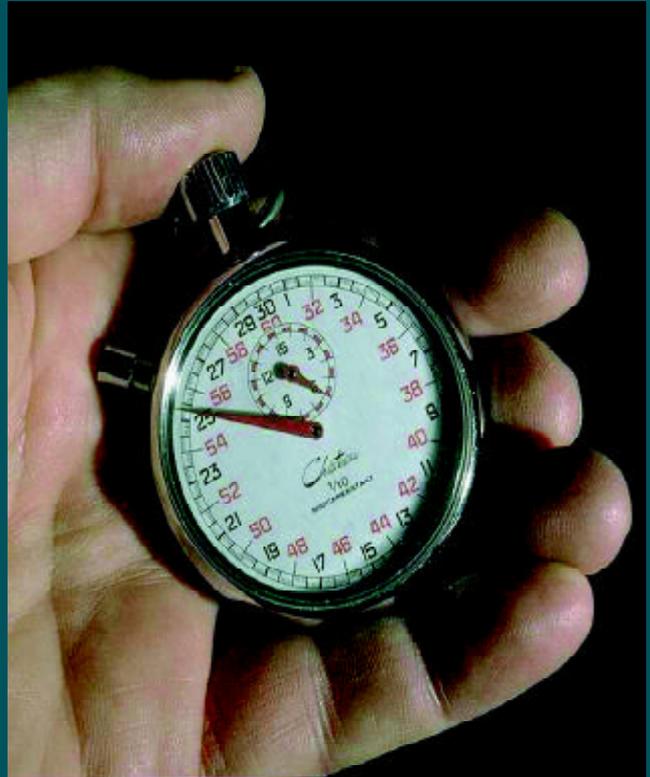


PUBLIC SECTOR PERFORMANCE REPORT 1997



- Examining and Auditing Public Sector Performance
- Follow-ups of Previous Performance Examinations
- Sponsorship in the Public Sector

Performance Examination

Report No 8 – November 1997



A U D I T O R G E N E R A L

Western Australia



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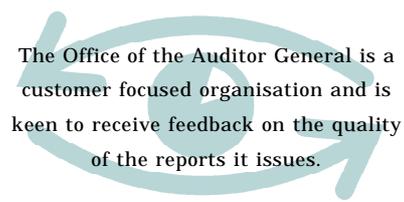
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Performance Examination

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AUDITOR GENERAL

Western Australia

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

**THE PRESIDENT
LEGISLATIVE COUNCIL**

PERFORMANCE EXAMINATION — PUBLIC SECTOR PERFORMANCE REPORT 1997

I submit to Parliament this Performance Report for 1997 pursuant to section 95 of the *Financial Administration and Audit Act 1985*. A statement on the conduct of performance examinations and performance indicator audits is presented along with reports on follow-up examinations which assess the impact of previous performance examination reports. A report on a small performance examination on sponsorship in the public sector is also included.

A handwritten signature in blue ink, appearing to read 'D D R Pearson'.

**D D R PEARSON
AUDITOR GENERAL**

November 13, 1997

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Introduction

The Western Australian public sector consists of over 350 agencies, which employ about 90 000 full-time employees, pay annual wages and salaries in the order of \$4 billion and have an annual turnover that exceeds \$20 billion. These agencies operate in a climate of significant change. Increasing pressure to improve efficiency and effectiveness has had an impact on almost every public sector agency.

Performance examinations and performance indicator audits provide independent information to Parliament and the community on public sector performance.

Reporting Approach

The results of performance examinations are reported to Parliament in two ways. A stand-alone report is used for those examinations, which, due to their complexity, importance, or impact on agency operations or performance, warrant separate reporting. Other matters of significance are included in general reports.

This Report presents a statement on performance examinations and audit of performance indicators to provide information on how these important aspects of my work are undertaken. Also included are ten follow-up reports relating primarily to the health, education, transport and finance sectors and a small performance examination.



D D R PEARSON
AUDITOR GENERAL

November 13, 1997

Examining and Auditing Public Sector Performance

Introduction

This statement complements the “Public Sector Attest Audit Practice Statement” tabled in Parliament in May 1996 and focuses on the performance aspects of the Auditor General’s mandate provided under the *Financial Administration and Audit Act, 1985 (FAAA)*.

In most countries Auditors General have had the scope of their roles expanded over the past two to three decades to encompass the role of examining and reporting on the performance of public sector operations. Performance in this context relates to aspects of effectiveness, efficiency and economy.

This trend is consistent with an increasing focus in the community on *what is achieved* with taxpayer funds and assets, rather than just being concerned about *how much* is spent. It can also be correlated with the changes in public administration, which have given managers greater responsibility in operational decision-making.

It has widely been observed that the emergence of the performance examination role of Auditors General both in Australia and overseas has significantly changed the relationship between Auditors General and the Executive Government, the commentary on the performance and management of programs and services being of considerable political and public significance.

However, this focus on performance is not new. A similar role is identified in the Old Testament and in ancient Greece public officials were required to account, not only for the money they spent, but also whether it was spent “in accordance with the will of the people”. The first recorded use of the term ‘auditor’ in 1285, with its meaning derived from the Latin *audire* to hear, suggests that the role of auditors as ‘listeners’ has involved the broad scope of reporting on accounts and performance from very early times.

Examining and Auditing Public Sector Performance

Independent performance examinations have emerged as a specific role of audit institutions in the nineteenth century in the United Kingdom, Ireland, Finland and Germany.

The formal origins of performance audit in the Australian public sector can be traced to the Royal Commission on Australian Government Administration which noted in 1976 that:

“If...departmental managers are to be given clearer responsibility for their managerial functions and greater freedom and discretion to perform, then it will be the more important that the quality of their performance should be subject to critical review”.

The Royal Commission recommended that the Auditor General be given the responsibility for efficiency audits and this led to amendments to the *Commonwealth Audit Act* in 1979.

In Western Australia the role of the Auditor General providing independent information on public sector performance was established through two key provisions of the *FAAA*:

- accountable officers and accountable authorities are required to report performance indicators which, in Treasurer’s Instruction 904, are defined as key effectiveness and efficiency indicators which shall be relevant, verifiable, free from bias and quantifiable. Section 93(1)(d) of the Act requires the Auditor General to audit these indicators and state whether in his opinion the indicators are “relevant and appropriate having regard to their purpose and fairly represent indicated performance”; and
- the term ‘performance examination’ is used in Western Australia in relation to the powers provided in section 80 of the Act to conduct examinations of the efficiency and effectiveness of agencies and parts of agencies. Elsewhere the term ‘performance audits’ or ‘value for money audits’ are often used to describe a similar role.

These two roles are an integral part of the accountability framework provided by the *FAAA* and the Auditor General’s mandate to provide independent information to Parliament (Figure 1).

Examining and Auditing Public Sector Performance

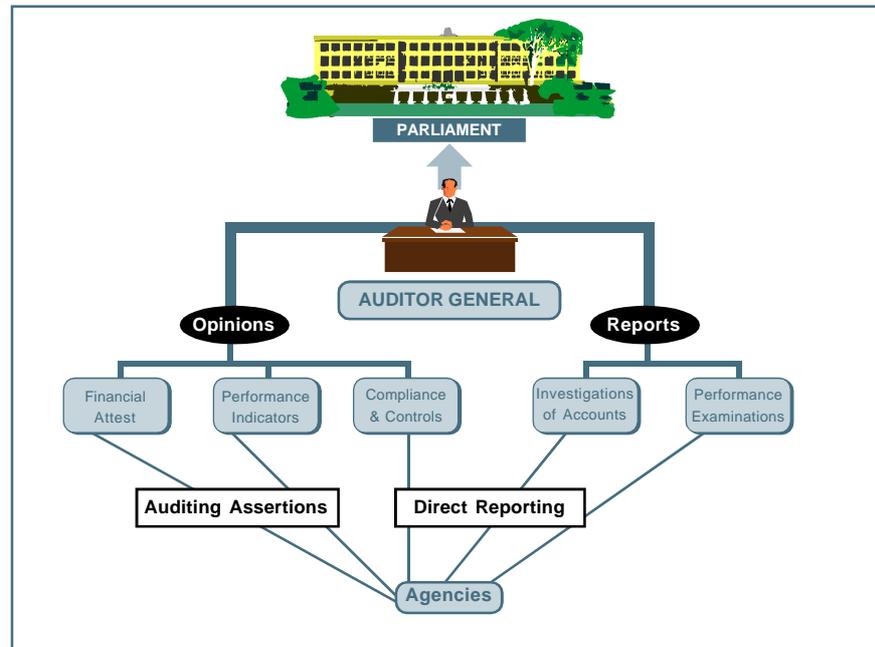


Figure 1: Functions of the Auditor General

Western Australia's pioneering work with the provision to Parliament and the community of audited performance indicators has been recognised internationally. The Auditor General has received an increasing number of enquiries from inter-state and overseas as other jurisdictions have identified a gap in their not having the assurance of an audit opinion as to whether the performance reporting by agencies is meaningful.

The importance of the performance examination role was recognised by the Western Australian Royal Commission into Commercial Activities of Government and Other Matters, which in 1992 described it as a vital check on waste and mismanagement. Subsequently, the State's Commission on Government reviewed the Auditor General's performance examination role and recommended that it continue.

What and Why

Independent Information on Agency Performance

The requirement for the Auditor General to act independently in carrying out his mandate for examining effectiveness and efficiency is fundamental to the independence of the information. It would therefore be inappropriate for the Auditor General to be subjected to the direction or control of any external body in determining:

- what is examined;
- how and by whom it is examined; and
- what and how findings are reported.

It would be equally inappropriate for the Auditor General to subject himself to the direction or control of an external body. In this context, although the Auditor General may take note of the standards for examining effectiveness and efficiency prescribed by various professional bodies, such standards cannot in any way bind the conduct of the Auditor General.

The key aspects of agency performance for accountability purposes are *effectiveness* as a measure of agency outcomes and impacts, and *efficiency* as the relationship between outputs and inputs (Figure 2).

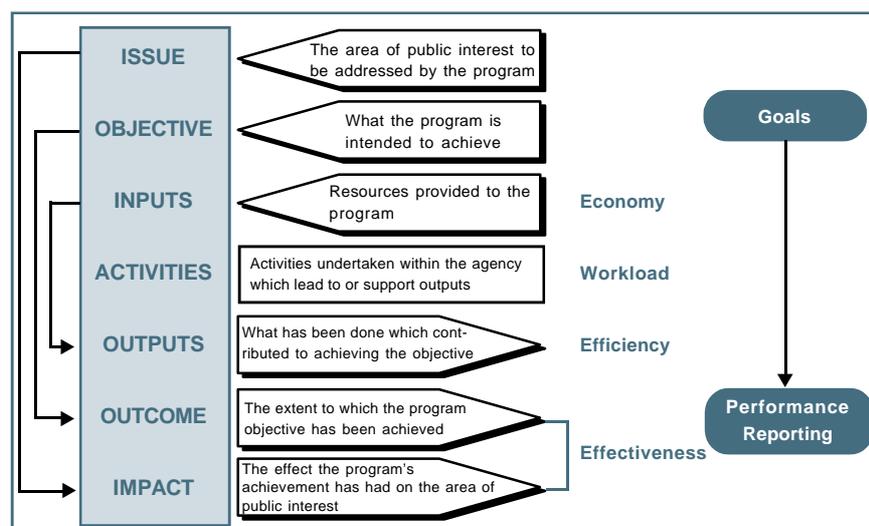


Figure 2: Performance Framework

Examining and Auditing Public Sector Performance

Performance Indicators

The Auditor General provides, for the audit period, opinions on whether agencies performance indicators are relevant to the objectives of the agency, appropriate for assisting users to assess performance and fairly represent the indicated performance.

A special report by the Auditor General on Western Australia's experience with performance indicators in 1994 reported that the standard of performance indicators in the public sector has improved considerably in recent years. It also recognised that the development of satisfactory performance indicators is a gradual process that spans several reporting periods.

The Auditor General advised in that report his intention to fully implement the provision of audit opinions from 1995–96 onwards, so that for the first time qualified audit opinions were to be issued for those agencies which do not have a full set of satisfactory performance indicators.

Soon after this report the Parliament's Standing Committee on Estimates and Financial Operations also issued a report on performance indicators and noted that:

"...advances made to performance reporting in the Western Australian public sector since this requirement [for audited performance indicators] was introduced in 1985 and [the Committee] recognises that Western Australia compares favourably with other jurisdictions in this regard".

In 1995–96, the most recent year with complete data, approximately half of all agencies had all or most of their performance indicators suitable for their intended use, these covering almost 95 per cent of the state's expenditure. For the first time in Western Australia, and probably the world, Parliament and the community has access to a wide range of audited performance information to assist in understanding the achievements of the bulk of the public sector.

Examining and Auditing Public Sector Performance

The introduction of Output Based Management (OBM) in 1996–97 requires agencies to have a clear focus on both desired outcomes and outputs. The joint publication, “Preparing Performance Indicators – A Practical Guide” published by the Public Sector Management Office, Treasury and the Office of the Auditor General sets out the OBM framework and guidance on performance indicators. This is assisting agencies further develop their performance indicators for 1996–97 and beyond.

Performance Examination

Performance examinations in Western Australia have a global objective *“to provide Parliament with assessments of the effectiveness and efficiency of public sector programs to facilitate informed judgements on the manner in which the public sector discharges its responsibilities”*.

In pursuing this overall goal the Auditor General aims to:

- undertake in a cost-effective manner a program of examinations designed to evaluate the efficiency and effectiveness of agency activities;
- identify good practices and deficiencies in order to recommend ways of improving efficiency and effectiveness;
- encourage and assist agencies to remedy deficiencies by identifying ways of improving systems and controls; and
- identify and communicate good management principles and practices that are applicable to the wider public sector.

These aims reflect the dual role of performance examination reports. Their primary purpose is to provide Parliament with information and assurance about the use of public resources. As a secondary objective, they also assist public sector managers by identifying and promoting better management practices.

The Auditor General provides information and recommendations to Parliament on:

- the achievement of program objectives;
- the management of program resources;
- policy advice developed by agencies;

Examining and Auditing Public Sector Performance

- the compliance of operations with laws, regulations, policies and procedures; and
- the credibility and reliability of financial information.

Auditors General around the world have worked to a convention that their performance work does not challenge the merits of government policy, this being the domain of elected representatives in Parliament. In the context of the mandate of the Auditor General in Western Australia, this results in the starting point always being to examine the effectiveness and efficiency of the *implementation of government policy*.

