

ACT Auditor-General's Office

Follow-up Audit Report

**Agency implementation of
audit recommendations**

June 2007



ACT AUDITOR-GENERAL'S OFFICE



PA05/23

The Speaker
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Mr Speaker

I am pleased to forward to you a Follow-up Audit Report titled 'Agency Implementation of Audit Recommendations', conducted under the authority contained in the *Auditor-General Act 1996*.

I would appreciate if you could arrange for the distribution of the Report to each member of the Legislative Assembly, and its subsequent tabling in the Legislative Assembly pursuant to Section 17(5) of the *Auditor-General Act 1996*.

Yours sincerely

Tu Pham
Auditor-General
14 June 2007

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1. REPORT SUMMARY AND AUDIT OPINION

INTRODUCTION

1.1 This report presents a summary of the results of a performance audit that reviewed whether ACT Government agencies have addressed recommendations and findings from selected audit reports presented to the ACT Legislative Assembly by the ACT Auditor-General's Office.

BACKGROUND

1.2 Performance audit reports provide an independent assessment of efficiency and effectiveness of a government activity. These reports often include recommendations that aim to improve the accountability and administration of public sector agencies through improving operations and procedures. Normally Audit recommendations are stated in broad terms of what needs to be done; the specifics of how it can be done are often left to the audited agencies, which have more in-depth operational knowledge and experience.

1.3 Individual agencies, following agency and/or Government agreement to the Audit recommendations, are responsible for the implementation of these recommendations within their own agency. There is also a reasonable expectation that other agencies, not specifically referred to in audit reports, will examine recommendations arising from performance audits and determine whether the recommendations are applicable to their operations.

1.4 Audit recognises that it is action on recommendations - not the recommendations themselves - that helps government agencies to achieve better efficiency and improves accountability of the Government to the Legislative Assembly. Such action often benefits from the impetus generated by the tabling of the audit report in the Legislative Assembly, its consideration by the Assembly, and any inquiries by the Standing Committee on Public Accounts (PAC) relating to these reports.

1.5 The absence of adequate public reporting on the implementation of audit recommendations raised concerns from Members of the Assembly, and in particular the Public Accounts Committee, that audit report recommendations are accepted by the agencies and Government, but may not be subsequently implemented, with little effect on improved agency performance and accountability.

1.6 Accordingly, the primary purpose of this follow-up audit is to establish whether agencies have addressed accepted recommendations and findings included in the selected audit reports, and to inform the Assembly on the progress made by agencies in implementing these selected recommendations.

1.7 This performance audit examined agency implementation of recommendations from the following audit reports:

- Leave Management (August 2004);
- Waiting Lists for Elective Surgery and Medical Treatment (December 2004); and
- Travel Arrangements and Expenses (June 2004).

1.8 Of the 41 recommendations made in these reports, 97% were either accepted or accepted in part by the agencies involved.

1.9 The audit also sought agency advice on progress in the implementation of recommendations from the following reports and these responses were not examined in depth:

- Development Application and Approval Process (May 2005);
- Management of Government Grants to the ACT Multicultural Council Inc. (April 2005);
- Administration and Monitoring of Youth Service Contracts (December 2004);
- Data Reliability for Reporting on the 'ACT No Waste by 2010' Strategy (August 2004); and
- Administration of Policing Services (May 2004).

AUDIT OBJECTIVES

1.10 The objective of this Audit was to provide an independent opinion to the Legislative Assembly on the extent to which agencies have addressed and resolved issues or deficiencies identified in selected performance audits.

1.11 The audit focused on:

- procedures established within agencies for implementing, monitoring and reporting on the implementation of performance audit recommendations; and
- the extent to which agencies have implemented accepted recommendations made in the original audit reports.

1.12 The PAC, following receipt of an Auditor-General's report, may initiate its own inquiry into the Auditor-General's findings and recommendations, and subsequently report on that inquiry. The Cabinet Office coordinates preparation of a Government response to the report by the PAC, including a position on the PAC's recommendations and an action plan for implementation of the recommendations. Government responses to an Auditor-General's report following the PAC recommendations could occur some years after the tabling of the Auditor-General report, especially when the PAC conducts an inquiry into Audit reports on complex and significant issues.

1.13 The focus of this Audit was on agency action to implement the recommendations of the initial Audit reports, prior to any PAC inquiries and subsequent PAC recommendations. The issue of Government implementation of recommendations from various inquiries conducted by Assembly Committees, including the PAC, will be examined in a separate Audit report.

1.14 The audit recognised that some findings and recommendations of past audits have been affected by subsequent events, and that action to address the original audit finding will need to pay attention to the changed circumstances.

1.15 Audit also notes that an election period can affect the Government's response to Auditor-General's reports; the six-week caretaker government arrangements, and the possibility of a change of government, may restrict the preparation of a Government response and action plan. For example, the 2004 ACT Election contributed in part to the delays in responding to the Travel Arrangements and Expenses and Leave Management Reports (June and August 2004 respectively).

AUDIT OPINION

1.16 The audit opinion drawn against the audit objective is set out below.

- Progress made by agencies in implementing recommendations from Auditor-General's performance audits varied significantly between agencies and from audit to audit. Certain agencies (e.g. Justice and Community Safety and ACT Health) had made significant progress in the implementation of Audit recommendations, while others did not achieve similar results.
- Overall, current review and reporting arrangements adopted by the agencies are not adequate to provide assurance to the Government and the Assembly that recommendations arising from performance audit reports are implemented consistently across agencies and in a timely manner.
- Recommendations from Audit reports that examined operational areas specific to an individual agency received more robust implementation action. By comparison, audit reports that focussed on corporate issues common across agencies (e.g. leave and travel arrangements) did not receive the same attention from all agencies in the implementation of recommendations. This highlights the need for central agencies such as Chief Minister's Department and Treasury to play a more effective leadership role and oversight the implementation of Audit recommendations on whole-of-government issues
- The lack of commitment by a number of agencies to implement agreed Audit recommendations will expose the Government to continued risks associated with the deficiencies and weaknesses identified in the audited areas.

KEY FINDINGS

1.17 The audit opinion is supported by the following findings:

- Progress made in implementing audit recommendations varied significantly from agency to agency.

- Agencies tended to provide more attention to audit recommendations which were specific to their operations. For example ACT Health has implemented most of the recommendations from the report on Waiting Lists for Elective Surgery but did not implement recommendations from the audit of Travel Arrangements and Expenses in a timely manner.
- In some cases, delays in the implementation of recommendations of nearly three years have occurred, with the implementation of some recommendations from audit reports tabled in 2004 still pending.
- Of the three audits tabled in 2004 selected for the follow-up audit, the responsible agencies accepted or accepted in part 97% of the recommendations. However, only one audit, Waiting Lists for Elective Surgery, showed acceptable progress by agencies in implementing recommendations.
- The Audit Office encountered difficulties in obtaining information on implementation of audit recommendations from many agencies, as responsibility for the implementation of specific recommendations was not clear within agencies and no formal documentation on the implementation process existed.
- The current guidelines issued by the Chief Minister's Department, *Guidelines for Responding to Reports by the Auditor-General*, are not adequate to assist agencies in the implementation process.
- The determination of a formal Government position on audit recommendations and the full implementation of recommendations are dependent on the Government's consideration of the report of any inquiry into the Auditor-General's findings and recommendations undertaken by the Public Accounts Committee (PAC). This could lead to delays of two years or more. If the PAC does not hold an inquiry into an Auditor-General's report, there may be no formal government position on audit recommendations or implementation of the recommendations.
- The current review and reporting arrangements adopted by the agencies provide only limited assurance to the Government and the Assembly that recommendations in performance audit reports are being addressed by agencies consistently and in a timely manner.
- Of the audits reviewed, more than half of the agencies responsible for implementing recommendations did not prepare a formal action plan detailing the process for implementing accepted recommendations. Typically, action plans that were prepared referred only to audits specifically relevant to the agency's operations and did not consider all reports that might relate to the agency (including whole-of-government issues).
- Overall only half of those agencies with an action plan implemented the recommendations in accordance with this plan. This was due in part to issues such as Departmental restructures, resourcing and recommendations that were overtaken by events.
- The audit found that for those agencies without formal action plans or similar documents:

- neither the agency, management or staff were clear about their roles and responsibility for the implementation of specific recommendations;
 - very little formal documentation on the implementation of recommendations existed;
 - no timetable was set out for the implementation of recommendations;
 - reporting on the progress of the implementation of recommendations was not formalised;
 - some recommendations that were not accepted by the agency at the time of the original audit were undergoing implementation;
 - no assessment was made of the impact on their agency of implementing the accepted recommendations; and
 - there was a lack of accountability from the relevant business areas to act, and report on the progress of implementation to management.
- Of the agencies reviewed, most Audit Committee charters included a requirement for the Committee to review and assess external audit reports. However, few charters included a requirement for the Committee to actively monitor implementation activity, through to completion, to ensure a timely and effective response to audit reports.
 - CMD should consider including, with the *Guidelines for Responding to Reports by the Auditor-General*, the better practice guide of this report, to establish mechanisms to monitor progress and report on any impact on the audited areas within individual agencies following the implementation of audit recommendations.

RECOMMENDATIONS AND RESPONSE TO THE REPORT

1.18 The audit made four recommendations to address the audit findings detailed in this report.

1.19 In accordance with section 18 of the *Auditor-General Act 1996*, a final draft of this report was provided to the Chief Executives' of the audited agencies for consideration and comments. The Chief Executives' overall responses are shown below:

Response from the Acting Chief Executive of the Chief Minister's Department

All ACT Government agencies take the question of accountability very seriously as it goes to the heart of a truly functional democracy. It gives confidence to the community in their system of government, and in the decisions their elected representatives make. This Government has provided an effective legislative, policy and procedural base to support accountability, transparency and integrity through the ACT Public Sector to the community it serves.

All agencies are committed to the principle of continuous improvement and seek best practice in its processes to ensure transparency and accountability.

The 'Guidelines for Responding to Reports by the Auditor-General' will be further developed to improve on the timely consideration and implementation of the Government's position on Audit Recommendations.

Response from the Chief Executive of the Department of Territory and Municipal Services

It is clear from this report that many Auditor-General recommendations from the reports reviewed have 'slipped through the gaps', particularly during the significant changes that have impacted on this Department over the past two years. The recommendations contained within this report will go a long way towards addressing this issue and effective communication between Departments and the Auditor-General's Office will increase the likelihood of avoiding such an issue in the future.

Response from the Chief Executive of the Department of Justice and Community Safety

....it was pleasing to note that JACS had made significant progress in the implementation of Audit recommendations for Leave Management, Travel Arrangements and Expenses and Administration of Policing Services.

Improvements, as recommended in the performance audit report for the department have been considered and will be implemented in cooperation with the JACS Audit Committee, within an appropriate agreed better practice framework.

Response from the Chief Executive of the Department of Disability, Housing and Community Services

... the report provides a useful best practice example, for the monitoring of progress and reporting changes as a result of a performance audit. Against this we have identified that our promotion of findings across the Department can be further enhanced in terms of raising greater awareness of best practice.

Response from the Chief Planning Executive of the ACT Planning and Land Authority

The Authority agrees with the finding and comments of the Auditor-General in relation to the implementation of recommendations from the performance audit of Development Application and Approval Processes.

The Authority acknowledges the recommendations and findings regarding the implementation process and will integrate them into our existing practices for managing and measuring implementation of all agreed audit recommendations.

1.20 In addition, the Chief Executives provided responses to each recommendation, as shown below.

Recommendation 1 (page 19)

CMD should revise the current *Guidelines for Responding to Reports by the Auditor-General* to:

- require individual agencies to prepare an action plan for the implementation of audit recommendations for all relevant audit reports;
- require the identification of a lead agency for audit reports on whole-of-government issues; and
- require public reporting on implementation of recommendations against targets set in either the whole-of-government or internal action plan prepared for each audit report.

Agency Responses:

Agreed: The Department of Territory and Municipal Services (TAMS)

TAMS agrees that there would be merit in the implementation of this recommendation and will comply with any revised guidelines.

Agreed: The Department of Justice and Community Safety (JACS)

JACS agrees with the proposal for the preparation of Action Plans for the implementation of all external/internal and performance audit reports as recommended, utilising whole-of-government guidelines.

Supported: Gambling and Racing Commission (GRC).

The Commission supports the revision of the Guidelines as outlined in the report.

Agreed in principle: Chief Minister's Department (CMD)

The 'Guidelines for Responding to Reports by the Auditor-General' (the Guidelines) are prepared by Chief Minister's Department and outline the processes to be undertaken by ACT Government agencies following the tabling of reports by the ACT Auditor-General.

*The Guidelines already make clear that action plans are required for recommendations/findings that are **accepted** by the Government. It should be further noted that as 'Guidelines' they are not developed within a legislative framework and are therefore provided to assist agencies to meet the Government's commitment to timely and thorough consideration of Auditor-General recommendations.*

The Guidelines currently express the following in relation to recommendations/finding accepted by the Government for whole-of-government matters:

- *'development of a whole-of-government action plans for recommendations that are supported;' (Guidelines, item 12(b)) (p. 3)*
- *'The Cabinet Office will identify the agency(s) affected by the report and forward an advance copy of the Auditor-General's report to the relevant chief executives(s). The agency most affected by the issues is, unless otherwise*

agreed between the relevant agencies, the lead agency.’ (Guidelines, item 11) (p. 3)

- *‘Under the Annual Report directions, agencies are required to report on reports released by the Auditor-General during the reporting year, including summary details of recommendations and the Government’s response to each report.’ (Guidelines, item 14) (p 3)*

The Guidelines will be further developed to include guidelines for the development of agency action plans for the implementation of agency specific recommendations that are supported by the Government.

