2011

THE LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

GOVERNMENT RESPONSE

TO THE PUBLIC ACCOUNTS COMMITTEE REPORT NO. 18 -AUDITOR-GENERAL'S REPORT NO. 1 2010: PERFORMANCE REPORTING

Presented by
Katy Gallagher
Chief Minister

Tabled on 6 Dec 2011

Introduction

The Auditor-General's audit on Performance Reporting was conducted to provide assurances on the accuracy, relevance and completeness of the reporting of performance by selected public sector agencies to Government, the Legislative Assembly and the Community. The Auditor-General's report arising from this Audit was tabled in the Legislative Assembly on 13 April 2010 and referred to the Public Accounts Committee. The Public Accounts Committee's report was tabled in August 2011.

This Government Response addresses the recommendations of the Public Accounts Committee's review of the Auditor-General's report, the Government Submission, and further briefings from the Auditor-General. The Government has agreed with two recommendations, one in principle, three in part, and one recommendation has not been agreed.

Recommendation 1

The Committee recommends that the ACT Government ensure that all directorates and agencies make sure that recommendations of the Auditor-General are appropriately monitored and addressed under the new ACT Public Service Directorate Structure and 'One ACT Public Service' identity.

Government Response

Agreed

The Government has an established protocol for monitoring the implementation of agreed recommendations of the Auditor-General, which will continue under the new ACTPS Directorate Structure and 'one Act Public Service' identity. Reporting against Auditor-General reports is presented in the Annual Report of the Directorate with primary or lead responsibility.

Recommendation 2

The Committee recommends that the ACT Government ensure the continuity and completeness of performance reporting for all new and discontinued entities under the new ACT Public Service Directorate Structure and 'One ACT Public Service' identity.

Government Response

Agreed

The ACT Government will continue to provide consistent and complete presentation of performance reporting through the budget and annual reports whenever changes to administrative arrangements occur.

Recommendation 3

The Committee recommends that the requirements for reporting on Ecologically Sustainable Development (ESD), as specified in the Chief Minister's Annual Report Directions, should be expressed with an achievable target over a set timeframe.

Government Response

Agreed in Principle

The Environment and Sustainable Development Directorate (ESDD) will work with Chief Minister and Cabinet Directorate (CMCD) to review the reporting requirements in the Chief Minister's Annual Report Directions before the 2012-13 annual report period. This will include aligning the Directions with the ACT Government Carbon Neutral Framework. The Government is currently considering the Framework, including the question of targets.

Recommendation 4

The Committee recommends that the ACT Government table in the Legislative Assembly, by the first sitting day in October 2011, the Report of the Commissioner for Sustainability and the Environment—An audit assessment of ACT Government agencies' environmental reporting.

Government Response

Agreed-In-Part

The ACT Government agrees to tabling of the Report of the Commissioner for Sustainability and the Environment—An audit assessment of ACT Government agencies' environmental reporting. The report has been tabled with the Government response.

The Government has corresponded with the Standing Committee on Public Accounts and it has been agreed that consideration of tabling of the report be delayed until the Government response to the PAC report No. 18 has been tabled in the Legislative Assembly. This approach is consistent with agreed conventions. It was also agreed that responses to Recommendations 5 and 6 would be deferred on the same basis.

Recommendation 5

The Committee recommends that the ACT Government report to the ACT Legislative Assembly, by the last sitting day in October 2011, on the progress and effectiveness of the Government's implementation of the recommendations, made in Auditor-General's Report No. 3 of 2005: Reporting on Ecologically Sustainable Development, that were accepted either in-whole or in-part.

<u>**Government Response**</u>

Agreed-In-Part

The Chief Minister's Department annual report 2005-06 provided a response to Auditor-General's Report No. 3 of 2005: Reporting on Ecologically Sustainable Development. Annual reports are the mechanism by which actions taken by agencies to implement agreed recommendations of the Auditor-General are monitored and reported. It is therefore not proposed that a separate report be tabled in the Legislative Assembly.

The *Chief Minister's Annual Report Directions* have incorporated the recommendations of the Auditor-General's Report No.3 of 2005 on Ecologically Sustainable Development as recommended in the report. Measures of progress in ESD are contained in Annual Reports of directorates.

The ACT Government has made considerable progress since 2005 in development of ESD reporting requirements. This includes Triple Bottom Line reporting in Directorate annual reports and refinement of ESD annual report indicators.

Recommendation 6

The Committee recommends that the ACT Government report to the ACT Legislative Assembly, by the last sitting day in October 2011, on the progress and effectiveness of the Government's implementation of the recommendations, made in Auditor-General's Report No. 1 of 2010: Performance Reporting, that have been accepted either in-whole or in-part. This should include: (i) a summary of action to date, either completed or in progress (including milestones completed); and (ii) the proposed action (including timetable), for implementing recommendations, where action has not yet commenced.

