local governments to participate in periodic surveys in areas of potential or identified food safety risk. The WAFMP surveys are additional to the routine food sampling and testing programs conducted by local governments using analytical units allocated by the LHAAC.

We found that the WAFMP did not operate for 18 months from November 2001 through to May 2003 due to department restructuring and staff movements. Since May 2003 the group has reconvened and a number of food surveys are now underway. We also found that the WAFMP does not attempt to coordinate local government food sampling and analysis other than for those surveys developed specifically as part of the WAFMP. For example the WAFMP has conducted surveys of the microbiological safety of soft serve ice cream, packaged sprouts and pre-packaged chicken rolls. Local governments participate in these surveys by purchasing samples within their jurisdiction and submitting them for testing. The results of the surveys are then published in a FoodWatch bulletin which is distributed widely throughout the food industry. The WAFMP surveys are of a more strategic nature than regular food sampling and analysis conducted by local governments as part of the LHAAC scheme.

There appears to be an opportunity for the WAFMP to play a greater role in coordinating sampling by local governments to avoid duplication of effort. For example if a local government has tested the safety of meat pies or bread produced by a manufacturer within its boundaries, there maybe a reduced need for the same product to be tested at a food retailer in another local government area. The WAFMP could also be used to encourage food sampling by those local councils that do not currently submit samples for testing through the LHAAC coordinated scheme.

Food Emergency Response – Recalls and Food Poisoning

Food Standards Australia New Zealand coordinates all food recalls in Australia. They notify DoH of products that are subject to a recall and the required action. DoH in turn notifies all local government health officers.

DoH has developed Standard Operating Procedures for food recalls and investigation of food poisoning outbreaks. All local governments have a copy of the procedures to be followed. Investigation of food poisoning outbreaks is most often referred to the relevant local government EHO to take samples for analysis and to investigate contributing circumstances.

Our examination found that DoH maintains a database of food complaints and food recalls. They receive one or two complaints on average per month, although this represents only a small portion of the total complaints made in WA because many complaints will be made directly to local governments, the Department of Consumer Protection, the food premises/store or direct to manufacturers. There have been 66 food recalls between July 2003 and March 2004, an average of seven per month. The number of food complaints and recalls has remained stable over the last three years.

Some local governments expressed concern that DoH does not follow-up on food recalls to ensure products are removed or disposed of appropriately. The examination confirmed there was no evidence of DoH testing for effectiveness of food recalls.

DoH should conduct periodic assessment of compliance by local governments with food recall procedures.

Records Management in Government – A Preliminary Study

Overview

The *State Records Act 2000* aims to strengthen public sector accountability through effective recordkeeping. Government agencies were required to submit a Recordkeeping Plan (RKP) for the approval of the State Records Commission by March 7, 2004 and thereafter to manage their records in accordance with the plan. This preliminary study looked at the progress that four agencies were making towards the implementation of their RKP. These four agencies were amongst the first to take up the challenge to adopt better recordkeeping practices.

Key Findings

All four agencies are making progress towards the implementation of good recordkeeping practices though some key steps still need to be taken:

❑ *Training of staff about records management had been provided at three of the four agencies. Nevertheless, employees were not consistently applying the required procedures particularly, in regard to emails.*

❑ *Only limited formal monitoring of compliance was undertaken and little specific feedback was given to management and employees.*

❑ *Varying levels of improvement to user access, passwords and monitoring of the network and document management system were required at three of the four agencies in order to maintain the integrity, confidentiality and availability of the system.*

What Should Be Done?

Agencies should:

☐ make explicit to staff what constitutes a government record, what each staff member is required to do in order to manage their records and what benefits come from a good records management system

☐ implement monitoring systems that promote the achievement of agency recordkeeping objectives

☐ ensure that they have appropriate security over their records management system.

Background

Timely access to accurate and relevant records and information is critical to sound decision-making and accountability and to the efficient and effective management of resources. Proper recordkeeping is also important to ensure that significant events are documented as part of the State's history. In 1996, we reported that agency record management practices had struggled to keep pace with developments in technology and frequent organisational change. Key findings were:

☐ the lack of an appropriate across government legislative and management framework

☐ records plans were neither integrated nor comprehensive

☐ accountability for records was often not clearly defined

☐ proper retention, disposal and/or archiving or records was occurring for only a fraction of public records and rarely for electronic records.

A follow-up report in 1998, found that there had been some improvements but the need for more relevant public records legislation remained.

Such legislation was provided in 2000 in the form of the *State Records Act* (the Act). The Act defines a 'government record' as a record created or received by a government agency or government employee in the course of their work. A 'record' is information however recorded and includes maps, plans, drawings, graphs, images, sounds and information stored on electronic and magnetic media.

A cornerstone of the legislation is the 'recordkeeping plan' (RKP). Each government agency must develop its own RKP to ensure that the records kept by the agency properly and adequately record its performance.

The RKP must set out which records are to be created, and how the agency intends to create, maintain, index, organise, store, preserve, secure, retain, dispose of and manage its records. Benefits that can arise include:

❑ enhanced operational effectiveness

❑ increased client satisfaction

❑ better management and delivery of services

❑ increased productivity

❑ improved accountability.

What Did We Do?

We undertook a preliminary study of four agencies to assess the progress and issues arising from their implementation of proper recordkeeping practices. These agencies were:

❑ Conservation Commission of Western Australia

❑ Fremantle Port Authority

❑ South West Area Health Service

❑ Western Power.

These four agencies were amongst the first to have their RKP approved. It is hoped that the findings will assist other agencies in their implementation of their RKP. A follow-up examination is planned that will involve a larger number of agencies and a wider review.