The Guidelines will also be developed to include additional guidelines for the management of agency and whole-of-government responses to tabled Auditor-General reports.

Recommendation 2 (page 21)

Agencies should review all audit reports for relevance to their own agency, and where required, prepare an internal action plan, (along the line of the Better Practice Guide included in this Report) as a basis for managing the implementation of recommendations.

Agency response:

Agreed: TAMS

TAMS already reviews all audit reports that we are made aware of for relevance to our Department. For example as a result of a review of the Auditor General’s Report on Rhodium we conducted an internal audit of TAMS Business Units conducting commercial type operations to ensure we did not have any similar issues. It is this Departments view that a consistent approach to how the AGO Reports are distributed would assist Departments in complying with this recommendation. The use of ‘action plans’ as a management tool will be encouraged and applied if a requirement of the guidelines referred to in Recommendation 1.

Agreed: JACS

JACS as part of the implementation strategy through the Audit Committee and internal audit will review all provided audit reports for relevance to the department with regard to the better practice.

Agreed: DHCS

Where relevant internal action plans are prepared and implemented for each Auditor-General’s Report, by the relevant business area. These recommendations are tracked by Performance Audit and Review and monitored by the DHCS Audit and Review Committee for progress of implementation. Regular reports are provided to the Chief Executive and Board of Management.

Agreed: GRC.

The Commission will ensure that all audit reports are reviewed for relevance and to ensure that the Commission's policies and procedures are consistent with best practice standards. Action plans will be utilised in this process to identify key personnel, and their responsibilities, as well as identifying timeframes for any implementation that may be required.

Agreed: ACTEW

All audit reports are currently reviewed by the Chief Financial Officer and/or Company Secretary for relevance/interest to ACTEW and responded to accordingly. This recommendation formalises existing practices.

Agreed in principle: CMD

In preparing formal responses to tabled Auditor-General Report recommendations, agencies will prepare both agency specific and when appropriate, whole-of government responses.

In preparing a whole-of-government response, an agency will undertake a consultation process with all other agencies and prepare a Cabinet Submission for Government consideration within 3 months. Within the Cabinet Submission, the responding agency will identify the lead agency (which may be different from the responding agency) for the development of an action plan for any Government agreed whole-of-government recommendations.

Recommendation 3 (page 22)

Agencies should ensure the charter for their Internal Audit Committee includes the key responsibilities to:

- receive and review all audit reports to assess the relevance of findings and recommendations to the agency, regardless of whether the agency was involved in the audit;
- maintain a register of audit recommendations that monitors implementation and ensures appropriate action takes place within a reasonable timeframe;
- actively monitor implementation activity, through to completion; and
- report progress to agency management, particularly where progress appears deficient.

Agency response:

Agreed: TAMS

The draft TAMS Internal Audit Committee Charter has been updated to reflect this recommendation and the changes are awaiting acceptance by the Internal Audit Committee.

Agreed: JACS

The JACS Audit Committee is currently reviewing its governance arrangements and an integral part of the review is an independent examination of the JACS Audit and Audit Committee Charters. Key responsibilities as recommended will be included, particularly the review, maintenance, monitoring and reporting elements of the implementation of recommendations of both external and internal audit reports which assigns responsibility and accountability.

Agreed: DHCS

The DHCS Audit and Review charter will be revised, as necessary, to reflect this recommendation.

Agreed: GRC.

The Commission will update its policy to incorporate action plans for each audit report, to ensure the effective and timely implementation of any audit recommendations.

Agreed: ACTEW

The current Audit and Risk Committee charter includes the following objectives and responsibilities:

- *ensuring that recommendations made by internal and external auditors are addressed;*
- *reporting major issues and findings to the Board; and*
- *problems identified by the audit processes are addressed.*

These objectives and responsibilities of the Committee address in part, this recommendation. Amendments to the Committee's Charter require the approval of the ACTEW Board. The ACTEW Board and the Audit and Risk Management Committee will consider amendments to the Charter at their August meetings.

Agreed: CMD

All internal Audit Committees will be required to include the identified key responsibilities in their charters, in line with the Government's position on audit Recommendations.

Recommendation 4 (page 23)

1.21 Agencies should report to the Legislative Assembly, on an annual basis, information that includes:

- a list of completed audits undertaken by the ACT Auditor-General's Office that relate to the operations of the agency;
- details of the recommendations of the report that have been accepted, either in whole or in part, by the agency, and where relevant, by Government;

- a summary of action to date, either completed or in progress (including milestones completed), in implementing those recommendations; and
- the agency which takes over the responsibilities of implementing the relevant audit recommendations, where there have been transfers of functions or restructure.

Agency response:

Agreed: TAMS

Guidance on the format of any provision of information would be beneficial, given that CMD are seeking to reduce the information provided in Annual Reports.

Agreed: JACS

The Department will comply with the Chief Minister's Annual Report Directions requirement to 'report on the most significant development in scrutiny, both internal and external of the agency ...'.

Agreed-in-principle: DHCS

DHCS currently reports annually on the implementation of Auditor-General report recommendations in its Annual Report. This is undertaken in accordance with the Chief Minister's Annual Report Directions, which apply to all Government agencies.

Agreed: GRC.

The Commission agrees, in the whole-of-government context, to provide annual updates on the implementation of audit recommendations. The Commission, through its annual report, will account for actions/outcomes to all ACT Auditor-General reports that are relevant to Commission activities.

Agreed: ACTEW.

Agreed in principle: CMD

The 2006-2007 Chief Minister's Annual Report Directions require agencies to 'report on the most significant developments in scrutiny, both internal and external, of the agency and the agency's response, including particulars of ACT Auditor-General and ACT Ombudsman reports'.

2. IMPLEMENTATION PROCESS

INTRODUCTION

2.1 This Chapter describes the process undertaken by agencies to implement accepted recommendations from audit reports.

KEY FINDINGS

- Progress made in implementing audit recommendations varied significantly from agency to agency. Agencies tended to provide more attention to audit recommendations which were specific to their operations.
- For example ACT Health has implemented most of the recommendations from the report on Waiting Lists for Elective Surgery but did not implement recommendations from the audit of Travel Arrangements and Expenses in a timely manner.
- In some cases, delays in the implementation of recommendations of nearly three years have occurred, with the implementation of some recommendations from audit reports tabled in 2004 still pending.
- Of the three audits tabled in 2004 selected for detailed follow-up by Audit, the responsible agencies accepted or accepted in part 97% of the recommendations. However, only one audit, Waiting Lists for Elective Surgery, showed acceptable progress by agencies in implementing recommendations.
- The Audit Office encountered difficulties in obtaining information on implementation of audit recommendations from many agencies, as responsibility for the implementation of specific recommendations was not clear within agencies and no formal documentation on the implementation process existed.
- The current guidelines issued by the Chief Minister's Department, *Guidelines for Responding to Reports by the Auditor-General*, are not adequate to assist agencies in the implementation process.
- The determination of a formal Government position on audit recommendations and the full implementation of recommendations are dependent on the Government's consideration of the report of any inquiry into the Auditor-General's findings and recommendations undertaken by the Public Accounts Committee (PAC). This could lead to delays of two years or more. If the PAC does not hold an inquiry into an Auditor-General's report, there may be no formal government position on audit recommendations or implementation of the recommendations.
- The current review and reporting arrangements adopted by the agencies provide only limited assurance to the Government and the Assembly that recommendations in performance audit reports are being addressed by agencies consistently and in a timely manner.

- Of the audits reviewed, more than half of the agencies responsible for implementing recommendations did not prepare a formal action plan detailing the process for implementing accepted recommendations. Typically, action plans that were prepared referred only to audits specifically relevant to the agency's operations and did not consider all reports that might relate to the agency (including whole-of-government issues).
- Overall only half of those agencies with an action plan implemented the recommendations in accordance with this plan. This was due in part to issues such as Departmental restructures, resourcing and recommendations that were overtaken by events.
- The audit found that for those agencies without formal action plans or similar documents:
 - neither the agency, management or staff were clear about their roles and responsibility for the implementation of specific recommendations;
 - very little formal documentation on the implementation of recommendations existed;
 - no timetable was set out for the implementation of recommendations;
 - reporting on the progress of the implementation of recommendations was not formalised;
 - some recommendations that were not accepted by the agency at the time of the original audit were undergoing implementation;
 - no assessment was made of the impact on their agency of implementing the accepted recommendations; and
 - there was a lack of accountability from the relevant business areas to act, and report on the progress of implementation to management.
- Of the agencies reviewed, most Audit Committee charters included a requirement for the Committee to review and assess external audit reports. However, few charters included a requirement for the Committee to actively monitor implementation activity, through to completion, to ensure a timely and effective response to audit reports.
- CMD should consider including, with the *Guidelines for Responding to Reports by the Auditor-General*, the better practice guide of this report, to establish mechanisms to monitor progress and report on any impact on the audited areas within individual agencies following the implementation of audit recommendations.

BACKGROUND

2.2 Audit reports produced by the Auditor-General's Office contain recommendations that suggest areas for improvement within agencies, but do not normally provide detailed guidance to agencies on how to implement these recommendations. This recognises that agencies, given their in-depth knowledge and experience of their operations, are in a better position than the Audit Office to decide the most appropriate way to implement recommendations and address deficiencies identified in audit reports.

2.3 The Audit Office has no role in implementing recommendations, but is available to discuss the report to assist agencies to determine the intent of the recommendations and an appropriate implementation plan.

ROLE OF MAJOR STAKEHOLDERS IN THE IMPLEMENTATION OF AUDIT RECOMMENDATIONS

Role of the Agency

2.4 Senior management of the audited agency is primarily responsible for the response to the Audit reports and subsequent implementation of relevant Audit recommendations. An agency can propose agreement or disagreement to a recommendation; however, it is subject to the Government's direction on a response to the recommendation.

2.5 The Internal Audit Committee in agencies also plays an important role in the implementation process. Not all agencies have a Committee and there is some variability in the manner in which Committees operate.

2.6 An Audit Committee is an important body within an agency's governance framework, established to provide independent assurance and assistance to senior management on matters such as overall governance, risk, control, and compliance framework, and external accountability responsibilities. As such, Audit Committees are generally well-placed to consider the relevance and significance of Auditor-General's reports.

2.7 In particular, Audit considers that Internal Audit Committees should have a role to:

- receive and review all audit reports to assess the relevance of findings and recommendations to the agency, regardless of whether the agency was involved in the audit;
- maintain a register of audit recommendations that monitors implementation through to completion;
- ensure appropriate action takes place within a reasonable timeframe; and
- report progress to agency management, particularly where progress appears deficient.

Role of Central Agencies

2.8 Central agencies (Department of Treasury and Chief Minister's Department) are often involved in performance audits, from a whole-of-government policy perspective, and it is not uncommon for audit recommendations to be directed towards such agencies. Central agencies thus have a role in implementing recommendations on some audits through development or refinement of relevant policies and guidelines, and can also have a role in influencing the activities of agencies.

2.9 The Cabinet Office in the Chief Minister's Department is responsible for the co-ordination and preparation of a Government response to the Auditor-General's report, including an action plan, for submission to the PAC. Practically, however, in relation to individual audits, apart from their involvement in co-ordinating and preparing the whole-of-government response to an Auditor-General's report, central agencies currently play no significant role in implementing or following-up audit recommendations.

Role of the Standing Committee on Public Accounts

2.10 All Auditor-General's reports presented to the Legislative Assembly are referred to the Standing Committee on Public Accounts (PAC) for that Committee to inquire into, and report on, the Auditor-General's findings and recommendations.

2.11 The PAC's terms of reference which relate to reports presented by the Auditor-General are to 'examine ... all reports of the Auditor-General which have been presented to the Assembly' and 'report to the Assembly any items or matters in those reports, or any circumstances connected with them, to which the Committee is of the opinion that the attention of the Assembly should be directed'.¹

2.12 In recent years, the PAC has decided to conduct a number of inquiries into Auditor-General's Reports. These include Leave Management and Waiting Lists for Elective Surgery and Medical Treatment. The PAC reports from these inquiries often include further recommendations in relation to the audit subject.

2.13 Currently the PAC has a limited capacity to follow-up on agency implementation of recommendations from its own inquiries and from the Auditor-General's reports.

GUIDELINES FOR RESPONDING TO REPORTS OF THE AUDITOR-GENERAL

2.14 In June 2004, the Chief Minister's Department released a document titled *Guidelines for Responding to Reports by the Auditor-General* (the Guidelines) that

¹ Public Accounts Committee Resolution of Appointment, available at <http://www.parliament.act.gov.au/downloads/resolution-of-appointment/ROApublic.pdf>

outlined the process to be undertaken by agencies following the tabling of reports by the Audit Office

2.15 The Guidelines divided the process for responding to reports by the Auditor-General into two stages.

Stage one – ‘Following the tabling of the Auditor-General’s Report’ – included the following steps:

- assessment of each of the Auditor-General’s recommendations/findings and development of a proposed Government position;
- development of a whole-of-government action plan for the implementation of recommendations/findings that are accepted by the Government;
- preparation of a Government Submission to the Standing Committee on Public Accounts (PAC); and
- preparation of a Cabinet Submission seeking approval to the Government Submission and action plan. The Government Submission should be provided to the PAC within three months of the Auditor-General’s report being tabled.

Stage two – ‘Following the tabling of the PAC Report’ – included the following steps:

- evaluation of the Committee’s findings and determination of a proposed Government position on the Committee’s recommendations;
- review and, where appropriate, update of the action plan; and
- preparation of a Government Response to the Report by the PAC, within three months of it being tabled.

