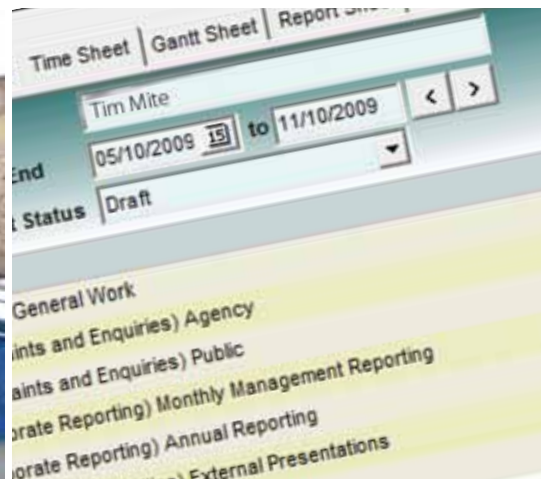




Western Australian Auditor General's Report

Third Public Sector Performance Report 2009

Report 11 – October 2009





**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

THIRD PUBLIC SECTOR PERFORMANCE REPORT 2009

I submit to Parliament my third Public Sector Performance Report for 2009 under the provisions of section 25 of the *Auditor General Act 2006*.

A handwritten signature in black ink, appearing to read 'C. Murphy'.

COLIN MURPHY
AUDITOR GENERAL
21 October 2009

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Auditor General's Overview

This is my third Public Sector Performance report for 2009. These reports address performance by the public sector across a broad spectrum of important government operations. The findings in these reports are often relevant to many agencies beyond those examined.

The report covers a range of government activity involving 13 agencies. These activities involve matters of public safety, basic good governance and ensuring that services are efficient and effective. The three items in the report are:

- Regulation of Firearms – Follow-up
- Managing Staff Attendance in the Public Sector
- Evaluation in Government.

The first examination in this report reviewed how the Western Australia Police regulates and oversees the possession, use, dealing and manufacture of firearms. In Western Australia 85 000 people and organisations own approximately 300 000 firearms. This is the third examination we have made of this area since 2000 with past examinations finding important areas needing improvement.

The second examination assessed how seven agencies managed staff attendance. In 2009, the state's 140 000 public sector employees were paid a total of \$8.6 billion in wages and salaries, and had built up leave balances worth \$2.2 billion. Managing staff attendance is both a human and financial resource issue for agencies, and managing poorly can significantly increase costs to government.

The third examination looked at whether five agencies were effectively evaluating their performance in delivering key projects and programs. All organisations can benefit from a better understanding of how well they are delivering outcomes. This is especially the case in difficult economic times. The agencies we examined spent more than \$1 billion delivering programs and projects in 2007-08.

All three examinations identified areas for improvement with the agencies involved generally accepting the findings and recommendations. I would like to express my appreciation to those agencies for the assistance provided to my staff during the examinations.

Regulation of Firearms – Follow-Up

Overview

There are approximately 300 000 firearms in Western Australia (WA) registered to 85 000 people and organisations. The number of firearms has increased by 20 per cent since 2004.

We reported on the regulation of firearms in 2000 and 2004. The 2000 review assessed the implementation of the national gun control strategy introduced after the 1996 Port Arthur shootings. It focused on firearm management and procedures subsequent to the firearms 'Buy Back' scheme and the extent to which amended legislation and regulations had been implemented. The follow-up in 2004 again examined trends in firearm related crime and assessed whether Western Australia Police (WAP) had implemented recommendations made in 2000. There were still some weaknesses in the way WAP assessed applicants for firearms licences.

Since 2004, WAP has expanded the role of specialist police dealing with the regulation of firearms. The creation of the Licensing Enforcement Division in January 2008 brought together a number of WAP regulatory functions including liquor licensing, second-hand dealers, security agents, and firearms. It enabled resources to be dedicated to industry liaison and education, monitoring and enforcement, as well as licensing.

This audit examined whether WAP now has appropriate procedures and practices to ensure that only people and organisations meeting the requirements of the *Firearms Act 1973* are issued with firearms licences. It also examined whether WAP monitors compliance with the Act and takes appropriate action to follow up potential non-compliance.

Conclusion

WAP is not adequately regulating and overseeing the possession, use, dealing and manufacture of firearms. We found that WAP has sound procedures for assessing applications for firearm licences. However there were serious weaknesses in how these were carried out, in how information was handled, and in how WAP monitored whether licence-holders had met their obligations. These weaknesses increase the risk that inappropriate people may have access to firearms. Notwithstanding this, our testing found no instances where firearm licences had been issued to people who were clearly not eligible.

Key Findings

- WAP processes for assessing and issuing new licences are aligned with the legislation in addressing key eligibility criteria. They generally follow principles of good practice although WAP could improve quality control, decision making and checking firearm storage facilities.
- WAP does not have a risk-based program for monitoring if licence holders comply with requirements, even though there are 300 000 firearms held by 85 000 licence holders. It carries out some proactive compliance monitoring, but procedures are not documented and records are patchy and inconsistent.
- WAP was unable to demonstrate that potential breaches of the *Firearms Act 1973* identified during monitoring were appropriately followed up.
- There are deficiencies in the firearms register and in the links between the register and other information systems. These limit the availability of accurate and timely information to support planning and decision making for firearms licensing, monitoring and enforcement.
- WAP has addressed most of the issues raised in 2000 and 2004; however, further improvements are possible.

What Should Be Done?

- WAP should improve its quality control over the assessment of applicants against eligibility criteria and over licensing decisions.
- WAP should develop programs for monitoring compliance with legislation that are risk-based and ensure monitoring activities and outcomes meet good practice principles of quality control, accountability, natural justice, management review and process improvement.
- WAP should improve the firearms register and other information systems so that they can be maintained accurately to support firearms licensing, monitoring and enforcement activities and can provide information for planning, management and review.

Response by Western Australia Police

The WA Police acknowledge the findings outlined in the Auditor General's compliance report into the management of firearms licensing. A shortfall in compliance and control was recognised and interim action taken by the WA Police as a result of an internally driven audit by the Commissioner's Audit Team in 2007.

The re-engineered licensing service will commence in mid-November 2009, with applications being outsourced to Australia Post, firearm checks being conducted by firearms dealers and all licensing decisions centralised, to ensure that all licensing decisions are properly recorded and consistent.

Problems still remain with some computer database interfaces but these are subject to continued improvement.

Background

In Western Australia, people are permitted to possess a firearm for the following purposes:

- as a member of an approved club
- recreational hunting or shooting in approved locations
- occupations such as primary production and security work
- collecting inoperable firearms that have significant commemorative, historical, thematic or heirloom value
- paintball gaming.

Under WA legislation, personal protection is not recognised as a legitimate reason to possess a firearm.

Western Australia Police (WAP) has responsibility to ensure that people who have firearms do not endanger other people, animals or property. To do this, WAP keeps track of firearms made or brought into Western Australia. WAP also uses licences to control where and how firearms are used. A firearms licence sets out conditions for use of specific firearms which are individually identified on the licence. The responsibilities of WAP and of people licensed to possess firearms are governed by the *Firearms Act 1973* (the Act) and *Firearms Regulations 1974*.