The preliminary study focused on several areas that support good recordkeeping practices:

❑ recordkeeping policies and procedures

❑ employee training and awareness

❑ document management systems for paper and electronic records

❑ monitoring recordkeeping performance.

What Did We Find?

Responsibility for Records Management

Under the Act, an agency's principal officer (the Accountable Officer or Chief Executive) is responsible for ensuring that the organisation complies with the Act and that every employee complies with the RKP.

All four agencies had established a records management unit (RMU) to administer and oversee the record management operations of their agency. Responsibilities of the units were generally clear and accepted.

Not surprisingly, the size of the units varied considerably. However, we noted that the fewer staff each RMU member had to manage and oversee the more advanced the agency was in successfully managing its records.

Western Power had the biggest RMU with five full time staff, though they were responsible for overseeing the record management requirements of over 2 500 staff. Western Power has also identified about 50 staff throughout the organisation to assist the business units to manage their records. Nevertheless, Western Power was having difficulties fully implementing their RKP. For example, they have identified a backlog of records that need to be appraised and archived and have estimated that this will take 14 months.

By comparison, the Conservation Commission, which has only a very small staff, had outsourced its RMU to a related government agency and was well advanced in the implementation of its RKP.

Good RMU practices identified at agencies included:

❑ the purpose statement and annual objectives of one RMU were incorporated into its divisional business plan and was linked to annual staff performance appraisals

❑ involving employees throughout the organisation in recordkeeping issues via a formalised user group that aimed to improve recordkeeping procedures.

Recordkeeping Policies and Procedures

The examination found that three of the four agencies had an approved records management policy and a procedures manual that employees could easily access via the intranet, desktop or network servers. All three agencies had appropriate controls in place to ensure users accessed the approved version in a 'read only' format.

South West Area Health Service was in the process of approving its policies and developing its procedures.

Typically, the procedures manual comprised:

❑ the creation of records

❑ capture and control of records

❑ security and protection of records

❑ access to records

❑ appraisal, retention and disposal of records.

Employee Training and Awareness

Effective recordkeeping is dependent upon the adoption by staff of required practices. Agencies therefore need to educate and train their staff to ensure they understand:

❑ the obligation of their agency and their own obligations under the Act. The Act includes provision for penalties of up to $10 000 for individuals who do not comply

❑ the importance and benefits of good recordkeeping

❑ how to use the system established by the agency to manage its documents – the document management system (DMS).

South West Area Health Service was the only agency that had not started training as it was still to implement its DMS. The other three agencies had given all staff the responsibility of registering and maintaining the records they had created and had implemented structured DMS training to provide them with the knowledge they needed to carry out their obligations. However, the effectiveness of the training is uncertain given results from our testing which showed that the majority of records were not registered in the DMS (refer the section titled *Managing records*). To address this problem, agencies need to give more emphasis in their training to compliance education and communicating the organisational and user benefits of recordkeeping.

Good training and awareness practices identified at agencies included:

❑ setting of timeframes for completion of training after induction

❑ staff formally acknowledging that they have received compliance training and understand their recordkeeping responsibilities

❑ accessible training manuals tailored to user's needs

❑ informal means of communication such as posters, emails or newsletter articles to promote good recordkeeping practices and their benefits.

Managing Records

Creating and Capturing Records

The Act requires an agency to document in its RKP how it intends to capture and organise its records. All four of the agencies reviewed had chosen to do this by registering a records metadata electronically in a DMS including title, creation and registration date, author, security level and links to the parent file or other related records, and then allocating an individual identification number to the record. The system was yet to be implemented at the South West Area Health Service.

Registering all records into one DMS provides an agency with a single repository for its records, promotes sharing of information across the organisation and supports efficient work practices as only one system needs to be searched to locate a record.

We found that although three of the agencies had implemented a DMS, employees were not consistently using the systems, which resulted in incomplete registers across the agencies.

❑	only 56 per cent of records selected from three of the agencies' paper files were registered in the system

❑	only 27 per cent of business related emails selected from two agencies were registered. At the third agency, senior managers were only registering an average of one business related email per month.

Factors contributing to incomplete registers included:

❑	staff at all agencies were able to create and store records outside the DMS in either network drives, email applications or personal paper files

❑	a general misunderstanding amongst employees of what constituted a government record and the agency's recordkeeping requirements

❑	minimal monitoring of staff compliance with recordkeeping requirements, and failure to target non-compliance.

Where documents and files were registered, we were able to locate and view 97 per cent of the sample across the three agencies.

The DMS at two of the agencies is an Electronic Document Management System (EDMS) as it has the capability to not only register the records metadata but to also capture the record electronically. At these agencies 96 per cent of the records tested were electronically captured and therefore were instantly accessible.

Good practices identified at agencies that encouraged registration included:

- functions within the EDMS that:
    - allowed users to save records to a 'queue' that the RMU subsequently registered
    - enabled individual and multiple emails to be electronically captured and registered
    - provided version control of electronic documents
    - allowed users to 'point to' a registered document in internal emails
- regular review of paper files by the RMU
- raising awareness throughout the agency.

Retention and Disposal

Our examination found that three of the four agencies had a retention and disposal schedule approved by the State Records Commission. However, only two of the agencies were using the schedule to effectively manage their records. These agencies had identified records that could be moved to offsite storage, or that needed to be moved to State Archives, or could be destroyed.