In examining the **effectiveness** of the public sector, the Auditor General contributes to decision-making to better meet the needs of the community in an equitable manner. The focus on **efficiency** provides information on agency operations and on opportunities for enhanced performance.

In 1995-96 the Auditor General undertook an examination of the Police Speed and Red Light Camera program of the Road Trauma Trust Fund and addressed one of the key issues facing the State — the enormous misery and cost arising from road deaths and injuries. Key findings included that speed and red light cameras are effective and that there is opportunity for the cameras to be used far more effectively, including on country roads, outside of normal operating hours, against motorcycles and through better placement to target black spots.

Stakeholders

The Parliament of Western Australia is the Auditor General's primary client and close links exist with the Committees of Parliament as well as its individual Members.

Other stakeholders include Ministers, agency management and staff, community and professional organisations, the media and individual members of the community. All have an interest in the independent information provided by the Auditor General on the performance of the public sector.

Examining and Auditing Public Sector Performance

For instance, the release of the report “*Under Wraps*” on hospital performance indicators focused on the taxpayers’ right to know about the performance of hospitals which receive annually approximately \$1.2 billion from the State Budget.

In recognition of community interest in performance examinations media statements released in conjunction with the tabling of reports in Parliament have been introduced. The extensive media coverage and community discussion often generated has led to increased community awareness of the accountability issues involved.

Access to reports has also been enhanced by making them available on the Internet within two hours of tabling. The extensive reach of the Internet became very evident when a letter of appreciation was received from the Virginia (USA) Police Force about the Speed and Red Light Camera report, which they had located via the World Wide Web.

The reports are also made available in computer disk or other formats to meet special needs including those of the disabled.

Outcomes and Outputs

The Auditor General’s primary outputs in relation to the performance components of his mandate are *Opinions on Performance Indicators* and *Reports to Parliament on Performance Examinations*. The outcomes derived from the performance mandate can be assessed in relation to the six stages shown in Figure 3. The diagram focuses on performance examinations but has similar application to performance indicators.

An awareness of the performance examination mandate by Members of Parliament, public sector managers and the wider community may in itself have a beneficial impact. This is the first stage in a hierarchy of possible outcomes of a performance examination. It has the “preventive” benefit of motivating the various parties to seek improvements in agency performance. From the time an agency is selected for an examination, it is possible that there will be efforts to anticipate the recommendations and to address the relevant areas in advance of the recommendations being finalised.

Examining and Auditing Public Sector Performance

Once the report is tabled, stakeholders may become aware of, gain an understanding of and make use of the information. The public benefit arising from this process relates to improved accountability, enhanced decision-making and improvements in agency performance.



Figure 3: A Hierarchy of Outcomes

In view of the complex links between the various stages, and the possible responses by Members of Parliament, it is likely that there will not be a single definitive measure of the Auditor General's effectiveness. Rather a number of indicators in combination provide relevant information to enable a meaningful assessment of the outcomes of the Auditor General's performance mandate.

Measures of the Auditor General's Performance

The outcomes may be measured in terms of:

- client satisfaction; and
- enhanced accountability.

Client satisfaction is measured by an annual survey of Members of Parliament. The results of the survey are collated by an independent market research firm to provide confidentiality for respondents and independence.

The 1997 Parliamentary Survey indicated that 100 per cent of the sample were aware of performance examination reports, up three per cent from the 1996 result. This response is notable given that 15 per cent of the

Examining and Auditing Public Sector Performance

respondents indicated that they were in their first year in Parliament. Individual performance examination reports were also reported to be useful, being rated as 'useful' or 'very useful' by 65 per cent to 88 per cent of respondents.

Responses in relation to all of the Auditor General's reports to Parliament indicated that 85 per cent of the sample had consulted at least one of the reports. Ninety seven per cent indicated that the reports had clearly communicated the issues involved and 87 per cent responded that the current approach and subsequent reporting of the Auditor General contributed to improved public sector accountability.

The 1997 Survey also indicated a strong interest in information on performance indicators, the report "Under Wraps" on performance indicators in the State's hospitals rated as 'useful' or 'very useful' by 90 per cent of respondents.

The annual survey also allows Members of Parliament to provide feedback on matters such as the accessibility of information in the reports and the preferred mode of contact with the Auditor General. It thus forms an integral part of his continuous improvement strategy.

In terms of the secondary objective of improving the performance of the public sector, measures under development include the proportion of recommendations accepted and implemented and the benefits and savings achieved.

It is intended to develop the means to capture quantitative and qualitative changes including:

- improved services;
- quality improved;
- savings; and
- resources freed.

There has been limited progress in the development of meaningful measures of efficiency because although various inputs can be determined, further work is required to define meaningful corresponding measures of the outputs. One approach being considered in this regard is a measure that

Examining and Auditing Public Sector Performance

relates performance examination costs to economic modelling of the community worth of the system subject to examination.

The agencies subject to examination are an important secondary client as the findings and recommendations of an examination provide a basis for improving their performance.

A survey of agency Chief Executive Officers is also conducted annually by the Office to evaluate the attitudes and perceptions of public sector clients regarding the Office. In the 1996 survey support for performance indicators was high with 74 per cent of respondents indicating that they provide a useful means of considering efficiency and effectiveness in all organisations. Similarly, support for performance examinations was high with 66 per cent of respondents indicating that the reports are useful for evaluating effectiveness across several agencies.

Senior agency management has an increasing expectation that performance examinations should:

- add value by increasing knowledge and understanding;
- adopt a forward looking approach by focusing upon performance improvement; and
- give recognition to the context such as an agency's changing environment and resource constraints.

In response to specific feedback obtained through the survey, good practice guides are being produced in a number of areas, with guides having already been produced for:

- sickness absence;
- contracting for services;
- the Internet; and
- hospital performance indicators.

Examining and Auditing Public Sector Performance

Accountability of the Auditor General

In recognition of the significance of the performance role of the Auditor General a range of measures are in place to provide a check on the powers involved and to ensure that the Auditor General is accountable to Parliament. These include:

- submission of an Annual Report including audited financial statements and performance indicators to Parliament;
- reporting, at least annually, on the conduct of audits;
- the conduct of periodic peer reviews of the Office;
- the possibility of removal from office by the Governor after a resolution being passed by both Houses of Parliament on the grounds (amongst other things) of incompetence.

In the absence of a legislative requirement to conduct external reviews the Auditor General has taken the initiative of developing the review process on a voluntary basis. When developing the second peer review conducted in 1995 the Public Accounts and Expenditure Review Committee was consulted on the arrangements.

How

The Auditor General has established a clear focus on the outcomes to be achieved through his performance mandate and has developed flexible approaches as to how these outcomes are to be achieved. This section provides broad guidance on current approaches, these being adapted to the needs of the specific situation and developed via continuous improvement initiatives.

Performance Indicators

The Office has issued a Standard for the audit of performance indicators. The Standard (Appendix 1) includes a definition of terms, an approach to planning, conducting and reporting on audits of performance indicators, criteria for qualified and unqualified opinions, wording of opinions and skills and competencies required to audit different types of indicators.

Examining and Auditing Public Sector Performance

The issues raised in associated Technical Guidance Papers are presented as checklists for consideration by auditors in establishing tests required to validate an agency's performance indicators. It should be remembered that the validation of performance indicators will always require an element of judgement on the auditor's behalf, however, it is important that any element of judgement is applied consistently.

Performance Examination

The performance examination process involves a sequence of steps to ensure that Parliament is provided with relevant and reliable information on public sector performance (Figure 4). These include the identification of appropriate topics, the collection and analysis of relevant information, and the development of reports for tabling in Parliament which convey relevant information in an objective and independent manner. Following each examination an internal review is undertaken to learn from the experience gained.

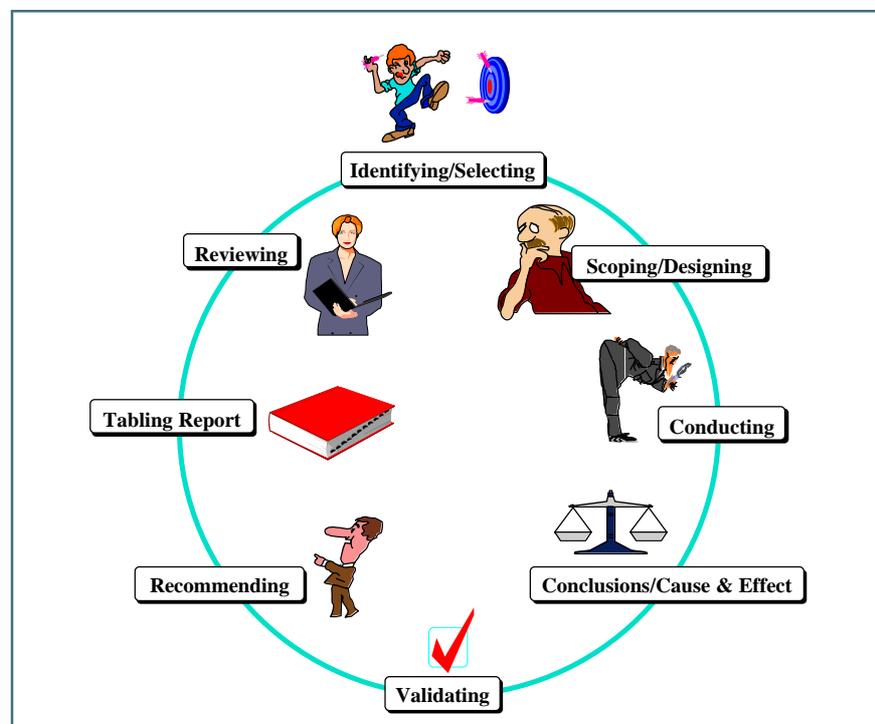


Figure 4: The Performance Examination Process

Examining and Auditing Public Sector Performance

In response to requests from Members of Parliament and the media for information on the impact of performance examination reports the Auditor General tabled in Parliament in 1996 the first series of follow-up reports on the impacts of recommendations made in previous performance examinations.

This initiative has revealed that performance examinations have been generally well received by agencies, with most leading to improvements in performance. Follow-ups are now being conducted on an on-going basis, usually 18 months to three years after the original examination.

Resourcing

The performance function is led by the Deputy Auditor General, Public Sector Performance on behalf of the Auditor General. They are supported by a combination of:

- multi-disciplinary teams chosen for their analytical and conceptual ability, with backgrounds as diverse as social science, engineering, history and accounting;
- staff on secondment from around the public sector and overseas; and
- consultants on contract to complement in-house skills and to enhance cross-fertilisation of ideas.

There are particular advantages to using non-specialist staff for many examinations where a fresh perspective more readily identifies the fundamental questions under-pinning effectiveness and efficiency. Multi-disciplinary teams are used to broaden the base of skills applied to performance examinations. Specialist consultants and advisory committees have been used to provide specialist input where it is required.

Quality Assurance

Quality assurance is evidenced at key stages in the performance examination process, including:

- structured approval processes;
- review of the *Summary of Findings to Date* by the agencies examined;
- independent assessments of reports; and
- peer review.

Examining and Auditing Public Sector Performance

The commencement and completion of the various steps in the performance examination process are subject to structured approval processes to ensure effective quality control.

The organisations and individuals that are the subject of a performance examination are entitled to natural justice. This is achieved by referring a *Summary of Findings to Date* to those affected, prior to finalising the draft report. This ensures that full account is taken of their views. This process does not in any way compromise the independence of the Auditor General, but ensures the provision of natural justice and enhances the quality of the reports that are tabled in Parliament.

Detailed independent assessments of a sample of reports conducted by a group of former politicians, and academics interested in accountability, politics and communication showed that the reports are generally considered to be of very high quality. Specific comments included those by a leading academic that the reports are of “...a very high standard indeed. *Editing, presentation, methodology, clarity and the contribution made to public sector accountability are all worthy of a triple A rating*”, and those by a former Member of Parliament that in general the reports are “...very informative and of great interest to Members of Parliament. *Information in these Reports is of a kind that Members of Parliament are not likely to be able to access in any other way*”.

As part of Office-wide peer reviews conducted by senior staff from other audit offices and the private sector the performance function has been subjected to close scrutiny and the approach being taken has been strongly endorsed.

Continuous Improvement

Continuously improving service delivery is a key strategy of the Auditor General and an embedded element of the culture of his staff. The strategy of continuous improvement has over three years lead to significant improvements in the quality of performance examinations.

Examining and Auditing Public Sector Performance

For instance, an end of examination review is undertaken for every examination, and includes:

- whether the project was on time, on budget and to an acceptable standard;
- what worked well;
- what could have been improved;
- what should be avoided; and
- action plans for change.

Where to From Here

The Western Australia public sector has reached a watershed in accountability for performance with the reporting in 1995–96 of performance indicators suitable for their intended use by agencies that cover almost 95 per cent of the State's expenditure.

Parliament, agencies and the community now have the opportunity to improve understanding, decision-making and accountability regarding the performance of the public sector by making best use of this newly available audited performance information. As a first step, consideration needs to be given to how to best make the existence of this information widely known and how to make it readily available. In particular, there are opportunities to use the Internet as a primary means of providing convenient access to the information for many people.

There can be uncertainty about the respective roles of the various parties in responding to Auditor General's Reports when they are tabled in Parliament. The information is provided to every Member of Parliament and made available to the wider community. The responsibilities that can be identified include:

- Executive Government at both the level of the Minister and the agency or agencies concerned should consider the content and recommendations of the report and implement changes where they believe these are appropriate.

Examining and Auditing Public Sector Performance

- Central Agencies such as Treasury and the Public Sector Management Office may have coordination responsibilities where the implications of the report spread across more than one Ministerial Portfolio.
- A number of Parliamentary Committees have an interest in the reports and the Standing Orders of the Public Accounts and Expenditure Review Committee (PAERC) specifically refer to the Auditor General's Reports as a key source of issues that the Committee may consider. The Committee's Standing Orders require that, where a report of the Committee recommends that action be taken by the Government, the Minister should report to Parliament on the action (if any) proposed to be taken with respect to the recommendations.

In 1996 the Auditor General and the PAERC signed a Statement of Understanding which provides an essential foundation for this approach. It includes an undertaking that:

"The PAERC will respond to the Auditor General's reports in a timely manner in the House, during the designated Committee time.

At this time the Committee will also make known its intention, if any, to follow up a matter raised by the Auditor General, by way of a hearing, broader inquiry or some other means of follow up".

The National Audit Office (NAO) in the United Kingdom has defined a 'circle of accountability' which clarifies the respective roles of the NAO, the Public Accounts Committee (PAC) and the Treasury (see Figure 5).

