

MEDIA RELEASE**26 May 2016**

ACT Policing Arrangement

ACT Auditor-General, Dr Maxine Cooper, today presented a performance audit report on the **ACT Policing Arrangement** to the Speaker, for tabling in the ACT Legislative Assembly.

Dr Cooper says 'There is a sound framework for guiding how the Australian Federal Police (AFP), through ACT Policing, provides community policing to the ACT. The ACT arrangement has advantages for both the AFP and the ACT; especially given Canberra's position as the nation's capital while also being a small jurisdiction.'

In 2015-16 the cost of ACT Policing is expected to be \$154.4 million. An overarching five year Policing Arrangement and associated annual Purchase Agreements provide the framework for managing these funds and services.

Dr Cooper says 'The arrangement and agreements involve lengthy negotiations which seem unnecessary given that neither change significantly. There is merit in assessing if extending their terms offers efficiencies in administration for the Justice and Community Safety Directorate and ACT Policing and, potentially, better policing outcomes by allowing a greater focus on service delivery'.

The ACT is fortunate in that ACT Policing has two accountability frameworks, one established by the ACT under the agreement and arrangements and the other by the Australian Government's governance arrangements for the AFP, including being audited by the Australian National Audit Office.

The Summary of the **ACT Policing Arrangement: Report No. 3/2016**, with audit conclusions, key findings and recommendations is attached to this media release.

Copies of the **ACT Policing Arrangement: Report No. 3/2016**, are available from the ACT Audit Office's website www.audit.act.gov.au . If you need assistance accessing the report please phone 6207 0833 or go to 11 Moore Street, Canberra City.

Extract of Summary chapter:

Conclusion

GOVERNANCE

There are effective governance arrangements in place for the management and oversight of ACT Policing services by the Justice and Community Safety Directorate. The Policing Arrangement and supporting annual Purchase Agreements provide a sound framework for the establishment and maintenance of the ongoing relationship between ACT Policing and the Territory. As ACT Policing is subject to the Australian Government's governance arrangements for the Australian Federal Police, including being audited by the Australian National Audit Office, this provides additional accountability.

Governance arrangements could be strengthened by the Justice and Community Safety Directorate finalising the Legislation, Policy and Programs Branch (Justice and Community Safety Directorate) action plan; and having an increased awareness of Memorandums of Understanding between ACT Policing and ACT Government and non-government agencies. While addressing this lack of awareness it is important to maintain the operational independence of ACT Policing.

MANAGING THE ARRANGEMENTS FOR THE DELIVERY OF POLICING SERVICES IN THE ACT

The services and deliverables to be provided by ACT Policing are well described in annual Purchase Agreements, which identify the outcomes, outputs, strategies and associated performance measures and indicators of effectiveness associated with the delivery of policing services in the ACT. These are effectively supplemented by annual Ministerial Directions, which are incorporated into ACT Policing annual Business Plans.

Payments for services are negotiated and determined on an annual basis, and rely in large part on Commonwealth cost-recovery principles and practices. Since 2014-15 there has been a well-developed and agreed methodology for the calculation of payments for enabling costs, i.e. organisational and corporate overhead costs on the part of AFP that are attributed to ACT Policing.

The Justice and Community Safety Directorate's management of the Policing Arrangement and annual Purchase Agreements could be improved by identifying, with greater clarity, its role in managing the Policing Arrangement and supporting Purchase Agreements, and implementing more rigorous risk management practices.

JUSTICE AND COMMUNITY SAFETY DIRECTORATE OVERSIGHT AND PERFORMANCE MONITORING

The Justice and Community Safety Directorate's oversight of the Policing Arrangement and Purchase Agreement is primarily achieved through a comprehensive performance management framework. The framework includes ACT Policing quarterly and annual reporting against relevant performance measures and indicators of effectiveness.

The Justice and Community Safety Directorate's activities to negotiate the Policing Arrangement and associated Purchase Agreement provide further oversight. At present, the term of the Policing Arrangement and Purchase Agreement is five years and one year respectively and significant time and resources are involved in their negotiation. There is merit in assessing if extending the terms of the Policing Arrangement and Purchase Agreement offers efficiencies in administration and, potentially, better policing outcomes by allowing a greater focus on service delivery.

Key Findings

GOVERNANCE

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The Policing Arrangement provides a sound, overarching enabling framework for the provision of policing services in the ACT by the AFP. Core elements of a governance framework for the management of policing in the ACT, and the relationship between the ACT Government and ACT Policing, are addressed in the Policing Arrangement.

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The annual Purchase Agreement provides a sound mechanism for ACT Policing to provide policing services to the ACT. The annual Purchase Agreement establishes the services to be provided by ACT Policing, the amount to be paid by the Territory and specific reporting obligations on the AFP.