Fremantle Port Authority has used its disposal schedule to dispose of a considerable amount of old and/or unnecessary records, thus freeing up significant amount of storage space. However, some of this storage space is temporarily being used to hold records of State archival significance because of a lack of storage space at the State Records Office (SRO). The SRO has confirmed its "…*inability to perform its legislative obligation to accept custody of State archives because of…*(a lack*)…of storage space".* This *"… prevents agencies from accruing the benefits of fully implementing a retention and disposal schedule".*

Organisations are responsible for preserving government records for as long as required by law and business requirements. A retention and disposal schedule assists organisations to do this by establishing the required retention periods and either its ultimate destruction or need for archiving. Effective implementation of the schedule can result in more efficient use of storage space and reduced storage costs by eliminating unnecessary records.

Controls over the DMS

Electronically registering a document's metadata in a DMS or electronically capturing the entire record in an EDMS creates a range of integrity, confidentiality and system availability risks that agencies need to manage.

Our examination found a range of control weaknesses in this area:

❑ two agencies needed improved password controls over expiry, history management and lockouts after a predetermined amount of tries or idle time

❑ at two of the agencies employees could access and edit records and information entered into the DMS by accessing the server storing the information

❑ at three of the agencies there was insufficient monitoring of the network or within the DMS to identify unauthorised users or activities

❑ at three of the agencies data back up tapes were not being tested.

Monitoring Recordkeeping Practices

Periodic review and monitoring of the recordkeeping system is an important means of:

❑ determining whether all records are captured and adequately registered in the DMS

❑ how well the system meets user needs

❑ identifying environmental factors such as organisational, technological or legal changes that could alter the way the records are managed.

Our examination found that none of the agencies had implemented a formal monitoring system to ascertain if all records were being captured and whether the recordkeeping system met the needs of users and the agency. However, all agencies carried out some form of quality review over record titling, file allocation and security levels of captured records, though the regularity, coverage and feedback provided to users differed greatly.

In this regard, Fremantle Port Authority is a good practice agency as they have recently undertaken an internal audit of records management and are reviewing their network drives to identify electronic records that are not being captured in the DMS.

The Administration of Grants

Overview

State Government agencies provide grants to individuals and organisations for purposes consistent with their role and objectives. Whilst the actual yearly amount is unknown, it is estimated that it would be in the hundreds of millions of dollars. In providing these grants, agencies need to ensure that grant moneys are provided for the correct purpose, funds are provided equitably and accountability requirements are met.

Key Findings

All four agencies were adequately managing their grant schemes. Availability of grant funding was properly publicised, applications were impartially assessed against clear eligibility guidelines and grant moneys were being suitably acquitted.

Background

This is the fourth examination of grant administration conducted by this Office in the last eight years. The issue and management of grants is an important aspect of Western Australian public sector administration with grants valued in the hundreds of millions of dollars issued annually. Approximately $82.5 million was issued by the four agencies subject to this examination in the 2002-03 financial year:

❑ The Lotteries Commission issued 1 509 grants totalling $51.3 million in 2002-03 under five broad grant areas. Grants are provided in accordance with the *Lotteries Commission Act 1990* for purposes such as extending the capacity of not-for-profit organisations, strengthening community service delivery, enhancing community development initiatives, valuing our State's heritage and advancing participation in community life. Individual grants ranged from about $1 000 to $4.5 million.

❑ The Department of Local Government and Regional Development (DLGRD) provided 68 grants to encourage, promote and support the sustainable development of regional Western Australia (WA) under four funding schemes totalling $6.5million in 2002-03. Individual grants ranged from $2 000 to $5 million.

❑ Screenwest provided 263 grants totalling $6.9 million under 14 funding schemes in 2002-03. The grants were provided to promote WA screen culture by fostering the development and production of film and television projects and supporting the professional development of film and television program makers. Individual grants ranged from $169 to $1.45 million.

❑ Department of Sport and Recreation (DSR) provided 272 grants totalling $17.7 million under 16 funding schemes in 2002-03. The grants were provided to develop a comprehensive, strong and diverse sporting and recreational system in WA that is accessible, encourages maximum participation and develops talent. Individual grants ranged up to $3.05 million.

Grants are financial assistance arrangements made for specified purposes. They are generally provided to organisations to help them carry out their established purpose or specific programs and may contain conditions relating to the organisation's conduct or activities. Grants should be provided to organisations for a single specified purpose, either by instalment or lump sum payment.

Government direction to agencies that issue grants for community services is provided by way of the policy document *Funding and Purchasing Community Services* that was released in October 2002. The policy requirements include that:

❑ the grants be tied to a clearly defined purpose

❑ there is a documented application and approval processes

❑ the details of all grants should be publicly disclosed

❑ there is be proper documented acquittal of the grant.

Non-community service grants for research and infrastructure are subject to policies formulated by individual Public Authorities.

What Did We Do?

We examined a sample of grants issued to review compliance with policies and procedures for grant administration. Specific areas we examined at the four agencies included whether:

❑ the availability of grants is properly publicised so as to ensure system equity

❑ eligibility guidelines are clearly established and applied so that funds are only provided to eligible recipients for activities that are consistent with the scheme's objectives

❑ funded projects and activities are appropriately monitored and acquitted to provide assurance that moneys are only used in accordance with the terms and conditions of the funding arrangement

❑ the success of the schemes are assessed and reported.

The examination covered the period from July 2002 to December 2003.

What Did We Find?

Advertising of Grant Schemes

The examination found that all four agencies had adequately publicised the availability of their grant schemes. The publicising of the grants was also done sufficiently ahead of the closing date of applications as to enable applicants to prepare adequate submissions.