Examining and Auditing Public Sector Performance

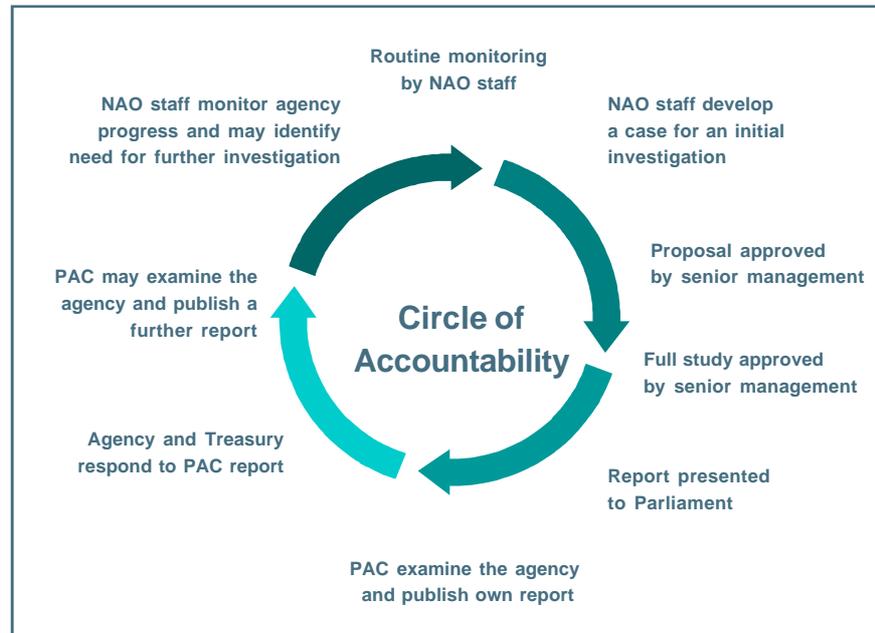


Figure 5: The National Audit Office of the United Kingdom’s “Circle of Accountability” for Performance Examinations.

Western Australia is now well positioned through the roles of the PAERC and the Parliament as a whole to reap the full benefits of the Auditor General’s performance mandate.

This mandate provides a unique service to Parliament through the provision of independent information on public sector performance. Its existence is an integral part of Parliament’s right to information to enable it to hold Executive Government accountable for its administration of the public sector.

Follow-up Performance Examinations

A follow-up to a performance examination is routinely undertaken, usually within three years of the initial report. The objective of a follow-up report is to assess the impact of the initial examination and to provide Parliament with information on resulting changes. It is not general practice to make specific recommendations in a follow-up report.

The approach taken in each of the follow-ups was to gather information from document analysis, observations and interviews with agencies involved and key stakeholders. The scope for the follow-ups are generally consistent with that of the initial performance examination undertaken.

Hospital Emergency Departments

(Initial Report Tabled November 1, 1995, No. 8)

Key Findings

- ***There have been major improvements in facilities and staffing at some hospitals.***
- ***Medical staffing and other arrangements at emergency departments in most non-teaching public hospitals fall well short of Health Department guidelines for private hospitals.***
- ***Clinical performance indicator information remains poor at most emergency departments. It is not possible to draw any general conclusions about current performance or changes since 1995.***
- ***The Health Department has launched, but not yet completed, initiatives relating to emergency department operations and information.***

Background

The role of a hospital emergency department is to manage patients with conditions too urgent or severe for treatment in a general practitioner's rooms. Patients of all age groups and all conditions may arrive at any time. For the most serious cases, such as heart attacks and major injury, the speed and quality of treatment can be critical to the outcome.

Emergency medical services in Western Australia cover a wide spectrum. The large departments at teaching hospitals have specialist doctors on duty at all times and access to comprehensive support services. Other larger hospitals rely mainly on non-specialist junior resident doctors or visiting medical practitioners. At smaller country hospitals and nursing posts emergency services are often wholly or initially provided by nurses.

Hospital Emergency Departments

Matters raised in the 1995 performance examination that are revisited in this follow-up are:

- facilities and staffing;
- performance and information systems;
- operational problems; and
- the role of the Health Department of Western Australia (HDWA).

Findings

The HDWA and teaching hospitals have broadly accepted the recommendations in the 1995 report and the HDWA has launched major reviews of metropolitan emergency medical services and information systems.

Developments in Emergency Medicine

Emergency medicine is a rapidly growing specialty. It is an important component of changing practices of health care which aim to support patients at home, where practical, and minimise the number and duration of inpatient admissions. Since the 1995 report the Australian Medical Workforce Advisory Committee (AMWAC) has, in a report dated February 1997, recommended a national total of 1200 specialists in emergency medicine by 2007 compared to fewer than 250 in 1997. No other medical specialty is projected to have such a large increase.

The HDWA was represented on the AMWAC group that drafted the report and intends to be involved in planning for the training of additional specialists in Western Australia in conjunction with the Australasian College of Emergency Medicine.

In November 1996, the first chair in emergency medicine in Australasia was appointed by the University of Western Australia, in conjunction with Sir Charles Gairdner Hospital, indicating the significant academic, as well as clinical growth of this speciality.

Hospital Emergency Departments

Facilities

There have been several major developments in facilities since the performance examination. Fremantle Hospital and Joondalup Health Campus have opened new emergency departments. Royal Perth and Albany Regional Hospitals have extensively rebuilt departments, with further stages to follow at Royal Perth Hospital. Swan District Hospital has a considerably extended emergency department. A new emergency department is included in the current redevelopment of Broome District Hospital. HDWA facility standards and advice support the design of these developments.

Staffing

Current staffing arrangements

Medical and nursing staffing numbers have increased in several hospitals for senior and junior levels. Fremantle and Royal Perth have consultants on duty from 8 am to the late evening during the week. Registrars are rostered at all times in the emergency departments of Royal Perth, Fremantle, Sir Charles Gairdner and Princess Margaret Hospitals.

Medical staffing practices at metropolitan non-teaching and regional hospitals are quite different. Most regional hospitals do not have specialists in emergency medicine and several rely entirely on visiting medical practitioners. The most common situation at non-teaching hospitals is for a single, non-specialist, junior resident doctor or general practitioner to be on duty or on call.

Proposals for future staffing

A report prepared by an emergency medicine specialist for the HDWA (the Mark Report) advised that “...by the year 2006 all patients attending metropolitan and major rural emergency departments should have their medical care directly supervised by a medical practitioner vocationally trained in the specialty of emergency medicine or an advanced trainee in the specialty”.

Hospital Emergency Departments

For metropolitan emergency departments, the Mark Report proposes 22 more specialists and 29 fewer junior resident medical officers by 2006 than in 1996. The report recommends that the facilities, staffing and support services at the non-teaching hospitals be enhanced to enable them to be accredited for advanced training in emergency medicine.

Health Department guidelines for private hospital emergency departments

The need to staff emergency departments with specialists or advanced trainees is reinforced by the HDWA's guidelines for the establishment of private sector emergency departments. These guidelines are based on the rationale that: *"It is not in the interest of the community to allow confusion in the mind of the public regarding the levels of service available in a facility classified or advertised as an emergency department."*

Of the two private hospitals with emergency departments, St. John of God Hospital at Murdoch has been licensed, while Joondalup Health Campus does not at present fully meet the staffing requirements of the guidelines but has been licensed on an interim basis until various other hospital facilities are completed.

Staffing at non-teaching hospitals

None of the metropolitan non-teaching hospitals or regional hospitals currently meet the guidelines set for the private sector. Continuing to run so many emergency departments without specialist leadership and experienced doctors on duty at all times increases the risk for seriously ill or injured patients. Emergency medicine specialists interviewed consider that junior doctors working without supervision make more mistakes, take longer to treat patients, order more investigations and generate unnecessary hospital admissions.

These issues need to be addressed in the context of cost-effective strategies for the delivery of emergency medicine services across the State.

Hospital Emergency Departments

Performance and Information Systems

National Triage Scale and clinical performance indicators

In 1994 the National Triage Scale was introduced and has since been adopted in all Western Australian emergency departments. Patients are classified into five urgency groups each with a target time (ranging from immediate for 'resuscitation' to within two hours for 'non-urgent') from arrival to being seen by a doctor. The percentages of patients seen in the target times are the key clinical performance indicators.

The HDWA has a direct involvement in the specification of data collected by emergency departments and an information systems working group was established and first met in March 1996.

With the exception of Princess Margaret, all metropolitan hospitals currently use the hospital wide information system (either PMAS or the new TOPAS system) to record data for each emergency attendance. The concerns expressed in the 1995 report remain and current performance summaries are considered unreliable at most hospitals. Hence directors are limited in their ability to monitor and manage their emergency departments effectively and it is not possible to report with any confidence how well the 'triage to treatment' targets are being met and whether there have been any changes in performance standards since 1995.

Improved information systems for emergency departments

Emergency departments need improved information systems for the 'real time' running of the department and for monitoring performance. Princess Margaret hospital installed in 1995 the 'HAS solutions' system, already used by more than 60 hospitals elsewhere in Australia.

The system has numerous advantages over the unsatisfactory PMAS system used by other metropolitan hospitals and the HCARE emergency patient module used by some regional hospitals because:

- data is mainly collected in 'real time' and is actively used in patient management;
- reviewing data for the previous day only takes a few minutes, allowing suspect data to be identified and corrected;

Hospital Emergency Departments

- times are more accurately recorded leading to credible performance reports; and
- it has additional features such as immediate access to information about previous attendances, 'user friendly' design, facilities to help research projects and the capacity to produce automatic letters to general practitioners.

The HAS solutions system has been approved in principle by the HDWA for all metropolitan public hospital emergency departments, with possible later roll out to regional hospitals, and funding for its installation in teaching hospitals has been approved from the 1997–98 budget.

Timely implementation of HAS would ensure more cost-effective information systems for emergency departments

Operational Issues

In addition to the risks and inefficiencies associated with using inexperienced doctors, emergency departments face two main operational problems:

Hospital support

Emergency departments need the support of the rest of the hospital for patients requiring further treatment. Metropolitan non-teaching hospitals transfer large numbers of patients to the teaching hospitals because there is no obligation on visiting doctors to admit patients, even when beds are available, or there is no local doctor with the necessary specialist skills.

Regional hospitals are generally more self-reliant than the metropolitan non-teaching hospitals, with local specialists providing more comprehensive support to their emergency departments.

Overcrowding

Teaching hospital emergency departments continue to experience periods of overcrowding. Patients may be accommodated in corridors and have long delays before being sent to a ward. The main causes are shortages of ward beds for patients needing admission, insufficient nurses to staff beds that could otherwise be used, extra work resulting from transfers from other hospitals and the increasing demand being placed on public hospitals.

Hospital Emergency Departments

Teaching hospitals have addressed the disproportionate pressure placed on emergency departments in several ways. Royal Perth now has a pool of beds that can be opened and closed at short notice. Sir Charles Gairdner and Royal Perth can both require wards to accept one corridor patient to relieve overcrowding in the emergency department. When circumstances demand, elective surgery patients can be cancelled to retain beds for expected emergency admissions.

A State-wide Emergency Services Plan

The 1995 performance examination noted that “*hospital emergency services have in large part evolved in response to local needs and preferences rather than as a part of a rational and objective State-wide emergency services plan*”.

A Perth Metropolitan Medical Emergency Services Task Force was set up and first met in May 1996. The main output of the Task Force has been the *Mark Report*, which was completed in November 1996. This report presents discussion points, options and proposals in the areas of staffing, role delineation of emergency departments, partnerships between hospitals, admission delays, performance improvements and indicators, and provisions for lower acuity patients.

The HDWA has drawn on the data and recommendations in the Mark Report during 1997, however, none of the recommendations of the Mark Report have as yet been translated into policy or action.

Public Hospital Waiting Lists Information

(Initial Report Tabled October 19, 1994, No. 4)

Key Findings

- ***Progress has been made by the Health Department and teaching hospitals to improve the quality of waiting lists information to provide better support to effective decision making.***
- ***A plan to make waiting lists information available to referring clinicians and patients to facilitate fairer access to elective surgery has been prepared and awaits implementation but has given little thought to modern means of disseminating the information such as the Internet.***
- ***There has been no significant progress in establishing comprehensive and accurate waiting lists information at non-teaching hospitals as a result information on waiting lists across the health system remains incomplete.***

Background

Elective surgery makes up the largest proportion of the State's hospital services budget of around \$1.2 billion. Waiting times for elective surgery serve as a key measure of access to elective surgery. The management of waiting lists is recognised as a complex issue. Good quality waiting lists information is essential to ensure that those needing care the most receive it in a timely manner. Comprehensive waiting lists also serve as useful tools for planning and effective allocation of resources.

In October 1994 a performance examination report on public hospital waiting lists information was tabled in Parliament. The examination found a need to improve the management of waiting lists information and data collection to enable fairer access to elective surgery based on identified need. The main findings of the 1994 examination were:

- an inappropriate community focus on numbers of people on waiting lists for elective surgery rather than on the time they had to wait;

Public Hospital Waiting Lists Information

- the limited use of waiting lists information in the provision of fair access to elective surgery;
- the need to develop consistent and comparable urgency categories to assist surgeons in prioritising patients;
- that better informed referrals of patients by general practitioners to minimise waiting times could be achieved with up to date and reliable waiting lists information; and
- that there was significant scope to improve the quality of waiting lists information.

Findings

The Health Department of Western Australia (HDWA) and teaching hospitals have broadly accepted the recommendations in the 1994 examination report and have developed a number of strategies to improve the quality of and access to waiting lists information.

Waiting List Management Strategy

The HDWA released a Waiting List Management Strategy discussion paper in October 1996, which raises issues consistent with the performance examination report and proposes various strategies for the management of waiting lists information. The proposed strategy is for the period 1996–98. Some of the initiatives are currently being implemented, whilst most are still at the policy development stage. The primary objective of the strategy is to ensure that patients receive care within clinically appropriate times.

The waiting time for elective surgery is a measure of access to hospital services and is a reflection of one aspect of the effectiveness of the health system. One main aim of the strategy is to “...*achieve acceptable levels of waiting times for elective care, by improving access to hospitals...*”. The strategy also suggests that waiting lists funds be dependent on the number of patients that are seen within clinically appropriate times. These targets further highlight the need for quality waiting lists information to ensure that funds are allocated appropriately.