2.16 As part of the process for responding to Audit reports, the Cabinet Office (CMD) identifies the agency(s) affected by the report and forwards a copy of the Auditor-General’s report to the Chief Executive(s). The agency most affected by the issues, unless otherwise agreed between the relevant agencies, is the lead agency. The Cabinet Office writes to the Chief Executive(s) within one week of the report being tabled formally seeking a Submission to the Public Accounts Committee. Although this process should identify the lead agency for audit reports on whole-of-government issues, Audit notes that this is not always clear.

2.17 Principal responsibilities to be undertaken by the lead agency include:

- assessment of each of the Auditor-General’s recommendations/findings and determination of a proposed whole-of-government position;
- development of a whole-of-government action plan for recommendations that are supported;
- preparation of a draft government submission to the PAC; and

- preparation of a draft Cabinet submission seeking approval to the government submission and action plan.

Preparation of a Whole-of-Government Action Plan

2.18 Under the Guidelines, a whole-of-government action plan should be developed to set out the process for implementing the recommendations/findings that are accepted by the Government.

2.19 The action plan does not form part of the Government Submission to the PAC, but the details provided in the action plan form the basis of the Government Submission. Where necessary, relevant agencies are to be involved in the development of the action plan, particularly in the identification of their responsibilities and requirements, and negotiating the timeframe for implementation.

2.20 The Guidelines also specify that the action plan should address the following areas:

- description of main findings or recommendations;
- proposed implementation strategy;
- desired outcome;
- performance measures;
- time of effect/completion date; and
- monitoring/review process.

2.21 The Guidelines provide that the whole-of-government action plan is to be reviewed and where appropriate updated following the PAC's review and report on the audit report.

2.22 The Guidelines are silent on following-up the implementation of recommendations. The whole-of-government action plan is expected to provide a timetable, monitoring and review arrangements and to identify the 'lead agency' but provides no further guidance on ensuring the action occurs as intended.

2.23 The Cabinet Office advised Audit that the determination of a Government position on audit recommendations is dependent on the outcome of the PAC inquiry, and that no requirement exists for agencies to implement recommendations until the PAC report has been considered.

2.24 This does not appear to be the intention of the *CMD Guidelines for Responding to Reports by the Auditor-General*. Under the guidelines, agencies should assess recommendations made by the Auditor-General and prepare an action plan for implementation during Stage One of the process. This stage is not dependent on action by the PAC. Further, the Guidelines note that following receipt of the PAC's report, the whole-of-government action plan is reviewed and, where appropriate,

updated to reflect the Government’s evaluation of the Committee’s findings and determination of a Government position on the PAC’s recommendations.

2.25 Delaying action on implementation of recommendations until after a PAC inquiry runs the risk of significant delays and a lack of action if the PAC does not hold an inquiry. This, in turn, could result in delays in addressing deficiencies in administration and accountability identified during the audit.

2.26 Audit notes, for example, that of the eight reports reviewed as part of this follow-up audit, only three were subject to a PAC inquiry, and of these three inquiries, only one had been completed by May 2007. This is illustrated in the following table.

Table 2.1 – Status of Public Accounts Inquiries

Audit Report	Tabling Date	PAC Inquiry
Administration of Policing Services	May 2004	No government submission to the PAC. No PAC inquiry.
Travel Arrangements and Expenses	June 2004	No government submission to the PAC. No PAC inquiry.
Leave Management	August 2004	Government submission to PAC in September 2005. PAC inquiry completed in November 2006. Government response to PAC report tabled May 2007.
Data Reliability for Reporting on the ACT No Waste by 2010 Strategy	August 2004	Government submission to PAC in April 2005. No PAC inquiry.
Waiting Lists	December 2004	Government submission to PAC in April 2005. PAC inquiry currently ongoing.
Administration and Monitoring of Youth Service Contracts	December 2004	Government submission to PAC in March 2005. No PAC inquiry.
Management of Government Grants to the ACT Multicultural Inc.	April 2005	Government submission to PAC in July 2005. No PAC inquiry.
Development Application and Approval Process	May 2005	Government submission to PAC in July 2005. PAC inquiry currently ongoing.

2.27 CMD advised Audit that although an agency can propose agreement or disagreement to a recommendation, it is subject to the Government’s direction on a response. Further, it may be up to two years before the Government’s agreement to a recommendation is adopted:

An example of this is the Leave Management Report, which was tabled by the Auditor-General in August 2004. This was then referred to the Standing committee of Public Administration (PAC). Delayed by the 2004 Election, the government Submission to the PAC in response to the leave management Report was received by the Committee office in September 2005 and adopted by the PAC in November 2006. In November 2006, the PAC has issued a further report with five additional recommendations. The Government's response is currently being considered and is due to be tabled shortly.²

This is not to say that agencies will not address the agreed recommendations where possible, but it can affect full implementation.

2.28 Audit recognises that a whole-of-government response to some recommendations is important, particularly in gaining the benefits from full implementation across the ACT public sector. Often, however, many audit recommendations can be adopted readily by individual agencies as part of sound administrative practice and good governance. For example, the Leave Management Report included recommendations encouraging agencies to improve the timeliness of submitting leave forms, and increase the accuracy of input from leave forms to the Human Resources Management Information System (HRMIS). Such recommendations do not necessarily require a whole-of-government solution, and therefore significant delays in implementation stage cannot be justified.

2.29 Audit considers it important, therefore, that agencies consider carefully the recommendations arising from performance audits, including those not specifically focusing on their own activities, and determine whether the recommendations are applicable to their operations. To guide the implementation of relevant recommendations, agencies should develop an action plan (or similar) that outlines roles and responsibilities for the implementation of each recommendation accepted and a timetable for implementation. The action plan should clearly identify recommendations with a whole-of-government perspective, and any further action required to fully address such recommendations.

2.30 Audit considers that the *CMD Guidelines for Responding to Reports by the Auditor-General* do not adequately address the responsibilities of individual agencies for the implementation of audit recommendations, and could usefully include further guidance on the implementation of recommendations, or following up on implementation.

Recommendation 1

CMD should revise the current *Guidelines for Responding to Reports by the Auditor-General* to:

- require individual agencies to prepare an action plan for the implementation of audit recommendations for all relevant audit reports;

² The Government Response was tabled in the Legislative Assembly on 31 May 2007.

- require the identification of a lead agency for audit reports on whole-of-government issues; and
- require public reporting on implementation of recommendations against targets set in either the whole-of-government or internal action plan prepared for each audit report.

IMPLEMENTATION PROCESS WITHIN AGENCIES

2.31 As indicated above, there is currently no requirement for individual agencies to prepare an internal action plan for the implementation of audit recommendations. Agencies manage the implementation through various processes ranging from action plans and Chief Executive directions to informal working groups.

2.32 Only half of the agencies reviewed as part of this audit had developed formal action plans or similar documents to manage the implementation of audit recommendations. Agencies did not consistently prepare action plans for all audit reports relating to their agency.

2.33 The Audit Office encountered difficulties in obtaining information on implementation of audit recommendations from many agencies, as responsibility for the implementation of specific recommendations was not clear within agencies and no formal documentation on the implementation process existed.

Agencies with Action Plans

2.34 Of the agencies that produced an action plan or similar documents:

- a third assessed the impact on their organisation of implementing the accepted recommendations;
- most included a timetable for the implementation of recommendations;
- all clearly allocated roles and responsibilities for the implementation of each recommendation;
- half regularly reported on the progress of implementation; and
- a third conducted an evaluation of the efficacy of action taken to address the recommendations.

2.35 For audits covering a range of agencies, or whole-of-government topics, several agencies did not determine which recommendations, if any, related to their agency.

2.36 Overall only half of those agencies with an action plan implemented the recommendations in accordance with this plan. This was due in part to issues such as Departmental restructures, resourcing and recommendations that were overtaken by events.

Agencies without Action Plans

2.37 The audit found that for those agencies without formal action plans or similar documents:

- neither the agency, management or staff were clear about their roles and responsibility for the implementation of specific recommendations;
- little formal documentation on the implementation of recommendations existed;
- no timetable was set out for the implementation of recommendations;
- reporting on the progress of the implementation of recommendations was not formalised;
- some recommendations that were not accepted at the time of the original audit were undergoing implementation; and
- no assessment was made of the impact on their organisation of implementing the accepted recommendations.

Recommendation 2

Agencies should review all audit reports for relevance to their own agency, and where required, prepare an internal action plan, (along the line of the Better Practice Guide included in this Report) as a basis for managing the implementation of recommendations.

Audit Committees

2.38 Of the agencies reviewed, most Audit Committee charters included a requirement for the Committee to review and assess external audit reports. However, few charters included a requirement for the Committee to actively monitor implementation activity, through to completion, to ensure a timely and effective response to audit reports.

2.39 The Land Development Agency included the following as part of its Committee’s duties and responsibilities.

In the case of the more significant findings, the committee shall monitor management’s progress in achieving remedial action and ensure the ACT Auditor-General’s Office (ACTAGO) is made aware of following-up action taken on matters raised in Auditor-General reports.

2.40 The Audit considers an approach similar to LDA’s is an effective means for Committees to manage the implementation process for recommendations made by the Auditor-General.

Recommendation 3

Agencies should ensure the charter for their Internal Audit Committee includes the key responsibilities to:

- receive and review all audit reports to assess the relevance of findings and recommendations to the agency, regardless of whether the agency was involved in the audit;
- maintain a register of audit recommendations that monitors implementation and ensures appropriate action takes place within a reasonable timeframe;
- actively monitor implementation activity, through to completion, and
- report progress to agency management, particularly where progress appears deficient.

REPORTING THROUGH AGENCY ANNUAL REPORTS

2.41 Annual Reports by agencies offer a means to inform the Legislative Assembly of progress in responding to audit reports and implementing audit recommendations. The *Chief Minister's Annual Reports Directions*,³ which are issued under the authority of the Annual Reports Act, state:

The agency must report on the most significant developments in external scrutiny of the agency and the agency's response, including particulars of Legislative Assembly committee reports.

2.42 Prior to 2005-06, agencies were required to list reports released by the Auditor-General during the reporting year that related to the operations of the agency, including summary details of recommendations and the agency's response to each report.

2.43 Typically, however, the information included in annual reports lacked detail. Further, the reporting generally related only to audits relevant to the 'reporting year', as there was no requirement for an agency to update reports from previous years where implementation had not been completed. Accordingly, audits from previous years were not reported, even if they remained relevant and implementation of recommendations was continuing. The previous Annual Reports process was of little value as a mechanism to follow-up progress in implementing agreed recommendations.

2.44 Audit considers that Government accountability to the Legislative Assembly can be improved through regular reporting, in detail, on the implementation progress for audit reports.

³ Available from:

http://www.psm.act.gov.au/strategic_human_resources/chief_ministers_annual_report_directions_2005-2006.pdf

2.45 Such reporting is required on the implementation of recommendations from inquiries by Legislative Assembly Committees that have been accepted by the government of the day in response to Committee reports.

Recommendation 4

Agencies should report to the Legislative Assembly, on an annual basis, information that includes:

- a list of completed audits undertaken by the ACT Auditor-General's Office that relate to the operations of the agency;
- details of the recommendations of the report that have been accepted, either in whole or in part, by the agency, and where relevant, by the Government;
- a summary of action to date, either completed or in progress (including milestones completed), in implementing those recommendations; and
- the agency which takes over the responsibilities of implementing the relevant audit recommendations, where there have been transfers of functions or restructure.

CONCLUSION

2.46 The current *Guidelines for Responding to Reports by the Auditor-General* prepared by CMD in July 2004 offer a generally appropriate approach to processes following the tabling of a report by the Auditor-General but require improvement. The Guidelines do not provide guidance on the implementation of recommendations, or following up on implementation. At present they do not assist the implementation process.

2.47 The view held by the Cabinet Office, that the full implementation of audit recommendations is dependent on the results of a PAC review, does not recognise that the PAC does not always undertake an inquiry into Auditor-General's reports. Only three of the eight reports reviewed as part of this audit had been subject to a PAC inquiry and of those three inquiries, only one had been completed by May 2007. Delaying action on implementation of recommendations until after a PAC inquiry runs the risk of significant delays and a lack of action if the PAC does not hold an inquiry. This, in turn, does not promote a timely and efficient response to addressing deficiencies in administration and accountability identified during the audit.

2.48 The absence of an action plan in audited agencies impedes the implementation of audit recommendations. Action plans would assist agencies to clearly allocate a timetable and responsibilities for the implementation of these recommendations, as well as formalise review procedures by management on the progress of implementation. Agencies that prepared an Action Plan were more advanced in implementing recommendations than agencies without a plan.

2.49 There is little external reporting by agencies of progress in implementing Audit recommendations. Since 2005-06, the Chief Minister's Annual Report

Directions have focussed primarily on reporting on implementation of recommendations of inquiries by Assembly Committee, and have not required agencies to report in detail on Auditor-General's reports.

2.50 Government accountability to the Legislative Assembly can be improved through regular reporting by agencies, in detail, on audits undertaken by the Auditor-General and progress in implementing recommendations arising from audit reports. CMD has advised that in the draft 2006-07 Annual Report Directions, an additional requirement has been proposed for the reporting by agencies in their annual reports on particulars of ACT Auditor General and ACT Ombudsman reports.

2.51 Audit also noted that recommendations not implemented within two years of the tabling of a report are rarely implemented. Audit considers that the timeliness of the implementation of audit recommendations would also improve the percentage of recommendations implemented.

BETTER PRACTICE GUIDE

2.52 There are a number of benefits of developing a better practice framework guide to provide agencies with a framework from which they can review or benchmark current arrangements. This framework will also assist agencies to ensure compliance with legislative, policy and procedural requirements and promote a consistent approach by ACT government agencies to implementing recommendations.

