

Report to the Public Accounts Committee

Performance Audit Recommendations Observations (2024) - Summary Report

February 2025

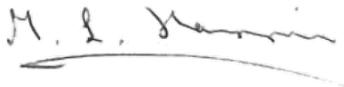
The Chair
Public Accounts and Administration Committee
ACT Legislative Assembly
Civic Square, London Circuit
CANBERRA ACT 2601

Dear Chair

I am pleased to provide you with a *Performance Audit Recommendations Observations Summary Report* for 2024. The purpose of this document is to report my observations on agencies' reporting of progress in the implementation of recommendations made in performance audit reports.

I would be happy to discuss further as necessary.

Yours sincerely



Michael Harris
Auditor-General
7 February 2025

The ACT Audit Office acknowledges the Ngunnawal people as traditional custodians of the ACT and recognises any other people or families with connection to the lands of the ACT and region. The Office acknowledges and respects their continuing culture and the contribution they make to the life of this city and this region.

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Agencies' reporting and accountability obligations

Background

The *Auditor-General Act 1996* (the AG Act) outlines the Auditor-General's responsibilities. Subsection 17(1) of the AG Act allows the Auditor-General to 'at any time prepare a report for the Legislative Assembly on any matter arising in connection with the exercise of the auditor-general's functions'. Paragraph 17(3)(c) allows for such reports to include recommendations.

Government response

Subsection 21(1) of the AG Act requires the Minister to prepare a written response within four months of a report being presented to the Legislative Assembly under section 17 of the AG Act.

2017 CMTEDD Guidelines

In 2017 the ACT Government prepared *Guidelines for responding to performance audit reports by the Auditor-General* (the Guidelines).¹ The Guidelines 'are intended to facilitate timely and thorough consideration of, and response to, recommendations made by the Auditor-General'.

The Guidelines outline the process for preparing a Government response to a performance audit report. This requirement replaced the practice of agencies indicating their agreement or otherwise with recommendations at the time of finalisation and tabling of a performance audit report and this information being included in the report itself.

The Guidelines state 'the Government's response should ... clearly articulate the government's position in relation to each recommendation/finding' and that 'the Government position should be clearly articulated and defensible, particularly where it is proposed not to support a particular issue'. The Guidelines note that responses to a given recommendation may fall within one of the following four categories:

- a) **Agreed** – *relevant details of the proposed implementation strategy should be included with the response.*
- b) **Agreed-in-principle** – *this may be appropriate where the government generally supports a finding or policy approach, but does not necessarily agree with particular specifications in the report.*
- c) **Not agreed** – *a detailed explanation should be included whenever a position of 'not agreed' is proposed. It may be appropriate to offer alternative solutions / approaches.*
- d) **Noted** – *this may be appropriate where the government considers no specific action or response is necessary.*

¹ http://www.cmd.act.gov.au/data/assets/pdf_file/0004/851476/Auditor-General-Guidelines-January-2017.pdf

Reporting on the progress of the implementation of agreed recommendations

Part 2 of the *Annual Reports (Government Agencies) Act 2004* (the Annual Reports Act) outlines requirements for the preparation of annual reports.

Section 8 of the Annual Reports Act requires the Chief Minister to make directions to set the form and content of annual reports.

On 8 April 2024 the Chief Minister issued the *Annual Reports (Government Agencies) Directions 2024 (Notifiable Instrument NI2024-175)* (Annual Report Directions).² The Annual Report Directions set out the content to be included in an annual report.

The Annual Report Directions require reporting entities to:

... report on progress during the reporting year in relation to undertakings made in reports that are produced by reporting entities charged with responsibility for scrutiny, including the Auditor-General, ACT Ombudsman, Legislative Assembly Committees, and Integrity Commission reports.

The Annual Report Directions further state:

Reporting entities must provide a summary of actions taken in relation to those recommendations relevant to the directorate/public sector body that the Government has agreed to (including agreement in principle and agreement in part) during the reporting year.

The Annual Report Directions require reporting entities to include a table, which shows:

- the recommendation number and summary of the recommendation;
- the action taken during the reporting year; and
- the status at the end of the reporting year – ‘complete’ / ‘no longer required’ / ‘in progress’.