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The variation to the 2014-15 Purchase Agreement was prepared and approved in accordance with clause 8 of the Agreement. To date there have been no variations to the 2015-16 Purchase Agreement.

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The requirements identified through the 2011-2016 Policing Arrangement and the 2015-16 Purchase Agreement cover quality and level of policing, appointment of the Chief Police Officer, the Directions of the Minister for Police, reports to be provided, involvement in policy development and implementation and performance measures. Annual reporting and Ministerial Directions are also covered in both documents. The Policing Arrangement and associated Purchase

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Agreement together provide the necessary framework for the delivery of, and payment for, police services by ACT Policing to the ACT Government.

Ministerial Directions provide a mechanism for the ACT Minister for Police to provide general directions for policing services in the ACT. 2.40

ACT Government policy priorities are addressed in ACT Policing planning through the incorporation of 'special areas of focus' in annual business plans. These are reported on in ACT Policing quarterly reports through performance measures. Incorporating the direction provided by the ACT Minister for Police into the ACT Policing annual Business Plan shows an alignment between the Ministerial Directions and ACT Policing's planning. Reporting on these 'special areas of focus' through quarterly reporting provides a measure of transparency and accountability for delivering on the strategic priorities of the ACT Minister for Police. 2.43

The Legislation, Policy and Programs Branch in the Justice and Community Safety Directorate does not have a finalised action plan in place to guide its management of the Policing Arrangement and Purchase Agreement. However, the Branch is acting in accordance with Action 4 of its *Draft Action Plan – 2014-2015* through: negotiating the five yearly Policing Arrangement, annual Purchase Agreements and Ministerial Directions; and reporting to the Minister for Police on the quarterly Purchase Agreement reports. 2.52

A number of Memorandums of Understanding exist between ACT Policing and a range of ACT entities; government and non-government. The Justice and Community Safety Directorate has limited awareness of, and does not maintain, a register of Memorandums of Understanding that ACT Policing has developed with other entities. The Justice and Community Safety Directorate's limited awareness of ACT Policing Memorandums of Understanding may impair its ability to oversee or otherwise manage the Policing Arrangement. 2.58

MANAGING THE ARRANGEMENTS FOR THE DELIVERY OF POLICING SERVICES IN THE ACT

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The Policing Arrangement, Purchase Agreement and Ministerial Directions provide appropriate guidance to ACT Policing for the provision of police services to the ACT Government. While some of the Justice and Community Safety Directorate's responsibilities are identified, specifically with respect to its responsibilities and obligations for infrastructure management and maintenance and payment arrangements, the full scope of its role is not clearly articulated in the Policing Arrangement and Purchase Agreement. The Justice and Community Safety Directorate's role in administering and managing the Policing Arrangement for the 3.10

ACT Government is not defined in the Policing Arrangement or annual Purchase Agreements.

Under the Policing Arrangement, operational policy and its implementation are the responsibility of ACT Policing. The Justice and Community Safety Directorate contributes through strategic police policy advice and in addressing associated legislative reforms. 3.22

The Justice and Community Safety Directorate does not have a robust risk management framework in place for the management of the Policing Arrangement and associated Purchase Agreement. The Justice and Community Safety Directorate has not systematically assessed, managed or monitored the risks associated with the management, service delivery or negotiation of the Policing Arrangement or Purchase Agreement. 3.35

There are a range of communication forums and mechanisms in place between the Justice and Community Safety Directorate and ACT Policing. These communication forums provide for regular and ongoing communication between senior representatives of the organisations. 3.46

Outcomes and outputs expected from ACT Policing in consideration for the ACT Government funding provided to the AFP are clearly identified through the annual Purchase Agreement. These are supported by clearly identified strategies, with supporting performance measures and indicators of effectiveness. 3.52

Ministerial Directions have been issued annually since 2007-08 and there have been nine Ministerial Directions issued in total since then. The focus of Ministerial Directions has ranged across a number of areas since 2007-08, reflecting the changing focus and priority of the ACT Government with respect to policing in the ACT. The Ministerial Directions provide a useful mechanism to provide general directions to ACT Policing. 3.57

The 2015-16 Purchase Agreement includes specific clauses that provide for ACT Policing to support relevant ACT Government strategies. ACT Policing's activities and initiatives in support of these strategies have been specifically reported against in its quarterly reporting to the Territory. 3.59

Analysis of funding provided to ACT Policing for the provision of policing services in the ACT shows that: 3.63

- with the exception of 2012-2013, since 2010-2011 the increase in annual funding has been less than in previous years; and

- annual funding decreased from five to one percent between 2010-2011 and 2011-2012.