2.53 The following Better Practices Guide has been adapted from a similar guide issued by the Audit Office of NSW.³

Table 2.2 - Better Practices - Implementation and Monitoring of Performance Audit Recommendations

All ACT government agencies should have a comprehensive policy that establishes appropriate processes to monitor progress and report on changes following a performance audit.

Following a performance audit, agencies should:

- assign responsibility for the implementation of recommendations accepted to a single person or business unit;
- develop an action plan that includes a timetable for implementation and clearly outlines roles and responsibilities for the implementation of each recommendation accepted;
- include in the plan mechanisms to monitor and report on results against key indicators where they have been identified in the audit;
- allocate sufficient resources to implement the plan and set realistic and achievable timeframes and targets;
- have the plan endorsed by the Chief Executive and where appropriate, the Board and/or the Minister;
- nominate or establish a committee (such as an Internal Audit Committee) to monitor and report on progress;
- provide regular reports on the progress of implementation of the recommendations to the Chief Executive and where appropriate, the Board and/or the Minister;
- raise staff awareness of the outcomes of the performance audit and invite feedback on how best to implement the recommendations;
- regularly review and monitor the action plan and make amendments, where necessary, to maintain relevance and appropriateness; and
- report progress and actions taken to address issues raised in the performance audit to the Legislative Assembly (reporting progress each year until implementation is complete).

3. IMPLEMENTATION OF RECOMMENDATIONS FROM THE AUDIT REPORT ON LEAVE MANAGEMENT

INTRODUCTION

3.1 This Chapter describes the progress made in the implementation of recommendations of the performance audit ‘Leave Management’ tabled in August 2004.

KEY FINDINGS

- The 2004 audit report made ten recommendations for improvement. Of the agencies examined in depth, JACS and CMD have made significant progress in implementing Audit recommendations, while TAMS did not achieve adequate progress.
- Delays in the implementation of recommendations of nearly three years have occurred in all responsible agencies.
- No agencies prepared an action plan or similar for the implementation of the recommendations.

BACKGROUND

3.2 In August 2004 a performance audit of Leave Management in ACT Government agencies was tabled in the Assembly. The objective of the audit was to provide an independent opinion to the Legislative Assembly on whether leave management practices implemented in ACT Government entities complied with certified agreements, legislation, and government and agency policy.

3.3 The audit also examined:

- the efficacy of management of staff absence;
- the completeness and accuracy of management information on leave;
- statistics on use of leave that may be indicative of efficiency; and
- opportunities for improvement in the management of leave across the ACT Public Sector.

3.4 The audit addressed all categories of leave defined in the Public Sector Management Standards, including recreation leave, long service leave, personal leave, sick leave, carer’s leave, maternity leave, bereavement leave and other leave. The audit considered a sample of agencies across the ACT Public Sector, including both ACT public sector staff and staff employed under other legislation.

3.5 The scope was limited to compliance with agreements and legislation, especially the *Public Sector Management Act 1994* (PSM Act). It included compliance with standards and best practice notes issued under the PSM Act. The audit also made observations related to the certified agreements and PSM Act Best Practice Notes, where appropriate.

3.6 Audit fieldwork covered the following agencies:

- Department of Justice and Community Safety (Custodial Services);
- ACT Health (Canberra Hospital nursing staff);
- Department of Urban Services (now the Department of Territory and Municipal Services (TAMS));
- The Department of Education, Youth and Family Services (now the Department of Education and Training);
- ACTEW;
- ACTION (now part of the Department of Territory and Municipal Services);
- Workcover (now part of the Department of Justice and Community Safety);
- Legislative Assembly Secretariat;
- Cultural Facilities Corporation;
- Legal Aid Commission;
- Gold Creek Country Club (no longer part of the ACT Government); and
- EPIC (Exhibition Park in Canberra).

3.7 As a result of restructures within the ACT public service since 2004, several of the agencies audited in 2004 have been absorbed into other agencies or have taken on additional functions from various other agencies.

The 2004 Audit Opinion

3.8 The Audit concluded that leave management practices in 2004 in many agencies did not fully comply with certified agreements, legislation and government and agency policy. In particular:

- management of staff absence and attendance was not always effective;
- management information on leave was mostly accurate but partially complete; (some 6% of leave instances were not recorded); and
- there were opportunities for agencies to use leave data to improve leave management and thereby reduce costs or improve workforce productivity.

3.9 The original audit found that although many agencies managed leave satisfactorily, there were opportunities to improve leave management. This could be achieved through better management of attendance, improving the accuracy of leave

data, improving the delegations system and more comprehensive analysis of leave patterns on a whole-of-government basis and for each agency.

3.10 The Audit made ten recommendations to improve leave management to minimise risks to the Government. In its submission to the Standing Committee on Public Accounts, the Government agreed to nine recommendations and agreed in principle to the remaining recommendation.

3.11 In particular, the Government's response was that the Chief Minister's Department would ask all Government agencies to ensure that all measures identified within the Government's Submission to the Standing Committee on Public Accounts (PAC) were implemented as a matter of urgency.

3.12 In November 2006 the PAC presented a report on its inquiry into the audit report on leave management. The Committee made additional recommendations and also recommended that the Government note the findings and recommendations of the audit report. The Government response, tabled in the Legislative Assembly in May 2007, agreed to the PAC recommendations.

STATUS OF THE IMPLEMENTATION OF RECOMMENDATIONS

3.13 The agencies accepted, or accepted in part, all of the 2004 audit recommendations with the exception of the Department of Urban Services (now TAMS), which did not agree to one recommendation.

3.14 Obtaining information on the implementation of recommendations was based, initially, on 'self-reporting' by the responsible agency. This assisted in forming a view on whether agency claims were consistent with the Audit Office's existing knowledge of the agency and whether the agency had made reasonable progress in implementing the report's recommendations.

3.15 The audit then selected a small number of agency claims to 'validate' agency comments to provide an additional level of assurance regarding agency progress. These agencies were selected to include large agencies and agencies that had an effect on whole-of-government policy.

3.16 The agencies selected for an in-depth review of the status of the implementation of recommendations were the:

- Department of Territory and Municipal Services (TAMS);
- Department of Justice and Community Safety (JACS); and
- Chief Minister's Department (CMD).

3.17 A summary of the status of recommendations for agencies examined in depth is provided in the following tables. All agencies agreed with the original recommendation, except where indicated.

Table 3.1 –Overall status of implementation

Agency	Relevant Recommendations	Implemented	Partially Implemented	Not implemented
CMD	10	40%	50%	10%
TAMS	8	13%	12%	75%
JACS	8	38%	50%	12%

Table 3.2 –Recommendation 1 – Status of implementation

Agencies should ensure management of attendance is satisfactory by means such as briefings to supervisors on the significance of this task, conduct of frequent random audits of flex forms and other attendance records, and counselling of those who are not adhering to timekeeping or certification requirements.		
Agency	Status of Implementation	Comments from Audited Agency
CMD	Partially implemented	<p>Information on leave and flextime entitlements and management has been updated and is available to staff and managers on the departmental intranet - Administration of Leave and Flextime; Fast Fact Sheet Leave Entitlements; CMD HR Delegations.</p> <p>Email advice has been issued to supervisors/staff reminding them of leave/flex responsibilities. Management of leave is also raised at business unit at staff meetings.</p> <p>Following receipt at intervals of reports on excess leave balances from Shared Services, letters are provided to staff reiterating leave policies, excess balances, deeming etc.</p> <p>In addition, leave reports from Shared Services are provided to meetings of the Executive Management Group.</p> <p>Checking of flex and other attendance records is a manager responsibility, and more formal audits of attendance etc may be considered as part of the internal audit program as deemed necessary by the Audit Committee.</p> <p>A survey of business unit leave management processes is to be undertaken with a view to having consistent processes across the department for leave management. This will allow for regular examination/audit functions to be undertaken across the department on a consistent basis and feedback to line areas.</p>
TAMS	Not implemented	<p>The importance of correctly recording attendance and the ramifications of not doing so are included in Fraud and Ethics presentations at all levels, including induction.</p> <p>With the commencement of the Shared Services Centre (SSC) there will be changes to the exercising of HR (including leave) delegations within TAMS.</p> <p>TAMS Strategic HR will conduct a management training program during the next three months.</p>

JACS	Implemented	<p>In addition, TAMS are conducting an audit of flex and leave as part of their 2006-07 Audit Program. This audit is nearing completion and will be presented to the Audit Committee in June 2007.</p> <p>JACS ensures management of attendance is satisfactory by:</p> <ul style="list-style-type: none"> a) conducting refresher briefings and notes to supervisors; b) conducting random examinations by business units of flex and leave forms etc. <p>The ACT Law Courts and Tribunals after extensive consultation introduced a Leave Management Plan Guidance in December 2005.</p>
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Table 3.3 –Recommendation 2 – Status of implementation

<p>Agreed in part: CMD should reconsider Public Management Standard 3 to remove the exemption from recording hours of attendance for senior officers who take advantage of flexible hours schemes, including access to flextime, credit hours, or time off in lieu absences.</p>		
Agency	Status of Implementation	Comments from Audited Agency
CMD	Implemented	<p>CMD has altered Standard 3, Part 12, Rule 6, to clarify that all staff (including Senior Officers Grades C, B and A) who participate in flexible working arrangements, are required to record hours of attendance. Agencies should ensure that all senior officers are aware of and comply with this requirement.</p>

Table 3.4 –Recommendation 3 – Status of implementation

<p>Agencies should ensure that all relevant absences are covered by leave applications by means such as:</p> <ul style="list-style-type: none"> a) briefing staff on the importance of correct use of leave in conjunction with any training on fraud and integrity policy; b) instructing all supervisors to certify that all absences are covered by leave applications before signing attendance records such as flex sheets; c) instructing supervisors to submit all leave forms directly to the personnel section rather than handing paper-based leave forms back to staff; and d) providing supervisors with a summary of leave taken by employees on a regular basis and asking them to certify that it is consistent with their records of staff absences. 		
Agency	Status of Implementation	Comments from Audited Agency
CMD	Partially implemented	<p>Information on leave entitlements and leave approval processes is available to staff and managers on the departmental intranet - Administration of Leave and Flextime; Fast Fact Sheet Leave Entitlements; CMD HR Delegations.</p> <p>Leave records are in the HRMIS and reports are available from Shared Services. These are provided to meetings of the Executive Management Group as a tool to assist in leave management and trend reporting.</p>

		<p>Following completion of a departmental Fraud Plan revision currently underway, leave management issues will be included in briefings to staff and supervisors.</p> <p>Following the survey mentioned at Recommendation 1 above, summary reports on staff leave will regularly be provided to business units for analysis and certification purposes.</p>
TAMS	Not implemented	<p>With the commencement of the Shared Services Centre (SSC) there will be changes to the exercising of HR (including leave) delegations within TAMS. TAMS Strategic HR will conduct a management training program during the next 3 months. Discussions will be held shortly with SSC about providing relevant leave reports for managers.</p>
JACS	Partially implemented	<p>A briefing is planned for all appropriate staff and supervisors on leave provisions. There was also a distribution of the Public Sector Management and Industrial Relations Group Advice No. 8/2005 of November 2005 for briefing to the JACS Executive Committee (JACSCOM) for an Action Plan. Also see Recommendation No 4.</p>

Table 3.5 – Recommendation 4 – Status of implementation

<p>Each agency should ensure a sound system of leave delegations by:</p> <p>a) briefing all supervisors on the extent of their delegated power to approve leave, and the need to ensure leave forms are approved by an authorised delegate; and</p> <p>b) ensuring that personnel staff reject leave applications that are not properly approved, and only exercise any delegated powers to approve leave after consultation with the line area.</p>		
Agency	Status of Implementation	Comments from Audited Agency
CMD	Partially implemented	<p>See comments at Recommendations 1 and 3 above.</p> <p>Leave forms not correct completed or approved were not processed ... but were brought to the attention of supervisors/staff.</p> <p>Fact Sheets are now available through Shared Services that reinforce delegate guideline approval processes and the requirement for staff to submit forms to cover all absences in advance of leave where appropriate.</p>
TAMS	Not implemented	<p>Same response as Recommendation 3.</p> <p>Personnel officers will no longer exercise delegations for leave except in a few limited circumstances.</p>
JACS	Partially implemented	<p>To be included as part of the briefing of supervisors as mentioned above (Recommendation 3) and Action Plan. Also to develop a policy on Leave after CMD Guidance.</p>

Table 3.6 –Recommendation 5 – Status of implementation

Agencies should, where necessary, take steps to improve the timeliness of submitting leave forms.		
Agency	Status of Implementation	Comments from Audited Agency
CMD	Partially implemented	See comment at Recommendations 4 above. CMD issued Governance Division Advice No 8/2005 (November 2005) on Leave Management. The CMD Chief Executive also wrote to all ACT Government Chief Executives on 27 October 2005 requesting their assistance in ensuring the agreed Auditor General’s recommendations are fully implemented. Guidance on leave circumstances is provided in the 2004-07 Certified Agreement Guidelines. All current departmental leave management documentation advises that leave forms should be lodged as soon as possible to taking the leave.
TAMS	Not implemented	Same response as Recommendation 3.
JACS	Not implemented	To be included as part of the briefing of supervisors above (Recommendation 3) and Action Plan.

Table 3.7 –Recommendation 6 – Status of implementation

CMD should create a template for remaining paper-based leave forms and advise agencies on the need to comply with legislative and policy requirements through proper leave form design.		
Agency	Status of Implementation	Comments from Audited Agency
CMD	Implemented	Shared Services (Department of Treasury) commenced operations in February 2007. A new whole-of-government leave application form was introduced from 5 February 2007. Shared Services forms and fact sheets are now available through the department intranet and used by all staff.