The Annual Report Directions state:

For actions with a status ‘no longer required’, a brief explanation should be provided (e.g. overtaken by events or change in policy). For actions with a status ‘in progress’, provide a brief summary of actions that are outstanding, agreed timeframe for completion (where applicable) and progress to date against the timeframe.

The Annual Report Directions state:

If a Government response, in agreeing to a given recommendation, indicates that implementation is already complete, the recommendation does not need to appear in the annual report as the Government has not committed to undertake further action.

² [Annual Reports \(Government Agencies\) Directions 2023 | HTML view \(act.gov.au\)](#)

Review methodology

This review considered agencies' reporting on the implementation of recommendations from performance audits tabled in the ACT Legislative Assembly since 2021. The review considered how the implementation of recommendations has been reported in agencies' relevant reports.

This review follows a similar review that was conducted and reported on in December 2022 and November 2023.

Observations on recommendations from performance audit reports tabled since 2021 have been made in separate appendices to this Summary Report, i.e. reports tabled in 2021 are considered in one appendix, reports tabled in 2022 are considered in another etc.

Performance audit reports considered

The report includes information on the recommendations of the following performance audit reports tabled since 2021.

Reports tabled in 2021:

- *Land Management Agreements – Report No.1 / 2021*
- *Total Facilities Management Contract Implementation – Report No.2 / 2021*
- *Court Transport Unit vehicle – Romeo 5 – Report No.3 / 2021*
- *ACT Government Vehicle emissions reduction activities – Report No.4 / 2021*
- *Management of Closed-Circuit Television Systems – Report No.5 / 2021*
- *Teaching Quality in ACT Public Schools – Report No.6 / 2021*
- *Procurement Exemptions and Value for Money – No.7 / 2021*
- *Canberra Light Rail Stage 2A: Economic Analysis – No.8 / 2021*
- *Digital Records Management – No.11 / 2021*
- *Campbell Primary School Modernisation Project Procurement – No.13 / 2021*

Reports tabled in 2022:

- *Management of Detainee Mental Health Services in the Alexander Maconochie Centre – Report No.1 / 2022*
- *Fraud Prevention – Report No.2 / 2022*
- *ACT Taxi Subsidy Scheme – Report No. 3 / 2022*
- *Governance arrangements for the planning of services for Parkwood, Ginninderry – Report No.4 / 2022*
- *Procurement and contracting activities for the Acton Waterfront Project – Report No. 5 / 2022*

- *ACT Childhood Healthy Eating and Active Living Programs – Report No. 7 / 2022*

Reports tabled in 2023:

- *Construction Occupations Licensing – Report No. 1 / 2023*
- *Management of Operation Reboot (Outpatients) – Report No. 2 / 2023*
- *Financial Management Services for Protected Persons – Report No. 3 / 2023*
- *Procurement of A Hybrid Electric Fire Truck – Report No. 4 / 2023*
- *Activities of the Government Procurement Board – Report No. 5 / 2023*
- *Implementation of the ACT Aboriginal and Torres Strait Islander Agreement – Report No. 6 / 2023*
- *Supports for Students with Disability in ACT Public Schools – Report No. 8 / 2023*
- *Human Resources Information Management System (HRIMS) Program – Report No. 10 / 2023*

Reports tabled in 2024 (up to June 2024):

- *Urban Tree Management – Report No. 1 / 2024*
- *Management of Key Contracts Under A Step Up For Our Kids – Report No. 2 / 2024*
- *Management of the Growing and Renewing Public Housing Program – Report No. 3 / 2024*
- *Planning and Delivery of Services for Young People with Moderate to Severe Mental Illness – Report No. 4 / 2024*
- *Management and Oversight of ACT Policing Services – Report No. 5 / 2024*

Information shown

The purpose of review is to provide the Public Accounts and Administration Committee with information on:

- agencies' reporting of progress in the implementation of recommendations made in performance audit reports; and
- the transparency with which this information is conveyed.

Observations made in this document should not be taken as assurance as to whether the response being implemented by the agency is effective.

For each performance audit report considered as part of this review, the following information is captured:

- a brief summary of the performance audit; and
- a table showing:
 - each recommendation;

- the ACT Government response to the recommendation, including:
 - Reported Status, i.e. Agreed, Agreed-in-principle, Not agreed or Noted;
- the agency’s reporting of progress on the implementation of the recommendation in relevant annual reports, including:
 - Last Reported Status, i.e. Complete, In-progress or Not reported; and
- observations on the agency’s reporting of progress on the implementation of the recommendation.

