

RECOMMENDATIONS

The Committee recommends that:

- Recommendation 1:** The Auditor-General expedite the development of quantifiable measures of the impacts of his reports and recommendations on audited departments and agencies. 26
- Recommendation 2:** The Government revisits the rejected recommendations from the Report on the 2006-07 Financial and Performance Outcomes when preparing its response to the Report on the 2007-08 Financial and Performance Outcomes. 28
- Recommendation 3:** The Department of Treasury and Finance develop a revenue master plan that will promote the generation of revenue for the State at levels that will enable the Government to deliver on its budget commitments over the forward estimates period. 51
- Recommendation 4:** As the Government's end of year Financial Report for the State of Victoria constitutes the Government's key accountability document for the management and stewardship of the State's finances, the Department of Treasury and Finance consider including a comparative analysis of actual revenue results for the General Government Sector compared to both the latest estimate during a financial year and the outcome for the previous financial year. 53
- Recommendation 5:** The Department of Treasury and Finance, as part of its financial strategy to provide full disclosure of financial information, report the quantum of actual tax relief provided during the year against the planned initiatives announced in the budget. 58
- Recommendation 6:** The Victorian Managed Insurance Authority include, within its forward risk management program, guidance and training for public sector entities to assist their management of statewide and inter-agency risks. 73
- Recommendation 7:** Departments establish knowledge management processes and systems that facilitate the sharing of expert knowledge and lessons learnt in the planning and timing of major infrastructure projects. This is essential in the planning stages of a project. 79

- Recommendation 8:** The Department of Treasury and Finance review the practice of conservative estimation of funding requirements and timing of major infrastructure projects and develop or revise guidelines for departments on best practice principles. 80
- Recommendation 9:** The Department of Education and Early Childhood Development examine appropriate means to provide the Committee with more accurate and detailed staff cost information in future years. 105
- Recommendation 10:** The Department of Treasury and Finance consider amending the financial reporting disclosure requirements for government departments in regard to annual performance bonuses paid to executives to include a minimum of three years of data showing the number of executives eligible for a performance bonus, the number of executives awarded a performance bonus, and the total value of executive performance bonuses paid. 111
- Recommendation 11:** Departments detail the milestones used and service delivery achieved as part of reporting of procurement contracts in annual reports. 127
- Recommendation 12:** Departments and agencies ensure staff responsible for authorising and managing procurement attend relevant courses offered by the Procurement and Contracting Centre for Education and Research, or similar, and that staff with these responsibilities receive accreditation for the training. 135
- Recommendation 13:** South East Water develop accounting requirements for grant projects which grant applicants must address in the application process. 143
- Recommendation 14:** The Department of Education and Early Childhood Development publicly report, on an annual basis, the itemised details of grants made to non-government schools. 144
- Recommendation 15:** To enhance public accountability, government departments and agencies disclose in their annual reports, all grant payments as per the Department of Innovation, Industry and Regional Development Annual Report, Appendix 13. 153

Recommendation 16:	The Department of Premier and Cabinet and the Department of Planning and Community Development ensure that reporting systems are in place for future years that disaggregate efficiency savings so that a fuller, transparent reporting of savings under the Efficient Government Policy (\$447 million target over four years) can be achieved.	163
Recommendation 17:	The Government Services Group within the Department of Treasury and Finance issue, as part of its advisory functions, guidance material to departments to assist their voluntary reporting to Parliament in annual reports on their performance in achieving savings targets.	165
Recommendation 18:	The Auditor-General examine the effectiveness of strategies employed by central government and departments in the attainment of savings targets under the government’s savings program.	165
Recommendation 19:	The Department of Innovation, Industry and Regional Development disclose, in future annual reports, progress made towards achieving the outcome targets identified in the Seizing Global Opportunities strategy, including information on the estimated contribution of strategy reforms to the State’s 2015 export target.	180
Recommendation 20:	The Department of Education and Early Childhood Development continue to improve kindergarten participation rate and Year 5 students’ numeracy proficiency to meet/exceed set targets.	181
Recommendation 21:	When reporting outcome achievements, departments include details of performance measures and targets for each program outcome that demonstrates effectiveness of service delivery. Performance measures and targets also be identifiable in the State budget paper.	189
Recommendation 22:	The Department of Planning and Community Development review the number of its output performance targets identified in Budget Paper No. 3.	210
Recommendation 23:	The Department of Innovation, Industry and Regional Development disclose both qualitative and quantitative outcomes achieved under the Investment Support Program, together with explanations in relation to material actual to target variations in future Annual Reports.	231