The Justice and Community Safety Directorate and ACT Policing have an agreed model for calculating the cost of enabling services, for AFP corporate and administrative activities, to be charged to the Territory as part of the cost of delivering policing services in the ACT. The agreed model was reviewed and found to be reasonable in a 2014 review by a consulting firm. The agreed model is to be incorporated into the next Policing Arrangement. 3.81

Analysis of ACT Policing FTE numbers in Purchase Agreements shows that: 3.86

- since 2006-2007 total FTE numbers have increased by 103 (12.4 percent);
- total FTE numbers have remained the same (931 to 932) since 2011-2012.

Since 2013-14, a General Savings Measure of one percent has been applied to the Territorial appropriation for ACT Policing. Between 2013-14 and 2016-17 this is expected to result in a cumulative budget reduction to ACT Policing of approximately \$15.4 million. ACT Policing has achieved these savings measures through a reduction in the budgeted FTE and corporate services. To date there is no evidence that this has impacted the quality and effectiveness of service delivery, as ACT Policing has continued to deliver on its outcomes and outputs and meet its performance measures. 3.93

JUSTICE AND COMMUNITY SAFETY DIRECTORATE OVERSIGHT AND PERFORMANCE MONITORING

Paragraph

The Justice and Community Safety Directorate advised that the Executive Director, Finance and Budget Division, Chief Minister, Treasury and Economic Development Directorate, was a member of the Negotiations Steering Committee; however, they were not included in the Terms of Reference. These should be amended to accurately reflect the membership of the Committee. 4.8

As part of negotiations for the 2016-2021 Policing Arrangement, the Negotiation Steering Committee was required to 'assess the current Policing Arrangement (2011-2016) to determine whether it is meeting and delivering on its objectives'. There is evidence of a cursory assessment, which concluded 'that the current arrangement document works well', but there is no evidence of a formal documented evaluation, including the scope and specific findings of the evaluation or the evidence relied upon to make an assessment. 4.14

The Justice and Community Safety Directorate's consultation on the Policing Arrangement, part of its oversight role, could have been more extensive. Although attempts were made to gather information from stakeholders through letter and email, when a low response was received further strategies were not explored to increase information as to stakeholders' views. This limited the response that the Justice and Community Safety Directorate received. 4.19

The Justice and Community Safety Directorate and ACT Policing invest significant resources in the negotiation of the Policing Arrangement and Purchase Agreements. The Arrangements and Agreements change little from one negotiation to the next, yet significant time and resources are tied up in these processes with the Justice and Community Safety Directorate and ACT Policing reporting that they are engaged in negotiation processes for much of each year. More efficient use of resources could be achieved through increasing the duration of both the Policing Arrangement and Purchase Agreement. 4.34

The format and content of ACT Policing's quarterly reports were altered for the 2015-16 Purchase Agreement. This followed a request from the (former) Minister for Police in December 2015 to the Chief Police Officer. These changes are resulting in improvements in the usefulness of ACT Policing's quarterly reporting and JACS' analysis and briefings to the Minister on these reports. 4.72

Recommendations

RECOMMENDATION 1 MEMORANDUMS OF UNDERSTANDING

The Justice and Community Safety Directorate should initiate action to develop, with ACT Policing, a system that provides the Justice and Community Safety Directorate with an increased awareness of all Memorandums of Understanding that ACT Policing has entered into with other organisations.

RECOMMENDATION 2 ARTICULATION OF JUSTICE AND COMMUNITY SAFETY DIRECTORATE ROLE

The Justice and Community Safety Directorate should, with ACT Policing, define the directorate's role and responsibilities, including in relation to strategic police policy development, in future Policing Arrangements and Purchase Agreements. This should be commensurate with the details currently included regarding ACT Policing's role and responsibilities.

RECOMMENDATION 3**JUSTICE AND COMMUNITY SAFETY DIRECTORATE RISK MANAGEMENT**

The Justice and Community Safety Directorate should develop a risk management plan for its management of the Policing Arrangement and associated Policing Agreement. The risk management plan should include risks associated with negotiating each Policing Arrangement and Purchase Agreement and the risks to the Justice and Community Safety Directorate and ACT Government in their implementation.

RECOMMENDATION 4**ASSESSMENT OF THE POLICING ARRANGEMENT**

The Justice and Community Safety Directorate should undertake a formal evaluation of the Policing Arrangement and the Purchase Agreement, against their objectives, when negotiating new Arrangements and Agreements.

RECOMMENDATION 5**TERMS OF POLICING ARRANGEMENT AND PURCHASE AGREEMENTS**

The Justice and Community Safety Directorate should, in consultation with ACT Policing, assess the merits of increasing the length of the Policing Arrangement and the Purchase Agreements.