Each performance audit recommendation is reported and commented on until it has been identified as Complete. For example, a recommendation made in 2021 may have been identified as ‘In-progress’ in the agency’s *2021-22 Annual Report* and ‘Complete’ in the agency’s *2022-23 Annual Report*. Observations are made on the reporting up to the *2022-23 Annual Report*, as there is no expectation that the agency would have reported on the recommendation in its *2023-24 Annual Report*.

For all of the audits tabled in the first half of 2024, up to June 2024, the ACT Government response had been prepared and tabled. For only one of these audits (tabled in February 2024) was there reporting on progress on the implementation of the recommendations. For the rest of the audits (tabled since April 2024) there was no reporting on the implementation of the recommendations. In this respect it is noted that the ACT Government response was not tabled until August 2024 or later.

Observations on ACT Government responses to recommendations

Summary of recommendations

There have been 189 recommendations made in performance audit reports since 2021. The following table shows how the recommendations have been responded to.

	2021	2022	2023	2024	Total
Agreed	36	27	53	28	144
Agreed-in principle	9	16	13	1	39
Not agreed	1	1	0	0	2
Noted	2	2	0	0	4
Total	48	46	66	29	189

The table shows:

- the majority of recommendations have been Agreed (76 percent); and
- a smaller proportion have been Agreed-in-principle (21 percent).

Only two recommendations been identified as Not agreed and only four have been Noted. This has not occurred since 2022.

Observations on recommendations

A number of issues have emerged from the analysis of agencies' reporting on the implementation of performance audit report recommendations. These are listed below and then discussed in more detail:

- lack of specificity in the ACT Government response to recommendations;
- information on timeframes for implementation
- non-reporting by agencies of progress implementing the recommendations;
- lack of information on action(s) taken in relation to recommendations; and
- inconsistent and unclear reporting on the implementation of recommendations.

Lack of specificity in the ACT Government response to a recommendation

The Guidelines state:

The Government's response should clearly articulate the government's position in relation to each recommendation / finding.

In a number of instances, the ACT Government response did not clearly articulate the government's position in relation to the recommendations.

This has contrasted with other audit reports for which a response has been clear and detailed, e.g. the ACT Government response to *Urban Tree Management – Report No. 1 / 2024*.

Information on timeframes for implementation

For some reports the ACT Government response identified timeframes for implementation, e.g. *Planning and Delivery of Services for Young People with Moderate to Severe Mental Illness – Report No. 4 / 2024*.

This is a good practice that should be adopted more widely, as it promotes transparency and accountability.

In some instances an indication of timeframes for completion has also been observed with respect to agencies' reporting on progress in their annual reports.

Non-reporting by agencies of progress implementing the recommendations

The Annual Report Directions require reporting entities to include a table, which shows:

- the recommendation number and summary of the recommendation;
- the action taken during the reporting year; and
- the status at the end of the reporting year – ‘complete’ / ‘no longer required’ / ‘in progress’.

A number of instances were identified where agencies did not report progress on actions in relation to the recommendations.

This is problematic where a recommendation has been identified as ‘Agreed’ but there has been no reporting of its implementation in annual reports.

In some instances the ACT Government response has identified the recommendation as Agreed-in-principle or Noted along with actions that are being taken in relation to either the recommendation, or the issues or risks that are intended to be addressed by the recommendation. Better practice would be to report on the actions being taken or the issues or risks that are intended to be addressed by the recommendation.

Lack of information on action(s) taken in relation to recommendations

In some instances an ACT Government agency has provided a very brief description of action(s) taken in relation to the recommendation or simply reported it as ‘Complete’ with no further information or explanation.

This is not necessarily problematic if the recommendation is simple, or the ACT Government response is clear and direct in how the recommendation is to be actioned. In circumstances such as this a brief reporting of progress may be sufficient. In all other instances this does not promote transparency and accountability.

Inconsistent and unclear reporting on the implementation of recommendations

The appendices to this Summary Report outline the Audit Office’s observations with respect to agencies’ reporting on the implementation of the recommendations. There were some examples of clear and easily understandable reporting by agencies, and other examples where the actions taken in response to a recommendation was ambiguous and unclear. These have been highlighted and commented on where appropriate.