- Recommendation 24:** In view of the many targets which were significantly exceeded in 2007-08, the Department of Innovation, Industry and Regional Development consider putting in place a more rigorous target setting process to generate more meaningful (realistic and stretch) performance targets. 232
- Recommendation 25:** In line with best practice for public accountability, the Department of Premier and Cabinet disclose output costs, together with explanations to material actual to target variations in future Annual Reports. 248
- Recommendation 26:** The Department of Justice report office-based energy use for all staff and all locations in its 2008-09 Annual Report. 263
- Recommendation 27:** The Department of Treasury and Finance revise FRD 24C to require mandatory disclosure of papers used in publications and percentage of publications available electronically. 269
- Recommendation 28:** The Department of Treasury and Finance and the Department of Sustainability and Environment, collaborate to develop guidelines to enable departments to report the costs and savings associated with their office-based environmental activities. 282
- Recommendation 29:** Future Annual Reports of Operations disclose all the mandatory information in accordance with FRD 24C, including segment data, future targets and performance trends. 284
- Recommendation 30:** The Department of Treasury and Finance and the Environment Protection Authority revise the FRD guidance and provide clearer directions to implementation of FRD 24C. 284
- Recommendation 31:** The Department of Treasury and Finance and the Environment Protection Authority incorporate the Commissioner for Environmental Sustainability's recommendations in revising FRD 24C and related guidance. 284
- Recommendation 32:** Where there is a change in previous year's reporting method, previous year's comparative data be amended and presented in accordance with current year's reporting method. 284

- Recommendation 33:** To address the possibility of critical shortages of general practitioners in regional and rural Victoria, the Department of Human Services prepare a progress report and long-term plan which covers the recruitment of an adequate number of doctors to meet the health requirements of rural Victorians into the future. 287
- Recommendation 34:** After a sufficient lead time has elapsed, the Department of Human Services evaluate the effectiveness of the initiatives aimed at promoting the wellbeing of young people in rural Victoria in terms of access to dental, sexual health and mental health services. 290
- Recommendation 35:** The Department of Innovation, Industry and Regional Development, and Regional Development Victoria develop a clear, useful and concise means for reporting financial information associated with Moving Forward: Making Provincial Victoria the Best Place to Live, Work and Invest. 291
- Recommendation 36:** For the purpose of analysing payroll information, the Department of Education and Early Childhood Development consider introducing a payroll system that enables historical data for individual payrolls to be retained and provides a breakdown of payroll details by location. 297
- Recommendation 37:** The Government prepare an evaluative study of the effectiveness of its current \$400 million drought relief package. 298
- Recommendation 38:** Given that a key policy platform of the Government is to stimulate the economy and the role that small businesses play as a driver of the economy, the Department of Innovation, Industry and Regional Development develop a suite of performance measures that relate specifically to the effectiveness of small business programs in terms of the skilling of small business operators and the generation of jobs, exports, investment and innovation. 311
- Recommendation 39:** For the purpose of enhancing the concept of continuous improvement across agencies, the Department of Innovation, Industry and Regional Development examine whether there is scope for making its targets more challenging based on past performance. 311

- Recommendation 40:** The Department of Innovation, Industry and Regional Development gather information covering the small business sector which stratifies the number of jobs created by firm size and per sector/industry in each year. 311
- Recommendation 41:** In relation to the establishment of Technical Education Centres for senior secondary students, the Department of Innovation, Industry and Regional Development take action to enable capital works to be completed in accordance with planned milestones. 315
- Recommendation 42:** To maximise student employment outcomes, the Department of Innovation, Industry and Regional Development explore avenues for increasing the employment of graduates from the vocational education and training system who were not employed before training. 315
- Recommendation 43:** The Department of Human Services ensure that outpatient data covering waiting list numbers and times is maintained and disclosed in its report on Victoria's public hospitals. To provide a complete picture of outpatient encounter trends for all outpatient activity, this information include data on the whole system including specialist appointments in non-Victorian Ambulatory Classification System hospitals and allied health services. 330
- Recommendation 44:** The Department of Human Services publish details relating to hospital initiated postponements of elective surgery in all patient categories, including Category 1 urgent patients. 336
- Recommendation 45:** Examples of best practice initiatives or strategies employed in reducing hospital initiated postponements of elective surgery be applied by those health services exhibiting significant increases in the number of postponements. 336
- Recommendation 46:** In terms of keeping track of performance against deliverable targets for funding that has been provided over the forward estimates period, the Government disclose, on a progressive basis, how it has performed in terms providing 1,500 Division 2 nursing and 420 allied health training places for the \$5.8 million provided over the four year period to 2010-11. 337

