

2018

**THE LEGISLATIVE ASSEMBLY FOR THE
AUSTRALIAN CAPITAL TERRITORY**

Government Response to the Auditor-General's Report 2/2018

ACT Government strategic and accountability indicators

**Presented by
Mr Andrew Barr MLA
Chief Minister**

Auditor-General's Report and Government Response.

The Auditor-General's Report (the Report) provides findings and opinions resulting from a performance audit into the "effectiveness of territory entities' strategic and accountability indicators in ensuring agencies' performance". The audit considered all strategic and accountability indicators, totalling 760 unique indicators, of all entities required to report on their performance under section 30A of the *Financial Management Act 1996*. The appendices to the Report include a list of all 27 audited entities.

The Auditor-General presented the Report to the Speaker on 1 February 2018.

The overall conclusion of the Report highlights that the Government's current *Performance and Accountability Framework* (the Framework) needs to be refreshed. Further commentary in the conclusion covers the relevance and appropriateness of strategic and accountability indicators, and flow-on implications for the Government's overall reporting and accountability processes.

The Report makes a total of five recommendations, the first of which specifically calls for an update of the Framework. Noting the Report's overall conclusion, the Government agrees to this recommendation, and considers it central to the consideration of the other four recommendations:

- Two recommendations are agreed in principle. The two recommendations calling for improved indicators are not linked to an updated Framework, however the Government considers that a review of indicators would be best informed once updated guidance material is available to base the review upon.
- The final two recommendations are agreed. Entities will be able to use the updated material to inform their use of the assessment criteria, and documentation of their procedures.

Government Response to Audit Report 2/2018 – Strategic and Accountability Indicators

Audit Recommendation	Government Response
<p>Recommendation 1: The Chief Minister, Treasury and Economic Development Directorate should update the <i>Performance and Accountability Framework</i> in a timely manner (around eighteen months). At a minimum this should include:</p> <ul style="list-style-type: none"> a) identifying and documenting the replacement for the <i>Canberra Plan</i> and removing references to the <i>Canberra Plan</i>; b) reflecting amendments to the <i>Financial Management Act 1996</i> in relation to Section 30E, regarding timeframes for Ministerial half-yearly reports and Financial Management (Statement of Performance Scrutiny) Guidelines; c) linking the <i>Guide to the Performance Management Framework (2012)</i>, <i>Strengthening Performance and Accountability: A Framework for the ACT Government (2011)</i> and <i>Organisational Performance Measurement and Reporting Guide (2013)</i> on the Chief Minister, Treasury and Economic Development Directorate webpages and making the relationship between the documents explicit; d) reviewing and consolidating guidance documents to remove duplication and inconsistencies (<i>Guide to the Performance Management Framework (2012)</i>, <i>Strengthening Performance and Accountability: A Framework for the ACT Government (2011)</i> and <i>Organisational Performance Measurement and Reporting Guide (2013)</i>); e) reducing the criteria for accountability and strategic indicators and clarifying the definitions for each criterion in the <i>Guide to the Performance Management Framework (2012)</i>; f) developing the equivalent of the <i>Measuring our Progress</i> website; g) after completing a) through to e) analyse the coverage of all Territory entities performance indicators to identify gaps. If there is a gap request the relevant Territory entity to develop an indicator; and h) coordinate the overall implementation of the revised Performance and Accountability Framework based on a) to g). 	<p>Agreed.</p> <p>The Government will review existing guidance documents relating to government strategic priorities and performance indicators, with updated material to be released by the end of the 2018 calendar year.</p>
<p>Recommendation 2: Strategic indicators should be improved by:</p> <ul style="list-style-type: none"> a) the Territory Banking Account, Chief Minister, Treasury and Economic Development Directorate, Community Services Directorate, Environment, Planning and Sustainable Development Directorate, Health Directorate, Housing ACT, Justice and Community Safety Directorate, Lifetime Care and Support, Superannuation Provision Account, ACT Gambling and 	<p>Agreed in principle.</p> <p>Existing indicators will be reviewed in line with updated guidance material once it has been released. Amended indicators will be phased in from the 2019-20 Budget.</p>