Public Hospital Waiting Lists Information

Clerical and clinical audits

Information on waiting lists and waiting times at teaching hospitals has improved. The teaching hospitals are undertaking regular clerical audit procedures to ensure that the underlying waiting list information remains valid over time. The HDWA has released a Technical Bulletin for hospitals, providing operational instructions on coding and auditing waiting lists, which has or is in the process of being implemented at some of the teaching hospitals. However there are no formal independent audit procedures to check the validity of the waiting lists information at the hospital level by the HDWA.

Clinical audits are being undertaken at teaching hospitals to assist in ensuring that patients priority rating remains appropriate to their clinical need. However, each hospital differs in approach to clinical audit procedures. Some hospitals conduct clinical audits regularly whilst others are conducting the audits on an ad hoc basis. Regular and a more consistent approach to clinical audits across the hospitals are necessary to review the urgency status of patients and check that their condition has not changed over time.

Teaching Hospital Elective Surgery News

The HDWA currently compiles waiting lists information for the five teaching hospitals (on the last day of the month) and presents this in the "Teaching Hospital Elective Surgery News" bulletin. This bulletin is released monthly and has helpful information on waiting times by selected specialities and urgency categories for the five teaching hospitals (Figure 6). Although the bulletin provides useful information on waiting times it has not been widely circulated. Currently, general practitioners and patients do not have easy access to this information.

Public Hospital Waiting Lists Information

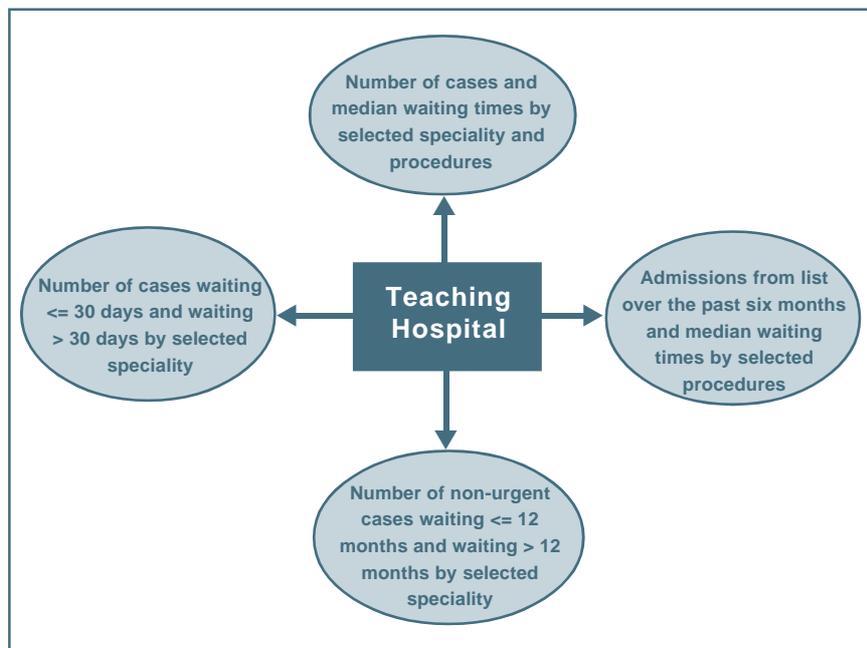


Figure 6: Waiting Lists Information Published in the “Teaching Hospital Elective Surgery News” Bulletin.

Source: HDWA and OAG

The bulletin does not include the waiting time for an initial consultation with a surgeon, which in many cases, can be significant and as a complete measure of waiting times, needs to be included when compiling waiting lists information.

The new hospital-wide information system, TOPAS (The Open Patient Administration System) is presently being implemented at the hospitals and is able to capture the waiting time until the initial consultation.

Urgency Classifications

To promote the comparability of information across the health system all teaching hospitals are required to report (under the Medicare Agreement) waiting lists information using a standard clinical urgency classification. The Waiting List Urgency Report released by the HDWA presents guidelines to assist in classifying patients needing elective surgery for fifteen procedures. It has been acknowledged by various hospitals that the standard urgency classifications have helped by improving consistency

Public Hospital Waiting Lists Information

in assisting surgeons in prioritising patients. However, the issue of classification is complex and prone to different interpretations and differences in opinion between clinicians.

Both the Technical Bulletin and the Waiting List Urgency Report serve to help consistency of reporting across hospitals and specialities. However independent audit or moderation procedures are needed to ensure consistent application and reporting across hospitals.

The Central Waiting List Bureau

To promote access to waiting lists information a Central Waiting List Bureau has been proposed. The Bureau was to be trialed over a six month period commencing in July 1997, but as yet the trial has not commenced.

Overall responsibility for coordinating the information is to reside with the HDWA (Figure 7). Information on waiting times will be given via the Bureau by major specialities at public hospitals. It is anticipated that the introduction of this Bureau will aid in providing timely and accessible information to patients and referring clinicians to make informed decisions.

The success of this Bureau will depend on appropriate marketing to raise awareness of the service to patients, referring general practitioners and the wider population. If successfully implemented the Bureau will help patients and general practitioners in making informed decisions that could minimise patients' waiting times.

It is somewhat surprising that the potential to use modern approaches to information dissemination has not been a feature of current planning. The information could be provided through various channels and consideration should be given to use of the Internet as one of the available options because it would provide a low cost means of providing access to information on a 24 hour basis.

Public Hospital Waiting Lists Information

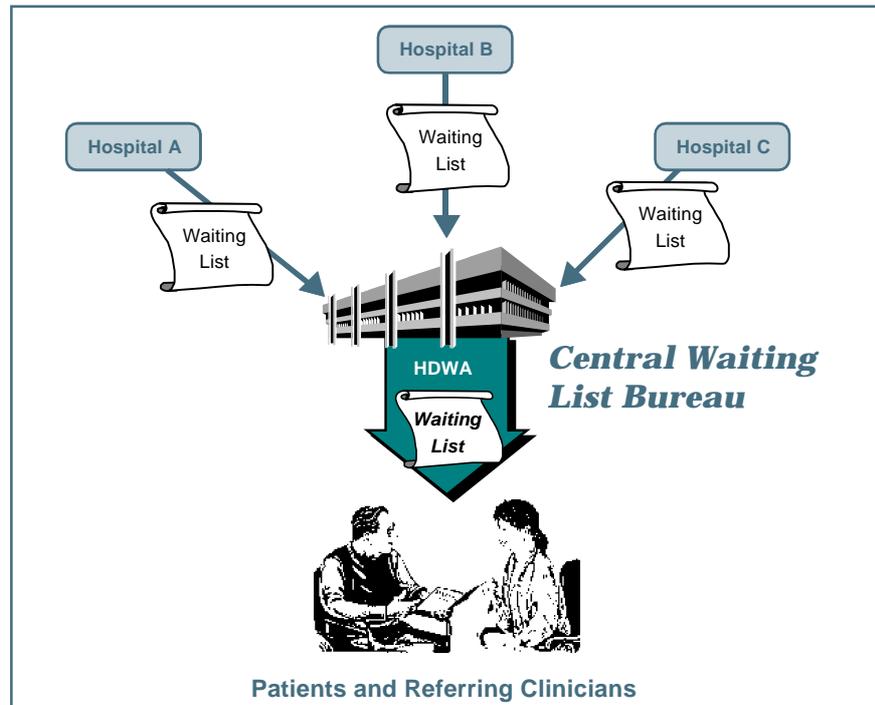


Figure 7: The flow of waiting lists information under the Central Waiting List Bureau proposal.

The Internet could be used to enhance access to waiting lists information.

Source: HDWA and OAG

Non-Teaching Hospitals

Elective surgery at non-teaching hospitals comprises almost half of total elective surgery performed in public hospitals. Very little progress has been made in acquiring waiting lists information for non-teaching hospitals. In general, the current perception is that the waiting lists at non-teaching hospitals belong to the private practitioners who admit patients seen at their rooms. The HDWA has released a document titled “Guidelines for the Collection of Waiting List Data in Hospitals” which was circulated to hospitals in August 1997. The document provides information on what waiting list data the HDWA require from hospitals.

Some non-teaching hospitals have made attempts to formalise the collection of waiting lists information by requesting specialists to complete a form on patients waiting for elective surgery. Timeliness and accuracy of this information is an issue.

Public Hospital Waiting Lists Information

Bentley Hospital has made some progress developing their waiting lists information. The information is being used to make decisions on theatre allocation time for surgeons, which provides an incentive for its provision to the hospital.

With the introduction of the new Metropolitan Health Services Board on July 16, 1997 the need for consistent metropolitan wide information is likely to become more pressing. The current situation where waiting lists information is not readily available for the non-teaching hospitals is inconsistent with the relationship that should exist between public patients and the public hospital system. The creation of the new Board provides an opportunity to review the current arrangements.

Public Dental Services

(Initial Report Tabled December 6, 1995, No. 11)

Key Finding

- ***The Health Department broadly accepted the recommendations of the report and is concluding a review of dental services in light of the withdrawal of Commonwealth funding and the recent formation of the Metropolitan Health Service Board.***

Background

In December 1995 the Auditor General tabled a report in Parliament on the effectiveness and efficiency of the delivery of dental services to both children and disadvantaged adults across the State. The examination reviewed the Health Department of Western Australia's (HDWA) Dental Health Program which exists to serve an estimated half million eligible clients and involves an approximate expenditure of \$47 million per annum. It aims to promote and improve the oral health of target groups including school children and the financially and geographically disadvantaged.

The main findings of the 1995 examination were:

- a need to reassess the Program's objectives and strategies to take account of changing patterns of oral dental disease;
- a need to reassess the School Dental Service in light of improved efficiency and its significant contribution to reduced decay and continuing issues of access for country people and the disadvantaged; and
- that limitations in information constrained the ability of management to monitor performance and opportunities for improvements in the efficiency of clinics.

Public Dental Services

Findings

The HDWA broadly accepted the recommendations of the 1995 examination and commissioned consultants in 1996 to review and address the findings and more broadly organisational objectives, services, structure and resources. Working parties were subsequently set up to consider the findings of the consultant's report.

However, at the end of 1996 Commonwealth funding for disadvantaged groups ceased resulting in a part year reduction of \$9.5 million. State funding for these groups was not increased to cover the loss of Commonwealth funds. The management of the Dental Services Branch of the HDWA has indicated that the loss of funds may lead to increased waiting times and a focus on emergency dental care rather than general preventative dental care.

In view of the termination of Commonwealth funding and the need to address the issues identified previously, a further review was commissioned in 1996 to identify options and make recommendations as to the future of public dental services.

Throughout this period of uncertainty, the Dental Services Branch has continued to improve the information available for the management of services. For example, the Dental Services Branch has:

- commenced development of a Patient Management System to monitor a range of factors impacting on the effectiveness and efficiency of services; and
- joined with the Dental Statistics and Research Unit of the University of Adelaide to collect and analyse comparative data across Australia.

Prior to the conclusion of this review the Government announced the formation of the Metropolitan Health Service Board which, from July 16, 1997, has responsibility for all metropolitan hospitals, including the Perth Dental Hospital. The organisational structures for metropolitan and country dental services are still to be finalised in light of this decision.

Until decisions are made and the reasons made known, the potential for the changes to assist in addressing the issues raised in the 1995 report is unknown.

University Consultancy Services

(Initial Report Tabled November 3, 1994, No. 5)

Key Finding

- ***Universities have made, and are continuing to make, progress towards improving the management of consultancy activities.***

Background

Consultancy activities are an integral part of university academic life. Consultancy opportunities enable staff to broaden their skills and knowledge base, widen their exposure and increase their income. The universities also benefit by enhancing their reputation in the wider community through these activities. Consultancy work forms an important component of academic employment and performance. However, the universities need to strike a balance between managing resources and encouraging staff to make their expertise available to the general community.

In November 1994, a performance examination report was tabled in Parliament that identified the potential for improvements to the management of staff consultancy services by universities. The main findings of the examination were:

- a lack of comprehensive consultancy policies and awareness of them;
- a lack of information about the number of academic staff involved, the dollar value of university resources used and the amount recouped from private consulting work; and
- risks of the universities being legally liable for staff consulting on a private basis.

University Consultancy Services

Findings

The four publicly funded universities in Western Australia have broadly accepted the recommendations of the 1994 examination and have developed a number of strategies to improve their management of staff consultancy services.

Staff Consultancy Policy and Guidelines

All four universities have revised their staff consultancy policies. The new policies are more comprehensive than previously and encompass the significant aspects of consultancy work.

The new policies vary in detail but address key issues such as:

- procedures for obtaining approval to conduct consultancy work;
- the use and charging of university resources; and
- professional liability.

Some new policies also address additional issues such as:

- ethical considerations of consultancy work; and
- sanctions for non-compliance with policies.

In most cases the new policies took some time to be developed. This was because of the extended consultation process that was undertaken to seek contribution and input from the relevant stakeholders. This process has assisted in increasing the level of awareness and understanding of the implications of the policy.

The four universities have published their consultancy policies on the Internet. This will enable wider access and readership and increase awareness of the policies.

Costing and Charging

Universities need to ensure that access to university resources does not give academic staff an unfair advantage over others competing for the same work. Full cost recovery for the use of resources places university staff in a competitively neutral position.

University Consultancy Services

All the universities have specified in their new policies that all resources used in consultancies are to be recovered in full. The policies also specify the circumstances when university resources may be utilised and the appropriate approvals required. The policies specify that staff should compete on a professional basis and should charge prevailing industry commercial rates unless carried out for charitable or non-profit organisations.

The universities need to guard against the uncosted use of their resources and non-competitive pricing strategies to ensure they maintain competitive neutrality.

Risk Management

Limiting legal liability is a major consideration for the universities. Some universities have addressed this issue by encouraging staff to undertake consultancy work through the universities' commercial centres. Consulting through a university's commercial centre enables the university to minimise its risk, implement quality standards and simplify cost recovery. However, this option has not been widely accepted by the academic community and commercial centres have not experienced significant increases in staff consultancy work.

Two universities are considering moving towards a requirement that all consultancy work be channelled through the university or its commercial centres and the elimination of private consulting. A possible exception being considered by one of these is when private consulting is carried out by members of professional bodies.

Another university has instituted a requirement for signed declarations. The declaration specifically mentions that the staff member has informed the third party that the university is not party to the consultancy and the staff member is acting in a private capacity. Staff must also provide details on the level of risk borne and insurance coverage.

University Consultancy Services

Monitoring and Compliance

Each of the universities has taken a different approach to monitoring consultancy activities. The approaches have had varying degree of success.

Some universities have introduced changes through their new consultancy policies, which require the completion of signed annual returns. The returns detail the type of consultancy arrangements, the time involved, costing information and the use of university resources.