All agencies had considered the type of advertising that was most suitable to making the availability of their grants known to potential applicants. For example, the Lotteries Commission used newspapers to advertise grants on 15 different occasions during the period of our review. Screenwest by comparison has a more specialist client group and used more selective advertising techniques such as industry magazines, newsletters and email lists.

Assessment and Approval of Applications

Guidelines for Applicants

All agencies were issuing potential applicants with appropriate guidelines and pro forma application forms to assist them to prepare grant applications. Typically, the guidelines covered:

❑ eligibility criteria and type of funding support available

❑ the range of funding available

❑ requirement to submit a project plan including budget and timelines

❑ a requirement to provide proof of identity such as a constitution and articles of association

❑ the decision-making process covering assessment, notification and appeals.

Assessment Criteria

Selection criteria used by all four agencies to assess grant applications were sufficiently detailed to enable assessment of whether the scheme objectives would be met by the applicants.

All agencies assessed the financial viability of applicants, with the extent of analysis varying, depending upon the size of the grant and the nature of the applicant. Only the Lotteries Commission required audited financial statements from incorporated organisations for all grant applications, regardless of size. Screenwest also made grants to individuals and in this circumstance financial viability assessments were not done.

The number of criteria used by the four agencies also varied depending on the size of the grant. For grants of less than $10 000 agencies tended to use an average of eight selection criteria. For grants larger than $100 000 agencies used on average 14 selection criteria. Extra criteria included the provision of independent feasibility analysis, detailed budgets and business plans and evidence of management experience.

Approval of Grants

The approval processes at all four agencies were found to be well documented with assessments of applications undertaken by appropriately skilled and independent persons and involving a competitive assessment process. In all cases, there was appropriate segregation of duties between persons assessing and making funding recommendations and those that make the funding decisions:

❑ Lotteries Commission uses eight committees and technical panels to provide specialist advice. For example the medical research technical panel has 12 members including senior medical researchers and practitioners as well as Health Department representatives to assess applications for medical research grants. International advice in some instances is also sought by Lotteries Commission. Assessment and approval involves multiple stages as shown in Figure 1 below.
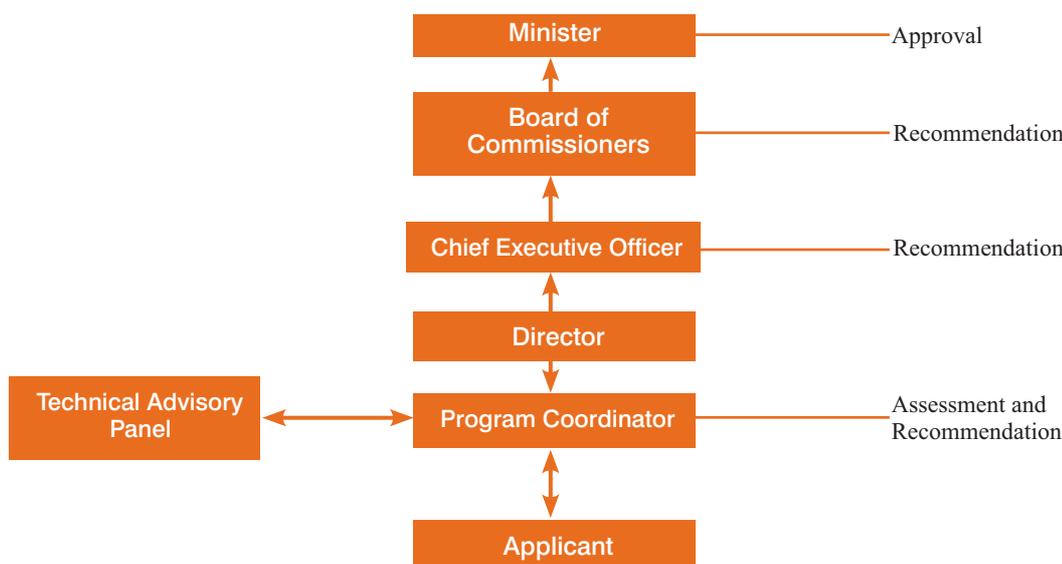

Figure 1: The grant approval process at the Lotteries Commission

❑ Screenwest engage two external film and television consultants to provide advice on applications for most of their schemes. For production funding industry schemes, a Screenwest Board representative as well as the external consultants form part of the panel. For other schemes such as travel grants an experienced project officer make recommendations to the CEO or Board for approval, depending upon the amount. If there is a potential conflict of interest then an external consultant is engaged to provide independent advice. All grants over $50 000 are approved by the Minister.

❑ Applications to DSR grant schemes are initially evaluated by project officers. Advice on applications for community sport facilities are sought in all instances from the applicable Local Government Authority(s). The assessment and a recommendation is forwarded to a Committee comprising several representatives appointed by the Minister. The Committee then forwards its recommendations to the Minister for approval.

❑ DLGRD utilise a quality assurance panel to provide advice on the majority of applications. The make-up of the panel varies according to the grant scheme. For example, the panel for the Regional Collocation Scheme consists of CEOs of three Regional Development Commissions and senior staff from the Western Australian Local Government Association and DLGRD. All recommendations are forwarded to the Minister for approval.

The adequacy of the processes at the four agencies was evident from the fact that there have been few complaints made to any of the agencies in relation to grant assessments. All four agencies have formal complaints handling processes in place.

The examination noted that only the Lotteries Commission and DSR required applicants to declare whether they were seeking or had obtained funding for the same purpose from other sources. Both these agencies used this information in their funding decisions.

Limited government resources and overlapping Federal, State and Local Government funding sources means that agencies need to be aware if applicants are seeking alternate funding so that their decisions are based on equity and comparative need.

