



2011

PARLIAMENT OF TASMANIA

**AUDITOR-GENERAL  
SPECIAL REPORT No.97**

**Follow up of Special Reports 69–73**

**May 2011**

*Presented to both Houses of Parliament in accordance with the provisions of Audit Act 2008*

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24 May 2011

President  
Legislative Council  
HOBART

Speaker  
House of Assembly  
HOBART

Dear Madam President

Dear Mr Speaker

**SPECIAL REPORT NO. 97**

**Follow up of Special Reports 69–73**

This report has been prepared consequent to examinations conducted under section 23 of the *Audit Act 2008*. The objective of the audit was to ascertain the degree of implementation of recommendations made in the abovementioned Special Reports tabled between October 2007 and June 2008.

Yours sincerely

H M Blake

**AUDITOR-GENERAL**



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## Foreword

Performance audits are conducted with the goal of assessing the effectiveness, efficiency and economy of activities undertaken by State entities whereas compliance audits are aimed at assessing compliance by State entities with laws, regulations or internal policies. Identification of areas where improvements can be made is one of our primary objectives as is gaining acceptance by State entities and their implementation of any resultant recommendations. Using a collaborative approach with State entities, we aim to reach agreement so that audit recommendations are practical and add value to State sector programs or processes. Accordingly, there is an expectation that our recommendations will be implemented and we regard an implementation rate of 70 per cent as satisfactory.

This follow-up audit was completed to provide Parliament with information about the extent to which State entities acted on recommendations made in selected special reports tabled between October 2007 to June 2008, namely:

- Special Report No. 69 *Public building security* (performance audit)
- Special Report No. 70 (two compliance audits)
  - *Procurement in government departments*
  - *Payment of accounts by government departments*
- Special Report No. 71 (two compliance audits)
  - *Property in police possession*
  - *Control of assets: Portable and attractive items*
- Special Report No. 73 *Timeliness in the Magistrates Court* (performance audit).

This Report addresses each of the above audits, examining the original context of the recommendations and detailing the subsequent rate of implementation. Where recommendations were not implemented, we sought explanations.

In addition to being a yardstick on the performance of State entities, the follow up process provides feedback on our own effectiveness. A low rate of implementation could indicate that recommendations were impractical or pitched at an inappropriate level. For each of the reports, our 70 per cent benchmark was satisfied or exceeded.

The only Special Report issued during the period October 2007 to June 2008 was report number 72 *Public sector performance information*. This report was effectively followed-up by our project examining public sector productivity which resulted in Special Report No. 92 *Public sector productivity: a ten-year comparison*.

H M Blake

Auditor-General

24 May 2011

## List of acronyms and abbreviations

ANZGPA	Australian and New Zealand Government Procurement Agreement
DED	Department of Economic Development (forerunner of DEDTA)
DEDTA	Department of Economic Development, Tourism and the Arts (department disbanded with output groups split between DPIPWE and DEDTA)
DEPHA	Department of Environment, Parks, Heritage and the Arts
DHHS	Department of Health and Human Services
DIER	Department of Infrastructure, Energy and Resources
DoE	Department of Education
DoJ	Department of Justice
DPAC	Department of Premier and Cabinet
DPEM	Department of Police and Emergency Management
DPIPWE	Department of Primary Industries, Parks, Water and Environment (formerly Department of Primary Industries and Water)
RHH	Royal Hobart Hospital
SSA	<i>State Service Act 2000</i>
State entity	For the <i>Audit Act 2008</i> , this term includes a government department, a council, Government Business Enterprises, State owned company or state authority
TIs	Treasurer's Instructions
Treasury	Department of Treasury and Finance



## **Executive summary**

## Executive summary

### *Background*

We conduct audits with the goal of assessing the performance and compliance of State entities. Identifying areas for potential improvement is an essential part of such audits and recommendations are made in support of that objective.

Follow up audits inform Parliament about the extent to which State entities have acted on recommendations made in previous Special Reports.