- Recommendation 47:** To minimise any risks to patients due to untimely procurement processes, the Department of Human Services strive to ensure that medical equipment of a specialised nature is acquired in line with expected timelines. Forward order contracts could incorporate commercial terms for risks, penalties and incentives for timely delivery and commissioning. 339
- Recommendation 48:** In the event of delays occurring in the procurement process resulting in medical equipment not being acquired when planned, the Department of Human Services evaluate the risk of such equipment not being supplied on time in terms of patient health outcomes and develop contingency plans to address such risks. 339
- Recommendation 49:** With a view to addressing allied health workforce shortages, the Department of Human Services develop a human resource recruitment strategy aimed at filling vacancies in community health centres. 340
- Recommendation 50:** In order for the Department of Education and Early Childhood Development to assess whether the extent of incidents or complaints about children’s services in a given year is excessive, thereby calling for policy shifts to occur or procedures to be amended, the Department monitor performance against appropriate benchmarks in this area. 353
- Recommendation 51:** The Department of Education and Early Childhood Development publish a consolidated report card that discloses the impact that its strategies, aimed at encouraging healthy eating and physical activity among Victorian school students, have had on reducing the extent of young people (in Years 6 and 8) who are overweight or obese. 359
- Recommendation 52:** The Department of Education and Early Childhood Development publish a report that discloses the impact that initiatives have had on addressing depression among Years 6 and 8 students. 364
- Recommendation 53:** The Department of Education and Early Childhood Development ensure that future reporting of the target to reduce energy consumption per square metre by 20 per cent of 1999-2000 consumption by 30 June 2010, allows for meaningful comparison with the 1999-2000 data, notwithstanding the machinery of government changes which have impacted the Department since this time. 380

- Recommendation 54:** All departments prepare regular, detailed progress reports for major infrastructure initiatives. Progress reports should, wherever possible, include information about performance in relation to major milestones and targets. 384
- Recommendation 55:** The Department of Sustainability and Environment provide detailed, comprehensive information on the development and implementation of each of the four Regional Sustainable Water Strategies, including timelines for completion and major implementation milestones. 386
- Recommendation 56:** The Department of Sustainability and Environment co-ordinate the various water management agencies in Victoria to develop a targeted program of ecological risk assessments for the States ‘at risk’ waterways. 389
- Recommendation 57:** The Department of Sustainability and Environment, in conjunction with the Department of Education and Early Childhood Development, take steps to encourage greater participation by private schools in the Schools Water Efficiency program. 392
- Recommendation 58:** Victoria Police further develop and enhance the performance measures in future planning and strategic documentation to include demographic comparators and qualitative information. 397
- Recommendation 59:** Victoria Police provide more detailed information, in its annual report, on priority issues and programs in line with the comprehensive responses provided in response to Committee questions. 400
- Recommendation 60:** Victoria Police and the Department of Justice consider using, on a systematic basis, targets and reporting based on the number of crimes per 100,000 population. 402
- Recommendation 61:** Budget paper performance output measures identify separate targets for the crimes making up the category of crimes against the person. 402
- Recommendation 62:** The Department of Justice review the effectiveness of drug control programs for offenders serving community-based orders. 410

- Recommendation 63:** **The Department of Planning and Community Development review its grant reporting practices and implement enhanced reporting that will provide the public with greater detail, transparency and accountability for its community development work.** **425**
- Recommendation 64:** **The Department of Education and Early Childhood Development improve its survey process to provide more robust and reliable data for annual reporting purposes with regards to the delivery of early childhood intervention services.** **430**
- Recommendation 65:** **The Department of Premier and Cabinet disclose in its annual report, outcomes associated with the Community Cabinet program in terms of informing decision-making and influencing policy formulation.** **434**
- Recommendation 66:** **The Department of Premier and Cabinet consider including a new performance measure and target in the budget papers relating to the numbers of meetings to be held as part of the visits conducted by the Department of Premier and Cabinet under the Community Cabinet program.** **434**
- Recommendation 67:** **To enhance accountability, health services disclose as part of their activity performance reporting regime, information relating to targets, where applicable, and prior year figures.** **436**
- Recommendation 68:** **Hospitals and the Department of Human Services examine whether processes need to be refined for hospitals that did not achieve a breakeven financial outcome for 2007-08.** **438**
- Recommendation 69:** **The Department of Treasury and Finance require agencies to disclose details relating to internal audit activity in their annual reports, together with the status of action taken by agencies pertaining to the implementation of internal audit recommendations.** **442**
- Recommendation 70:** **All government agencies identify and report against the full range of performance indicators adopted to monitor Occupational Health and Safety matters as per the requirements of FRD 22B. The Department of Justice Annual Report 2007-08 Appendix G provides an excellent example of the type of clear and detailed response to this requirement the Committee expects to see.** **454**