WAP is required by the Act to maintain a register of all licensed firearms. The register includes a unique identifier for each firearm, information on who is licensed to use it, how it can be used, and where it must be stored.

Firearms are categorised according to their relative power (see Table 1). The number of registered firearms has risen by 21 per cent from 246 106 to 298 468 since 2004 (see Table 1). There are more firearms registered in all categories, with significant increases in semi-automatic weapons and handguns. WAP informed us that the increase in category E weapons related to paintball guns.

Category	Description	2004	2009
A	Air and rim rifles and single shot and repeating shotguns with a lever or bolt action	177 360	186 076
B	Centre fire rifles and muzzle loading longarms	51 199	68 662
C	Semi-automatic firearms and automatic self-loading and pump-action shot guns and rifles with a magazine capacity of five rounds or less	7 120	11 164
D	Automatic self-loading and pump-action shot guns and rifles with a magazine capacity of more than five rounds	39	384
E	A cannon, captive bolt, line thrower or tranquiliser device (includes paintball guns)	125	5 457
H	Handguns and underwater explosive devices	10 263	26 725
Total		246 106	298 468

Table 1: Number of registered firearms by category, 2004 and 2009

The number of registered firearms has risen 21 per cent since 2004.

Source: OAG, 2004 and WAP, June 2009

Eighty-four per cent of registered firearms are licensed to individuals. Collectors hold a further five per cent; however, these firearms are inoperable. Nine per cent of registered firearms are held by dealers, manufacturers and repairers with corporations holding the remaining two per cent. Table 2 provides a description of the different types of licences and the numbers held.

Type	Description	Licence holders	Registered firearms
Firearms licence	Licensee can possess, carry and lawfully use named firearm(s)	81 287	251 329
Firearm or Ammunition Collector's licence	Licensee can possess but not carry or use named firearm(s) or ammunition	3 294	14 918
Corporate licence	Licensee can possess named firearms and ammunition and can authorise persons on premises or carrying out approved function to possess, carry and use named firearms	345	5 805
Dealer's licence	Licensee can deal on named premises, receive for parts, arrange for repair or servicing, and possess and carry to test or demonstrate named firearms	277	25 380
Repairer's licence	Licensee can repair, possess and test named firearms on named premises	181	10
Manufacturer's licence	Licensee can manufacture, sell, possess, or carry to test or demonstrate named firearms on named premises	45	1 383
Total		85 429	298 825*

*Firearms can be registered to more than one licensee hence this figure is greater than the total in Table 1.

Table 2: Number of licence holders and registered firearms for different licence types, June 2009
On average, each individual holds three firearms.

Source: WAP, June 2009

What Did We Do?

The objective of the audit was to assess whether WAP is meeting its obligations to regulate and oversee the possession, use, dealing and manufacture of firearms.

We followed four lines of inquiry:

- Does WAP have effective controls to ensure that new licences and permits are issued only to people and organisations who meet the requirements of the *Firearms Act 1973* and associated regulations?
- Does WAP monitor the possession, use, dealing and manufacture of firearms to ensure compliance with legislation and licence conditions?
- Is appropriate action taken following breaches of licence conditions, the *Firearms Act 1973* and other applicable legislation?
- Has WAP addressed issues raised in the 2000 and 2004 audits?

We did not examine:

- day-to-day police responses to incidents involving firearm licence holders or firearms
- management of firearms used by members of the Police Service and employees of WAP. They are exempt from the provisions of the Act while on duty.

Our audit sampling period was from January 2008 to June 2009. In January 2008, WAP created the Licensing Enforcement Division with responsibility for firearms licensing. A new firearms register became operational in September 2008.

We interviewed staff and examined documents and records for the period. We tested applications for new licences and additions, changes to licences and monitoring activities.

The examination was conducted in accordance with Australian Auditing Standards.

What Did We Find?

Follow Up

WAP has taken action to follow the recommendations made in 2004; however, more could be done. We found WAP:

- has improved the way it identifies and assesses the criminal histories of firearms applicants; however, guidelines and quality control could be improved
- has implemented new procedures across districts to inspect firearms storage by licence applicants; however, implementation is still inconsistent
- has ensured the firearm register has the capacity to produce summary management information; however, this facility is not being used because of inaccuracies in the data.

We note that WAP is changing the way it receives, assesses and processes applications for firearm licences. The recommendation, made in 2004, that consideration be given to allow local police to enter licence and registration details directly onto the firearms register no longer applies.

Assessing licence applications

WAP policies and procedures for assessing licence applications meet the requirements of the legislation; however, we found weaknesses in implementation. Despite these weaknesses we found no cases where licences had been issued inappropriately.

In order to obtain a licence to possess and use firearms, applicants must satisfy WAP they:

- are over 18 years of age
- are physically and mentally fit to possess and use a firearm
- are a fit and proper person to hold a licence
- meet safety awareness standards
- have a genuine reason for wanting a particular firearm
- have a genuine need for the particular type of firearm rather than one of lesser power
- are acquiring a firearm that is safe and serviceable
- will provide satisfactory storage facilities
- if they represent licensed corporations, will employ managers and have close associates who are also fit to hold a licence
- if they are collectors, can show that the firearm has significant commemorative, historical, thematic or heirloom value.

WAP application processes address key eligibility criteria and generally follow principles of good practice.

WAP processes for assessing applications address the key criteria prescribed in the *Firearms Act 1973* and associated regulations. Most processes follow principles of good practice; however, we found some weaknesses. Good practice was defined as:

- having clear guidelines and criteria
- being subject to quality control
- being subject to regular review and improvement
- ensuring procedural fairness
- ensuring transparency, accountability and timeliness in decision making.

All WAP officers have access to comprehensive procedures that guide them in accepting, assessing and making decisions about licence applications. Application forms are prescribed in the regulations and specify supporting documentation required. Officers use a standard report form to record checks they carry out, their assessment of applicants against eligibility criteria, their recommendations and decisions. We found:

- all applications were on prescribed forms
- all application assessments and decisions were recorded in the required format.

Current procedures require police officers accepting applications to provide applicants with a safety awareness booklet and to administer a multiple choice questionnaire when the applicant returns after the 28 day cooling off period. Applicants wanting to register firearms for club use must provide evidence of membership of an approved club. Membership of these clubs includes participation in training. WAP officers consistently implement these procedures. We found:

- all applicants for new licences that we examined had passed the safety awareness test
- all applicants that we examined citing club use as the reason for wanting a firearm, provided the evidence required. Table 3 shows the proportion of applicants citing different reasons.

Reason	Proportion (%)
Recreation/sport	53
Club use	20
Primary producer or nominee	21
Occupation or business	4
Historic value	2
Total	100

Table 3: Reasons given by applicants for wanting to use a firearm, sample applications from January 2009

Source: OAG

There are weaknesses in the quality control of application assessments.

We found weaknesses in the quality of the assessments done of firearm applications. Specifically:

- Assessment forms do not require officers to document the results of their checks against all the eligibility criteria. By not documenting the results of these checks, WAP is unable to give assurance that all eligibility criteria are met. The results of checks against the following eligibility criteria are not required to be documented:
 - checks as to the fitness to hold a licence
 - assessment of public safety issues
 - checks that managers and close associates of corporate applicants are fit and proper
 - safety checks carried out on firearms.