The four reports selected for follow up are:

- Special Report No. 69, a performance audit examining:
  - *Public building security* – at Service Tasmania, Schools and Libraries
- Special Report No. 70, contained two compliance audits examining:
  - *Procurement in government departments*
  - *Payment of accounts by government departments*
- Special Report No. 71, a compliance audit examining:
  - *Property in police possession*
  - *Control of assets: Portable and attractive items*
- Special Report No. 73, a performance audit examining:
  - *Timeliness in the Magistrates Court.*

### *Detailed audit conclusions*

#### *Overview*

In addition to being a yardstick on the performance of State entities, the follow up process provides feedback on our own effectiveness. A low rate of implementation could indicate that recommendations were impractical or pitched at an inappropriate level. Consequently, in follow up audits we regard an implementation rate of 70 per cent as satisfactory.

#### *Public building security*

Each of the departments exceeded our benchmark of 70 per cent. Collectively, the take up rate of 83 per cent indicates a high level of support for the audit's findings.

## Procurement in government departments

We found that DHHS, DIER and DEDTA fully implemented our recommendations.

Two recommendations at DoE were partially implemented:

- completing and retaining copies of purchase orders
- retaining copies of requests for quotation.

At DPEM, one partially implemented recommendation related to retaining copies of requests for quotations.

Overall an implementation rate of 95 per cent exceeded our benchmark of 70 per cent.

## Payment of accounts by departments

We found that DEDTA and DPAC fully implemented our recommendations.

At DHHS, DPEM and DPIPWE exceptions were noted with action not taken on all recommendations we made.

We have now noted improved performance by all departments, with the exception of DPEM, with payments being made on average within the 30-day benchmark. DPEM experienced a significant rise in payable days during 2008-09 due to a change in PAYG processing which was resolved by 30 June 2010.

The overall implementation rate of 86 per cent exceeded our benchmark.

## Property in police possession

Overall, DPEM achieved a high rate of implementation (namely 83 per cent) of our recommendations. For those recommendations still outstanding, work is ongoing.

## Controls of assets: Portable and attractive items

The overall 70 per cent rate of implementation of our recommendations for portable and attractive items meets our benchmark. The noted exception was DoE with an average degree of implementation of only 38 per cent. The department intends to implement the recommendations but attributed delays — more than three years — to rolling out a whole of agency integrated financial system that will include procedures to improve controls over portable and attractive items.

While this class of minor assets are not individually materially significant from an accounting viewpoint, they are still government

resources. Given that they are portable and attractive, the need to adequately monitor and control these items remains.

### Timeliness in the Magistrates Court

In the intervening time since we tabled Special Report 73, the *Monetary Penalties Enforcement Act 2005* came into effect. As a consequence, the distinction between minor and ‘not minor’ cases was largely removed and some of our related recommendations from Special Report 73 are now satisfied. The diversion of minor infringement notices into a statutory process saw a large reduction in case lodgement numbers at the Magistrates Court (59 451 criminal lodgements in 2007–08 compared with 23 637 in 2009–10).

In the case of strategic planning and annual reporting, the Magistrates Court has made progress but further implementation is required. A similar situation exists with the CRIMES database, where some work has been done to improve its functionality but further development could still be achieved.

Overall, the implementation rate of 71 per cent exceeds our benchmark. Nevertheless, the situation in relation to the deteriorating performance trends from the Productivity Commission’s *Report on Government Services* backlog indicators is of concern.

### Recommendation

The following table reproduces the recommendation contained in the body of Chapter 6.

Rec No	Section	We recommend that...
1	6.3	... the Magistrates Court investigates the underlying reasons for the worsening situation with respect to the Report on Government Services for six- and twelve-month backlog indicators despite continuous improvements made in processes such as the contest mention system and introduction of the <i>Monetary Penalties Enforcement Act 2005</i> .