Two universities have also implemented annual internal reviews. The internal reviews are focused at measuring and evaluating compliance with the university consultancy policies. Areas of weakness were identified and are being addressed by management. However, the findings of the reviews have varied widely and ongoing monitoring is required to minimise the risk of unauthorised private consultancies.

Universities are endeavouring to improve the information about the extent of consultancy work and the total value of activities, both in dollar terms and resources utilised.

Value For Money in TAFE

(Initial Report Tabled August 30, 1995, No. 6)

Key Finding

- ***The Western Australian Department of Training, through its Delivery and Performance Agreements, has made and is continuing to make progress towards improving the efficiency and effectiveness of the delivery of vocational education and training services.***

Background

The Western Australian Department of Training (WADOT) is responsible for managing Vocational Education and Training (VET) in Western Australia. WADOT's role is to develop strategic directions and policy, promote the development of an open and competitive training market, allocate resources to purchase training services, and ensure quality training provision. WADOT is also responsible for the development, promotion and coordination of employment and work based training programs and services. WADOT's budget for 1997–98 is \$320 million with the bulk of this being used to purchase VET services from six metropolitan colleges and nine regional colleges.

In August 1995 the Auditor General tabled a report to Parliament on the effectiveness and efficiency of the delivery of vocational education and training services provided by WADOT. Four fields of study were examined at one metropolitan Technical and Further Education (TAFE) College and compared with colleges in the ACT and NSW.

The main findings of the 1995 examination were:

- the main factors impacting on the efficiency of the TAFE College were average class size, the use of part-time teachers, and the composition and use of class support;
- the main factors bearing on effectiveness were module completion rates, graduates and employer satisfaction;

Value For Money in TAFE

- management information systems at both the TAFE College and at WADOT needed improving to enhance the capacity of management to respond to customer needs and monitor cost-effectiveness; and
- WADOT was making progress on a variety of initiatives which would enable it to more effectively manage its performance and better meet accountability and reporting requirements.

Findings

WADOT and the TAFE College involved in the 1995 report have broadly accepted the recommendations of the examination and have developed a number of strategies which are having a considerable impact on the management and operation of the VET sector in Western Australia.

New Roles and Relationships

New VET legislation implemented in January 1997 redefined the role of WADOT as that of a purchaser of quality training. The legislation seeks among other things to ensure that VET is more responsive to workplace reform, increased demand for post secondary education and new technology.

The legislation also creates autonomous VET colleges, which together with accredited private and industry trainers are the providers of VET in Western Australia. The VET colleges do not receive their funding directly from Treasury, but through WADOT under a funder-purchaser-provider model.

WADOT and each of the VET colleges have now entered into a Delivery and Performance Agreement, which specifies funding and service arrangements. In order to achieve the delivery of training specified in the agreement there is an increased emphasis on the effective and efficient use of resources by the VET colleges. The agreement allows WADOT to seek a refund from VET colleges that do not meet delivery targets.

Value For Money in TAFE

Resource Allocation and Monitoring

WADOT has developed an integrated model for the strategic management and allocation of VET system resources. The model identifies the key funding drivers of VET delivery including student contact hours per teaching hour, non-teaching staff costs, consumable costs and community service obligation funding. Benchmark settings have been developed for average class sizes, academic support staff, consumables-materials and non-teaching staff.

The Delivery and Performance Agreements stipulate the number of student contact hours that a college must deliver in a given semester, the areas in which they must be delivered and the level of funding. The agreements also specify the reporting requirements that the VET colleges must meet so that WADOT can effectively monitor performance and the utilisation of resources and adjust funding as required.

Training that is delivered through competitive tendering complements the training profile delivered through the agreements with VET colleges. Categories of training allocated by tender and which are also open to the VET colleges include pre-vocational (recently replaced by the Access program), priority skills enhancement, industry specific and enterprise specific training. Approximately \$12 million has been allocated for competitive tendering in 1997.

WADOT has made progress in improving management information systems, which enables it to better monitor and compare the efficiencies achieved through its approach to strategic resource management. One of the enhancements is the appointment of a data administrator at each college, who is responsible for monitoring the college's performance against the delivery profile and reporting to WADOT on a biannual basis. An annual audit program for monitoring the validity of student statistics has been instituted by the Australian National Training Authority to meet State and national requirements.

Value For Money in TAFE

Effectiveness of VET Services

Since the time of the Performance Examination, WADOT has consolidated its approach to the collection and reporting of system effectiveness information.

WADOT has undertaken a number of state-wide Employer Satisfaction Surveys to obtain employers' views on the quality, relevance and availability of vocational education and training services in Western Australia. The surveys indicated a moderate level of satisfaction amongst employers, with room for improvement across a number of the examined areas.

Similarly an annual Graduate Satisfaction and Destination survey has been conducted in conjunction with VET colleges to provide information on the performance of VET providers and the achievements of VET students. The response rates have increased from 40 per cent reported in the original survey undertaken to 52 per cent in the 1996 survey. This can be attributed to WADOT more actively following up non-respondents. Respondent satisfaction levels with the services being provided also remained high.

In 1995 WADOT conducted the first TAFE Current Student Satisfaction survey to obtain more immediate information on the views of current students regarding TAFE training (including courses put out to competitive tender) and other services being provided. This survey is again being undertaken in 1997 and WADOT intends to carry out this survey on an annual basis from 1998. A number of the VET colleges have also undertaken their own module level student surveys.

WADOT has developed and implemented a Quality System for Vocational Education and Training. The aim of the system is to enhance the quality of the services and products provided by the VET system. WADOT also has received Quality Endorsed Training Organisation (QETO) status through an external validation process. Approximately 140 training organisations (including public and private providers, Industry Training Councils, Skillshares, Adult Community Education providers) have either been endorsed or are currently seeking QETO status.

Passenger Trains — Peak Hour Running

(Initial Report Tabled December 5, 1995, No. 10)

Key Findings

- ***On-time running and passenger satisfaction with suburban train services has improved.***
- ***Westrail and the Department of Transport are continuing to seek ways to improve patronage and address concerns about peak period overcrowding and train to bus connectivity.***

Background

Perth's integrated public transport system, known as Transperth, comprises buses, trains and a small ferry service. The Western Australian Government Railways Commission (Westrail) operates the suburban passenger train service for Transperth. The Department of Transport (the Department) manages the overall Transperth system.

In December 1995 the results of a performance examination of the on-time running of peak passenger train services was included in the Auditor General's Second General Report to Parliament.

The examination found that passengers were generally satisfied with the overall train service although train-bus transfers and peak overcrowding was of concern to some. Passenger expectations of highly reliable and punctual train services were generally met with 94 per cent of trains running on-time, that is less than three minutes late, in 1994–95. Westrail's target is to reach world best practice standards of 97 per cent.

The report included four recommendations for consideration by Westrail and the Department. In July 1997 a follow-up examination was undertaken to assess any changes that had occurred since the 1995 report.

Passenger Trains — Peak Hour Running

Findings

All four recommendations have been accepted by Westrail and the Department and implementation is now either complete or in progress.

On-time Running

On-time running has improved from 94 per cent in 1994–95 to 96 per cent in 1996–97. Westrail closely monitors on-time running and provides weekly feedback to staff that highlights:

- world's best practice on-time target — which remains at 97 per cent;
- on-time performance last week; and
- average on-time performance this year.

Passenger Needs

The Department commissions comprehensive passenger satisfaction surveys of the Transperth system each year.

Overall passenger satisfaction increased for the rail system from 87 per cent in 1994–95 to 92 per cent in 1996–97. Satisfaction with peak services also improved, rising 7 per cent to 92 per cent. Features contributing to improved satisfaction included punctuality, the speed of the trip, and staff manner towards passengers.

Westrail has also established an urban passenger Customer Service Council comprising a broad cross section of travellers including seniors, parents, professionals and people with special needs. The Council's feedback will assist in the development of strategy and policy.

Overcrowding at the peak of the morning rush hour continues to be a problem. A contract has been awarded for five new two-carriage sets, which are expected to arrive in December 1998. Westrail is also trialing a two-carriage set with seating arrangements modified to improve access and thereby ease overcrowding.

Passenger Trains — Peak Hour Running

Train-Bus Connections

Passenger satisfaction with timely train-bus connections remains an issue although there has been some improvement. The level of satisfaction for all train users with time waiting for connecting buses and trains rose from 56 per cent in 1994–95 to 60 per cent in 1996–97. A further 10 per cent were neither satisfied nor dissatisfied.

The Department has prepared more informative train to bus timetables that are to be trialed shortly in the Midland and Joondalup regions.

The Department has also specified on-time running in contracts with bus service providers. Bus drivers are required to meet designated train services and to use their judgement regarding how long to wait for late trains before departing to meet bus schedule commitments. Many stations have electronic signs, indicating expected train arrival times, that can assist drivers make this decision.

Patronage

Westrail trialed extra late night services in December 1996 to better meet customer needs and increase patronage. The trial was judged a success attracting more than 6 200 passengers over two weekends. Westrail is planning to extend the trial over four months from November 1997 on Friday and Saturday nights.

Train patronage was estimated to be 28.9 million boardings in 1996–97, an increase of 3.3 per cent over 1995–96. Comparison with years prior to 1995–96 is no longer appropriate because the method of calculating patronage was updated in 1995–96. The previous method was established in 1985, well before the recent developments to the Transperth system, and was found to be increasingly underestimating patronage. The 1995–96 patronage figures form a new baseline for future comparison.

Administration of Aspects of Financial Assistance To Industry

(Initial Report Tabled November 3, 1994, No. 5)

Key Findings

- ***The Department has made, and is continuing to make, improvements in the administration of financial assistance to industry.***
- ***While amendments to the legislation governing financial assistance should provide for an effective administrative framework, this legislation has yet to be passed by Parliament.***

Background

The Western Australian Government, through the Department of Commerce and Trade (the Department), supports a range of activities to attract industry investment and promote economic development. These include promotion of the State as an attractive place to do business and the provision of financial assistance and investment incentives. Through the Department's Industry Incentives Scheme, financial assistance and investment incentives are directed towards projects which involve the manufacture of new products or provision of new services of strategic importance to Western Australia, and which would not otherwise occur due to impediments.

In November 1994 a performance examination report was presented to Parliament which indicated a need for improvements to the administration of financial assistance to industry, as well as to the enabling legislation. The main findings were:

- an ineffective legislative framework for administering financial assistance;
- comprehensive commercial and financial assessments not being undertaken for some projects;

Administration of Aspects of Financial Assistance To Industry

- inconsistent assessments of applications against all eligibility criteria;
- insufficient documentation to support assessments undertaken and reasons for decisions reached;
- projects not being systematically monitored and reported;
- limited evaluations of the effectiveness of assistance; and
- delays in commencing loan and investment recovery and write-off action.

The report included a number of recommendations to address these concerns. In July 1997 a follow-up examination was undertaken to assess the effect of any changes made in the administration of financial incentives to industry.

Findings

Following on from the initial examination, a number of internal and external reviews and reports have been conducted into this area including:

- “*The Operations of the Technology and Industry Development Act 1983*” – January 1995
- “*Strategic Audit and Evaluation of the Industry Incentives Policy*” – August 1996
- the Public Accounts and Expenditure Review Committee Report No. 31 “*Western Australian Government Financial Assistance to Industry*” – October 1996.

Departmental management have responded to all reports in a positive manner. Recommendations from the initial examination are either underway, or fully implemented. Key changes have occurred since the 1994 examination and are reported below.

New Legislation

The Department established a working party to review its various enabling legislation and to determine the most appropriate legislative basis for its future operation. Following on from this review, a bill has been drafted (the Industry and Technology Development Bill 1997) which:

Administration of Aspects of Financial Assistance To Industry

- clarifies the roles and responsibilities of the various participants in the Industry Incentives Scheme;
- defines the financial support available; and
- provides a legislative framework for administering the scheme.

This bill has yet to be passed in Parliament, although the Department expects this to occur in the current or next sitting. The legislative amendment is needed to enable the Department to address matters raised in the previous point.

Client Information

The Department has developed a promotion strategy to ensure that relevant information on all of its programs and assistance schemes is available. Information is actively promoted to existing and potential clients through general advertising, the Department's Internet world wide web site, target mail outs and by ensuring that information is available on request. An information brochure for the Industry Incentives Scheme has been prepared which provides details of the criteria and principles approved by Cabinet.

Assessment and Approval Process

The Department has made considerable improvements in its assessment and approval process, in particular:

- detailed assessment and approval guidelines are maintained in a financial assistance manual available to all staff involved in the Industry Incentives Scheme;
- all assessments for financial assistance must be vetted by an interdepartmental committee whose members comprise key stakeholder agencies; and
- extensive case files are now created and maintained by the Department for all applications undergoing assessment with transparency of recommendations and decision making readily apparent.

Administration of Aspects of Financial Assistance To Industry

Monitoring and Review

The Department surveys clients to assess the overall effectiveness of its financial assistance schemes, including the Industry Incentives Scheme. The results of these surveys form part of the Department's performance indicators.

The Departmental Audit Committee consistently monitors progress in implementing the recommendations of the November 1994 report. Status reports on all projects are presented to senior management every six months. These reports include a section for the anticipated losses (if any), associated with financial assistance to clients. Since the November 1994 report, all bad debts associated with the period prior to 1993 have now been cleared except for two cases. In 1994 bad or doubtful debts accounted for 6.4 per cent of ongoing financial assistance granted. This figure has fallen to two per cent for 1997. No incentives approved since 1994 have resulted in bad or doubtful debts at this time.

Public Sector Cash Management

(Initial Report Tabled December 5, 1995, No. 10)

Key Findings

- ***New, more comprehensive, accounting systems provide agencies with the means to better manage the timing of bill payments, which agencies need to implement.***
- ***More efficient payment methods should reduce the cost of making bill payments for many agencies.***

Background

The State spends over \$2 billion per annum on purchasing goods and services. This is a large cash flow that needs to be managed carefully.

In December 1995, a preliminary examination report on cash management practices was tabled in Parliament. The examination found little correlation between the date invoices were due to be paid and the date that they were actually paid. Over 40 per cent were paid more than one week early, which resulted in a loss of interest revenue to the public bank account. Over 45 per cent were paid late, which meant that payment obligations had not been met.

Other findings were:

- agencies frequently paid low value accounts (less than \$25) by cheque when more cost efficient methods may have been available; and
- the then Government Accounting System's (GAS) "hold cheque" facility was frequently used resulting in additional costs and paperwork.

In August 1997 a follow-up examination was undertaken to assess any changes to cash management practices that have occurred since the 1995 report.