Judgements against these criteria are not systematically documented. This limits the assurance that WAP can provide that all required checks are carried out. We found checks were attached to some application documents.

- Officers must check and record whether applicants for category B to H firearms have demonstrated a genuine need for these particular firearms. However we found that:
 - nine per cent of sampled application reports did not show if the requirement to establish genuine need had been satisfied. This could lead to licences being granted for firearms which are more powerful than applicants genuinely need
 - 93 per cent of applications for category A firearms included an assessment against genuine need. This test is not required for this category of firearm and illustrates a lack of understanding of the legislative requirements.
- WAP does not have a list of approved clubs to assist officers assessing applications
- A quality control check was introduced in January 2009 to assess whether applications are complete and supported by required documentation. Despite this check we found that 66 per cent of applications we examined had deficiencies not identified through the quality control check.

Good quality control is necessary if WAP is to be able to make sure that licences are issued only to applicants meeting prescribed eligibility criteria. It provides an opportunity to identify systemic or individual problems with implementing procedures.

Not all licensing decisions complied with the Act or procedures.

The Act specifies which officers have authority to issue the different types of licences. WAP licensing procedures complement this control by stipulating that the same officer cannot undertake both the licence assessment and the licensing decision. However, we found that these requirements were not consistently followed:

- Two licences were issued by officers who lacked the appropriate authority.
- Twenty-five per cent of sampled applications were assessed and the licence granted by the same person. This is contrary to WAP procedure.

WAP did not always follow procedures to ensure firearms are stored safely.

Applicants must provide a statutory declaration describing the firearm storage facilities they propose and must allow WAP to inspect them. WAP procedure is to inspect storage facilities for all applications for new licences and additions. However, we found:

- Eight per cent of application documents examined did not include the required statutory declaration.
- Fifteen per cent of records examined did not indicate if storage facilities had ever been inspected.

Compliance monitoring

The *Firearms Act 1973* details a range of obligations for holders of different types of licences in addition to eligibility criteria that must continue to be met. As discussed above, there are approximately 300 000 firearms and 85 000 licence holders in the state. Given these large and increasing numbers, WAP cannot monitor every person and firearm. Therefore, a strategic approach is required so that resources are allocated to address identified risks.

Since January 2008, WAP has dedicated specialist resources to monitoring whether licence holders are meeting their obligations. However, we found:

- There is no risk-based program for monitoring. We expected to find clear reasons to support monitoring activities. These might include how many firearms people want to own, how and where they use them, risks identified through policing activities or associated with events like people moving house.
- Plans and procedures are not well documented.
- Monitoring records are inconsistent.

- Findings and recommendations are not systematically documented and reported for management information and action.
- WAP was unable to demonstrate that recommendations had been made and potential breaches of licence conditions were followed up.

WAP monitors compliance with the Act in some areas.

While there is no active monitoring of individual licence holders, local police respond to incidents involving individual licence holders and/or firearms and take action to deal with potential breaches of the law. This may include laying charges, issuing restraining orders and seizing firearms. Such actions are recorded on the WAP incident management system and result in automatic changes to the firearms register that prevent licences being renewed.

Since December 2008, WAP has conducted audits on 12 per cent (41/345) of current corporate licence holders. Ninety-five per cent of these were full audits involving checks of registered firearms, employee records, the safe storage of firearms and the security of premises. We note that all the corporate licence holders audited were security agencies and that other groups have not been audited.

WAP has conducted at least one audit on 35 per cent (98/277) of dealers since 2004. Fourteen per cent (40/277) were last audited in 2008 or 2009. These audits involve a reconciliation of firearms found on the dealer's premises with the firearms register. We could find records for only 20 of these audits. Of these, 16 showed that storage and security arrangements were inspected.

WAP does not check whether storage facilities comply with regulations when licensees move house. They also do not check that shooting ranges and clubs are meeting their obligations to ensure the safe use of firearms.

We recommended in 2004 that WAP should implement a consistent, risk-based procedure across districts to identify and inspect firearm storage facilities. We found that WAP now inspects storage facilities when individual licence holders apply for additions to their licence, but not when licence holders move house. There is no risk assessment underlying this approach.

WAP does not inspect firearm ranges to see if they meet safety requirements. Nor does it monitor shooting clubs to ensure that events are conducted safely, with proper supervision. WAP advised in 2004 that a planned program to assess all country and metropolitan ranges would be addressed in 2005.

Users of firearms approved for club use must take part in a designated number of shooting events each year. These should be recorded by the club to prove that licensees have a continued need for more powerful firearms. In February 2007, WAP reminded clubs that they were responsible for keeping records and must provide them on request. However WAP has not asked for any records since that time.

We noted instances of shooting clubs informing WAP, as required, when licensees' membership ceased so that licences can be revoked. However, WAP does not audit the accuracy of membership or event records, nor test whether all clubs are meeting this requirement.

Monitoring activities are not supported by adequate information.

Local police responding to firearms incidents and specialist police responsible for compliance monitoring are not supported by adequate information. We found:

- Appropriate management reports are not available from the firearms register or the incident management system to enable WAP to prioritise and direct its compliance monitoring activities and to provide assurance that appropriate action has been taken in response to incidents and in addressing known risks.
- Officers do not have access to information as to which clubs or properties have been approved for specific firearms. We were informed that this will become available with scanned records to supplement information available on the firearms register.
- Information on the firearms register is not always accurate. For example, in 12 per cent of sampled applications, the detail about whether the firearm would be used for club shooting or for recreation and hunting was incorrectly recorded on the firearms register.

Keeping track of registered firearms

WAP tracks the movement of registered firearms but data in the register is inaccurate in some crucial areas.

Tracking the movement of registered firearms is hindered by problems with the firearms register.

The firearms register is the tool by which WAP keeps track of who is in possession of registered firearms. The register must be accurate and up-to-date with respect to the movement of firearms and the status of licence holders if it is to be used effectively to protect the safety of police officers and the public when incidents occur.

The register is linked to the general WAP incident management system. This link is vital for the safety of police officers and the public. Police officers attending an incident can access the system and find out if they are going into a situation where they might come across someone who has access to firearms. On the other hand, WAP licensing officers can be made aware if a licence holder has been charged or convicted of an offence and is no longer a fit and proper person to possess a firearm. We found that tracking the movement of registered firearms is hindered by problems:

- Stock returns from dealers and manufacturers provide information about firearms movements. However, WAP is unable to process returns from at least eight per cent of these licensees because of a fault on the firearms register.
- Police cannot rely on records for accurate information. Difficulties with matching data between WAP information systems makes processing slower and results in errors:
 - Changes on the incident management system are not automatically processed on the firearms register unless required firearms details match exactly; these unprocessed events are reported but not always followed up. A sample report generated from the firearms register showed that 96 changes to firearm status could not be processed due to mismatches in data. They included: nine firearms taken for safekeeping, 55 firearms seized by police, 13 firearms relinquished by licensees or their relatives and 19 firearms that were licensed.
 - Nine per cent of sampled licensees shown as 'deceased' on the firearms register were not shown as deceased on the incident management system. We also found one instance of a licensee shown as deceased on the incident management system who was not shown as such on the register. We were informed that these discrepancies are caused by problems in matching identity data between the incident management system and data on deaths provided by the Department of the Attorney General.