**Audit Act 2008 section 30 — Submissions and comments received**

## *Audit Act 2008* section 30 — Submissions and comments received

### *Introduction*

In accordance with section 30(2) of the *Audit Act 2008*, a copy of this report, or relevant extracts of this report, were provided to applicable government departments, councils and individuals with an interest in the matters reported. A summary of findings was also provided to the Treasurer and all relevant Ministers.

The comments and submissions provided are not subject to the audit nor the evidentiary standards required in reaching an audit conclusion. Responsibility for the accuracy, fairness and balance of those comments rests solely with those who provided a response or comment.

### *Submissions and comments received*

Submissions and comments received for this Report, including comments from those individuals afforded the right to respond to this Report, have been included at the end of each Chapter. No submissions were received from the Treasurer or from any Minister.

## **Introduction**

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## Introduction

### *Background*

We conduct audits with the goal of assessing the performance and compliance of State entities. Identifying areas for potential improvement is an essential part of such audits and recommendations are made in support of that objective.

As a matter of course, we try to reach agreement with clients when framing our recommendations. Due to this collaboration we have an expectation that our recommendations will be actively implemented.

Follow-up audits are undertaken to provide Parliament with information about the extent to which state sector entities have acted on recommendations made in previous Special Reports.

### *Audit objective*

The purpose of the audit was to:

- ascertain the extent to which recommendations in the previous audit reports were implemented
- determine reasons for non-implementation.

### *Audit scope*

Our previous follow-up audit, Special Report No. 91, was tabled in September 2010. It covered the period from November 2006 to April 2007 but also included part of Special Report No. 70 that was tabled in November 2007<sup>1</sup>.

This follow up targets the next batch of Special Reports covering the time period October 2007 to June 2008, namely:

- Special Report No. 69 *Public building security* (performance audit)
- Special Report No. 70 (two compliance audits)
  - *Procurement in government departments*
  - *Payment of accounts by government departments*
- Special Report No. 71 (two compliance audits)
  - *Property in police possession*
  - *Control of assets: Portable and attractive items*

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<sup>1</sup> Special report No. 91 revisited the replacement of the PV *Freycinet*.



- Special Report No. 73 *Timeliness in the Magistrates Court* (performance audit).

### *Audit approach*

We based the findings in this audit on evidence collected from State entities through survey questionnaires that gauged the extent to which clients implemented our recommendations. As necessary, we obtained supporting data or documentation and held discussions with entity staff. In some instances, we revisit analyses undertaken in the original audits and publish updated data.

### *About this report*

For the 2007–08 audits, our mandate came from the *Financial Management and Audit Act 1990*. The auditing provisions of that Act were replaced and amended by the *Audit Act 2008*. The new Act defines a collective term — State entities — to cover all State sector organisations including, government departments, local government councils, government business enterprises, State-owned companies, statutory authorities and other public bodies. Where necessary the term ‘agency’ that may have been used in the original reports has been replaced with ‘State entity’.

### *Timing*

Planning for this follow-up performance audit began in July 2010. We sent questionnaires to clients in August 2010 with the fieldwork completed in February 2011. The report was finalised in May 2011.

### *Acknowledgement*

We acknowledge the assistance given by all the State entities involved with this follow up.

### *Resources*

The total cost of the audit excluding report production costs was approximately \$99 665.

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## **1 Public building security**

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# 1 Public building security

## 1.1 Background

The performance audit *Public building security* (Special Report No 69 of October 2007) focused on physical security at government buildings with a high degree of public access and involved three departments, namely:

- Education (schools and libraries) — DoE
- Health and Human Services (hospitals) — DHHS
- Primary Industries and Water (*Service Tasmania* shops) — DPIPWE<sup>2</sup>.

Some of the facilities, by their nature, are physically difficult to secure against the risk of intruders. Public hospitals, for instance, exist to provide public access twenty four hours per day, seven days a week. Other facilities, such as *Service Tasmania* sites or libraries, have more regular hours of business, making it easier for management to implement controls enhancing security.