Findings

There have been positive changes to the public sector financial management environment since 1995:

- the implementation of accrual accounting has progressed, albeit slowly;
- more comprehensive accounting systems are being introduced; and
- cheaper and more efficient bill payment methods have become readily available.

Some of these changes are new and it is too early to expect to see an improvement in cash management in many agencies. Future audits and examinations, will be looking to see if the potential gains now available are being realised.

Accrual Accounting and Financial Management Systems

The implementation of accrual accounting within the Western Australian public sector over the past four years is helping agencies gain a more comprehensive picture of the assets, liabilities, revenue and expenses under their control.

Until June 30, 1997, the Western Australian Treasury Department (the Treasury) supported a public sector wide accounting system called the Government Accounting System (GAS). GAS was a cash based system that could not be readily adapted to fully support accrual accounting. GAS also contributed to the deficiencies in cash management observed in agencies during the 1995 preliminary examination because users could not specify a payment due date when entering invoices. This limitation made it harder for agencies to control the timing of invoice payments.

Agencies that used GAS have now implemented their own accrual based financial management information systems. These more modern systems should:

- provide agencies with more comprehensive financial information to assist them manage their finances more effectively;
- help agencies to develop more efficient and effective accounting processes; and

Public Sector Cash Management

- enable adoption of electronic purchasing systems linked to electronic payment systems.

The combination of better accounting systems, supported by an accrual based financial management approach, should remove the hindrances to sound cash management practice that existed in 1995. However those agencies, mainly departments, that do not earn interest on their funds may still lack some incentive.

The Treasury has advised that it is working on developing an incentive package to encourage these agencies to better manage their cash resources. The incentive package builds upon recent Treasury initiatives, requiring agencies to project their estimated fortnightly cash flows in advance. The Treasury then draws down these amounts fortnightly from the public bank account to agencies' bank accounts.

The package is currently being evaluated by Treasury and agency representatives and should be available for implementation in the 1998-99 financial year. The reward for agencies will likely be payment of interest on funds held in their bank accounts.

More Efficient Bill Payment Methods

The Treasury, in conjunction with the Reserve Bank of Australia (RBA), have recently introduced initiatives aimed at improving the efficiency of invoice payments.

One such initiative enables agencies to pay accounts electronically via Electronic Funds Transfer (EFT). EFT is highly cost efficient as it eliminates the costs of raising, enveloping, posting and processing cheques. This results in:

- reduced operating costs;
- shorter transaction times; and
- improved control over cash flow.

The RBA charges the Treasury a bulk fee for all services provided, including EFT. This bulk fee includes an estimated cost of \$0.05 per agency EFT transaction. This cost is not passed on to agencies.

Public Sector Cash Management

EFT can make most, but not all, bill payments. The Treasury have therefore arranged a cheque production and distribution contract with Australia Post. This has replaced the in-house service that the Treasury used to provide for agencies without charge. The contract provides for Australia Post (EDI Post) to print, envelope and post cheques on an agency's behalf for a fee of \$0.80 per cheque produced, payable by the agency.

Both of these new services are available to agencies via a desktop banking package called ReserveLink. ReserveLink is a software application that enables the electronic transmission of EFT data and cheque payment details. Agencies that use ReserveLink have a choice of paying by EFT for no additional cost or paying an additional \$0.80 for an EDI Post cheque payment.

Whichever payment method is used, agencies should ensure they exercise effective control over the electronic transmission, update and storage of financial information.

Case Study

Main Roads Western Australia (Main Roads) was not included in the original examination. Main Roads was selected as a follow-up case study because it is understood to be ahead of many other public service agencies in its implementation of financial management information systems and use of EFT.

Although Main Roads has only recently adopted full accrual accounting, it has been accrual reporting since 1987–88. Main Roads did not use GAS and has had its own accounting system. This system has the facility to enter invoice payment due dates and is used by Main Roads to control the timing of invoice payments. Main Roads has also been using the ReserveLink software to make EFT payments for the past two years, initially as part of a Treasury pilot project.

Public Sector Cash Management

Main Roads made over 52 000 non-salary bill payments in financial year 1996–97 with a total value of about \$470 million. The follow-up examination found that:

- during the past two years the EFT penetration level has risen from zero to over 70 per cent and is continuing to rise. Main Roads considers that it has realised efficiency gains from this change although these have not been costed. Using the EDI Post charge as a benchmark, Main Roads has likely saved about \$0.80 per transaction, or around \$29 000 per annum, in cheque handling costs alone;
- Main Roads monitors early payments through exception reports generated by its accounting system. These reports indicate that about ten per cent of the total value of accounts paid in 1996–97 were paid eight or more days prior to the invoice due date; and
- this monitoring has highlighted the need to revise invoice payment standards following the significant uptake of EFT. Main Roads payment standards require a payment to be initiated eight days before the due date to allow sufficient time for cheque processing and postage. Adherence to this standard is causing the much quicker EFT payments to be made earlier than needed and reducing the potential gains. Main Roads are implementing new payment standards to address this issue.

Main Roads is therefore realising some of the benefits now available to other agencies through adopting better accounting systems and more efficient payment methods. The Treasury advise that Main Roads could, similar to other agencies, shortly start receiving interest payments on its bank account balance. This would provide Main Roads with added incentive to further improve its cash management and accounting practices.

Public Bank Account Investments

(Initial Report Tabled August 23, 1995, No. 5)

Key Findings

- ***Changes to management of the Public Bank Account investment portfolio have improved accountability for invested funds.***
- ***Adoption of a more balanced investment mix has cushioned the State's investment returns from recent falls in interest rates.***

Background

Moneys not immediately required by government agencies for their allocated purpose can be transferred from the Public Bank Account (PBA) to an investment account administered by the Treasury Department. The interest earned provides government and agencies with important additional revenue. The amount invested varies significantly, but for 1996–97 averaged more than \$1 billion providing a gross return of nearly seven per cent.

In August 1995, a performance examination report was presented to Parliament on the management of the investments. Key findings were:

- the operational management of PBA investments was clearly defined and was performing satisfactorily;
- strategic management of the investment pool was inhibited by insufficient documentation of the accountability for investments; and
- opportunities existed to seek higher returns through the use of alternative investment strategies.

The report included five recommendations to address these concerns.

Public Bank Account Investments

Findings

Treasury has addressed all of the recommendations made in the original report. This has resulted in an improvement in the level of accountability for the substantial public Moneys invested, and in the investment performance of the portfolio.

Accountability

Concerns at the lack of accountability, including formal endorsement of the investment strategy and reporting of performance, have been addressed. Since the examination, an Investment Policy Committee (IPC) has been established to manage the investment portfolio. The IPC monitors and reports investment performance to the Treasurer and seeks and obtains formal endorsement for any change to investment policy.

Investment Strategy

The original examination found that there were opportunities to seek higher returns through the use of alternative investment strategies. A strategy of largely short-term investments dominated the investment portfolio, with an average of 94 per cent of the total investment pool being in short-term investments.

The emphasis on short-term securities was due to a number of factors. Principally, these were the belief that the *Financial Administration and Audit Act, 1985 (FAAA)* did not allow capital losses to be incurred on any part of the portfolio, a lack of reliable cash-flow forecasts and uncertainties at the time about government contingent liabilities and other exposures.

Legal advice obtained during the original examination was that the *FAAA* did not preclude individual investments being sold at a discount and therefore being made at a loss. Amendments to the *FAAA* in 1996 have further clarified the matter. As a result, greater use has been made of long-term investments as bonds can be sold prior to maturity, thereby enabling portfolio flexibility to be maintained.

Public Bank Account Investments

A lack of complete and reliable cash flow forecasts was a key factor in the predominant reliance on short-term securities. Without the required certainty, Treasury's approach was to maintain a high level of liquidity to ensure agencies' funds were on call. Improving the forecasts was therefore a key requirement.

Prior to 1994, the forecasts on which investment decisions were based extended only for the next three months. In 1994 this span was extended to 12 months and by 1997 has been further extended to four years, with detailed estimates being available for two years. This improvement has greatly increased the certainty of cash requirements thus reducing the risk in investment decisions. The accuracy of these forecasts has also improved from about 93 per cent in 1993 to 97 per cent in 1997.

In light of these developments and in accordance with investment strategies suggested by separate consultants engaged by the Treasury and the Auditor General respectively, the mix of investments has significantly changed. The changed strategy involves placing a higher proportion of the portfolio in longer-term bonds. Historical trends suggest that over a period of years this will result in higher returns whilst still meeting liquidity needs.

The new policy now has prescribed a structure that involves both short and longer-term investments. Specifically, the policy states that:

Surplus funds in the PBA will be identified and separated into short and long term components. The long-term component shall not exceed 25 per cent of the forecast minimum quarterly average balance of PBA funds...

The current portfolio mix is 79.6 per cent short-term and 20.4 per cent long-term bonds, compared to a 94 per cent short-term mix in 1995. With falling interest rates over the past twelve months, this increased investment in long-term rates has had a beneficial effect on the performance of the portfolio.

Table 1 shows the impact from the fall in interest rates on the performance of the investment portfolio. Returns from short investments fell by just over 93 basis points over the year. However, the fall of the total portfolio was only 68 basis points. This indicates that the long-term component

Public Bank Account Investments

provided a cushion to the effects of the interest rate falls. Two years figures comparing the performance of the Bond Portfolio are not available as that portfolio was only established on March 1 1996.

	12 months ended 31/5/97 % p.a.	12 months ended 31/5/96 % p.a.
Gross return (Total portfolio)	7.659	6.979
Money Market (Short-term)	7.659	6.724
Bond Portfolio (Long-term)	unavailable	12.377

Table 1: PBA investment returns

The decline in the total portfolio return has been cushioned by longer-term investments.

Source: WA Treasury

No analysis has been undertaken by Treasury to assess the effect of the new policy settings and it has advised that no such assessment would be effective for about five years from implementation of the policy.

Public Sector Insurance Arrangements

(Initial Report Tabled December 5, 1995, No. 10)

Key Finding

- ***Risk assessments of 240 agencies, subsequent reinsurance assessment of the Government Managed Fund and the release of a Treasurer's Instruction to Agencies on risk management practices will significantly improve the management of government risk.***

Background

The State has \$22 billion of assets (excluding land) that require protection against the risks of loss or damage. The State is also faced with risks relating to liability exposures.

Insurance is one means by which these risks can be managed. Agencies pay over \$95 million in insurance premiums and receive over \$72 million in claims, mostly via the Government Managed Fund administered by the Insurance Commission of WA (ICWA)¹.

Other means of managing the risk include either elimination or acceptance of the risk. Eliminating the risks could for example involve the ceasing of activities that create the risk. Acceptance of risk is in effect a decision to self-insure, as the cost of any loss or damage will have to be met from its operating funds. If the agency is unable to meet the cost, it will have to be met by the State.

In December 1995, a preliminary performance examination report on Public Sector Insurance Arrangements was tabled in Parliament. The key findings were:

- public sector insurance is not based on comprehensive risk management and hence the State may be unnecessarily insured, or conversely inadequately protected against risk; and

¹ Formally the State Government Insurance Commission.

Public Sector Insurance Arrangements

- there are inconsistent insurance arrangements through varying practices of fund reinsurance² and agency self insurance.

The preliminary examination did not proceed to the full examination stage because two initiatives with government wide implications for insurance commenced. These were:

- a review of Government's insurance management arrangements by a joint ICWA and Treasury Department committee; and
- a Public Sector Management Office (PSMO) risk management project.

In August 1997, a follow-up examination was undertaken to assess developments that have occurred in respect to public sector insurance arrangements.

Findings

Review of Government's Insurance Management Arrangement

In June 1996, Cabinet accepted the recommendations of the review Committee. They included:

- all agencies be required to participate in the Managed Fund (RiskCover) from July 1, 1997 unless specifically exempted by the Treasurer;
- property risks currently covered by the Building Damage Management Fund (BDMF) be incorporated in the Managed Fund; and
- the self retention level of the Managed Fund be determined from a comprehensive survey and assessment of all agencies' risk exposures and claims experience and reinsurance pricing.

Implementation of these recommendations has been completed. In October and November 1996, ICWA in association with risk management consultants visited 240 agencies to conduct risk assessments. The reinsurance framework for the Managed Fund was then determined by ICWA in association with international insurance brokers.

² Reinsurance is external insurance undertaken to protect the fund from unusually large claims.

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On June 30, 1997 a new Managed Fund, called RiskCover, was created and the previous Managed Fund ceased to underwrite new risks. The BDMF was also incorporated into RiskCover.

RiskCover has considerably more scope than the previous Managed Fund to act in a self-insured capacity. For instance, the level of public liability reinsured has increased from amounts over \$500 000 to amounts over \$10 million.

These changes have gone some way to addressing the preliminary examination concerns and recommendations at the lack of a whole of government perspective to addressing risks. However, not yet addressed is the risk of catastrophe.

Risk of Catastrophe

The preliminary examination in 1995 found no evidence of a comprehensive assessment of catastrophic risks facing government as a whole. This situation remains, though ICWA plans to employ consultants to calculate by June 1998 the '*probable maximum loss*' that RiskCover would be subjected to in the event of a catastrophe. This will provide government with an assessment of the ability of RiskCover to withstand substantial simultaneous agency claims.

Of concern however, is that the '*probable maximum loss*' calculation will be restricted to those risks insured through RiskCover. Self-insured risks of agencies, including Government Trading Enterprises (GTEs), will be excluded. The cumulative effect of these self-insured risks could be significant and if excluded from the calculation would reduce the value of the calculation to government. Figure 8 shows the risks that will not be covered by the '*probable maximum loss*' calculation.