Table 3.8 –Recommendation 7 – Status of implementation

Agencies should develop clear and consistent policy on the use and approval of leave in special circumstances (part of personal leave), and promulgate this to all staff.		
Agency	Status of Implementation	Comments from Audited Agency
CMD	Implemented	CMD provided guidance about the use of special circumstances leave on 22 October 2004. Guidance on leave circumstances is provided in the 2004-07 Certified Agreement Guidelines and in the CMD Fast Fact Sheet Leave Entitlements. Shared Services forms and fact sheets are now available through the department intranet and used by all staff.
TAMS	Not implemented	Same response as Recommendation 3.

Implementation of Recommendations – Leave Management

JACS	Partially implemented	To be included as part of the briefing of supervisors above (Recommendation 3) and Action Plan. Also underway is the development of a policy on Special Leave.
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Table 3.9 –Recommendation 8 – Status of implementation

Agencies should take steps to increase accuracy of input from leave forms to the Human Resources Management Information System (HRMIS), such as regular peer and supervisory checks.		
Agency	Status of Implementation	Comments from Audited Agency
CMD	Partially implemented	<p>Personnel services for CMD are provided by TAMS Strategic HR. Recreation leave and personal leave audits have been undertaken for updating the balances in the CHRIS21 HRMIS. Long service leave audits will be undertaken once the module in CHRIS21 is functioning.</p> <p>CMD staff and supervisors are responsible for the correct completion and certification of leave forms. The CMD Personnel (pre December 2005); TAMS Strategic HR (post December 2005); and Shared Services (post February 2007) are responsible for checking data completion and accuracy prior to entry to the HRMIS. Any incomplete form should be returned to the departments' line area for correction prior to system entry.</p> <p>Reviews of leave taken and reports to business units will be undertaken - see Recommendation 3 above.</p>
TAMS (not previously agreed to)	Partially implemented	<p>During the last 9 months with the loading of annual and personal leave into CHRIS21, quality assurance processes were undertaken to ensure the accuracy of the data being loaded. A trial of electronic self-service (HR21) for leave will commence during the first half of 2007, within a business area paid by TAMS Personnel.</p>
JACS	Implemented	<p>Internal audits have been conducted on five major JACS business units.</p>

Table 3.10 –Recommendation 9 – Status of implementation

Agencies should review the adequacy of the current filing arrangements and improve them where necessary.		
Agency	Status of Implementation	Comments from Audited Agency
CMD	Implemented	<p>Filing of records is now undertaken by Shared Services.</p> <p>CMD is looking to implement a central record of copies of leave forms that can be used for internal analysis and reports to line areas - see comment at Recommendation 1 above.</p>
TAMS	Implemented	<p>A new filing system for leave records has been implemented in TAMS Personnel. All leave records are now registered with a unique identifier, which is entered into CHRIS21.</p>
JACS	Implemented	<p>Filing system has been reviewed through an internal audit on leave records.</p>

Table 3.11 – Recommendation 10 – Status of implementation

The Chief Minister’s Department should review the leave patterns across the service, and agencies should review their own patterns of leave, with a view to enabling more effective management of leave, consistent with occupational health and safety standards and workplace productivity.		
Agency	Status of Implementation	Comments from Audited Agency
CMD	Not implemented	The establishment of SSC and the introduction of the CHRIS21 HRMIS will allow enhanced capturing of leave data. Following the survey mentioned at Recommendation 1 above, summary reports on staff leave will regularly be provided to business units for analysis and certification purposes.
TAMS	Not implemented	With the loading into CHRIS21 of annual and personal leave SSC will now be able to provide leave reports that will enable more effective management of leave.
JACS	Partially implemented	Leave patterns within JACS are continually being monitored, in particular JACS business units where shift work is involved and rosters could accrue leave credits.

3.18 In several responses the agencies noted that the move to the Shared Services Centre (SSC) will overcome several of the deficiencies identified in the report. The SSC became operational in February 2007, two and a half years after the report was tabled. Audit does not consider such long delays in addressing recommendations to be satisfactory.

3.19 Agencies also indicated that information on leave was available on intranets within the agencies. This situation existed when the audit was undertaken in 2004; the audit findings indicated that improvements to monitoring processes were necessary notwithstanding the general availability of information on leave entitlements.

OTHER AGENCIES

3.20 The following agencies also provided a response to our request for information on the implementation of recommendations:

- Department of Education and Training;
- ACT Health; and
- ACTEW.

3.21 These responses were not verified in detail as part of this audit. However, a review based on analysis against information available elsewhere, such as the whole-of-government response, annual reports and Audit’s existing knowledge of the agency, was conducted.

3.22 A summary of the status of recommendations for agencies not examined in depth is provided in Table 3.12.

Table 3.12 –Overall status of implementation

Agency	Implemented	Partially Implemented	Not implemented
Education	75%	-	25%
ACT Health	88%	12%	-
ACTEW	100%	-	-

Table 3.13 – Status of the Implementation of Recommendations

Recommendation* +	Implemented	Partially Implemented	Not implemented
1. Management of attendance.	100%	-	-
2. Senior Officers time records.	N/A	N/A	N/A
3. Ensuring leave absences are covered by leave applications.	100%	-	-
4. Leave delegations.	50%	50%	-
5. Timeliness of the submission of leave forms.	100%	-	-
6. Whole-of-government leave form template.	N/A	N/A	N/A
7. Special leave policy.	100%	-	-
8. Accuracy of data input	50%	-	50%
9. Filing arrangements	100%	-	-
10. Review of leave patterns.	-	50%	50%

* Note: N/A = Recommendation not applicable to these agencies.

+ Only recommendations one, three and nine applied to ACTEW.

HUMAN RESOURCE MANAGEMENT SYSTEM (CHRIS21)

3.23 During 2005-06, problems were encountered with the leave management functionality of the new Human Resource Management System CHRIS21, which replaced the previous system PERSPECT. These problems limited the ability of many agencies to implement recommendations relating to, or dependent on, the provision of information on leave. During this period, leave was processed manually, and the system lacked the ability to present information on leave patterns within the ACT public service in a manner that could be used by managers in the effective management of leave. The personal and annual leave modules within CHRIS21 have been functioning since March 2006; however, long service leave is still recorded outside of the system.

3.24 Project initiation and management for the replacement of the PERSPECT human resource management system is currently the subject of a separate Performance Audit scheduled to be tabled in the Legislative Assembly in August 2007.

Internal action plan

3.25 Of the agencies reviewed, none had prepared an action plan for the implementation of recommendations. Agencies managed the implementation through various processes ranging from Chief Executive directions to informal working groups.

CONCLUSION

3.26 Audit is concerned that of the agencies examined in depth, only JACS and CMD have made significant progress in implementing audit recommendations, while TAMS has not achieved adequate progress in the approximately three year period since the report was tabled. Agencies do not have the review structures that enable the effective implementation of audit recommendations.

3.27 Audit considers that the percentage of recommendations implemented would increase with the introduction of action plans to assist agencies to clearly allocate a timetable and responsibilities for the implementation of these recommendations.

3.28 The implementation of these recommendations does not require significant resources, but rather a more robust record management and review process that is essential to any business operation. The lack of commitment to fully implement these recommendations in many agencies will continue to expose the Government to the risks identified in the original audit report, including financial costs associated with overpayments for inaccurate leave entitlements, loss of productivity due to unscheduled leaves, and ineffective management of agency workforce.

4. IMPLEMENTATION OF RECOMMENDATIONS FROM THE AUDIT REPORT ON WAITING LISTS FOR ELECTIVE SURGERY AND MEDICAL TREATMENT

INTRODUCTION

4.1 This Chapter describes the progress made in the implementation of recommendations of the performance audit ‘Waiting Lists for Elective Surgery and Medical Treatment’ tabled in 2004-05.

KEY FINDINGS

- ACT Health has made significant progress in implementing the audit recommendation. Of the 29 recommendations:
 - 69% had been fully implemented by the agency;
 - 17% had been partially implemented; and
 - 14% had not been implemented.

BACKGROUND

4.2 In December 2004 a performance audit of Waiting Lists for Elective Surgery and Medical Treatment was tabled in the Assembly. The objective of the audit was to provide an independent opinion to the Legislative Assembly on whether waiting list information was generated and used effectively, and in particular whether:

- information on waiting lists published by ACT Health was complete, reliable and timely;
- systems to produce the waiting list numbers were efficient;
- patient priorities were accurate; and
- ACT Health used waiting list information effectively.

4.3 The scope of the audit was limited to elective procedures conducted on public patients at ACT hospitals. It did not deal with waiting for emergency services or waiting as an in-patient for additional procedures or surgery. Nor did the audit deal with waiting for procedures that are performed outside the hospital system or outside the ACT.

The 2004 Audit Opinion

4.4 The audit found that:

- waiting times in the ACT were generally worse than for other Australian jurisdictions, and became longer in the two to three years prior to 2004. There was significant scope for improvement in the generation and use of waiting list information by ACT Health. In particular:
 - waiting list data were, at times, neither accurate nor valid;
 - information on surgical waiting lists was more frequent but less comprehensive than in many other jurisdictions;
 - information on non-surgical waiting lists was patchy and inconsistent;
 - systems to produce surgical waiting lists were complex and time-consuming for administrative staff;
 - the process of prioritising patients did not always achieve equity in the treatment of patients;
 - communication with patients waiting for treatment covers essential requirements, but could be improved to provide a better service; and
 - there could be better use of waiting list information to enable patients and General Practitioners to select specialists with shorter waiting lists, and better allocation of resources between surgeons.
- Information on surgical waiting lists, although containing some errors, was in broad terms sufficiently reliable to support management decisions.
- ACT Health used surgical waiting list information effectively to direct available funding primarily to those areas with longer waiting times.

4.5 The audit made 29 recommendations to address issues identified in the report. ACT Health accepted, or accepted in part, 26 of these audit recommendations.

4.6 In its submission to the Standing Committee on Public Accounts, the Government:

- agreed to 21 recommendations, and
- agreed in principle to two recommendations, and
- agreed in part to four recommendations; and
- did not agree to two recommendations.

STATUS OF THE IMPLEMENTATION OF RECOMMENDATIONS

4.7 ACT Health fully implemented 20 recommendations, partially implemented five recommendations and did not implement four recommendations. A summary of recommendations not implemented or partially implemented is provided in the following tables.

Table 4.1 –Recommendations not implemented

Recommendation	Initial Agency Response	Status of Implementation	Audited Agency Comments
1. ACT Health should work with other jurisdictions to develop better clinical guidelines to improve categorisation. This would also include establishing policy on the extent to which social factors can be used in prioritising within the clinical urgency categories.	Agreed	Not implemented	ACT Health has been working with surgeons to develop clinical priority scoring tools for ophthalmology and orthopaedics. This has been disseminated to the relevant parties for comment before implementation.
4. ACT Health should consider options to get better information on waiting times for specialist consultation.	Agreed in principle	Not implemented	Not yet implemented.
7. ACT Health should seek to equalise Category 3 wait times by means such as discouraging Category 3 requests for admission from surgeons with very long (compared to peers) Category 3 waiting time, or by encouraging pooling of Category 3 patients.	Not agreed	Not implemented	Pooling of patients occurs within some specialties such as General Surgery but does not occur across all areas.
15. ACT Health should improve the accuracy of data entry by means such as training, and conduct of quality assurance checks.	Agreed	Not implemented	Progress towards the implementation is underway. Issues with the current system have caused significant delays.

Table 4.2 –Recommendations partially implemented

Recommendation	Initial Agency Response	Status of Implementation	Audited Agency Comments
3. ACT Health should seek to have all hospital departments with waiting lists use consistent priority categories.	Agreed	Partially implemented	The medical waiting list consisting of Endoscopy, Vascular and Interventional Cardiology are all using the national clinical urgency categories. The only remaining area is Angiography (Cardiac and Vascular) who will be using the same priority categories once their data has been quality checked and is ready to be reported.

Recommendation	Initial Agency Response	Status of Implementation	Audited Agency Comments
13. ACT Health should ensure that the list of surgical procedures included in the list is rigorously defined; in particular defining any procedures that are (a) not suitable for public funding; and (b) not counted as elective surgery even though defined as surgery under the Medicare Benefits Schedule.	Agreed	Partially implemented	An exclusion list is being developed as part of the revised Waiting Time and Elective Patient Management Policy. This will be considered by surgeons on the Surgical Services Taskforce.
19. ACT Health should request that each hospital review its medical services to establish what services are subject to waits, and establish appropriate systems to measure and report to ACT Health on those waits.	Agreed	Partially implemented	Endoscopy waiting times are reported in the ACT Health Public Services Performance Report. Vascular and Interventional Cardiology waiting list data is presently being checked for data quality.
24. ACT Health should work towards including reporting on elective medical procedures in regular public statistical reports.	Agreed	Partially implemented	Data is presently being checked for quality before release.
28. ACT Health should complete implementation of agreed recommendations of the Standing Committee on Health and Community Care’s 1999 inquiry into waiting lists.	Agreed	Partially implemented	All recommendations other than those relating to pooling have been implemented.

ACTION PLAN

4.8 Although the Department did not prepare a formal action plan, it did assign responsibility for implementation to a particular area and initiated a process for monitoring the implementation of recommendations through the Chief Executive and Audit Committee. This appears to have been a generally satisfactory process.

CONCLUSION

4.9 The topic of hospital waiting lists is of great interest to the ACT community. At the time of tabling, the audit report received significant media attention as a result of this interest. In addition, the PAC is currently conducting its inquiry into this audit report.