WAP does not always check that firearms are disposed of appropriately when licences are no longer current.

We examined the firearms register and property records on the incident management system to check whether appropriate action had been taken following various types of changes to licence status. We found no record of firearms being disposed of, relinquished or seized in:

- 32 per cent of cases where licensees were shown on the register as 'deceased'
- 38 per cent of a sample of licensees where the register showed that 'not to issue' warnings had been made
- 43 per cent of cases where licences were shown on the register as 'expired – unresolved'.

These firearms may still be held by people who are not licensed. We selected a sample of these cases and asked WAP for evidence that appropriate action had been taken. WAP showed that in 44 per cent cases, no effective follow up action had been recorded and firearms were still registered and in the holder's possession. In 33 per cent of cases, WAP was waiting to receive statutory declarations from holders of licences that had expired to show that firearms have been relinquished or destroyed. We note WAP did not have access to summary reports to answer audit queries.

Managing Staff Attendance in the Public Sector

Overview

Good management of staff attendance is important to any organisation. Poor management can increase costs and lead to ill-informed resourcing decisions.

In the public sector, small errors in the administration of salaries and benefits can translate into big sums, particularly if caused by systemic weaknesses. There were more than 140 000 people employed in the public sector in 2009, who were paid more than \$8.6 billion. Their annual and long service leave liability amounted to over \$2.2 billion. In addition, public sector organisations need to consider how poor management can affect public trust in government.

The objective of this examination was to determine how well a sample group of agencies managed staff attendance in 2008. In particular we looked at:

- the soundness of each agency's policies and procedures for managing attendance
- how well those policies and procedures were implemented
- whether agencies monitored their performance against these policies and procedures.

Conclusion

Most of the agencies in our sample did not manage staff attendance well in our audit period. Their policies and procedures were generally sound, but there were numerous weaknesses in how they applied them. Monitoring was also generally inadequate.

The weaknesses in implementing arrangements and in monitoring meant four of the seven agencies in our sample could not show they were accurately and reliably tracking if staff were present or absent during working hours. However, our testing did not find any significant cases where absences could not be accounted for.

Strengthening existing arrangements and implementing them should overcome all the weaknesses we identified.

Key Findings

- Policies and procedures at all agencies were generally sound. In each case they were documented and practical. However, they were not always comprehensive. In particular, two agencies did not require senior staff to record attendance even when they took flexi leave.
- There were numerous weaknesses in the way policies and procedures were implemented:
 - Five agencies had timesheets approved with errors.
 - Four agencies were not reconciling timesheets with leave requests.
 - Most line managers had received little or no training and were often unaware of the tools or information available to them for managing staff attendance.
- All agencies were monitoring staff attendance; however, it was mainly reactive and ad hoc. This limited their ability to identify and realise financial, operational and strategic benefits.

What Should Be Done?

Agencies should ensure:

- policies and procedures for staff attendance align with legislative requirements and good practice principles
- staff attendance policies and procedures are consistently and transparently implemented
- managers understand their roles and responsibilities and are appropriately supported in their role
- they regularly monitor staff attendance.

Response by Department of Corrective Services

The Department acknowledges and accepts the findings. It is the Department's intention to comply with the recommendations and to act on them in the normal course of business process review.

Response by Central West TAFE

The report is comprehensive and captures usual requirements of an agency. The flexibility for the College to operate in differing circumstances to meet business outcomes expected through other government policy can be more important than strict adherence to traditional attendance monitoring, though generally monitoring is considered seriously by supervisors. Additional monitoring, while beneficial, may not be feasible with Shared Services Reform resulting in fewer internal resources.

Response by Department for Communities

The audit outcomes provide a clear platform for the introduction of appropriate arrangements to deliver improvements in the Department for Communities' leave and time management.

Response by Fremantle Port Authority

Fremantle Ports has taken action to address the Examination findings which were all minor in nature.

Response by Department of Racing, Gaming and Liquor

The Department has updated its Flexible Working Hours Policy, with greater emphasis on managerial responsibilities. This will be accompanied by policies and guidelines for managers to use as they approve attendance records. Line managers will be further supported through a new and user-friendly electronic time recording system and training on the Department's web-based employee kiosk.

Background

The Western Australian public sector is the biggest employer in the state. It has more than 140 000 people on its payroll and an annual salaries bill of \$8.6 billion. Small errors in the administration of staff salaries and benefits can translate into big sums, particularly if caused by systemic weaknesses.

Accurate payment of staff salaries and benefits is directly linked to accurate records of attendance. At its most basic level, good management of staff attendance involves:

- determining whether staff are present or not
- accurately recording staff presence or absence
- formally approving absences as leave.

Accurate records of hours worked by staff are important for client billing and project and activity costing. They also help to inform staff allocation and resourcing decisions and identify and eliminate inefficiencies.

Individual staff members have primary responsibility for accurately and honestly accounting for their time. Most are required to fill in records of attendance like timesheets and leave requests, to cover all their paid hours.

Line managers are one of the most important controls for ensuring good management of staff attendance. They are in the best position to know whether staff are present or not. For this reason they are the ones usually required to check and approve timesheets and leave requests. They are also usually required to maintain work and leave rosters, and update them regularly, to ensure leave is taken as required without affecting service delivery.

The legal, industrial award and policy environment surrounding the management of staff attendance is complex and constantly changing. This increases the risk of systemic weaknesses. The public sector environment includes:

- the *Public Sector Management Act 1994*. This sets out a number of general principles of public administration and management, including that agencies achieve and maintain operational responsiveness and flexibility and have as their goal continued improvement in the efficiency and effectiveness of their performance
- the *Financial Management Act 2006*. This requires agencies to operate in an efficient and economic manner

- *Treasurer's Instructions* (TIs). These are delegated legislation issued under the *Financial Management Act* and have the force of law. TI 502 requires that:
 - appropriate records of attendance, or of times worked, by employees be maintained
 - each record be adequately controlled to ensure the accuracy and validity of information, and where appropriate that records of attendance or hours worked be certified by the officer immediately in charge or other officer appointed for that purpose
- the *Industrial Relations Act 1979* requires employers to maintain records for each day showing an employee's starting and finishing times, and details of work breaks
- various Awards and Agency Specific Agreements. These set out the terms and conditions of employment such as standard working hours, the periods of the day when those hours should be worked, and various leave entitlements like annual, long service and personal leave. They often include alternative working arrangements that entitle staff to other types of leave such as accrued days off and flexi leave.

What Did We Do?

The objective of the examination was to determine how well a sample of seven agencies managed staff attendance. Our lines of inquiry were:

- Does each agency have sound policies and procedures for managing attendance?
- Do line managers manage attendance in line with policies and procedures?
- Do agencies monitor attendance management?

Our sampled agencies were: Central West TAFE; Swan TAFE; Fremantle Port Authority; Department for Communities; Department of Corrective Services – Casuarina Prison; Department of Environment and Conservation; and Department of Racing Gaming and Liquor.

We compared each agency's policies and procedures against key legal, industrial, policy and good practice requirements using 2008 as our audit period. We also:

- interviewed line managers in each agency
- tested records of attendance for completeness
- reconciled records of attendance with leave records
- analysed two years of leave balance data for issues and trends.

The examination was conducted in accordance with Australian Auditing Standards.

What Did We Find?