<u>**Government Response**</u>

Agreed-In-Part

The progress of implementation and current status of recommendations are provided in the CMCD annual report 2009-10. This has been provided at <u>Attachment A</u>. Annual reports are the mechanism by which actions taken by agencies to implement agreed recommendations of the Auditor General are monitored and reported. It is therefore not proposed that a separate report be tabled in the Legislative Assembly.

Recommendation 7

The Committee recommends that pursuant to the intention of section 18 of the *Auditor-General Act 1996* the provision of comment on proposed cross-agency Audit reports should reside with the Chief Executives of each audited agency.

<u>Government Response</u>

Not Agreed

The Government does not agree with the Committee's interpretation of section 18 of the *Auditor-General Act 1996*. It is important that the Government provides a coordinated whole of government response to Auditor-General across-agency reports. This ensures consistency of implementation and integrated response to the Auditor-General's findings.

When appropriate, a coordinated response is provided to Auditor-General's reports with input from all audited ACT Government directorates. In practice, Directors-General provide input into the development of the whole of government response.

This approach also reflects the new structural arrangements and wider Head of Service responsibilities for the Director-General of the CMCD.

Attachment A

Extract from Chief Minister's Department Annual Report 2009-10

Nature of Inquiry/Report Title	Summary of Recommendations/Outcome of Inquiry	Summary of Response to the Outcome of Inquiry	Action to Date
ACT Auditor-General's Office, Performance Audit Report - Performance Reporting (April 2010)	Agencies should, wherever practicable, provide indicators of quality of services as well as quantity, for each output class.	Agreed in part. Agencies should consider both quality and quantity aspects when determining the most appropriate indicators to set. However, the Government does not support mandating both quality and quantity indicators (where practicable) for each output class as this could lead to a proliferation of indicators. A focus on a small number of key indicators is preferable to a large number of indicators which might provide little additional value in measuring the performance of an agency. The Government considers it better practice to allow agencies to choose the most useful key indicators rather than specifying the types of indicators required.	CMD reviews its indicators annually and as part of the process takes into account any guidance provided by the Department of Treasury and comments made by the Auditor-General's Office.
	Agencies should link their performance indicators in the Budget with their corporate objectives, and strategic and business plans.	Agreed. Performance indicators should be linked to corporate objectives and strategic business plans wherever relevant and appropriate.	CMD's Corporate and Business Plans are linked to the Budget Papers including the performance indicators.
	Departments should seek to integrate the performance indicators with the decision - making process to: • use the performance information activities; • assess whether key organisational objectives are being met; and • take timely action to meet performance targets and business objectives.	Agreed. This is already done to a large extent.	Performance Indicators are included as priority actions in Business Plans. Progress against these indicators is assessed on a quarterly basis.

	CMD should improve the usefulness of its accountability indicators by adding appropriate targets, timeliness and quality measures.	Agreed in part. CMD regularly reviews its performance indicators to ensure that the most useful, relevant and up-to-date information is being provided. Given that the Audit Report does not provide detail on the methodology used to assess clarity and usefulness, it is difficult to respond in full, but, the Report rightly notes the difficulty in providing indicators for a policy-oriented department.	CMD reviews its indicators annually and as part of the process takes into account any guidance provided by the Department of treasury and comments made by the Auditor-General's Office.
	Departments should establish strategic indicators in line with Treasury's guidelines, linking the strategic indicators to outcomes, and not merely describing activities.	Agreed. Agency strategic indicators are reviewed annually and developed in line with Treasury's guidelines.	CMD's strategic indicators are reviewed annually as part of the budget process, taking into account Treasury's guidelines.
	Agencies should report in subsequent years on the outcomes of significant activities for which undertakings were made in the previous Annual Report.	Agreed. The Audit has confirmed that this is presently being undertaken in the majority of cases.	Will continue to be included in future Annual Reports.
	a. CMD should seek to establish simple and cost-effective set of performance measures and targets for ecologically sustainable development (ESD). b. CMD should improve consistency in the guidance on completing the ESD section of the Annual Report. c. All agencies should complete the ESD section of their Annual Report in the format recommended by the Annual Report guidelines. d. Relevant agencies should include discussions on how they use the ESD indicators in implementing government sustainability policies and objectives.	Agreed in part. CMD will, in conjunction with the Department of Environment, Climate Change, Energy and Water (DECCEW), undertake a review of existing ESD indicators and related requirements in the Annual Report Directions.	Liaison between CMD and DECCEW on ESD reporting in the Annual report Directions is ongoing.