Grant Agreement Documentation

Contracts need to be precise and sufficiently comprehensive to enable effective monitoring and acquittal. Poorly drafted contracts reduce the effectiveness of the contract process and may result in both parties having limited legal recourse in the event of a dispute.

All agencies had in the past sought legal advice in the drafting of their standard contract agreements and in all instances tested, the agencies only used the standard agreements. Typically, the agreements comprised the following sections:

❑ project schedules

❑ duration of the project and the date by which the funds must be expended

- ❑ management of the funds by the recipients which includes authorised purposes, signatories, management structure and where relevant, the use of local content

- ❑ insurance and indemnity

- ❑ disclosure of information by the funding agency

- ❑ power of direction provided to the funding agency.

However, we noted that none of the agencies have yet complied with the State Government's 2002 *Funding and Purchasing Community Services* policy by including provision in the contract that highlights the authority of the Office of the Auditor General, in certain circumstances, to audit their accounts. This provision would make clear to recipients of funding that the Auditor General can audit their accounts to determine if they have spent public sector funds for the intended purposes.

Incorporating the provision is made more important by the recent passing of the *Public Interest Disclosure Act 2003.* This Act requires the Auditor General to investigate disclosures of substantial mismanagement of public resources.

Monitoring and Acquittal of Grants

Individual grants should be effectively monitored and acquitted to ensure that funds are used and results achieved in accordance with the terms and conditions of the funding arrangement. The extent of monitoring should be dependent upon the duration of the project and the size of the grant. However, a sound approach where appropriate, is for ongoing monitoring through sequential grant payments with final payment of the grant to be made on completion of the activities. Processes should ensure that grants are only acquitted after the terms and conditions of the grant are met.

The examination found that in general, all four agencies were appropriately monitoring grants and ensuring that they are properly acquitted. Staff had been assigned responsibility for monitoring of grants. Systems were in place to ensure that required progress reports were received and that overdue reports were followed up. Progress payments were only being paid in accordance with the terms of the agreement and where necessary, on supply of invoices.

All agencies generally had adequate acquittal processes, with the information supplied sufficiently detailed as to reasonably conclude that public funds were expended in accordance with the terms of the agreement. Grants were also generally acquitted in a timely fashion. Ninety one per cent of all the grants examined were acquitted within two months of the required or extended acquittal date. The other nine per cent were acquitted within six months of the required date. All agencies took appropriate action to obtain acquittal.

Evaluation and Review

Evaluation is an important part of managing grant schemes. Evaluations contribute to improved management procedures, greater accountability, better use of resources and refined scheme objectives.

All agencies review their schemes with a strong emphasis placed on stakeholder consultation as a means of ensuring that their grants remain aligned to stakeholder needs. Examples of evaluation and review by agencies include:

❑ The Lotteries Commission periodically evaluate their grant schemes with stakeholder consultation a key part of this process. During 2002-03, the Lotteries Commission reviewed and consulted stakeholders for 18 grant policy areas. Performance indicator information arising from stakeholder surveys and consultations is included in their Annual report.

❑ Screenwest engaged consultants to undertake a major review of its operations in 2001 including the effectiveness of its funding and support programs. More recent reviews have resulted in new guidelines for Screen Industry Partnership Fund and the Deadly Yarns Indigenous Film Initiative.

❑ DLGRD have established new grant schemes as a consequence of formal community consultations and findings arising from the Inquiry into response by Government Agencies to Complaints of Family Violence and Child Abuse in Aboriginal Communities (Gordon Inquiry).

❑ DSR undertake ongoing review of their schemes. Information about their overall grants program, including the cost of managing the schemes, timeliness of grant administration and stakeholder satisfaction is reported in their Annual report and used to improve the management of the schemes.

FOLLOW-UP PERFORMANCE EXAMINATION

A Tough Assignment – Teacher Placement in Government Schools

Overview

Key Findings

❑ *It is not possible to conclude whether the overall staffing of schools has improved or deteriorated. Detailed objectives and measures that were recommended in the 2000* **A Tough Assignment** *report have not yet been developed by the Department of Education and Training.*

❑ *The Department has made some useful changes to staffing practices since 2000. However, for greater effectiveness these need to be linked to system-wide goals and performance objectives.*

❑ *The future staffing of schools will depend heavily on how the Department addresses a number of key issues, such as centralised or school based selection, tenure and incentives to work at less favoured schools.*

❑ *There are large variations between schools in age profile, gender balance, turnover rate and other factors that are likely to affect school performance.*

Key Recommendations

The Department should:

❑ *define in greater detail the key principles and objectives of school staffing, provide more comprehensive information about placements and movements, and adopt a more systematic approach to reviewing staffing matters*

❑ *routinely evaluate significant changes in staffing practices to verify whether planned results are being achieved and identify any adverse side effects*

❑ *set and measure targets and specify critical values, such as extremes in staff turnover and age or gender mix, to better inform stakeholders and trigger corrective action.*

Why We Did This report

This report is a follow-up to the October 2000 performance examination *A Tough Assignment: Teacher Placements in Government Schools*.

The WA government employs about 20 000 teachers at nearly 800 schools. In a typical year about 5 000 placements are made. About half of these involve new or re-entrant teachers and the remainder involve teachers transferring between schools.

The deployment of teachers at schools is determined by three inter-related elements: the vacancies available, the job seekers, and current staffing policies and practices.

Up to the mid 1990s most movements, within and between teaching grades, were decided centrally on the basis of seniority. Changes have been made in recent years that affect who is eligible to apply for a post, whether the selection is made centrally or locally, and whether applicants are appointed according to merit or service.