Agency policies and procedures for management of staff attendance were generally sound

We expected that agency policies and procedures would be documented, practical and comprehensive.

All sampled agencies had documented policies and procedures that were generally practical. We found they were readily accessible, usually on agency intranets, and clearly set out staff and line manager responsibilities. The key forms, timesheets and leave requests were also accessible and usually included guidelines for staff on how to fill them in. Some agencies had guidelines for managers on what to look for when they were checking and approving timesheets and leave requests.

Policies and procedures were generally based on and consistent with key legal, industrial and whole-of-government policy requirements.

We found that management of staff attendance reflected agency-specific business needs. For example:

- TAFE colleges have specific times during the year that they deliver courses to students. Their attendance management systems are based around ensuring teaching staff are available to teach during these periods and take leave in non-teaching periods.
- Casuarina Prison needs specific numbers of staff around the clock every day of the year to function properly. It rigorously tracks all staff movements into and out of the prison and matches the number of staff present to numbers required at least twice daily.
- Fremantle Port Authority and the Department of Racing Gaming and Liquor have systems that accommodate both shift work and the regular hours worked by their employees.
- Staff at the Department of Environment and Conservation and the Department for Communities both have more standard public sector working hours and the management systems at these two agencies reflect this.

However, we found some weaknesses in agency policies and procedures. These are described below.

Two agencies had weak controls over senior staff access to flexi leave.

Most agencies in the public sector have flexible working arrangements. These recognise that staff may have to work more than their standard hours on occasions, and allow them to take the extra time off as flexi leave or time off in lieu.

We expected such arrangements to include appropriate controls for all staff who take flexi leave. This was the case at all agencies for junior staff. All of these staff were required to have detailed timesheets or similar.

There was no general rule about time recording for senior staff across the agencies. Two agencies – the Department of Racing, Gaming and Liquor and Casuarina Prison – required comprehensive time recording from senior staff. Other agencies informed us that senior staff often work significantly longer hours than they are paid to work, and did not as a general rule take flexi leave. They considered it an unfair burden to require them to fill detailed timesheets for these odd occasions.

Fremantle Port Authority, Central West TAFE and the Department for Communities had specific arrangements to address this area. Swan TAFE and the Department of Environment and Conservation did not require formal time recording, and did not have other controls in place. Both agencies have informed us they are reviewing their positions.

One agency's timesheets did not record all hours staff worked or were absent.

Swan TAFE uses teaching timetables as the timesheet for its lecturing staff. A timetable is issued to each lecturer at the beginning of each semester. It shows their daily teaching commitments by start and finish times.

These timetables are inadequate as timesheets. Teaching commitments make up 21 hours of a full-time lecturer's standard working week of 37.5 hours. The timetables do not record any information about other work activities including networking, maintaining professional skills, course administration and student contact.

The timetables also do not cover the normal non-teaching period between the end of the second semester and the beginning of the first semester of the next year. This period can be as long as six weeks and is part of the paid employment period for full-time and part-time lecturers.

Timesheets are a fundamental control for managing staff attendance but only serve that purpose if they accurately record all activities during all paid hours.

Two agencies did not require routine checking of approved timesheets.

Routine checking of approved timesheets helps to ensure accuracy and reliability. This includes checking consistency with information in approved staff leave records and compliance with employment terms and conditions.

Five agencies in our sample required routine checking of approved timesheets. Some required all staff timesheets to be checked every pay period, others only a set sample. Some required

the checks to be done by staff in Human Resources. Others required them to be done by junior clerical staff attached to operational divisions.

Central West TAFE and Swan TAFE did not require checking of approved timesheets.

One agency required line managers to approve records of attendance for staff with whom they had no regular or direct contact.

Department of Environment and Conservation (DEC) policies require that records of attendance are checked and approved by the manager to whom staff report.

We found a number of staff at both of the DEC offices in our sample who reported to a manager working out of a different office. In some cases the manager worked in Perth but the staff worked in an office hundreds of kilometres away. In these cases, the responsible manager may not be in the best position to ensure staff attendance records are accurate. We noted there were managers working in the same office as the staff who would have been in a better position to check and approve the staff attendance records. This was the case with one manager who had:

- arranged for the staff timesheets to be checked and approved by other managers working out of the same office as the staff but
- retained final authority to check and approve the staff leave requests.

Where managers do not have direct and regular contact with staff that report to them, arrangements should be flexible enough to allow other arrangements to be put in place. This may involve assigning responsibility to check the records to a manager working in the same office as the staff, while allowing the manager to whom the staff report to retain responsibility to approve the records. This would be consistent with the Treasurer's Instruction.

We found weaknesses in management of staff attendance at most agencies

We found line managers had approved inaccurate and unreliable records of attendance. Specifically we found:

- a large number of missing or incomplete timesheets
- approved timesheets with errors and excessive hours.

The results indicated that several line managers did not understand their responsibilities or did not have sufficient information to make well-informed decisions. Most managers said they had received no training. Some were not aware of all the tools available to them to help manage attendance. Others were unable to access the tools. For example, no line managers at the Department for Communities could create reports on staff leave balances.

One agency had a large number of missing and incomplete timesheets.

At Central West TAFE 30 of 118 timesheets we selected were either missing or incomplete. In some cases they had no work or absence information in them at all. The sample included timesheets for lecturers and non-lecturers.

Five agencies had timesheets approved with errors.

- At Central West TAFE 23 of 95 approved sampled timesheets either recorded leave against the wrong activity code or did not record the hours staff were absent.
- At Swan TAFE two of 11 approved timesheets in our sample had accrued flexi hours greater than the maximum allowed. In one case the total was 119 hours or more than twice the maximum.
- At the Department of Environment and Conservation regional offices we sampled 50 timesheets. Six showed accrued flexi hours greater than the credit or debit maximums allowed. One had accrued 103.25 hours which is double the credit maximum.
- At the Department of Racing, Gaming and Liquor, monthly checks of timesheets regularly showed managers had approved accrued flexi hours in excess of both the credit and debit maximums allowed. The checks also regularly found no leave requests for absences recorded in the timesheets.
- At the Department for Communities one of the 12 timesheets we checked had double entries on two days and incorrect total hours for those days.

Approving timesheets with errors increases the risk that:

- staff may be paid more, or less, than they are entitled to receive
- staff may take leave in error, or not take all the leave they are entitled to.

It also limits agencies' ability to:

- use timesheets as sources of information for costing projects and identifying and eliminating inefficiencies
- demonstrate they are complying with the various legal and industrial terms and conditions that apply to staff attendance.

Four agencies were not reconciling timesheets with leave requests.

Reconciliations are a key control for ensuring all absences shown on timesheets are backed up by leave requests, and vice versa. The reconciliations are also critical to ensuring the period of leave in the leave request is consistent with the period of leave taken.

Fremantle Port Authority, the Department of Racing, Gaming and Liquor and Casuarina Prison all reconciled timesheets with leave requests.

Where we could, we reconciled absences and leave requests at the other agencies. At Central West TAFE, the Department of Environment and the Department for Communities we found leave requests for all sampled timesheet absences. At Swan TAFE we found three absences with no requests.