Departmental Secretaries have an ethical and legal responsibility to adopt sound security management practices to protect their customers and staff, ensure privacy of information and safeguard assets. Effective security of public sector buildings addresses threats such as:

- unauthorised physical access
- theft of assets and personal property
- assaults on staff and visitors
- wilful damage including arson, graffiti, vandalism and damage from burglary
- misuse of assets, fraud and sabotage.

Security practices vary between departments according to the risk profile and nature of each site. Nonetheless, the following security management practices are widely applicable:

- risk management
- establishing and maintaining the security environment
- recording and monitoring security incidents.

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<sup>2</sup> Now the Department of Primary Industries, Parks, Water and Environment

The objective of the follow up audit was to ascertain whether selected State entities had implemented recommendations made in the 2007 report.

## 1.2 2007 audit opinion

The main findings of our original audit were that:

- Not all departments audited had undertaken a systematic risk analysis to identify security risks and vulnerability.
- Security policies and procedures were incomplete or needed updating at two of the departments.
- Staff lacked awareness of existing security policies and procedures.
- Security responsibilities had not been allocated to appropriate staff.
- Generally, effective security measures had been implemented.
- Record keeping of security incidents could have been improved at two of the departments.
- Monitoring and review was inconsistent across the three departments audited.

## 1.3 Status of recommendations

The eighteen recommendations, from the original report are summarised in Table 1 together with respective rates of implementation.

**Table 1: Public building security — Degree of implementation (%)**

No	Recommendation	DoE*	DHHS*	DPIPWE*	All
1	Comprehensively review security risk analysis at all public access sites and regularly update.	75	100	100	<b>92</b>
2	Effectively communicate security policies and guidelines to staff, keep up-to-date and test regularly.	100		75	<b>88</b>
3	Clearly define and allocate security responsibilities and publish guidelines and procedures.	100		75	<b>88</b>
4	Regularly test and log security systems in place.			100	<b>100</b>
5	Clarify evacuation procedures and test all sites	75		75	<b>75</b>

	regardless of staffing levels.				
6	Analyse and identify significant risks and train staff in potential situations.	100		75	<b>88</b>
7	Consider minimising risks to staff working alone.			75	<b>75</b>
8	Regularly review and incorporate risk assessment into cash management procedures.			75	<b>75</b>
9	Report all incidents for review and risk assessment.	75		100	<b>88</b>
10	Review security incidents for systemic problems.	100		100	<b>100</b>
11	Refine and adapt a set of procedures and guidelines to use at each school and library site.	100			<b>100</b>
12	Find methods to prioritise and share security issues and solutions between responsible staff at other similar sites.	75			<b>75</b>
13	Secure work area for library staff where possible.	100			<b>100</b>
14	Review libraries for after-hours alarm systems where practicable.	100			<b>100</b>
15	Improve monitoring of school database alarm information to reduce number of false alarms. Report incidents on the database that occur during school hours.	75			<b>75</b>
16	Install more duress alarms that are accessible to staff at hospital emergency departments.		100		<b>100</b>
17	Install a monitor in the waiting area at hospital emergency departments so the public are aware that sites are under camera surveillance.		0		<b>0</b>
18	Nursing staff in hospital emergency departments attend training in aggression management.		100		<b>100</b>
<b>Number of recommendations</b>		<b>12</b>	<b>4</b>	<b>10</b>	
<b>Average degree of implementation per department</b>		<b>90</b>	<b>75</b>	<b>85</b>	<b>83</b>

At DPIPWE and DoE there were high levels of implementation. That was a pleasing result as those were the departments with most recommendations, namely ten and twelve respectively.

DHHS also had achieved a high degree of implementation, completely implementing three out of its four recommendations. In the case of Recommendation 17, the department did not believe that security would be enhanced by introducing monitors for public awareness. Despite not having TV monitors in waiting rooms at hospital emergency departments, we noted security footage was

recorded and digitally stored. When combined with separate physical security arrangements, we considered those arrangements were sufficient.