4.10 Audit considers that ACT Health has made significant progress in implementing the audit recommendations relating to the waiting list for elective surgeries. This partly reflected a generally sound implementation process adopted by ACT Health, which had an informal action plan that clearly allocated responsibilities for the implementation of these recommendations. Monitoring of the implementation of recommendations by the Chief Executive and Audit Committee appear to also have ensured that recommendations and findings have been addressed by ACT Health.

5. IMPLEMENTATION OF RECOMMENDATIONS FROM THE AUDIT REPORT ON TRAVEL ARRANGEMENTS AND EXPENSES

INTRODUCTION

5.1 This Chapter describes the progress made in the implementation of recommendations of the performance audit ‘Travel Arrangements and Expenses’ tabled in 2004-05.

KEY FINDINGS

- The 2004 audit made two recommendations for improvement on travel arrangements and expenses. Of the three agencies examined in depth, JACS and ACT Health had fully implemented all recommendations. TAMS did not make sufficient progress in implementing recommendations.
- Delays in the implementation of recommendations of nearly three years have occurred in some agencies.
- No agencies prepared action plans for the implementation of the recommendations.

BACKGROUND

5.2 In June 2004 a performance audit of Travel Arrangements and Expenses was tabled in the Assembly. The objective of the audit was to provide an independent opinion to the ACT Legislative Assembly on whether Government agencies adopt travel processes that were consistent with the Public Sector Management Act 1994 and relevant Public Sector Management Standards, Best Practice Notes, Agency Travel Guidelines and sound practice.

5.3 The scope was limited to compliance with legislation, policies, and procedures, and did not involve evaluating the legislative and policy framework. Departures from the legislative framework identified during the audit were analysed and reported so that, where appropriate, improvements could be made in the future.

5.4 Audit fieldwork was conducted in 2004 and covered the following agencies:

- Chief Minister’s Department;
- Australian Capital Tourism Corporation (now part of the Department of Territory and Municipal Services);
- ACTION (now part of the Department of Territory and Municipal Services);
- ACT Gambling and Racing Commission;

- Department of Justice and Community Safety;
- Kingston Foreshore Development Authority (now part of the Land Development Agency); and
- ACT Health.

5.5 As a result of restructures within the ACT public service since 2004, several of the agencies audited in 2004 have been absorbed into other agencies or have taken on additional functions.

The 2004 Audit Opinion

5.6 The original audit found that travel processes used by most agencies were consistent with the *Public Sector Management Act 1994* and relevant Public Sector Management Standards, Best Practice Notes, Agency Travel Guidelines and sound practice. There was a high level of compliance with the legislative and policy framework in all significant respects. However, several areas were identified for further improvement.

5.7 The audit made two recommendations, both of which were accepted by all agencies involved in the audit.

5.8 The Government did not provide a submission to the Standing Committee on Public Accounts for this audit.

STATUS OF THE IMPLEMENTATION OF RECOMMENDATIONS

5.9 The agencies selected for an in-depth review of the status of the implementation of recommendations were the:

- Department of Territory and Municipal Services (TAMS);
- Department of Justice and Community Safety (JACS); and
- ACT Health.

5.10 A summary of the status of recommendations for agencies examined in depth is provided in the following tables.

Table 5.1 –Overall status of implementation

Agency	Implemented	Partially Implemented	Not implemented
ACT Health	100%	0%	0%
TAMS	0%	0%	100%
JACS	100%	0%	0%

Table 5.2 –Recommendation 1 – Revised Travel Guidelines.

<p>Agencies should review their Agency Travel Guidelines to ensure:</p> <ul style="list-style-type: none"> • a provision is included to state that travel is to be authorised <u>prior</u> to the travel being undertaken by officers and non-public sector employees; • a provision is included on lost, stolen or cancelled travel tickets; • a detailed section is included on use of corporate credit cards, including cash access, the reimbursement of credit cards; and • a detailed section is included on the management and control of frequent flyer scheme points accrued as a result of official travel. 		
Agency	Status of Implementation	Comments from Audited Agency
ACT Health	Implemented	ACT Health agreed to the recommendations of the 2004 audit and consequently developed and implemented a travel policy and procedures. This policy and procedure document was reviewed in February 2007 to ensure continuing compliance and this updated version is now fully implemented.
TAMS	Not implemented	<p>TAMS are in the process of developing and updating departmental guidelines for the new Department and these will replace any agency specific guidelines which existed in the then statutory authorities. The aim is to ensure consistency across the Department.</p> <p>TAMS have scheduled an audit of travel as part of the 2006-07 Audit Program. This audit will commence shortly and be finalised within the current financial year. Tourism has been identified as one of the business units to be scrutinised during this review.</p>
JACS	Implemented	<p>JACS Travel and Related Services Policy and Guidelines have been amended to include Recommendations from the Performance Audit and approved by the Chief Executive. The JACS Travel Policy and Guidelines have been published on the JACS Intranet for use by all staff and employees when preparing travel and travelling.</p> <p>A review and internal audit of travel and related services, including outcomes from the Performance Audit has been scheduled in the JACS Annual and Three Year Strategic Internal Audit Plan 2007-09 being developed by the Internal Auditor and Audit Committee.</p>

Table 5.3 –Recommendation 2 – Revised Travel Processes.

<p>Agencies should review their travel processes to ensure:</p> <ul style="list-style-type: none"> • official travel is not authorised by the officer travelling; • the Agency Travel Form includes a section where the officer travelling can indicate the accommodation standard that applies to the hotel/motel that the travelling officer has booked; • the use of individual frequent flyer scheme points are redeemed for government travel purposes as permitted under the schemes terms and conditions, as and when practicable; and • documentation captures a complete, accurate, reliable and useable record of travel processes to meet the legal and policy framework as well as accountability requirements. 		
Agency	Status of Implementation	Comments from Audited Agency
ACT Health	Implemented	ACT Health agreed to the recommendations of the 2004 audit and consequently developed and implemented a travel policy and procedures. This policy and procedure document was reviewed in February 2007 to ensure continuing compliance and this updated version is now fully implemented.
TAMS	Not implemented	<p>TAMS are in the process of developing and updating departmental guidelines for the new Department and these will replace any agency specific guidelines which existed in the then statutory authorities. The aim is to ensure consistency across the Department.</p> <p>TAMS have scheduled an audit of Travel as part of the 2006-07 Audit Program. This audit will commence shortly and be finalised within the current financial year. Tourism has been identified as one of the business units to be scrutinised during this review.</p>
JACS	Implemented	<p>It is the policy of JACS that official travel is not authorised by the Officer travelling - to be tested during an internal audit review of travel in the latter half of 2007.</p> <p>It is also the policy of the department to utilise the generic ACTPS travel form for all travel to ensure consistency across JACS Agencies.</p> <p>Senior Executive and Executives are encouraged to manage, utilise and redeem frequent flyer points for their official travel. Also to be tested as part of the JACS Audit Program.</p> <p>The JACS policy and Guidelines contains detailed instructions on travel documentation, including requirements under the Territory Records Act 2002.</p>

5.11 It should be noted that the 2004 audit did not include TAMS. The Department was selected for the follow-up audit as a result of a restructure that saw ACTION and Tourism (which were among the agencies audited in 2004) move into the Department on 1 July 2006. TAMS advised that it was not made aware of any

outstanding recommendations as part of the due diligence process conducted at the time of this restructure.

OTHER AGENCIES

5.12 The following agencies also provided a response to our request for information on the implementation of recommendations:

- Chief Minister’s Department (CMD); and
- the Gambling and Racing Commission (GRC).

5.13 These responses were not verified in detail as part of this audit. However, a review based on analysis against information available elsewhere, such as the whole-of-government response, annual reports and Audit’s existing knowledge of the agency, was conducted.

5.14 A summary of the status of recommendations for agencies not examined in depth is provided in the following tables.

Table 5.4 –Overall status of implementation

Agency	Implemented	Partially Implemented	Not implemented
CMD	100%	-	-
GRC	100%	-	-

Table 5.5 – Status of the Implementation of Recommendations

Recommendation	Implemented	Partially Implemented	Not implemented
1. Revised Travel Guidelines	100%	-	-
2. Revised Travel Processes	100%	-	-

Internal action plan

5.15 Of the agencies reviewed, none had prepared an action plan for the implementation of recommendations. Agencies managed the implementation through various processes ranging from Chief Executive directions to informal working groups.

CONCLUSION

5.16 As is the case with the follow-up of the Leave Management report, Audit is concerned that of the agencies examined in depth, only JACS had made significant timely progress in implementing audit recommendations. ACT Health did not achieve adequate progress until February 2007, nearly three years after the tabling of the report.

5.17 TAMS have not achieved adequate progress in the three years since the report was tabled. This is particularly disappointing, given that the implementation of these recommendations does not require significant resources, but rather a more robust record management and review process that is essential to any business operation.

5.18 The lack of progress in implementing recommendations will continue to expose the Government to the risks of misuse of monies in relation to travel and inappropriate associated expenses.

6. IMPLEMENTATION OF RECOMMENDATIONS OF OTHER PERFORMANCE AUDITS

INTRODUCTION

6.1 This chapter summaries the progress of agency implementation of recommendations from four other audits tabled in recent years. These audits are listed below:

- Administration of Policing Services (JACS – May 2004);
- Data Reliability for Reporting on the ACT NOWaste Strategy (TAMS – August 2004);
- Management of Government Grants to the ACT Multicultural Council (DHCS – April 2005); and
- Development Application and Approval Processes (ACTPLA – May 2005).

6.2 Progress towards implementation of the recommendations from these reports was not examined in detail as part of this audit. Rather, information on the implementation of recommendations provided by the responsible agency was reviewed by Audit against information reported elsewhere (such as annual reports and the whole-of-government response to the audit report), and Audit's existing knowledge of the agency (including information available through attendance as an observer to Audit Committees). This has allowed Audit to form an indicative view regarding whether the agencies have made reasonable progress in implementing the audit recommendations.

KEY FINDINGS

Based on information available to Audit:

- JACS made significant progress in implementing recommendations from the Report on Administration of Policing Services in the new agreement with the Australian Federal Police.
- TAMS has implemented or partially implemented all of the recommendations from the Report on Data Reliability on No Waste Strategy.
- DHCS addressed all recommendations from the Report on Management of Government Grants to the ACT Multicultural Council, and also applied similar improvement to the general administration for grants.
- ACTPLA implemented most recommendations from the Report on Development Application and Approval Processes through incorporating them in its practices and into its legislative reform on planning systems processes.

ADMINISTRATION OF POLICING SERVICES (JACS)

6.3 The objective of the 2004 audit was to provide an independent opinion to the Legislative Assembly on whether the management of the Policing Arrangement covering the provision of policing services to the Territory is effective. The audit concluded that the management of the Policing Arrangement covering the provision of policing services to the Territory was not effective. In particular:

- the 2000-05 Policing Arrangement and the annual Policing Purchase Agreements had not provided a robust basis for the Government to exercise effective strategic oversight and financial control of policing; and
- outcomes and measures agreed in the Policing Purchase Agreement are relevant, but not complete, for the purpose of evaluating the effectiveness and efficiency of ACT Policing.

Agency's Implementation of Recommendations

6.4 The 2004 audit made 12 recommendations aimed at improving the administration of ACT Policing. JACS agreed to ten recommendations and agreed in principle to the remaining recommendations.

6.5 Based on the information reported by JACS to Audit, and Audit's review, JACS made significant progress in implementing recommendations from the Report on Administration of Policing Services in the new agreement with the Australian Federal Police.

6.6 JACS' progress in implementation of recommendations is summarised in the following table:

Table 6.1: Administration of Policing Services

Recommendation	The Agency's Response	Status
<p>1. JACS should ensure that each annual Policing Purchase Agreement specifies clearly:</p> <p>a. the total price to be paid for policing services;</p> <p>b. billing and payment arrangements; and</p> <p>c. the terms and conditions under which variations can be made.</p>	<p>Agreed</p>	<p>Implemented.</p> <p>a) Documented in Schedule 1 of Agreement.</p> <p>b) Documented in Clauses 10-11 of Agreement.</p> <p>c) Documented in Clause 8 of Agreement.</p>
<p>2. The Arrangement should clearly provide for JACS to take a primary role in managing the Arrangement and Annual Agreements.</p>	<p>Agreed, but in agreeing, this department recognizes that if the recommendation for 'JACS to take a primary role in managing the Arrangement' is to be workable then the current direct reporting relationships between the Minister and police are likely to be substantially altered.</p>	<p>Implemented.</p> <p>Documented in Clauses 7.1, 8.1 and 8.2 of Arrangement. Regular meetings are now scheduled between JACS and ACT Policing chief executives and executive levels.</p>
<p>3. JACS should negotiate with the AFP a firm timetable for negotiations that would lead to a conclusion of the annual Policing Purchase Agreement before March 31 each year in line with the budget process and timeframe. This could be an interim Agreement with a provision for review, depending on final budget outcomes.</p>	<p>Agreed in principle. March 31st is too early to have a signed agreement in place. Police have been reluctant to commit in writing to any outcomes when the budget is not normally finalised until May. Rather than signing an interim agreement JACS would seek to have negotiations finalised by 31 March with a view to signing as soon as the budget is confirmed.</p>	<p>Not implemented.</p> <p>As noted in the Government response 31 March is too soon to sign an 'Annual Purchasing Agreement'. Also, a number of indicators can only be finally identified in the first week after the financial year, as they are based on averages of the preceding three years. Negotiations for the agreement now fall within a timeframe to allow for the signing of the new Agreement within one week of its commencement date of 1 July.</p>