Both TAFEs use 'designated leave periods' to manage leave for lecturers. These involve non-teaching times, when lecturers are required to take leave unless they receive an exemption. Before 2008 Swan TAFE manually debited leave balances if no leave was booked and no exemption received. It did not do this in 2008, but recommenced in 2009. Central West TAFE introduced a similar manual procedure on 1 January this year.

Failure to conduct reconciliations increases the risk that leave balances in agency accounts will either over or understate the true leave balance. Leave balances remain unchanged until leave requests are made, approved and processed. If leave is taken but no request is made, or the request does not cover the full period of the absence but is nonetheless approved, the balance will be incorrect.

Most line managers had received little or no training and were often unaware of the tools or information available to them for managing staff attendance.

Ten of the 18 managers we interviewed said they had either never received training on attendance management or had received some training but this was many years ago. These managers said they relied mainly on their own experience and input from other managers to guide and direct their management of attendance.

All the agencies in our sample had human resource experts on staff or at their shared services provider. Most line managers we spoke to said they consulted these experts if they had concerns or did not understand their responsibilities. However, our testing showed managers often failed to recognise basic errors or matters of concern.

For example, at one agency a manager had exempted a staff member from having to keep timesheets because he did not claim flexi leave. Such an exemption was contrary to agency policy. At another agency a timesheet showed electronic error messages on seven days out of 20. The manager had seen the messages but said no-one knew what they meant. A decision was made to ignore them. Another line manager we interviewed said they understood Human Resources was responsible for identifying when staff had accrued more or less credit or debit hours than was allowed. Human Resources at the agency told us it had no role in checking staff credit or debit hour balances.

Most agencies provided template e-calendars and leave plans on their intranet. Some managers at some of these agencies were unaware these tools were available. One manager was aware of them but had developed his own because he did not have access.

We found some systems provided useful information to managers when leave requests were made, such as current staff leave balances and outstanding leave requests. Managers with this information are better placed to make decisions efficiently and effectively.

All agencies could improve monitoring of staff attendance

We expected to see agencies monitoring attendance management. Inadequate monitoring limits an organisation's ability to identify and realise all the financial, operational and strategic benefits that can flow from good attendance management. We found most of the agencies were monitoring, but it was mainly reactive and ad hoc.

The most common form of monitoring involved identifying and reporting on staff who had built up excessive annual leave balances. In the public sector 'excessive' is usually defined as any annual leave balance greater than 300 hours, or more than two years' entitlement for full-time staff.

We considered central monitoring of excessive leave balances at least once during 2008 as minimum good practice. Five of the agencies we examined did this. Some also regularly monitored long service leave balances if the leave had not been taken within a reasonable time.

The Department for Communities did no monitoring of excessive leave balances in 2008, but expects to begin doing so later this year. The Department of Environment and Conservation did no central monitoring of excessive leave balances in 2008 but had done so in previous years and did so in April 2009.

A focus on excessive leave balances is an important control on attendance management. Staff leave balances are recorded in agency accounts as liabilities. As the balances grow so do agency liabilities. This will result in future resources being used to clear today's leave liabilities.

However, a focus on excessive leave balances is reactive. Better practice is to also monitor if leave is being taken. Two agencies in our sample, the Department for Racing, Gaming and Liquor and Fremantle Port Authority, were doing this. The Department for Racing, Gaming and Liquor sent reminders to staff at the beginning of the year to book all their leave and their Human Resources monitored leave taking continuously. Towards the end of the year, any staff with current leave outstanding had to apply to the Chief Executive Officer for permission to defer it to the following year. The application to defer had to state when the leave would be taken, and permission was only granted if staff had already taken at least two weeks of their leave. We saw evidence of staff being directed to take leave if they failed to comply. We note that the Department for Racing, Gaming and Liquor had one of the lowest ratios of staff with excessive leave.

The Fremantle Port Authority had a commendable and challenging performance objective for clearing leave. It aimed at clearing all current leave entitlements as they accrue and reducing accrued leave entitlements by 25 per cent each year. We noted, however, that the Fremantle Port Authority was not monitoring or reporting on clearance against this objective.

The Fremantle Port Authority said legislative changes at the federal level had removed its power to direct staff to clear excessive leave balances. It advised that this power would be reinstated in new national employment standards and awards due to come into effect next year.

Agency annual leave balances

We analysed agency annual leave balances at 31 December 2008 (see Table 2). All of them had some staff with excessive leave balances, ranging from three percent of staff (Swan TAFE) to 16 per cent of staff (this figure is for all of the Department of Corrective Services).

In terms of actual staff, the figures ranged from nine at Central West TAFE to more than 600 at the Department of Corrective Services. Corrective Services informed us it was aware of these figures, and they were the result of historical staffing issues. The Department said it received funding to take on more staff in 2008 and this would enable it to reduce the excessive leave balances.

Our analysis also indicated that every agency would benefit from targeting and reducing excess leave balances. This was because, in all cases, the relatively small numbers of staff involved accounted for a high proportion of all leave balances.

Excessive leave balances may be justified where staff are unable to take leave for operational reasons. In these situations a formal request to defer leave should be made to ensure that the reason for excessive leave accumulation is warranted and approved. Formal requests to defer leave are an important indicator of staff resourcing pressures. However, line managers and Human Resource staff at most agencies advised that requests to defer leave were rarely made. This was confirmed at Department of Corrective Services where we checked a sample of 59 staff with excessive leave balances and found only three applications to defer leave.

Agency	Number of staff	Percentage of staff	Percentage of total leave balance
Central West TAFE	9	5%	21%
Swan TAFE	26	3%	15%
Department for Communities	9	6%	29%
Department of Environment and Conservation	79	2%	25%
Department of Corrective Services	609	16%	59%
Department of Racing, Gaming and Liquor	3	4%	22%
Fremantle Port Authority	16	5%	18%

Table 2: 2008 staff with excessive annual leave balances

Source: OAG

Evaluation in Government

Overview

Evaluation is an analysis at a discrete point in time to form a judgement on the value of an activity such as a project or program. In government, evaluation typically focuses on effectiveness or efficiency. Legislative bodies, governments around the world and the public generally want to know that projects and programs delivered by agencies achieve what was intended.

Evaluations also feed information back to those managing the programs about how well they are doing. They offer findings that agencies can use to assist in becoming more effective and efficient.

In addition to formal evaluation, simply thinking clearly about why the program is doing what it is doing and how the program can be improved gives managers and staff a clearer picture of the purpose of their efforts. That alone can lead to more focused and productive service delivery.

Our audit involved five agencies. We examined whether the agencies were conducting sound evaluations and learning from results and acting on recommendations. We also assessed whether the agencies were adopting a strategic approach to guide evaluation priorities and activity.

Conclusion

While individual project or program evaluations were generally done well by four of the five agencies we sampled, all the agencies lacked a strategic approach to their evaluations. This has resulted in an ad hoc approach which provides no assurance to government or the community that key programs, projects or services will be evaluated.

Key Findings

- All of the agencies we examined were evaluating some of their programs and projects. Evaluation processes followed good practice at four of the five agencies.
- All agencies were using evaluation to improve service delivery in some areas.
- All agencies lacked a strategic approach to their evaluation activity, resulting in an ad hoc approach to which projects or programs were evaluated.

What Should Be Done?