#### 1.4 *Conclusion*

Each of the departments exceeded our benchmark of 70 per cent. Collectively, the take up rate of 83 per cent indicates a high level of support for the audit's findings.

#### 1.5 *Submissions and comments received*

##### Department of Education

The department acknowledges the report's recognition of the effort and progress it has made in implementing the recommendations.

##### Department of Health and Human Services

The department advised that it had no additional comment to make in relation to this audit.

##### Department of Primary Industries, Parks, Water and Environment

Service Tasmania has continued to progress the recommendations and is now approaching 100 per cent completion across all areas identified.





## **2 Procurement in government departments**

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## 2 Procurement in government departments

### 2.1 Background

The 2007 compliance audit examined the adherence by selected government departments to Treasurer's Instructions (TIs) that relate to procurement of goods and services.

TIs are designed to ensure that government procurement reflects a number of important principles, namely:

- value for money
- open and effective competition amongst potential suppliers
- compliance with ethical standards
- opportunities exist for local enterprises to do business with government if they so wish.

In cases where it would apply, TIs also ensure compliance with Australia's international treaty obligations (namely the Australia–US Free Trade Agreement, AUSFTA).

To conduct the audit, we derived our criteria from the relevant TIs in the 1100 series.

The objective of the audit was to establish that procurements valued at more than \$10 000 by the following government departments was in accordance with the above TIs:

- Education (DoE)
- Health and Human Services, specifically Housing Tasmania (DHHS)
- Infrastructure, Energy and Resources (DIER)
- Police and Emergency Management<sup>3</sup>
- Tourism, Arts and the Environment (DTAE) (now Economic Development, Tourism and the Arts — DEDTA)
- Treasury and Finance (Treasury).

The period audited was 1 July 2006 to 31 March 2007 and we selected samples accordingly. However, to ensure that the sample was sufficiently broad some older transactions were sometimes

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<sup>3</sup> Procurement by the Department of Police and Emergency Management of a new police vessel and outboard motors was originally part of Special Report No. 70. Those matters were separately followed up earlier in Special Report No. 91, tabled in September 2010.

needed, as in the case of exemptions. Construction and building works were excluded because they are covered by another series of TIs.

## 2.2 *2007 audit opinion*

The main findings of our original audit were that:

- With few exceptions, Departments applied the frameworks and principles outlined in the TIs on procurement of goods and services.
- DHHS and Treasury fully complied with TI 1106 (Procurements from \$10 000–\$100 000) but we noted exceptions where:
  - DIER, DPEM and DTAE had not obtained three quotations.
  - DoE and DPEM could not produce Request for Tender documentation.
  - DoE, DTAE and DPEM could not provide evidence that they had advised suppliers of the outcome.
- Treasury fully complied with TI 1107 (Procurements over \$100 000) but there were exceptions where we could not confirm that:
  - DIER and DHHS had determined local capability by contacting Industry Capability Network Tasmania (ICNTAS)
  - DoE and DTAE had notified all suppliers of the outcome.
- Generally, we found that departments sought exemptions in line with the provisions of TI 1114 and that approval by Treasury relied on a robust business case being made.

## 2.3 *Status of recommendations*

Seven recommendations from the original report are shown in abbreviated form in Table 2 together with respective rates of implementation by audit clients.

