THE LEGISLATIVE ASSEMBLY FOR
THE AUSTRALIAN CAPITAL TERRITORY

# Government Response to Report No 8 of the Standing Committee on Public Accounts – Auditor-General's Report No 5 of 2004: Leave Management

## TABLING STATEMENT

**Jon Stanhope MLA**
**Chief Minister**

31 May 2007

The Auditor-General's performance Audit Report No 5 of 2004 on Leave management presented the results of a performance audit on whether leave management practices implemented by ACT Government entities were compliant with certified agreements, legislation, and government and agency policy. The Audit Report was presented to the Legislative Assembly on 3 August 2004.

This report was referred to the Standing Committee on Public Accounts (the Committee), which sought and received a Government submission in relation to the audit report. The Committee examined the issues raised by the Auditor-General in relation to leave management and the Government's submission and in November 2006, the Committee presented to the Legislative Assembly its Report No 8 – Review of Auditor-General's Report No 5 of 2004, which included five recommendations.

As noted by the Committee, since the original presentation of the Auditor-General's report and the Government's response, the implementation of a new whole of government Human Resource Management System 'Chris21' and establishment of the Shared Services Centre has occurred.

Following consideration of the Committee's recommendations, I am pleased to present the Government's Response to the Committee's report, which either agrees or agrees in principle to four of the recommendations and notes the last recommendation.

# GOVERNMENT RESPONSE TO REPORT NO 8 OF THE STANDING COMMITTEE ON PUBLIC ACCOUNTS

# AUDITOR-GENERAL'S REPORT NO 5 OF 2004: LEAVE MANAGEMENT

**Tabled by**
**Jon Stanhope, MLA**
**Chief Minister**

31/5/07

## INTRODUCTION

The Auditor-General's Performance Audit Report No 5 of 2004 on Leave Management (the Audit Report) presented the results of a performance audit on whether leave management practices implemented by ACT Government entities were compliant with certified agreements, legislation, and government and agency policy. The Audit Report was presented to the Legislative Assembly on 3 August 2004.

This report was referred to the Standing Committee on Public Accounts (the Committee), which sought and received a Government submission in relation to the audit report. The Committee examined the issues raised by the Auditor-General in relation to leave management and the Government's submission.

The Committee in its November 2006 Report No 8 – Review of Auditor-General's Report No 5 of 2004: Leave management has made five recommendations:

- Recommendation 1: The Committee recommends that ACT Government Agencies should identify reasons for excessive leave accrual and, where appropriate, develop clearance strategies designed to suit their workforces.
- Recommendation 2: The Committee recommends that the ACT Commission for Public Administration's *State of the Service Report* should report on the aggregate cost of unscheduled absence in the ACT Public Services.
- Recommendation 3: The Committee recommends that the *Annual Reports (Government Agencies) Act 2004* and the *Chief Minister's Annual Report Directions* be revised to require AT Government agencies to include in their annual reports details of the number or percentage of working days lost each year to sickness or other types of unscheduled absence or to disclose the aggregate cost of unscheduled absence in their financial statements.
- Recommendation 4: The Committee recommends, to the extent that work is not already taking place, that a central ACT Government agency be tasked with monitoring and analysing changes in leave liabilities and patterns on an agency-wide basis so that a complete ACT Public Service picture can be formed.
- Recommendation 5: The Committee recommends that the Legislative Assembly for the ACT notes the findings and recommendations of Auditor-General's Performance Audit Report No 5 of 2004: Leave Management.

As noted by the Committee, since the original presentation of the Audit Report and the Government's response, the implementation of the new whole of government Human Resource Management System ' Chris21' and establishment of the Shared Services Centre has occurred.

**Recommendation 1**: The Committee recommends that ACT Government Agencies should identify reasons for excessive leave accrual and, where appropriate, develop clearance strategies designed to suit their workforces.

**Agreed**

To assist agencies in identifying excessive leave accrual, Shared Services (Department of Treasury) provides to Agencies at the Branch level, monthly reports identifying employee leave entitlements.

Within the next Template Agreement specific clauses have been included regarding the management of leave credits within the ACT public sector. These clauses are: reduced annual leave liability, reduction of excess leave credits and the ability to 'cash out' annual leave under specified conditions.

**Recommendation 2**: The Committee recommends that the ACT Commissioner for Public Administration's *State of the Service Report* should report on the aggregate cost of unscheduled absence in the ACT Public Service.

**Agreed in principle**

Unscheduled leave, which is recorded against an employees 'Personal Leave' includes the provision of access to paid leave due to illness, for caring and bereavement purposes, and special leave in extraordinary and unforeseen circumstances. The Government considers these conditions are part of its commitment to appropriate work/life balance for employees.

It is currently possible to report on aggregated amounts for personal leave based on the above definition with respect to time lost for ACTPS agencies through the 'Chris21' system. This data will be incorporated in the 2006-07 Commissioner for Public Administration's *ACT Government Workforce Profile*, which replaces the previous *State of the Service Report.* The aggregate cost of unscheduled absence through personal leave may be able to be incorporated into the 2007-08 *ACT Government Workforce Profile*, subject to the development and testing of a reliable reporting tool by the Shared Service Centre.

**Recommendation 3**: The Committee recommends that the *Annual Reports (Government Agencies) Act 2004* and the *Chief Minister's Annual Report Directions* be revised to require ACT Government agencies to include in their annual reports, details of the number or percentage of working days lost each year to sickness or other types of unscheduled absence or to disclose the aggregate cost of unscheduled absence in their financial statements.

**Agreed in principle**

As outlined above (Recommendation 2) the Commissioner for Public Administration's *ACT Government Workforce Profile* will include reporting on unscheduled absences in the ACT Public Service. The Government will determine over the coming months whether it is also desirable to report this data in agencies annual reports for the 2007-08 annual reporting period. However, the Government is keen to avoid duplication of effort in reporting requirements.

**Recommendation 4**: The Committee recommends, to the extent that work is not already taking place, that a central ACT Government agency be tasked with monitoring and analysing changes in leave liabilities and patterns on an agency-wide basis so that a complete ACT Public Service picture can be formed.

**Agreed in principle**

Agencies are obliged to monitor leave liabilities and patterns within their agencies. Shared Services provides agencies with reports of leave usage. It is not practical to monitor centrally. However CMD is tasked with centrally analysing this data. Such analysis will be included in the Commissioner for Public Administration's ACT Government Workforce Profile.

**Recommendation 5**: The Committee recommends that the Legislative Assembly for the ACT notes the findings and recommendations of Auditor-General's Performance Audit Report No 5 of 2004: Leave Management.

**Noted**