- Recommendation 71:** All departments and government agencies identify and report individually on each consultancy arrangement greater than \$100,000 as per the requirements of FRD 22B. The Department of Human Services Annual Report 2007-08 page 170 provides an excellent example of the type of clear and detailed response to this requirement the Committee expects to see. 455
- Recommendation 72:** All government agencies annually review their reporting responsibilities in relation to the Financial Management Act 1994, the Standing Directions and Financial Reporting Directions of the Minister for Finance, and put in place controls to ensure that all relevant requirements are addressed fully. The Victorian Auditor-General’s Office Annual Report 2007-08, page 41-44, provides an excellent example for all smaller government organisations on how to present workforce data. 455
- Recommendation 73:** Government departments and agencies integrate output performance data and details of performance outcomes within Report of Operations chapters based on high level goals and objectives or Growing Victoria Together visions in their 2008-09 annual reports. The Department of Education and Early Childhood Development Annual Report 2007-08 provides an excellent example of this approach. 456
- Recommendation 74:** The Minister for Finance further develop the Financial Reporting Directions to enhance the quality and consistency of performance reporting in annual reports including: (a) a requirement to report detailed performance outcomes linked to corporate objectives and performance measures, and Growing Victoria Together; (b) the inclusion of three years of historical performance data in all reporting (where available); and (c) guidelines for the incorporation of useful and acceptable graphic indicators of performance. 457
- Recommendation 75:** All departments and agencies table their annual reports within three months of the end of the financial year. 459
- Recommendation 76:** The Victorian Auditor-General’s Office develop a performance indicator to measure whether better practice guides produced by the Office have been of use to those parties that have chosen to access these documents for guidance. 473

- Recommendation 77:** The Victorian Auditor-General’s Office disclose information in its annual report relating to the success or otherwise of the Office electing to prepare better practice guides. 473
- Recommendation 78:** The Victorian Auditor-General’s Office develop and publish a performance measure and target associated with the response rate achieved in terms of the annual survey of Parliamentarians. 475
- Recommendation 79:** An action plan for broader and more active liaison by the Auditor-General with all Parliamentarians be made transparent to ensure it is representative of Parliamentary interests. 475
- Recommendation 80:** Given the nature of performance auditing, the Victorian Auditor-General’s Office initiate discussion with the other audit jurisdictions that participate in the national benchmarking exercise on whether the stretch target for satisfaction with performance audits that has been set at 80 remains relevant or should be reduced. 477
- Recommendation 81:** Good practice ideas implemented by those offices that benchmark very well in terms of client feedback on performance audits be investigated by the Victorian Auditor-General’s Office. 477
- Recommendation 82:** As a further action to improve client feedback scores on performance audits, the Victorian Auditor-General’s Office consider whether there is scope for strengthening avenues for communicating with clients and obtaining feedback on matters relating to process, reporting and providing value from the performance audit function. 477
- Recommendation 83:** Given the very wide coverage of financial audits undertaken by the Victorian Auditor-General’s Office throughout the public sector, the quality of analysis of client feedback on financial audits and reports would be enhanced if client survey results are categorised in future according to the materiality of agencies audited and the level of risk. 481
- Recommendation 84:** The Victorian Auditor-General’s Office publicly disclose a commentary on the level of client satisfaction in relation to audits performed by audit service providers compared to in-house staff. 481

- Recommendation 85:** **Within the next 18 months, the Victorian Auditor’s Office provide to the Public Accounts and Estimates Committee an assessment of whether the strategies under its Strategic People and Culture Management Framework have been effective in combating high staff turnover in the Office. 482**
- Recommendation 86:** **The Victorian Auditor-General’s Office investigate the factors that have led to the completion of some performance audits significantly below budget. The identification of good practices derived from such an analysis be used to update the processes contained in the Office’s performance audit methodology. 485**
- Recommendation 87:** **The Victorian Auditor-General’s Office brief the Public Accounts and Estimates Committee on the measures that enabled it to achieve a significant reduction in the average elapsed time for performance audits from 12.6 months in 2006-07 to 7.2 months in 2007-08. 487**
- Recommendation 88:** **The Victorian Auditor-General’s Office set a performance target for 100 per cent of financial audits to be completed within three months of the end of the financial year. 487**