Public Sector Insurance Arrangements

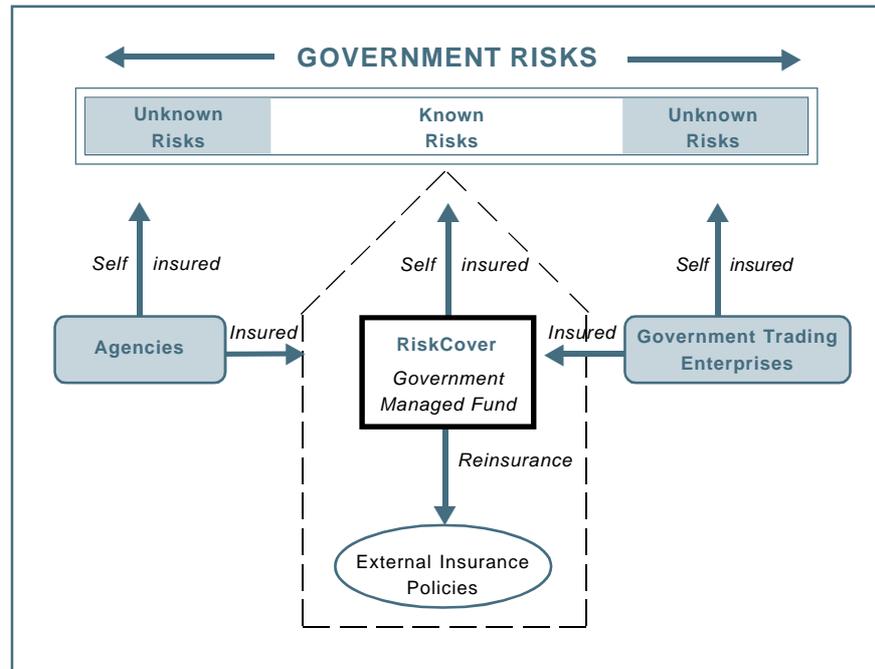


Figure 8: Government Insurance Framework

The cumulative catastrophic risk to Government will not be established by the 'probable maximum loss' calculation.

Source: OAG

Role of ICWA

ICWA is expanding its role from provider of advice to agencies on insurance to, adviser on risk management matters. This broader role addresses a concern raised during the preliminary examination that agencies may perceive ICWA as having a conflict of interest between its roles as adviser and provider of insurance.

Fulfilling this new role has involved:

- seminars to explain RiskCover in the wider context of risk management; and
- increasing agency level skills in risk management through a series of risk management workshops. These workshops help provide agencies with the knowledge and skills to identify, evaluate and control risk. To date, 47 per cent of agencies have sent representatives to the workshops.

Public Sector Insurance Arrangements

Government Risk Management Committee

Agency adoption of risk management practices is now required following the release of Treasurer's Instruction (TI) 109 in July 1997. TI 109 requires *"...procedures be in place for the periodic assessment, identification, and treatment of risks inherent in the operations of the department or statutory authority, together with suitable risk management policies and practices, and that these are documented in the accounting manual or other relevant policy manuals"*.

PSMO is also facilitating agency implementation of risk management practices through an Interim Risk Management Committee which is expected to be the precursor of a broadly based Government Risk Management Committee. PSMO advise the likely objectives of the Committee include:

- identifying and evaluating strategic risks faced by government, including development of a strategic risk management plan;
- developing policy and guidelines to assist agencies in meeting the requirements of TI 109; and
- improving expertise in risk management through training, transfer of expertise and the exchange of ideas.

Performance Examination

Performance examinations are an integral part of the Auditor General's performance mandate. They examine the effectiveness and efficiency of public sector programs and activities and the accountability of public sector agencies, thereby identifying opportunities for improved performance. Performance examinations contribute to improved measurement of the outputs of public sector agencies and the outcomes of their programs within both the program management and output based management environments of the public sector.

A small performance examination on sponsorship in the public sector is presented in this section.

Sponsorship

Key Findings

- ***Government agencies are becoming more aware of the opportunities from sponsorship and this is leading to increased involvement.***
- ***There is no complete information on the nature and value of sponsorship involving the public sector. Sponsorship received is greater than sponsorship given and has a present annual value estimated at about \$7 million (excluding the funds distributed by the Lotteries Commission).***
- ***Government sponsorship policy is in preparation at a broad aims and principles level. This will need to be developed into complementary policy and procedures at agencies.***
- ***Sponsorship incurs a range of risks and potential difficulties, which need to be addressed by policy and carefully managed in the arrangements made at individual agencies.***

Background

Sponsorship is “the purchase of the right to associate the sponsor’s name, products or services with the sponsored organisation’s service, product or activity in return for negotiated benefits”.

The corporate sector increasingly uses sponsorship as part of the marketing mix, generally for direct commercial gain or to promote a desired corporate image. Sponsorship of the public sector can be attractive to firms wishing to promote an image of responsible citizenship and community involvement. However, government agencies cannot expect to receive ‘free lunches’ from the private sector, neither should they give them.

The Crown Solicitor has interpreted two Acts as affecting agency capacity to enter into sponsorship arrangements: the *State Trading Concerns Act 1916* for money and the *State Supply Commission Act 1991* for goods or services. Amendments to the *State Trading Concerns Act* in 1997 eased legislative constraints on entering into sponsorship arrangements by

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granting the Minister the right to approve. Prior to the amendments, approval was required from Parliament. For sponsorship involving the receipt of goods or services, agencies may require approval from the State Supply Commission (SSC), depending on the amount involved. Neither Act explicitly mentions sponsorship and the boundaries between sponsorship, donations and grants are unclear.

Sponsorship involving the public sector has grown in a cautious but piecemeal fashion. More recently, there has been a discernible shift towards a more positive attitude to sponsorship. For instance, the Premier appeared in a promotional video when a major sponsor was sought for the former Superdrome, now Challenge Stadium, run by the Sports Centre Trust. The shift in attitude has not as yet been confirmed in any general policy statements on sponsorship.

Objectives and Scope

The objectives of this sponsorship review were to determine the nature and extent of sponsorship involving the public sector and the associated benefits and risks.

The examination involved reviews at seven agencies:

- Police Service
- Insurance Commission of Western Australia (ICWA)
- Sports Centre Trust
- Education Department of Western Australia
- Princess Margaret Hospital for Children
- Edith Cowan University
- Department of Family and Children's Services

Questionnaires were also issued to 33 selected agencies.

The review was directed at those elements of the public sector to which sponsorship is incidental or supplementary. It therefore excluded the Lotteries Commission and Healthway, which are obliged to distribute

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money in sponsorships or grants. The EventsCorp arm of the Tourism Commission of Western Australia, which specialises directly or indirectly in promoting events, was also excluded.

Findings

Nature and extent of sponsorship in the public sector

Sponsorships received and given by agencies vary from the very small to arrangements worth more than a million dollars over several years. Some of the examples, listed below might more rightly be regarded as donations³ than sponsorships. Some sponsorship arrangements were also found between government agencies.

Sponsorship/donations received by government agencies include:

- sponsorship of a Police helicopter;
- provision of logo-bearing sportswear by local traders to school teams; and
- sponsorship by a bank as well as beer, soft drink and ice cream companies of the Sport Centre Trust

Sponsorship/donations given by government agencies include:

- funding of conferences run by professional bodies and events such as the Clean up Australia campaign;
- sponsorship of the Western Australian Symphony Orchestra and Garden Week by the Water Corporation; and
- sponsorship of the West Coast Eagles by Western Power and the Fremantle Dockers by AlintaGas.

Sponsorship/donations by government agencies to government agencies include:

- ICWA funding of research at Sir Charles Gairdner Hospital into asbestos-related diseases; and
- sponsorship of the Perth Zoo by the Water Corporation.

³ Money, goods or services given without any agreed benefit to the donor.

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There is no whole of government register for sponsorships and allied deals and no consistent disclosure in agency annual reports. This and the imprecise definitions of sponsorships, donations, grants, and partnerships make it impossible to give exact numbers of arrangements and their values.

The totals reported by 32⁴ agencies for 1995–96 were:

	in cash	in kind
sponsorships received	\$2.2 million	\$1.8 million
sponsorships given	\$0.9 million	\$0.1 million
donations received	\$6.0 million	\$0.9 million
donations given	\$0.1 million	\$0.0 million

On the basis of the survey results and discussions held, total sponsorship received in the public sector in 1995–96 is roughly estimated at \$7 million⁵ or about 0.1 per cent of agency income. The \$6 million reported cash donations included \$3.6 million to schools, mainly by Parents and Citizens Associations and \$1 million to Princess Margaret Hospital.

Sponsorship of the public sector is predicted to increase. Of the 17 surveyed agencies reporting sponsorship received, 11 expected the value to grow during the next two years while only two anticipated a decline. Approaches from the private sector and greater awareness of opportunities within agencies are likely to lead to more sponsorships in the future.

For most of the agencies surveyed, any sponsorship income is ‘the icing on the cake’, allowing some minor extra activities to be undertaken. However, for a few agencies, such as Perth Zoo and Princess Margaret Hospital, sponsorship and donations are an important source of funding. The Sports Centre Trust received a \$0.9 million cut in public funding after attracting private funds.

⁴ 32 of the 33 agencies surveyed responded.

⁵ assuming that the surveyed agencies would receive at least half the total public sector sponsorship and donations.

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Present and future issues in sponsorship

The growth of sponsorship opportunities and the unclear legislative situation have prompted many agencies to seek advice on sponsorship. After extensive consultation the SSC produced a draft discussion document on *Sponsorship in Government* in December 1996 and a revised version in February 1997. This policy had been approved by the SSC but not formally adopted as Government policy by the end of August 1997.

The draft policy emphasises that the public sector principles of open and effective competition, accountability, integrity and honesty, efficiency and risk management must not be unduly compromised in sponsorship agreements. Because of variations in the type and size of sponsorships, the draft policy aims to set broad directions rather than specific procedures. Agencies would be expected to prepare their own detailed sponsorship policy and procedures in accordance with these general principles.

Specific sponsorship issues

Cash or 'in kind' resources from a sponsor either allow services to be maintained with a lower demand on the public purse, or for additional or higher quality services to be produced. Acceptable and legitimate uses of sponsorship are to support goals and objectives, to increase the effectiveness of strategic programs, to assist communications, and to enhance the agency's image and reputation.

Sponsorship, while providing opportunities for better public services at no additional public cost, may introduce risks, difficulties and additional work to agencies. These include:

Open competition – Normal public sector standards of open competition may inhibit sponsorship agreements. Large deals, possibly involving millions of dollars over several years, can require delicate and confidential negotiations to establish satisfactory 'win-win' terms. Defining the terms of a sponsorship and then openly advertising for expressions of interest is very remote from normal commercial practice.

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Disclosure – Agencies vary in their disclosure practices for sponsorships and donations. Some deals may include agreements to respect commercial confidentiality. A requirement for full disclosure of all individual arrangements may deter some sponsors.

Ensuring value for money – Determining an appropriate value for a particular sponsorship can be difficult, particularly where open competition is impractical. Many arrangements are unique and therefore have no established market value. Few agencies report using sponsorship consultants to advise them on values.

Managing soundly – All sponsorships are business agreements involving give and take. They should be confirmed in formal contracts, clearly defining the roles and responsibilities of both sides. Some agencies, such as Family and Children's Services, Princess Margaret Hospital and ICWA have well-defined procedures and good central control of sponsorship and other fund-raising. Many other agencies presently lack a central management focus and had difficulty in providing information about current sponsorships.

Cross-financing within the public sector – In addition to agreements between the public and private sectors, there are some examples of sponsorship between government agencies. For example, ICWA helped to finance the Police 'booze buses' for a time and a number of agencies have assisted Perth Zoo. In some cases the funds have been received by the sponsored organisation via non-government organisations. These arrangements should perhaps be viewed as joint ventures in pursuit of common interests rather than sponsorships.

Sponsorship of core services – Some sponsorships have wholly or partly funded core or highly significant public services, such as the Police helicopter and booze buses, radiology equipment at Princess Margaret Hospital and various aspects of Perth Zoo. There are important principles about what services public resources should fund and what might be offered additionally if other resources can be attracted.

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Inappropriate sponsors – Agencies differ about the appropriateness of some sponsors. For example, ICWA does not accept sponsorship from the alcohol industry, as this would be incompatible with campaigns against drink driving. Other agencies, such as Family and Children’s Services and Perth Zoo include brewers or wineries among their sponsors.

Schools will in future be allowed to make local decisions on sponsorship, subject to general Education Department policy. Unless there are blanket prohibitions, it is possible that some schools will make deals with sponsors that might be considered inappropriate by others.

Risk of loss of funds or reputation – Sponsorships given by agencies run a risk of failure because of non-delivery of agreed benefits. The widely publicised and investigated World Dance Festival was a conspicuous recent example of what can go wrong. Sponsorships received have the potential to embarrass agencies if the sponsors suffer loss of reputation. It is important that the risks from giving and receiving sponsorship are properly assessed and managed .

Undue influence or conflict of interest – Agencies must take care not to expose themselves to undue influence or potential conflicts of interest with sponsors. The Police, with significant cash and ‘in kind’ sponsorship, are an interesting example since all individuals and organisations could, in principle, be the subject of a police investigation.

Benefits to public employees – Some sponsorships offer opportunities for travel, hospitality and entertainment. The ethics of the public service require that individual employees should not accept significant benefits to themselves.

Inequity from sponsorship – Agencies have significantly different attractiveness to potential sponsors. For instance, a children’s hospital has more appeal than a psychiatric institution, and top schools have advantages over those with lesser reputations. If agencies attracting sponsorship suffer public funding cuts in proportion to their success (as occurred at the Sport Centre Trust), the incentive to attract sponsorship is reduced. On the other hand, if sponsorship income is not recognised, priorities for public funding could become muddled.

Sponsorship

Recommendation

- **Agencies should cautiously investigate the opportunities for sponsorship, but also the risks and difficulties.**

APPENDIX 1: Standard for the audit of performance indicators

Introduction

Under the provisions of the *FAAA* and details in Treasurer's Instruction 904, as part of their annual reporting process, Accountable Officers and Authorities are required to report performance indicators detailing effectiveness and efficiency in achieving program/agency objectives. These performance indicators are subject to review by the Auditor General who is required to provide an opinion as to whether agencies performance indicators are relevant and appropriate having regard to their purpose and fairly represent indicated performance. Performance indicators are intended to be guides to an understanding of the performance that has been achieved. The word indicator is derived from the word indicate: *to point out; to show; to give some notion of; or to give ground for inferring*. Performance indicators do not, therefore, have the precision and comprehensive coverage of financial statements.

An audit of performance indicators differs from financial attest audits in that the audit opinion not only addresses the traditional area of "fair representation" but also provides an assessment of whether or not the indicators are relevant and appropriate having regard to their purpose.

This standard includes a definition of terms, an approach to planning, conducting and reporting on audits of performance indicators, criteria for qualified and unqualified opinions, wording of opinions and skills and competencies required to audit certain types of indicators.

Definitions

Appropriate: A dictionary definition of appropriate is 'being suitable for a particular purpose'. In this case, the 'purpose' defined in the Treasurer's Instruction is to 'assist users to assess performance of the agency in discharging the objectives established for the agency'.

Standard for the audit of performance indicators

To be appropriate agency's performance indicators should enable users to assess:

- Performance relative to targets or goals;
- Performance relative to previous performance; and
- Performance relative to the performance of similar agencies or programs.