Recommendation	The Agency's Response	Status
<p>4. JACS should negotiate with the AFP to supplement the current set of performance measures to ensure, when relevant, a balanced assessment across all activities, covering quantity, quality and timeliness, and taking into account at least the ACT Criminal Justice Strategic Plan.</p>	<p>Agreed in principle, but JACS will not commit to further quantity performance measures that do not contribute to providing better policing outcomes. Quantity measures such as the number of patrols or the number of incidents responded to are only measures of activity and once in place have the potential to drive the way police provide their services in a way that is not necessarily conducive to better outcomes.</p>	<p>Partially implemented.</p> <p>Performance targets have continued to be refined and have changed according to movement in national benchmarking outcomes, particularly for crimes against the person, property crime and road safety. A major review of policing carried out between 2004-05, has eventuated in increased police personnel, commencing from July 2006. Over the next two -three years the increase in staffing is expected to bear results in better achievement against the targets relating to response times. Further, the 2006-07 Agreement now contains ministerial directions in relation to major ACT priorities, including; increasing the capability of ACT Policing to respond to incidents; increasing the visibility of policing; improving road safety, establishing a Child Sex Offender Registration Team; and supporting the ACT Property Crime Reduction Strategy. ACT Policing is required to report against these directions in its quarterly report to the Minister.</p>
<p>5. JACS should:</p> <ul style="list-style-type: none"> a. review all AFP performance measure reports; b. seek specific action by the AFP to address any significant gaps in performance in a 	<p>Agreed</p>	<p>Following the 2004-05 review and acceptance of JACS role in monitoring the Policing Arrangement and Agreement, and the increase in police staff (which should see improvements against targets), JACS has set up data systems that allow for the processing</p>

Recommendation	The Agency's Response	Status
<p>timely manner;</p> <p>c. follow up to ensure that the AFP responds to JACS queries and requests for information; and</p> <p>d. document review and follow-up actions.</p>		<p>of a time series on all major performance indicators. This allows for a more comprehensive analysis of trends and provision of advice to the minister. At ministerial level, a quarterly meeting has now been instituted between the minister, the AFP Commissioner and the ACT Chief Police Officer to discuss the quarterly reports. Analysis and advice to the minister from JACS on the quarterly report will precede the meeting.</p>
<p>6. JACS should analyse relevant reports with information on policing, brief the Minister on the results of the analysis with recommendations for action where appropriate, and document each review. The reports to be analysed should include:</p> <p>a. ACT Policing Annual reports;</p> <p>b. quarterly Criminal Justice Statistical Profiles; and</p> <p>c. quarterly ACT Policing financial reports.</p>	<p>Agreed</p>	<p>Implemented.</p> <p>The quarterly reporting required under the annual purchasing agreement now requires reporting on much of the data contained in these reports. (See Schedule 2 and Schedule 3 of Agreement) Otherwise, JACS regularly advises government on the other data.</p>
<p>7. JACS should:</p> <p>a. seek sufficient information from the AFP to assure itself of the validity of the reported police numbers.</p> <p>b. analyse quarterly reports on police numbers, brief the Minister on the results of the analysis with recommendations for action where appropriate, and document each review.</p>	<p>Agreed</p>	<p>Partially implemented.</p> <p>The quarterly report now requires expanded data on staff designation and movement and this data is analysed quarterly and the Minister is briefed accordingly. (See Schedule 2 Agreement)</p>

Recommendation	The Agency's Response	Status
8. JACS should ensure that all payments to the AFP are according to the annual Policing Purchase Agreement. Variations, where they occur, should be recorded and the Agreement amended accordingly.	Agreed	Implemented.
9. JACS should ensure that the amounts in the Budget and in the annual Policing Purchase Agreement remain equal; and if one document is changed, the other is also amended.	Agreed	Implemented.
10. JACS should seek from the AFP each year, sufficient supporting information on the costing of ACT Policing to allow JACS to satisfactorily validate the proposed prices in the Policing Purchase Agreement.	Agreed	Implemented. A recent funding increase for ACT Policing, due to expected certified agreement decisions at the national level, has seen an exhaustive costing analysis carried out to the satisfaction of ACT Treasury.
11. JACS should analyse funding proposals from the AFP and then make recommendations to the Minister on the annual funding for each output in the Policing Purchase Agreement.	Agreed	Implemented. But it should be noted that the cost per output is difficult to tie down definitively due to the nature of police work. For example, general duties patrols will work on the crime and safety output mostly but would also respond to the road safety output if they saw a breach of the road rules or attended a motor vehicle accident.
12. JACS should monitor closely the comparative prices of police services across Australia with the aim of ensuring that the	Agreed	Implemented. This is reported on annually through the

Recommendation	The Agency's Response	Status
<p>overall charge on the ACT taxpayer represents reasonable value for money.</p>		<p>Productivity Commissions Report on Government Services. Both JACS and ACT Policing monitor the data that is provided to the Commission. The ACT Treasury monitors the costs as reported in the Report on Government services and negotiates with the Commonwealth Grants Commission the degree to which the costs the ACT pay for policing should be factored into the GST reimbursement process. (This process has now superseded the special fiscal needs grant that was paid some 3-4 years ago.)</p>

DATA RELIABILITY FOR REPORTING ON THE ACT NOWASTE STRATEGY (TAMS)

6.7 The objective of the 2004 audit was to assess the reliability of the waste, recycle, and cost data used to manage, and report on, the *No Waste By 2010 - Waste Management Strategy for Canberra*.

6.8 The 2004 audit identified a number of issues. These included:

- the procedures used to collect waste data need to be improved;
- a potential conflict of interest for the weighbridge operator at the two landfills (Mugga Lane and Parkwood Road). Incentive existed to manipulate data recorded by the weigh bridge database and for the operator to incorrectly use the coding system on the weighbridge database; and
- in addition, a conflict of interest existed for the business that had the contract for managing both the operation of the weighbridge and the Mugga Lane landfill. Together, these matters created some risk regarding the reliability of the data generated by the relevant processes.

Implementation of Recommendations

6.9 The 2004 audit made four recommendations to improve weighbridge operations and procedures, quality assurance frameworks and procedures. TAMS agreed to two recommendations and agreed in principle to the remaining two recommendations.

6.10 Based on the information reported by TAMS to Audit, and Audit's review, TAMS has implemented or partially implemented all of the recommendations from the Report on Data Reliability on No Waste Strategy.

6.11 TAMS' progress in implementation of recommendations is summarised in the following table:

Table 6.2: Data Reliability for Reporting on the ACT NOWaste Strategy (TAMS)

Recommendation	The Agency's Response	Status
1. DUS should revise weighbridge operations and its procedures to minimise the risk of unethical conduct. This could involve adopting best practice procedures identified in a report prepared by the NSW Independent Commission Against Corruption (ICAC).	Agreed	Implemented ICAC recommendations were adopted in 2005 and continue to be applied. Weighbridge operations were audited in 2005-06 and a full Fraud Risk Assessment is currently underway. A separate Weighbridge Contract is currently being tendered.
2. DUS should develop and document a quality assurance framework to manage the collection; recording and reporting of recycle data.	Agreed. The existing procedures for the collection, recording and reporting of recycling data will be fully documented under the City Management ISO 9001 accredited, Quality Assurance framework.	Partially implemented Procedures have been developed for data management and reporting purposes.
3. DUS should ensure the waste and recycle data recorded in official publications meets established Australian Standards (AS ISO 15489.1–2002) in terms of consistency and accuracy.	Agreed in Principle. The amount of data not received is unlikely to significantly change the figures reported and as not all recycling data is captured, the figure reported is probably slightly underestimating progress in achieving recycling. The level of data collected is, however, sufficient to provide a reliable statistical analysis and to report against progress of the Strategy. Data received is managed in line with the appropriate records standard including ensuring the consistency and accuracy of the data. Nevertheless, it is reasonable to include an explanatory note when reporting the recycling information.	Partially implemented Agreed in Principle, however there are limitations on data gathering and accuracy due to the reliance on industry self-reporting practices utilised. It is not feasible or practicable to have 100% data accuracy from the Annual Resource Recovery Survey.
4. DUS should formalise existing procedures for making payments to waste and recycle contractors into written procedures.	Agreed in Principle While a procedure exists for the Management of Service Contracts under the Quality Assurance framework, it is agreed that a more specific procedure for processing contract payments could be developed and documented.	Implemented A Contract Payment Procedure has been developed and is in use by business unit.

**MANAGEMENT OF GOVERNMENT GRANTS TO THE ACT
MULTICULTURAL COUNCIL (DHCS)**

6.12 The objective of the 2005 audit was to assess whether DHCS, as the funding agency, had ensured that governance arrangements for the ACT Multicultural Council ACTMC provide adequate accountability to the Territory in the application and use of public funds.

6.13 The 2005 audit found that management of grants by DHCS in the early part of 2002-04 lacked timely and appropriate action to monitor and address the poor governance of the ACTMC. However, there had been significant efforts to work with the ACTMC to improve its performance and, notwithstanding its shortcomings, ACTMC's improved governance should allow it to carry out its responsibilities under agreements with the Government.

Agency's Implementation of Recommendations

6.14 The 2005 audit made four recommendations regarding the funding agreement, risk management and performance monitoring. DHCS agreed to all recommendations.

6.15 Based on the information reported by DHCS to Audit, and Audit's review, DHCS addressed all recommendations from the Report on Management of Government Grants to the ACT Multicultural Council. Audit also noted that DHCS had applied similar improvement to the general administration for grants awarded by the Department. This recognised the broader application of the audit's recommended actions.

6.16 DHCS progress in implementation of recommendations is summarised in the following table:

Table 6.3: Management of Government Grants to the ACT Multicultural Council – Department of Disability, Housing and Community Services

Recommendation	The Agency’s Response	Status
<p>1. DHCS should restructure the base funding agreement so that:</p> <ul style="list-style-type: none"> a) outcomes, outputs, performance indicators and deliverables become simpler; b) targets are defined for each indicator to allow the assessment of the result more easily; c) the number of member organisations is included as a quantitative performance indicator; and d) results of feedback or surveys from various communities and key stakeholders, such as OMA, are included as qualitative performance indicators. 	<p>Agreed. The Department uses standard human services contracts with organisation specific schedules attached. The Department will review each contract and tailor the outcomes, outputs, performance indicators and deliverables contained in the schedule to better manage the risks associated with the organisation.</p>	<p>Implemented</p> <p>The ACT Multicultural Council Incorporated (ACTMC) service funding agreement has been reviewed and the schedules simplified to clearly specify the service outcomes, outputs and performance indicators. The ACTMC service funding agreement includes the requirement to report on the number of member organisations and feedback from stakeholders.</p>
<p>2. DHCS should seek to include in future agreements:</p> <ul style="list-style-type: none"> a) provisions that give DHCS the option to monitor ACTMC governance more closely, ... and b) provisions that explicitly require the ACTMC to be compliant with the requirements of the Associations Incorporation Act 1991 and of its own constitution. 	<p>Agreed. Future contracts will include provisions to better monitor-the governance procedures of service providers.</p>	<p>Partially implemented</p> <p>The service funding agreement has strengthened the monitoring and governance procedures of the ACTMC. The revised funding agreement specifications are being negotiated between the two parties.</p>

Recommendation	The Agency's Response	Status
<p>3. DHCS should manage risk by:</p> <p>a) updating annually the risk assessment of ACTMC as a service provider under the Agreement, taking feedback from both external and internal stakeholders into consideration;</p> <p>b) documenting how risks have been managed and followed up; and</p> <p>c) identifying appropriate means to reduce any risks that are too high.</p>	<p>Agreed. It is proposed that a risk assessment process is undertaken during contracting with each organisation as part of the procurement and/or annual review.</p>	<p>Implemented</p> <p>The ACTMC has agreed to undertake regular reviews of its risk management framework and will advise the Department of the outcomes of such reviews.</p>
<p>4. DHCS should monitor performance by:</p> <p>a) setting up a program of regular meetings with ACTMC, ensuring these occur, documenting the outcomes and following up the issues, (focusing on the need to produce outputs and outcomes as specified by the agreement); and</p> <p>b) consulting with OMA and other relevant stakeholders when assessing ACTMC's performance against its outputs and performance indicators.</p>	<p>Agreed</p>	<p>Implemented</p> <p>The Department has held regular meetings with the ACTMC and other stakeholders and will continue to build its working relationship with the organisation.</p>

DEVELOPMENT APPLICATION AND APPROVAL PROCESSES (ACTPLA)

6.17 The objective of the 2005 audit was to provide an independent opinion on whether the development application and approval (DAA) processes:

- were efficient timely and fair;
- had been applied consistently with the guidelines and legislation; and
- had regard to the principles of ecologically sustainable development, as defined by the Environment Protection Act 1997.

6.18 The 2005 audit found that DAA processes were not efficient, due to complexity of legislation and guidelines, lack of consistent documentation and document management, inadequate compliance activities and shortcoming in the referrals and consultation processes. In addition, the DAA processes often failed to meet statutory timeframes for non-residential developments.

Agency's Implementation of Recommendations

6.19 The 2005 audit made 22 recommendations aimed at improving the DAA process. ACTPLA agreed to 15 recommendations, agreed in part to six recommendations and did not provide an indication of agreement or disagreement to one recommendation.

6.20 Based on the information reported by ACTPLA to Audit, and Audit's review, ACTPLA implemented most recommendations from the Report on Development Application and Approval Processes by incorporating them into its practices and also in its legislative reform on planning systems and processes.