In undertaking formal evaluations, agencies should develop and implement sound evaluation frameworks that:

- are approved by their senior executive and have clear links to the strategic objectives of the agency
- use a risk-based approach in deciding which programs are to be evaluated
- ensure that evaluation processes are sound and implemented. They should include a clear process to ensure that recommendations from evaluations are considered and where appropriate acted on using a documented continuous improvement process.

Response by Department of Agriculture and Food

The result of this audit is timely as the Department of Agriculture and Food has a new corporate executive. The Department acknowledges that evaluation needs to be improved and as part of the organisational restructure will include a commitment to the full implementation of an Evaluation Framework with a focus on strategic intent.

Response by Department for Child Protection

The Department undertakes comprehensive evaluations of its services, programs and projects in order to improve its service delivery and those delivered by NGOs. The Department has developed a broad evaluation framework to provide a strategic approach to all evaluations. As it is implemented and further developed, it will provide clear evaluation processes and priority of evaluations.

Response by Department for Communities

The Department for Communities established a Research and Evaluation Unit in July 2009. This unit will be responsible for establishing an overall framework for the agency which will identify priority areas to be evaluated; and for developing processes to ensure evaluations are monitored, reviewed and approved by appropriate staff.

Response by Disability Services Commission

The Disability Services Commission has requested that its Performance Reporting and Evaluation Branch develop a strategic evaluation framework to address the issues raised in this audit. This framework will be submitted for consideration by the Commission's Corporate Executive and Board during 2009-10.

Background

Under the *Financial Management Act 2006*, agencies need to ensure that they are operating in a manner that is efficient and economic and achieves the agency's objectives. Apart from the legal requirements, it is good management practice for agencies to evaluate programs, projects and services to ensure they are getting value for money. This is particularly relevant in the current economic climate where the government revenue base is severely impacted by the global financial crisis.

Evaluation is an in-depth analysis at a discrete point in time using a systematic and analytically defensible method to form a judgement on the value of an activity such as a project or program¹. Evaluation typically focuses on either effectiveness or efficiency. Effectiveness is determined by the extent to which a project or program is meeting its specific or general objectives, while efficiency is assessed in terms of how economically inputs have been converted into outputs and results.

Evaluation can take many forms including performance evaluations or audits, cost-benefit analysis, surveys or focus groups with clients and case studies. They can vary in scope from high level strategic evaluation of agency structure or programs to evaluation of specific projects to determine whether they are meeting key service delivery standards or required outputs. Evaluations can be conducted prior to or after implementation of a project or program.

If done well, evaluation will provide managers and other stakeholders with timely, relevant and credible information on whether programs and projects are delivering intended results. It acts as a feedback loop within the policy development process. It serves as a test of the ultimate success of policies by determining whether they achieved what they set out to, and if not, why not?

¹ United Kingdom Evaluation Society www.evaluation.org.uk *Glossary of Evaluation Terms*

What Did We Do?

Our objective was to determine whether agencies are evaluating key programs and projects and using evaluations to drive improvement. Specifically we focused on whether agencies were:

- conducting evaluations of their programs and projects
- conducting evaluations in accordance with good practice in terms of having:
 - clear scope and purpose
 - appropriately skilled evaluators
 - suitable methodology to match the purpose
 - reports with clear outcomes and recommendations
- learning from and acting on the evaluation recommendations
- taking a strategic approach to guide evaluation priorities and activity across the agency.

We selected five agencies delivering services that impact on a number of different sectors of the WA community. These five agencies spent over \$1 054 million delivering services in 2007-08. They received income of just over \$233 million giving a net cost of service delivery programs and projects of over \$820 million (see Table 1).

Agency	Examples of services delivered	Cost of Services (\$000)	Total Income other than Income from the State Government (\$000)	Net Cost of Services (\$000)
Department of Agriculture and Food	Protecting the state's agricultural resource base from pests and diseases	311 509	138 704	172 805
Department for Child Protection	Safeguarding children from abuse and supporting families at risk or in crisis	291 250	25 663	265 587
Department for Communities	Helping parents to develop skills, knowledge and confidence in their roles	40 297	1 867	38 430
Disability Services Commission	Help for people with disabilities to live in a range of places, including hostels, group homes or living in their own home	366 002	64 053	301 949
Western Australian Tourism Commission	Marketing of the state as a place to visit and securing tourism events.	44 985	3 011	41 974
TOTAL		1 054 043	233 298	820 745

Table 1: Cost of services provided to the community (2007-08)

The net cost of services provided to the community by the sampled agencies is significant

Source: Agency financial statements and OAG

The examination focused on evaluations conducted from January 2005 to May 2009. At each agency we examined a number of key program areas to determine what evaluation work had been done and then assessed the evaluations against good practice principles described above.

The examination was conducted in accordance with Australian Auditing Standards.

What Did We Find?

All of the agencies we examined were evaluating some of their programs and projects. Evaluation processes followed good practice at four of the five agencies.

The Department for Child Protection, Department for Communities, Disability Services Commission and WA Tourism Commission had sound processes for their evaluation activities and were implementing these for the programs and projects that we examined.

The Department of Agriculture and Food has invested considerable time and effort over the last decade to ensure evaluation processes are in place for the bulk of projects delivered under each of their industry focused programs. However, there were weaknesses in these processes and they were poorly implemented.

Department for Child Protection

We examined evaluation activity in the following areas:

- child protection services delivered through metropolitan and country offices
- service delivery by Non-Government Organisations (NGOs)
- projects addressing the recommendation of the twentieth Ford Review into child-protection practices.

We found that the evaluations we reviewed had a clear scope and purpose. For example, Departmental policy requires that child protection services provided by metropolitan and country offices are evaluated every two years against internal standards for child protection. The internal standards used for assessment include:

- assessing the wellbeing of a child
- protection and safety of children and young people
- carers and staff recruitment, training, assessment and support.

An independent unit within the agency conducts evaluations that include monitoring visits. The monitoring visit involves meeting with staff and obtaining feedback from children in care and their families and carers. We noted that there were clear skill requirements for staff undertaking these monitoring visits. Results were reported with required actions made against relevant standards. An example of a required action is the completion of a care plan for a child. Opportunities for improvement are included in the reports and issued to the officer in charge of the district office that is under review. The required actions are recorded in a register which is tracked and updated for changes as they occur.

Department policy also requires that services delivered by NGOs are evaluated for effectiveness. Once every three years, one third of all NGOs funded by the Department undergo a high level evaluation which includes verifying community demand and assessing whether NGOs are achieving contracted outcomes. These evaluations typically recommend changes to service specifications where appropriate to ensure service improvement outcomes. Service improvements include effectively meeting target client groups needs in remote areas of the state. A senior manager authorises these reviews. Recommendations are made to the Minister to continue funding for the service or to end the contract with the service provider.

The Department's internal audit also has a key role to play in evaluation. In 2008 the internal audit assessed whether service reviews for individual NGOs were being conducted in accordance with Departmental policy and to the standard required. The audit found that service reviews met Departmental guidelines.

The basis of much of the above evaluation activity arose out of recommendations from the 2006 'Ford Review' which assessed child protection practices of the then Department for Community Development. The review also led to the splitting of the Department for Community Development into the Department for Child Protection and the Department for Communities.