<p>Racing Commission and Canberra Institute of Technology removing or amending strategic indicators so they fully meet the criterion of <i>Representative</i>. Territory entities whose strategic indicators cannot meet the strategic criterion of <i>Representative</i> because they relate to whole of government functions should explain how indicators support achievement of Government priorities through commentary;</p> <p>b) the Chief Minister, Treasury and Economic Development Directorate, Housing ACT, Transport Canberra and City Services and the Environment, Planning and Sustainable Development Directorate amending strategic indicators so they meet the <i>Clarity</i> criterion;</p> <p>c) the Environment, Planning and Sustainable Development Directorate, Cultural Facilities Corporation, Territory Banking Account, Chief Minister, Treasury and Economic Development Directorate, Transport Canberra and City Services, ACT Gambling and Racing Commission and ACT Legal Aid Commission amending strategic indicators so they meet the <i>Quantifiable</i> criterion. Territory entities whose strategic indicators cannot meet the strategic criterion of <i>Quantifiable</i> through supporting quantitative data should use qualitative data that can be assessed and is explained through commentary; and</p> <p>d) the Chief Minister, Treasury and Economic Development Directorate developing strategic indicators for all of its strategic objectives to meet the criteria of <i>Representative, Responsive, Quantifiable, Clarity</i> and <i>Comparable</i>.</p>	
<p>Recommendation 3: Accountability indicators should be improved by:</p> <p>a) the Chief Minister, Treasury and Economic Development Directorate, Justice and Community Safety Directorate, Superannuation Provision Account, Transport Canberra and City Services, ACT Building and Construction Industry Training Fund Authority and the Public Trustee and Guardian amending accountability indicators so they fully meet the criterion of <i>Representative</i>;</p> <p>b) the ACT Local Hospital Network, Chief Minister, Treasury and Economic Development Directorate, Community Services Directorate, Education Directorate, Environment, Planning and Sustainable Development Directorate, Health Directorate, Transport Canberra and City Services, Compulsory Third Party Insurance, Gambling and Racing Commission, ACT Insurance Authority and the Public Trustee and Guardian amending accountability indicators so they meet the criterion of <i>Clarity</i>; and</p> <p>c) ACTION, Chief Minister, Treasury and Economic Development Directorate, Justice and Community</p>	<p>Agreed in principle.</p> <p>Existing indicators will be reviewed in line with updated guidance material once it has been released. Amended indicators will be phased in from the 2019-20 Budget.</p>

<p>Safety Directorate, ACT Building and Construction Industry Training Fund Authority, ACT Insurance Authority, Public Cemeteries and the Public Trustee and Guardian considering the extent to which accountability indicators meet the criterion of <i>External Focus</i> and amending indicators to meet the criterion as necessary.</p>	
<p>Recommendation 4: All Territory entities should document their procedure for the review, selection and approval of strategic and accountability indicators (the Transport Canberra and City Services Directorate and ACTION documented procedures could be used as a guide). The procedures should include:</p> <ul style="list-style-type: none"> a) specifying a time (e.g. three years or when circumstances change) for reviewing and assessing all accountability indicators against performance indicators used by government agencies for similar services in other jurisdictions; and b) engaging with other Territory entities to identify better practices used in the Territory. 	<p>Agreed.</p> <p>The updated guidance material will include a requirement that entities document their procedures for the review, selection and approval of relevant indicators.</p> <p>Entities will be required to specify a timeframe for the review and assessment of indicators, and appropriate procedures for engagement with other entities on identification of better practices.</p>
<p>Recommendation 5: When Recommendation 1 a) to e) are complete, all Territory Entities should use the revised criteria as the basis for assessing the suitability of their Strategic and Accountability indicators.</p>	<p>Agreed.</p> <p>The updated guidance material will provide clear direction for entities in reviewing, selecting and approving relevant indicators. Entities will be required to make full use of the assessment criteria defined within the updated guidance material.</p>