Response to *A Tough Assignment* Recommendations

Finding

It is not possible to conclude whether the overall staffing of schools has improved or deteriorated. Detailed objectives and measures that were recommended in the 2000 **A Tough Assignment** *report have not yet been developed by the Department of Education and Training*

Recommendation

The Department should define in greater detail the key principles and objectives of school staffing, provide more comprehensive information about placements and movements, and adopt a more systematic approach to reviewing staffing matters.

Implementation of Recommendations to *A Tough Assignment*

The 2000 examination concluded that the impacts of staffing policy and practices should be measured and compared with preferred directions. The primary objective of staffing is to ensure that vacancies are held to a minimum, but secondary objectives are also needed, related to other factors affecting the performance of schools, such as the age profile, gender balance and rate of turnover.

The 2000 examination recommended that the Department "*should build on its achievements to date in staffing matters by:*

☐ *defining objectives and indicators to measure how the staffing of schools, district and the whole government schools system is moving compared to preferred directions*

☐ *articulating the objectives of all changes to staffing practices and more rigorously evaluating their outcomes*

☐ *establishing a structured program of review and action, covering fine-tuning adjustments and more radical options, for staffing policies and procedures."*

The Department has not fully implemented the recommendations as they relate to the detailed deployment of teaching staff in schools and the patterns of movements:

☐ There is no comprehensive statement of the objectives of staffing with respect to students, teachers and schools. There are policies relating to the transfer and deployment of the various grades of teaching staff, but these describe options and processes rather than specify overall staffing aims.

☐ The Department continues to rely on the number of unfilled vacancies as the indicator of staffing effectiveness. Secondary objectives and associated performance measures have not been developed.

☐ Changes to staffing practices are made without clear and measurable targets of what they are intended to achieve. Any subsequent evaluations tend to be limited in scope and may fail to identify significant higher-level impacts.

☐ There is no systematic annual review of school staffing by the Department's corporate executive. Statistical summaries of placements are produced internally but are not consolidated or widely circulated. Instead, staffing issues tend to be raised in an ad hoc manner.

The Department has a more highly developed approach to defining objectives, evaluating changes, monitoring system-wide trends and reviewing policies with respect to strategic human resources issues.

Until the operational impacts of teacher staffing strategies are more closely measured, there is a risk that current problems will not be identified and addressed, or that changes might be producing unsuspected adverse side effects in addition to the intended benefits.

Without further objectives and measures for staffing at individual schools, there is no way of determining whether the overall situation is improving or deteriorating. For example, it would be useful to monitor whether the number of primary schools with no male teachers is changing, whether high staff turnover rates are being slowed down at less favoured schools, or whether the transfer system is becoming more congested.

Developments in Staffing Since 2000

Finding

The Department has made some useful changes to staffing practices since 2000. However, for greater effectiveness these need to be linked to system-wide goals and performance objectives.

Changes in Staffing Practices

Most of the changes have been adjustments to existing practices, including:

- Scholarship schemes have been redesigned to assist in recruiting and retaining the best student teachers, especially those prepared to work in the country. Talented new graduates, who might otherwise have been lost, are now being appointed to State schools.

- The Department has reviewed ageing trends in the teaching workforce to anticipate future needs.

- Applicant pools have been set up for Level 5 and 6 school principals to speed up appointments and reduce the number of staff in acting positions. When vacancies occur, district directors have immediate access to lists of 'highly competent' and 'competent' instead of having to initiate a selection process.

- The Level 3 classroom teacher scheme, which recognises and rewards teaching excellence for persons not immediately seeking school administrator positions, is expanding.

- School based merit selection has been extended to about 150 schools. The devolution of appointment rights to schools, and allowing all qualified teachers to apply to any vacancies on offer, is one of the key staffing issues. It is a reversal of the centrally controlled, service based system that previously determined most teacher movements.

- Adjustments have been made to the schemes providing financial and career incentives for teachers at remote schools and others with persistent problems in attracting and retaining staff. Teachers who are able and willing to serve at such school have access to accelerated permanency and bonus transfer points.

- The Teacher Establishment System (TES) provides a better database than the computer systems it replaced. It incorporates the automated transfer system, now extended to include secondary teachers, which allows any number of vacancies to be matched according to carefully designed rules.

Key Staffing Issues

Finding

The future staffing of schools will depend heavily on how the Department addresses a number of key issues, such as centralised or school based selection, tenure and incentives to work at less favoured schools.

Recommendation

The Department should routinely evaluate significant changes in staffing practices to verify whether planned results are being achieved and identify any adverse side effects.

Issues and Implications

Policies and practices for staffing government schools vary widely across Australia and other countries. In Western Australia there have been some major changes, such as the introduction in recent years of school based and centralised merit selection.

Each change in the rules governing teacher placements will lead to different persons being appointed to the vacancies that arise. Some schools and teachers will be advantaged to the disadvantage of others. Unless there are objectives and associated measures to assess the system-wide implications of changes to staffing issues, there is no basis for judging whether a change has yielded positive or negative outcomes.

This section highlights key staffing issues for government schools. Several are currently under review and, if changed, could have a profound influence on teaching staff movements and placements.

Staffing Formula

The Department determines staff numbers, and the mix between classroom teachers and school administrators, at each government school. Student enrolments are the most important factor, with adjustments for school size, the number of students with special needs, split sites and other circumstances.

Central and School Based Selection

Classroom teachers are placed using two very different methods: automated vacancy matching or school based selection.