6.21 ACTPLA's progress in implementation of recommendations is summarised in the following table:

Table 6.4: Development Application & Approval Processes

Recommendation	The Authority's Response	Status
<p>1. The Authority should improve records management procedures by means such as:</p> <p>a) ensuring that all documents entered into the Objective program are dated and, where appropriate, there is evidence that the document has been signed;</p> <p>b) where there is no information to be entered into a file on the Objective program, entering 'NIL' (or similar) to indicate that there has not been an omission; and</p> <p>c) ensuring that if hard copy files are to be maintained, they are indexed, documents are filed chronologically, and no loose documents are contained in files.</p>	<p>Agreed</p>	<p>Completed</p> <p>The functionality of <i>Objective</i> allows for the display of 'date created' and 'date modified' for all documents. Signed documents are scanned and placed into <i>objective</i>. Approved plans are now stamped electronically.</p> <p>Where a file is empty a note may be placed against the file indicated that there are no omissions. This practice is to be implemented.</p> <p>The need to maintain 'hard copy' files beyond the date of decision is no longer required as the corporate record is <i>objective</i>. Hard copy files are 'working documents' only and do not form the corporate record. Notwithstanding this, this recommendation has been implemented.</p>
<p>2. The Authority should monitor and record the time and effort taken to move through the pre-application process, where practicable, with a view to identifying where problems are occurring, the reasons for any delays, and how improvements can be made.</p>	<p>Agreed in part. This will be further reviewed but is a difficult exercise given that pre-application processes are not mandatory and the amount of time and effort involved is largely at the discretion of the applicant.</p>	<p>Completed</p> <p>Ongoing monitoring to be incorporated into the Branch's Business Plan.</p>

Recommendation	The Authority's Response	Status
<p>3. The Authority should ensure that for fees payable on lodgement of a DA, the individual and total fees due and receipt numbers are clearly recorded for all DAs. Where this information is not recorded on the DA Form, a notation on the form should identify that the information is filed in the Objective program.</p>	<p>Agreed in part. The Authority will ensure the fees receipts are filed correctly on Objective.</p>	<p>Completed. Review of the DA form has been completed. This information is now included on the DA form in all instances.</p>
<p>4. The Authority should:</p> <p>a) for fast approvals, require a greater level of assurance from applicants that they understand legislative requirements, for example, the requirements of the <i>Tree Protection (Interim Scheme) Act 2001</i> and their responsibilities under the Act, or a declaration that no other known issues on the site would prevent an approval being granted; and;</p> <p>b) work to ensure that action is taken against applicants who provide false or misleading information.</p>	<p>(a) Agreed in part. This will be further reviewed but such statements by applicants cannot always be relied upon.</p> <p>(b) Agreed</p>	<p>Completed. Initial changes in terms of requiring relevant 'clearances' from agencies 'upfront' where necessary have been implemented for 24 hour approvals.</p> <p>In terms of point (ii) every effort will be made to ensure that appropriate action is taken.</p>
<p>5. The Authority should review the practice of a single officer assessing and approving a DA, based on an appropriate risk assessment. This would improve the consistency and objectivity of assessments.</p>	<p>This is already the practice for more complex proposals and whilst the Authority will review the merit of a similar approach for simple DA's, the merits of this will have to be balanced against its practicality, cost-effectiveness and benefit when having regard to resources and impacts on timeliness of such approvals.</p>	<p>Completed In place.</p>

Recommendation	The Authority's Response	Status
<p>6. The Authority should review the current policy for disclosing the details of an objector after they have submitted an objection to a DA. Maintaining the confidentiality of objectors, if requested, removes a potential impediment to legitimate objections.</p>	<p>Agreed in part. However, the Land Act (section 238) requires the Planning and Land Authority to make a copy of each objection available for inspection by members of the public during office hours until the end of the appeal period. Section 239 nevertheless allows the Authority, on request of the objector, to exclude the identity of the objector from being made available subject to it not being in the public interest for that identity to be published. In practice, the Authority would agree if the objector says they have plausible concerns about reprisals if their identity becomes known.</p>	<p>Completed In place.</p>
<p>7. The Authority should formalise and document the consideration of objections to ensure that each objection is considered on its merits.</p>	<p>Agreed in part. However, it is already the case that the documentation attached to the Authority's statement of reasons, where required, includes consideration of objections. Nevertheless, the process for considering objections will be reviewed and improved where necessary.</p>	<p>Completed This is already the case. However a further review in terms opportunities for improvement will be examined.</p>
<p>8. The Authority should ensure that comprehensive checklists are developed and used by all staff for development assessments in each development category.</p>	<p>Agreed. This will be implemented for those categories of development application where such practices are not already common place</p>	<p>Completed In place. However, a comprehensive review of the assessment proformas (checklists) is currently underway as part of the Authority's short term planning system reform.</p>
<p>9. The Authority should document the reasons for decisions for all DAs, in order to improve the transparency, fairness and reliability of the DA process.</p>	<p>Agreed in part. Assessment documentation will be reviewed but it will not be practicable to provide a detailed statement of reasons for simple approvals and this is not required under the Land Act.</p>	<p>Completed In place to extent required.</p>
<p>10. The Authority should review the practice of approaching applicants about applying for extensions of time, particularly when the time allowed for completing the</p>	<p>Agreed. This issue will be considered in the Authority's planning system reform program.</p>	<p>Completed This practice has ceased.</p>

Recommendation	The Authority's Response	Status
assessment is almost over, to ensure the intent of statutory timeframes is not circumvented.		
11. The Authority should report its performance against statutory timeframes for the determination of DAs in a more prominent section of its Annual Report and on its website.	This will be considered , however, it should be noted that statutory timeframes are not the only performance indicator.	Completed Also reported in other publications such as DAInSHAPE.
12. The Authority should maintain a central database that has more capabilities than the DARTS system currently used, with a view to making it easier to analyse and report on data. In addition to recording standard DA information, the database should record relevant information to identify the reasons for delays in the process so that improvement can be made where required.	Agreed. DARTS should be replaced as soon as possible; however, this has not been possible to date due to limited funding available for IT systems upgrading	An application has been made to the Commonwealth Department of Industry, Tourism and Resources' Regulation Reduction Incentive Fund for appropriate funding to complete this work. That application was successful and the project is underway – due for completion in March 2007.
13. The Authority should work with key stakeholders to review and improve the referrals process by: a) formalising and standardising methods of referral and provision of comments on referrals; and b) simplifying and integrating the referrals process.	Agreed. This is a priority issue for the planning system reform program	Partially implemented This is underway and forms part of the planning system reform work. The matter has been addressed in the <i>Draft Planning & Development Bill 2006</i> . Completed to the extent necessary to finalise this recommendation. Actual finalisation will be upon adoption of the <i>Draft Planning & Development Bill 2006</i> .
14. The Authority should reply to agency comments, indicating of whether the	Agreed. [This will be implemented] where such comments are specific and directly related to the development proposal; some	Completed. All referral agencies are provided with details of the Authority's

Recommendation	The Authority's Response	Status
<p>Authority has adopted the comments, and if not, give reasons. Where the Authority proposes changes to the agency comments (to incorporate them into Authority documents), it should ensure that they do not change the original intent of the comments.</p>	<p>agency comments are generalised and non-specific to what can be regarded as valid planning considerations.</p>	<p>decision and comments are made as appropriate within the Statement of Findings on Material Questions of Fact.</p>
<p>15. Environment ACT (CMD) and relevant agencies should contribute to improvements in the referrals process by means such as:</p> <ul style="list-style-type: none"> a) providing formal advice to the Authority on the implementation of the referrals process, particularly when difficulties are experienced; b) refining the internal procedure for dealing with referrals, with a view to identifying who is involved and who will provide the response to the Authority in each case, within an agreed timeframe; c) including those comments that are relevant to a particular DA, rather than general comments; and d) monitoring and reporting performance in relation to timeliness of providing a written response to the Authority or applicants. 	<p>Agreed. [This is] being covered under the planning system reform program.</p>	<p>This is underway and ongoing as part of the planning system reform project. Short-term changes have also been explored in a collaborative manner between the agencies. A facilitated workshop was conducted on 11 April 2006.</p> <p>This matter has also been addressed in the <i>Draft Planning & Development Bill 2006</i>.</p> <p>Completed to the extent necessary to finalise this recommendation. Actual finalisation will be upon adoption of the <i>Draft Planning & Development Bill 2006</i>.</p>
<p>16. The Authority should improve documentation of processes and outcomes when seeking expert advice and comments.</p>	<p>Agreed where this is not occurring.</p>	<p>Completed.</p>

Recommendation	The Authority's Response	Status
17. The Authority should systematically and holistically review all DA guidance material in order to simplify it, reduce discrepancies or overlap, and clarify the status of each piece of guidance material.	Agreed. This is an intended outcome and action for the implementation stage of the planning system reform program	Completed.
18. The Authority should develop a more formalised training program to improve staff's understanding of legislative requirements and the principles of ESD, as they apply to individual DAs.	Agreed within available financial resources	A detailed DA staff training schedule is to be developed during 2006 – this is included in the Branch's Business Plan.
19. The documentation of compliance activities should be improved to ensure that: a) all complaints and compliance activities are clearly allocated to either individual staff members or sections of the Authority. Where these are passed from one staff member or section to another for follow up, the file should contain evidence that the person or section to whom/which it was referred has taken the responsibility to take action on the issue; and b) where references are made to the work or decisions of other sections of the Authority, this is either linked in the Objective program, or full details are provided.	Agreed	A procedures manual for Land Regulation jobs has been developed and will soon be finalised. Complaints handled by the LRU are already allocated to individual inspectors. All inspection and related dealings are fully recorded and stored on Objective, with linkages to other relevant documents as required. Completed to the extent necessary to finalise this recommendation.
20. The Authority should: a) address all complaints and where no action (or no further action) is to be taken,	Agreed. [This will be implemented] to the extent that investigating all complaints is possible within the resources available and therefore prioritising is necessary based on	Completed to the extent necessary to finalise this recommendation. Options for updating the Feedback database

Recommendation	The Authority's Response	Status
<p>the decision and the reasons supporting it should be documented;</p> <p>b) conduct a risk assessment of non-compliance with development approval conditions, which looks at both the likelihood of non-compliance occurring and the potential impact of non-compliance. Where risks are identified as being too high, the Authority should work to improve compliance; and</p> <p>c) develop a formal procedure for checking and documenting compliance against the conditions of development approvals. The compliance record should also be clearly linked to the development approval in the Objective program.</p>	<p>potential public health and amenity impacts</p>	<p>are currently being investigated. One of the key elements of any revision of Feedback will be better statistical reporting to interrogate data for trends in non-compliance.</p> <p>The operation of the Approvals Assurance function within the Land Regulation Unit is being reviewed with a focus on more clearly defining the criteria for high risk developments that would be monitored for compliance.</p>
<p>21. The Authority should revise consultation practices in order to better deal with the contributions made, and issues raised, by stakeholders, such as:</p> <ul style="list-style-type: none"> • the timeframe allowed for consultation; • feedback to contributors; and • documentation of comments received and considered. 	<p>Agreed. This will be considered in the planning system reform program</p>	<p>Completed to the extent necessary to finalise this recommendation through inclusion of relevant matters in the <i>Draft Planning & Development Bill 2006</i>.</p>
<p>22. The Authority should make better use of environmental assessments to assist in their consideration of ESD, by means such as:</p>	<p>Agreed. This is one of the significant matters being reviewed in the planning systems reform program</p>	<p>Partially implemented. Addressed in the <i>Draft Planning & Development Bill 2006</i>.</p> <p>A detailed case-by-case assessment is made</p>

Recommendation	The Authority's Response	Status
<p>a) reviewing the requirements for Preliminary Assessments (Division 4.2 of the Land Act) and other Assessments (Division 4.3 of the Land Act) so that adequate information is obtained on social, economic and environmental issues relevant to a proposal;</p> <p>b) ensuring that Development Assessments clearly document their consideration of information contained in Preliminary Assessments and other Assessments; and</p> <p>c) documenting details of the justification for any decision to waive the requirement to prepare an environmental assessment.</p>		<p>for each potential preliminary exemption. This enables:</p> <ul style="list-style-type: none"> • a decision to be made regarding exemption from PA requirements; • appropriate scoping of information required for the PA. <p>The Territory Plan is to be amended to exempt preliminary assessment requirements.</p> <p>Completed to the extent necessary to finalise this recommendation.</p>

APPENDIX A – AUDIT CRITERIA AND APPROACH

AUDIT CRITERIA

The audit was conducted against the following criteria:

- Did the agency assess the organisational impact of the recommendations, and determine an appropriate course of action?
- Did the agency develop an action plan or similar, endorsed by the Chief Executive or other responsible senior manager, that included:
 - a timetable for implementation;
 - clear delineation of roles and responsibilities for the implementation of each accepted recommendation;
 - a process for regular reporting of progress in implementation; and
 - a process for evaluation of the efficacy of the action taken to address the issues raised in the audit report?
- Did the agency implement the accepted recommendation in accordance with the action plan?
- Had the action plan been monitored and reported upon (e.g., through the Audit Committee)?

AUDIT APPROACH

Audit obtained information on the implementation of recommendations initially, through advice from the responsible agency. This assisted in forming a view on whether agency advice was consistent with our existing knowledge of the agency and whether, given the complexity of the issues and the resources assigned, the agency had made reasonable progress in implementing the initial report's recommendations.

The audit then selected a small number of agencies to examine and verify their comments and provide an additional level of assurance regarding agency progress. These agencies were selected to include large agencies and agencies that had an effect of whole-of-government policy.

The audit approach included:

- identifying agencies responsible for implementation of recommendations;
- seeking feedback from agencies on implementation progress;
- reviewing for each agency the methods they have in place to monitor and report on the implementation of recommendations;
- selecting a sample of recommendations that should be further tested; and
- reviewing and analysing relevant agency documents and files.

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