Relevant: To be relevant, an indicator should have a logical relationship to a user's needs and to clearly defined objectives which communicate what is to be measured. The key words in the objectives stated in an agency's program statements, corporate plan, or annual report will be used when assessing the relevance of an indicator.

Key Indicators: A key indicator is one that relates to the primary purpose of the program and/or agency. Key indicators should be high level indicators, giving an overview of the program performance achieved. They should therefore relate to ends (performance with respect to program objectives), not means (performance of the operational activities associated with the program).

Efficiency Indicators: Relate resource inputs to resulting outputs, showing the agency's productivity. Program efficiency indicators should show the efficiency with which the agency produced those outputs that are directly related to the primary purpose of the program. Efficiency indicators should relate the total resources used by an agency to the outputs achieved, including overheads and administrative components; e.g.:

- financial resources (total cost/output),
- physical resources (value of assets used per output),
- human resources (staff/output),
- time resources (time/output).

Effectiveness Indicators: Relate inputs and outputs to outcomes and impacts.

An outcome is what has been brought about as a direct result of an agency's outputs.

Standard for the audit of performance indicators

The *impact* (or influence) is an assessment of the consequence of the outcome in a wider government policy objective.

Outcome indicators usually relate to an area over which the agency has a significant degree of control. However, many agencies (particularly central agencies and those with a policy development, coordinating or facilitating role) seek to influence a policy area over which they may not have direct control.

Workload Indicators: show the amounts of work done. They are activity oriented and frequently relate to process rather than outputs. They are not considered to be key indicators of performance and, if included in the Annual Report, should be included in the report on operations section not as performance indicators.

Users: Defined as Parliament, those members of the public with an interest in an agency's programs, the media and peer organisations.

Scope of Audit Work

The *Financial Administration and Audit Act 1985* requires the accountable officer or authority to prepare and submit performance indicators. Treasurer's Instruction 904 requires that key indicators of effectiveness and efficiency be reported for each program. The Auditor General is required to audit these indicators and state whether in his opinion, they are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

Planning

The auditor should allow for two planning stages when auditing performance indicators:

- the initial planning stage when the auditor is looking at the overall planning of the audit and preparing the General Risk Assessment; and
- the interim audit stage when the auditor has received the draft performance indicators and is planning the audit of the performance indicators submitted and preparing the test plan.

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During both planning stages and the audit itself, the auditor should continually be assessing whether or not they themselves and their assistants have the appropriate mix of skills to conduct the audit of reported performance indicators.

Initial Planning Stage

The auditor should review the previous year's performance indicators and opinion and the proposed indicators for the current year and include a section in the General Risk Assessment setting out:

- what changes are proposed by the agency to its programs, objectives and performance indicators;
- what assistance if any the agency has requested;
- an initial assessment as to whether the indicators are considered to be relevant and appropriate;
- an assessment of the adequateness of the underlying systems supporting the development of these indicators; and
- what skills may be required to audit the indicators.

Relevant and Appropriate

The types of issues the auditor needs to address would be:

- has the agency developed objectives that reflect what is(are) the primary reason(s) for the existence of the agency as required by legislation, programs etc.;
- has the agency developed clear outcome focused objectives;
- are the indicators relevant to the objectives;
- do the indicators show performance of all key areas and provide an adequate range of perspectives;
- do the indicators enable users to assess performance relative to targets, previous performance and similar agencies or programs; and
- is the agency satisfying the reporting requirements of Treasurer's Instruction 904.

Standard for the audit of performance indicators

Legislative Compliance

In some cases the objectives stated by an agency may not reflect the outcomes that were the intention of the legislation. The auditor needs to analyse the objectives presented by the agency to ensure that they reflect the intention of the relevant legislation.

For example there are acts of Parliament that define the responsibilities of government and the functions of various departments in providing them (e.g. the *Health Act*, *the Child Welfare Act* and *the Housing Act*). The auditor will need to ensure that the program objectives of the Health Department, Department for Family and Children's Services and Homeswest reflect the intent of the relevant acts and comment in management letters where improvements need to be made.

Comprehensive

The auditor needs to ensure that the performance indicators cover all of the key areas of the agency's objectives and provide an adequate range of indicators for users to assess performance.

The indicators presented may all be relevant and appropriate to an objective but may be deficient in that they are not comprehensive enough to cover all of the key areas within that objective. In such a case the auditor will need to bring to the attention of the agency the areas where the indicators are considered to be deficient.

Skills and Competencies Required

Before undertaking the audit the auditor must be confident that the required skills and competence to audit performance indicators are available.

For auditors to undertake successful audits of performance indicators, they will need to understand issues in performance measurement, derivation of performance indicators and practical development of suitable information systems. In addition, auditors should be aware of current corporate and business planning issues and related social, economic and environmental factors.

Standard for the audit of performance indicators

In auditing non-financial performance information, auditors will be required to exercise their judgement and express opinions on areas that involve disciplines other than accounting. If neither the auditor nor another person within the Office of the Auditor General has the professional skills the auditor must engage the service of a qualified or professionally recognised specialist in the relevant field, for example: valuers, engineers, actuaries or lawyers.

The specialist may be called upon to undertake the audit of particular areas of the non-financial performance information, or offer the auditor advice in relation to certain parts of the audit process, for example, to assist with the evaluation of the integrity of systems and controls that are of a technical or specialist nature, to advise on the type of audit testing the auditor should undertake, or the appropriate technical or quality standards relevant for specific performance measures.

It is essential that any expert assistance be identified at the planning stage.

The auditor, when using the work of another auditor or expert, needs to consider the audit procedures required by auditing standards AUS 602 and 606.

Interim Audit Stage

The auditor should have made an initial assessment as to whether the indicators are relevant and appropriate during the initial planning stage.

This assessment should be revised when considering the draft performance indicators and before preparing the performance indicator test plan.

If the indicators are considered to be relevant and appropriate it is during this stage that the auditor must determine the extent and nature of testing required in order for the auditor to be satisfied that the indicators fairly represent the indicated performance.

Points to consider are:

- determination of whether the indicators are verifiable. Appropriately qualified individuals working independently should be able to come to essentially similar conclusions or results about performance indicators.

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This means that the information upon which the indicators are based must be collected, recorded and analysed in such a way that the conclusions drawn from it can be checked;

- determination of whether the indicators are free from bias. The information used to indicate performance should be impartially gathered, analysed using techniques which are free from built in bias and impartially reported. Selective reporting or distorted presentation of information is to be avoided; and
- determination of whether the indicators are quantifiable. The indicators should show in a quantified way the extent to which objectives have been achieved. Extent is a relative term and requires a reference point against which comparison can be made. It should be noted that subjective or judgmental statements about performance are not quantified indicators.

The auditor should also see that there are notes to the performance indicators.

Performance Indicators should be able to 'stand-alone' as a separate segment of an annual report. Thus, while an agency's report on operations may refer to its performance indicators, it should be possible to use the indicators without having to read the report on operations. Notes should explain the indicators' relevance to the program objectives, how the indicators have been derived, any variations in the way they have been derived (from previous indicators), why these are key indicators of performance, and how the indicator may be used to assess performance. However, the notes should not make judgements about the indicated performance.

Conducting the field work

Audit Assurance

When auditing performance indicators, the auditor should apply a combination of audit techniques and tests that will provide the required level and amount of audit evidence to facilitate the making of an opinion.

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Because the information is primarily non-financial, as opposed to financial, does not in itself necessarily call for new techniques or tests to be used. The combination of various audit techniques or tests may differ when compared with those used in regard to the financial information.

Audit techniques that can be applied by the auditor would include:

- Compliance testing and evaluation of the systems, processes and the controls that capture, record, analyse and monitor the information;
- Performing rigorous analytical procedures over the information; and
- Performing a combination of those substantive tests considered necessary to gain the required level of assurance.

As with any other aspect of auditing the auditor must exercise judgement in obtaining sufficient appropriate audit evidence to enable reasonable conclusions to be drawn.

Sources of likely audit assurance may vary according to the nature of the measures reported. The next section sets out the evidential requirements that are likely to apply to the audit of effectiveness (outcome) and efficiency (relationship of inputs to outputs) measures.

Evidential Requirements

Where the performance measures are of **effectiveness** (outcomes), i.e. that which has been brought about as a direct result of the agencies outputs, the auditor will primarily be concerned with testing the systems used to measure those outcomes.

Outcomes will generally be measured through surveys or databanks of factors such as satisfaction levels, use of a service (for example, patronage levels at Art Gallery), quality of a service (for example, water quality) or number of occurrences of a specified event (for example, crime rates and clearance rates).

In such cases, the auditor will usually test the systems used to measure the outcomes, to ensure that they support the reported information. Normal audit standards and guidelines applying to reliance on financial systems will be applicable in most cases. Other sources of evidence could include statistics gathered independently (for example, by the Australian Bureau of Statistics).

Standard for the audit of performance indicators

Auditing the quality of a service may have two meanings or dimensions, a customer-based meaning (for example, user perceptions of water clarity and taste), and a technical meaning (for example, coliform counts or other technical standards for water quality). Neither dimension is of itself “correct”, and proper measurement of quality should include both dimensions. Entities may choose to measure and report on either or both, auditors should assess whether entities have considered both before choosing measures, and encourage the use of both.

The judgment involved in the audit of quality is such that the auditor needs to have the expertise, knowledge and skills to undertake work in this area, and as such it is expected that auditors at the senior level will perform the work. If neither the auditor nor another person within the Office of the Auditor General has the professional competence the auditor should engage the service of a qualified or professionally recognised specialist in the relevant field.

Where the performance measures are of **efficiency**, that is the relationship of inputs to the goods and services produced, the auditor may expect to use any one or more of the full range of audit techniques and tests.

Auditing Allocation of Costs

In auditing costs much of the substantiation will be performed as part of the financial audit. The auditor will, however, need to establish that costs have been correctly allocated to each significant output.

The full and fair allocation of costs to the outputs that incur them is one of the cornerstones of an efficient management control system. The information such systems generate should enable entity stakeholders and management to make accurate business decisions.

The audit focus should be on the underlying assumptions and systems. Therefore the auditor should concentrate on:

- testing the reasonableness of the underlying assumptions;
- ensuring the method of allocation is reasonable and supportable; and
- ensuring there is consistency of treatment within the audit period

(i.e. costs are allocated on the same basis as funds are appropriated or budgeted), and between audit periods where applicable.

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Changes in Significant Indicators

Where significant indicators have changed the auditor should ensure the change has been correctly authorised/approved.

On receipt of the first draft of the performance indicators the auditor should check whether there have been any changes to significant performance measures during the reporting period. Where changes are noted the auditor should ensure that the changes have been properly approved.

In addition to the changes being properly authorised, the auditor should be satisfied with the reasons for any change. The change should improve the measurement of achievement and not try to hide bad performance.

The auditor needs to be wary of unnecessary and/or unsupported changes that give the appearance of an improved result. Such changes are not acceptable.

The quality of significant performance measures is more important than their consistency from one period to another.

Consistency of measures between periods is valuable, however, at this stage in the development of performance reporting, improvement in the quality of a significant performance measure is considered to be more important than inter-period consistency.

Notes to Performance Indicators

Where notes are included as part of the performance indicators, the auditor will be required to form an opinion on their validity.

The auditor should form a view on the notes, as the credibility of the audited financial and non-financial information may be undermined by inconsistencies with the notes. Professional judgement should be exercised as to the level of assurance required, depending upon the statements made in the notes.

Where the notes, in the view of the auditor, portrays an impression inconsistent with, or unjustified by, information contained elsewhere in the financial statements or report on operations, the auditor should request

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management to justify their notes, and reconcile the inconsistencies. Where management is unable to satisfactorily justify the notes or reconcile the inconsistency the auditor should ask for the commentary to be amended or removed and, if this is not done, consider qualifying the audit opinion.

Notes to the indicators should explain:

- how the indicators have been derived;
- any variations from previous indicators;
- why the indicators are considered to be relevant to the objective;
- why these are key measures of performance;
- how the indicators can assist the user to assess performance; and
- any major movements in the measurements as a result of unusual events or circumstances.

Reporting Findings

The opinion expressed in the audit report should be either

- unqualified; or
- qualified.

A qualified opinion should be expressed as:

- (i) an 'except for' opinion;
- (ii) an 'adverse' opinion: or
- (iii) an inability to form an opinion.

Table 2 lists the circumstances in which a modified report would be issued and the audit opinion appropriate to those circumstances.

Standard for the audit of performance indicators

Type	Circumstances	Some Indicators	All The Indicators
1	Relevant Appropriate and Fairly Represent	'Except For'	Unqualified
2	Not Relevant	'Except For'	'Adverse'
3	Relevant but Not Appropriate - No Measurements - No Comparatives, Trends, Targets etc.	'Except For'	'Adverse'
4	Relevant Appropriate Not Fairly Represented	'Except For'	Inability to form opinion
5	Workload, Support Programs	'Except For'	'Adverse'
6	Not Comprehensive - Do not cover all objectives - No Effectiveness or Efficiency Indicators	'Except For'	'Adverse'
7	'Most' Workload		'Adverse'

Table 2: Circumstances in which a modified report would be issued and the audit opinion appropriate to those circumstances.

Performance Examination Reports

Tabled

1995

Legal Aid Commission	April 5, 1995
Police Department Operations Centre	May 4, 1995
Management and Control of Minicomputer-based Systems in Western Australian Government Agencies	May 23, 1995
Management of the Public Bank Account Investments	August 23, 1995
Value for Money in TAFE	August 30, 1995
Public Sector Travel	
Corporate Card	
Cabcharge Facilities	September 19, 1995
Hospital Emergency Departments	November 1, 1995
Contracting for Services	November 22, 1995
Public Dental Services	December 6, 1995

1996

Improving Road Safety	May 1, 1996
The Internet and Public Sector Agencies	June 19, 1996
Under Wraps! – Performance Indicators of Western Australian Hospitals	August 28, 1996
Guarding the Gate – Physical Access Security Management within the Western Australian Public Sector	September 24, 1996
For the Public Record – Managing the Public Sector's Records	October 16, 1996
Learning the Lessons – Financial Management in Government Schools	October 30, 1996
Order in the Court – Management of the Magistrates' Court	November 12, 1996

1997

On Display – Public Exhibitions at: The Perth Zoo, The WA Museum and The Art Gallery of WA	April 9, 1997
Bus Reform – Competition Reform of Transperth Bus Services	June 25, 1997
Get Better Soon – The Management of Sickness Absence in the WA Public Sector	August 27, 1997
Waiting for Justice – Bail and Prisoners in Remand	October 15, 1997

On request these reports may be made available in an alternate format for those with visual impairment.