Centralised automated vacancy matching occurs in batches, with a 'bulk round' run of placements in preparation for each school year and other runs as required. The staffing directorate, in consultation with principals, produces a list of vacancies. All teachers wishing to be considered for a transfer make on-line applications which include the subjects they are qualified and prepared to teach and the schools where they would be prepared to work. Applicants are placed in priority groups, from employer initiated

placements to new graduates. Within each category, teachers are ranked according to transfer points based on the length and location of service. A computer program matches applicants to vacancies, including the 'knock-on' vacancies resulting from placements. Any number of placements can be made in a single run. This method involves no interviews or assessment of merit (performance is deemed satisfactory and current teachers have merit until declared otherwise. It is assumed that beginning teachers have merit by having met the quality assurance processes of universities and the Department's entry requirements). Applicants and schools are required to accept the placements made. The staffing process allows principals to recommend fixed term teachers considered suitable.

School based selection, presently granted to about 150 schools for some or all of their posts, works on completely different principles. Any teacher can apply for any vacancy, bypassing the eligibility restrictions that affect automated transfer. Selection panels at schools make offers according to assessed merit. Transfer points, which are at the heart of automated transfer, play no part in school based selection. Successful applicants, if currently working at another school, leave a vacancy behind them, triggering the need for a new placement.

Extending school based selection to more or all schools would change the distribution of teaching skills across the State. The most favoured schools would be able to hand pick the staff they wanted, tending to produce a two tiered education system that works against the Department's principle that "*all students, irrespective of their personal circumstances or location, should have comparable opportunities…*".

School Administrator Selection

Before 1998 the majority of school administrator (principal, deputy principal, head of department) placements were made via a transfer system based on service. After the Equal Opportunity Tribunal ruled in 1997 that the method indirectly discriminated against women, the old system was replaced by appointment on merit, with all qualified teachers being eligible to apply for any post. Merit selection has variants in the assessment methods and decision-making processes, according to the position being filled. In general, batches of applicants are ranked in order of merit. Where several vacancies are being filled, the highest ranking applicant gets first choice, as for automated classroom teacher transfer but with merit replacing transfer points. For Level 5 and 6 principals, a pool of ranked applicants is created and vacancies are filled from this pool as they arise.

Merit selection now applies to most school administrator appointments. Some appointments are made on compassionate grounds in extenuating circumstances, typically for personal reasons. This means that same level transfers between schools are decided by completely different criteria according to grade, merit for school administrators and service plus vacancy requirements for classroom teachers.

Status and Tenure

The status of a teacher is either temporary or permanent. Temporary teachers are employed on fixed term contracts, generally from four weeks to one year, at the end of which they have to compete for any positions that are still available after all permanent teachers seeking placements have been considered.

Permanent teachers are allowed to remain indefinitely at a school unless it closes or downsizes. As a consequence, favoured schools tend to be staffed by older teachers who are more likely to stay until they retire. A limited tenure scheme was introduced for some school administrators, but this has not been continued.

Incentives for Remote and Difficult to Staff Schools

Financial and career incentives have proved successful in attracting applicants to less favoured schools. Completion of two years service at Remote Teaching Service and Difficult to Staff schools earns a teacher permanency and double transfer points. Teachers assessed as suitable and prepared to work anywhere in WA can accumulate up to 21 transfer points in three years compared to the maximum of 10 points that can be earned from continuous service at most Perth schools. Long serving teachers lose all the transfer benefits of remote or country service more than 10 years ago. These incentive schemes have produced a steady supply of new permanent teachers with high transfer points, making it increasingly difficult for established metropolitan teachers to move, and which compounds issues of staffing stability in favoured metropolitan schools.

Special Transfer Methods

There are several special types of transfer and additional rules that affect teaching staff placements. The Department will relocate teachers for a variety of compassionate reasons. Linked transfers, most commonly used by couples living together, ensure that the teachers involved are appointed to geographically close schools. Where special problems arise in schools, the Department may initiate staff transfers to resolve them. There are terms allowing permanent teachers to transfer elsewhere for up to three years while retaining the right to return to their original post. Mobility transfers permit teachers to exchange with each other, subject to the consent of principals and district directors.

Trends and Variations in School Staffing

Finding

There are large variations between schools in age profile, gender balance, turnover rate and other factors that are likely to affect school performance.

Recommendation

The Department should set and measure targets and specify critical values, such as extremes in staff turnover and age or gender mix, to better inform stakeholders and trigger corrective action.

How Staffing Changes and Varies Between Schools

While filling all posts with suitable, qualified and competent staff is the most important single aspect of staffing, there are many other factors that contribute to how a school performs, such as the rate of staff turnover and the blend of age, sex, skill and experience of teachers working at a school.

Ideally, this section would have reviewed the progress being made towards targets derived from staffing objectives. In practice this is not possible because the Department has not defined its preferred directions or specified conditions that will trigger corrective action.

Instead, the section presents information about some of the major staffing characteristics that need to be managed. In the absence of clear objectives and focused monitoring, staffing situations that adversely affect the performance of schools are likely to go unnoticed and untreated.

Age and Gender

The average age of teachers has increased steadily from 37 years in 1990 to 44 years in 2004. There are presently more than twice as many 'over 50s' teachers as there are 'under 30s'. The present overall age profile of teachers will change considerably in the future as older teachers retire and are replaced by younger staff.

In early 2004 the average age ranged from 30 to 53 years across schools or colleges with at least 10 staff. The distribution of older and younger teachers varies widely. There were no 'under 30s' in 122 of these schools, whereas in some country primary and district high schools at least half the teachers were below 30 years old.