We found that the Department has developed a series of projects that clearly link to and address the review recommendations. Each project is assigned a senior project manager and project documentation including progress reporting is shared among other senior management via the intranet. Project progress is reported publicly on the Department's website. The Department has also developed a 'Benefits Realisation' plan to measure the outcomes for each of the projects. The plan will be phased in starting in 2010.

Department for Communities

We examined six Departmental projects and programs to determine what evaluation work had been done. These were:

- Best Start
- community service grants
- early childhood
- occasional care
- Seniors' Week
- services provided by NGOs.

We found that evaluations had been done in five of the above six areas. Best Start, a program targeted at improving the school readiness of young indigenous children, had not been evaluated since 2001. However, up until October 2008, administration of this program was the responsibility of the now defunct Department for Community Development.

We also noted that recent evaluations have not been done of services provided by all contracted NGOs. The Department's policy is to undertake periodic evaluations of these services but at the time of audit, the services of 26 NGOs had not been reviewed in the last three years. However, 14 of these related to NGO services that until December 2008 were delivered on behalf of the Department for Community Development.

The evaluations we examined were scoped to look at ways to improve the effectiveness of service provision or to assess whether services were being delivered against required outcomes. The work was done using senior internal staff or independent contractors. In the latter case appropriate evaluation skills were assessed through tender selection processes.

One example of good practice was a high level evaluation of the management of contracts for NGOs delivering services to the Department for Child Protection and the Department for Communities. The evaluation had the following good practices:

- There was a clear focus for the evaluation: on whether the contract management should be contracted out to an external provider or shared services arrangement to achieve value for money.
- Departmental staff assessed that the contracted evaluator had the required skills for the evaluation.

- The evaluation made a clear key recommendation: in this case that the contract management function be split between the Department for Child Protection and the Department for Communities, but that there should be standardised processes between both Departments.
- The evaluation was reported to senior staff in both Departments and the Minister.
- The recommendations were considered, and in this case accepted. The Department also decided to implement numerous subsidiary recommendations from the evaluation.

Disability Services Commission

We examined seven Departmental projects and programs:

- CATCH
- Disability Health Sector Check
- Count us in
- Remote Area Strategy
- Options Exploration
- Intensive Family Support
- services provided by NGOs.

We found that all of these programs and projects had been evaluated in the last two years. The evaluations were undertaken by independent evaluators who were engaged by the Department following a competitive tender process including assessment of required skills.

The evaluations we reviewed were typically scoped to report on the effectiveness and opportunities for improvement of service delivery strategies. Reports from these evaluations were provided to the relevant program managers and actions arising from recommendations were being tracked to ensure implementation.

An example of a high level evaluation was the 'Disability Health Sector Check'. In 2006 the Minister for Disability Services appointed the Sector Health Check Committee to:

- compare the Commission with other comparable government departments and other disability service systems
- examine growth in funding since 2001 and its effectiveness of application to the Commission and also to non-government organisations

- review service improvements – efficiencies, changes in function and new initiatives
- identify examples of best practice since 2001.

The evaluation report contains over 60 recommendations. We found the Department is tracking implementation of recommendations and progress is being reported to senior management and the Minister. The Department has made this information available to the public on its website.

WA Tourism Commission

We examined two major programs of the WA Tourism Commission, Eventscorp and Marketing. Eventscorp is frequently approached by sporting bodies, authorities, corporations and individuals to provide funds for events. The Commission's policy is to assess the benefits of providing sponsorship for an event against 13 criteria including economic factors. These criteria include:

- economic impact
- private sector investment
- risk
- prestige.

We found that in accordance with the Commission's policy, the actual benefits derived from each event is assessed and ranked against other sponsored events using return on investment as a criterion for receiving ongoing support. We noted that in 2006 one event was discontinued after 18 years because it produced the lowest return to the state of all major events. Funds were then redirected to other events.

In November 2008 the Commission engaged an independent expert to evaluate the efficiency and effectiveness of its marketing model. The scope of the evaluation included recommending an appropriate tourism investment strategy for Western Australia in light of the global financial crisis. The report was presented to senior management and the Board. The Commission has incorporated this advice into its Strategic Plan.

Department of Agriculture and Food

We selected a sample of industry focused projects and found the majority of projects had not been evaluated in accordance with the Department's evaluation processes.

The Department introduced 'Project Cycle Management' in the 1990s which was intended to improve the effectiveness of their programs and projects. Project Cycle Management sets out a framework for planning, monitoring and evaluation of programs and projects and should be applied across the Department. The Department has established a Project Management Office to assist staff with implementing the Project Cycle Management framework.

Of the projects we reviewed we found that:

- Ninety-eight per cent did not have an evaluation plan. Departmental processes require that an evaluation plan is developed at the start of a project to clearly identify the scope and evaluation method to be used. This helps to maximise effectiveness of the evaluation process and give clear guidance to staff undertaking the evaluation.
- Forty-nine per cent of projects did not have any evaluation report or progress report. Forty per cent of projects only had progress reports. Only 11 per cent of projects were evaluated against the project outcomes. Departmental processes require project managers to evaluate their projects against outcomes.

Weaknesses in the Department's evaluation processes contributed to the poor outcomes described above. These included:

- no requirement to monitor implementation of evaluation processes. As a result the Department was unaware that required evaluations were not being done
- no clear requirements for how to report the results of project evaluations.

Agencies lacked a strategic approach to their evaluation activity, resulting in an ad hoc approach to which projects or programs were evaluated.

None of the five agencies had a strategic framework to guide their evaluation activity. A strategic evaluation framework should:

- be approved by the senior executive, documented and communicated to relevant staff
- ensure that evaluations have clear links to and inform agency strategic objectives and key performance indicators
- have a documented risk-based approach that sets out which programs will be evaluated over what timeframe
- ensure the conduct of evaluations and their findings are reviewed and agreed actions implemented.

None of the agencies had a strategic evaluation framework that was documented and approved by senior executive and communicated to relevant staff. The agencies also did not have clear risk-based criteria for choosing which programs should be evaluated and when.

For example, we found the Department of Agriculture and Food had requirements to evaluate all of its industry focused projects and programs but no requirement to evaluate the delivery of other key services such as the marketing function conducted by its Food and Trade Directorate.

The lack of a strategic evaluation framework was also evidenced by the fact that none of the agencies could easily provide a comprehensive list of all the evaluations they had conducted in the last two years.

In the absence of a strategic framework for evaluation, agencies may spend scarce resources on evaluations that have minimal influence or impact on agency strategic directions, activities or decision making. It is also difficult for agencies to demonstrate that their programs and projects are delivering against broader agency objectives.

Reports of the Auditor General

2009

Adult Community Mental Health Teams: Availability, Accessibility and Effectiveness of Services	14 October 2009
Every Day Counts: Managing Student Attendance in Western Australian Public Schools	19 August 2009
Opinion on Ministerial Notification: Ministerial Decision to not Provide Information to Parliament – Country Age Pension Fuel Card	19 August 2009
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Audit Results Report – 31 December 2008 Assurance Audits and other audits completed since 3 November 2008	6 May 2009
Information Systems Audit Report	8 April 2009
Public Sector Performance Report 2009 – Management of Water Resources in Western Australia – Follow-up – Administration of the Metropolitan Region Scheme by the Department for Planning and Infrastructure – Management of Fringe Benefits Tax	1 April 2009

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