Age and Sex of Teachers 1999-2004
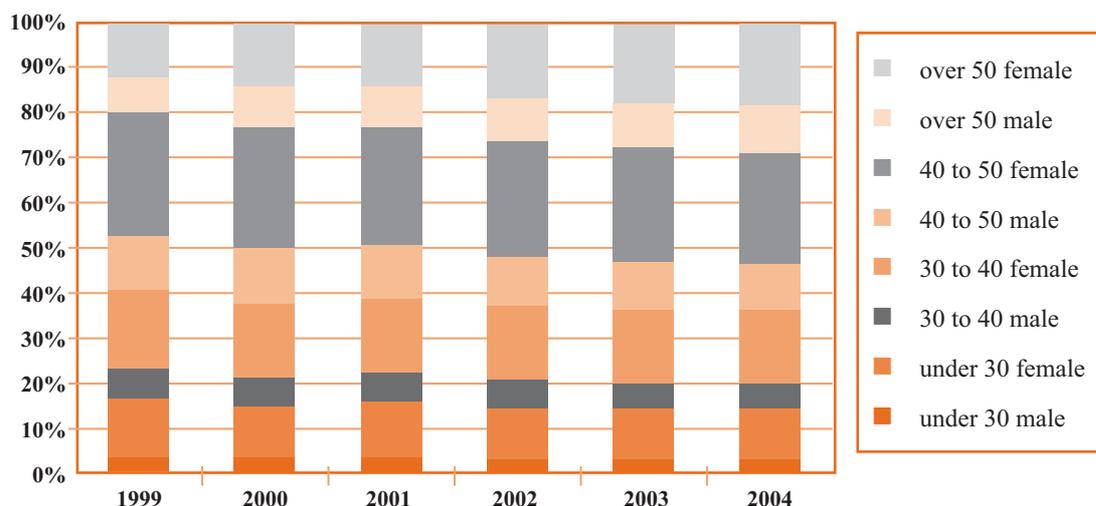
Figure 1: Age and sex of teachers 1999 to 2004

The age profile of the teaching workforce is not in a steady state. The proportion of 'over 50s' has increased from 20 to 29 per cent. There are more than twice as many 'over 50s' as 'under 30s'. The proportion of 'under 30s' males is very low.

Source: OAG and DoE

Older teachers form a higher proportion of the metropolitan workforce than in the country. The proportion of 'over 50s' senior high school teaching staff varied from 54 per cent at one Perth school to four per cent at one school in the north west.

Considerable differences in age profiles for schools of the same type and similar size may result when local selection is used. In 2004 one established metropolitan primary school had 26 'over 50s' on its 32 staff while another primary school that opened in 2002 had only two 'over 50s' among its 49 teachers.

The proportion of female teaching staff has increased from 69 per cent in 1999 to 71 per cent in 2004. This trend will continue because 83 per cent of 'under 30s' are female compared to 64 per cent among the 'over 50s' who will be retiring in the coming years.

Secondary schools (including district high schools) have a lower proportion of female teachers (57 per cent) than primary schools (81 per cent). In February 2004 there were 83 schools with no male teachers and 136 schools where at least 90 per cent of the teaching staff were female.

Status

The overall mix of permanent and temporary teachers has changed very little between 1999 and 2004. The Department is aiming to increase the proportion of permanent teachers from about 74 per cent at present to at least 85 per cent.

A few schools have no temporary staff while in others, mainly small remote and country schools, permanent teachers are in the minority.

Turnover

School performance may deteriorate if the rate of staff turnover is too low or too high. Figure 2 shows how many schools (with at least ten staff in 2004) retained the indicated proportions of those staff from the previous year.

Overall, about three quarters of teaching staff continue from one year to the next at the same school. Each year there are some schools which have to adjust to at least 40 per cent of new staff, often less experienced, fixed term teachers. At the opposite extreme, in one metropolitan primary school 45 of the 46 staff in 2004 had continued from the previous year.

Turnover rates are more varied over longer periods. At one south west primary school with 31 teaching staff in 2004, 27 had been at the same school in 1999. In contrast, a northern district high school, also with 31 staff in 2004, had retained only three teachers since 1999.

Proportion of staff in 2004 who were at the same school in 2003
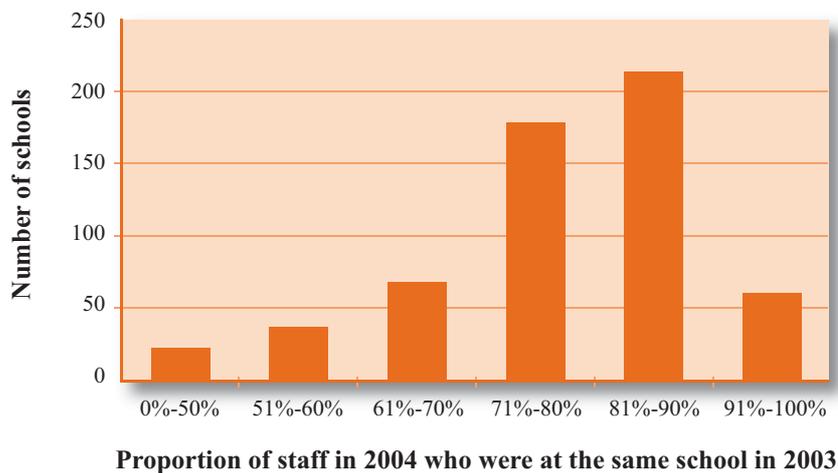
Figure 2: Numbers of schools with at least 10 staff in 2004 carrying forward the indicated proportion of staff from 2003

In most schools 70 to 90 per cent of 2004 staff were at the same school a year earlier but some schools have much higher or lower turnover rates.

Source: OAG and DoE&T