**Table 2: Procurement in government departments — Degree of implementation (%)**

No	Recommendations (abbreviated)	DoE	DEDTA	DHHS	DIER	DPEM	All
1	Complete purchase orders and retain copies.	75					75
2	Ensure details of procurement on or over \$50 000 posted to Treasury website.	100			100		100
3	Seek quotations procurements between \$10 000–\$100 000.		100		100	100	100
4	Retain copies of Requests for Quotation.	50				75	63
5	Record where verbal advice of quotation is given to suppliers.	100	100			100	100
6	Record where verbal advice is sought from ICNTAS.			100	100		100
7	Record where verbal advice of procurement process is given to suppliers.	100	100				100
<b>Number of recommendations</b>		<b>5</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>3</b>	
<b>Average degree of implementation</b>		<b>85</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>92</b>	<b>95</b>

Regarding Recommendation 1, DoE reported the declining use of purchase orders due to the new online systems that should ‘better control and monitor purchases by the department’. Ongoing integration of school and head office finance management systems was also seen as strengthening compliance with relevant TIs.

Departments offered the following comments about Recommendation 4:

- Decentralisation at DoE led to administrative difficulties but the department had strategies to support the recommendation including management notices, newsletters and coverage by internal audit.
- At DPEM, documentation supporting requests for quotations was usually retained in the area that initiates

the purchase and not attached to documentation for payment. The agency was working towards ensuring that requests for quotations are attached to payment documentation.

## 2.4 *Conclusion*

We found that DHHS, DIER and DEDTA fully implemented our recommendations.

At DoE and DPEM some exceptions were noted with action taken on all recommendations made by audit.

Overall an implementation rate of 95 per cent exceeded our benchmark of 70 per cent.

## 2.5 *Submissions and comments received*

### Department of Education

The department will continue to fully implement the recommendations.

### Department of Economic Development, Tourism and the Arts

The department advised that it had no additional comment to make as it had fully implemented the recommendation.

### Department of Health and Human Services

The department advised that it had no additional comment to make in relation to this audit.

### Department of Infrastructure, Energy and Resources

The department advised that it had no additional comments to make as it had fully implemented the recommendations.

### Department of Police and Emergency Management

Since the 2007 Audit the DPEM has significantly strengthened procurement practices with the introduction of the Procurement committee, chaired by a member of its Corporate Management Group.

Currently DPEM continues with the policy of filing quotation documentation at the point of purchase. In lieu of an electronic system, and in light of constrained resources, this has proven the most efficient process.

DPEM is currently in the process of implementing an E-procurement framework which will further improve its purchasing management processes. As a part of this process DPEM will implement the policy of filing written quotation documents at the payment point.

### **3 Payment of accounts by government departments**

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## 3 Payment of accounts by government departments

### 3.1 *Background*

This was our third audit report regarding the implementation of cash management policies and procedures and compliance with Treasurer's Instruction 402 (TI 402 — *Cash management*). In brief, TI 402 requires accounts to be paid by the due date specified on the invoice or, where no date is specified, within 30 days.

TI 102 (*Finance manuals*) provides instructions on the establishment and maintenance of finance manuals within agencies. It sets the framework for the financial management process and the requirements that departments should have in their own accounting and financial management policies and guidelines.

The objective of the audit was to establish that accounts payable processes within agencies were in accordance with TI 402 and departments' own policies and instructions.

We selected these departments for audit:

- Economic Development (now Economic Development, Tourism and the Arts — DEDTA)
- Health and Human Services (DHHS)
- Premier and Cabinet (DPAC)
- Police and Emergency Management (DPEM)
- Primary Industries and Water (now Primary Industries, Parks, Water and Environment — DPIPWE).

We applied the following audit criteria:

- compliance with TI 102 and TI 402
- accountability for transactions (i.e. payments made too soon, payments contrary to terms, unauthorised payments, adequacy of controls)
- management review.

### 3.2 *2007 audit opinion*

The main findings of our original audit were that:

#### *Policy framework*

We found that most departments had adequate finance manuals incorporating the accounts payable function. However, we were disappointed by the lack of a verifiable process for reviewing the



finance manual in order to ensure a culture of continuous improvement in financial management.

### *Accountability for transactions*

We found that, in most cases, payment of accounts was properly authorised and based on correct documentation. However, we also found that, in overall terms, 24 per cent of invoices sampled were paid after the due date. This high level of late payment of accounts was of concern and could influence potential suppliers' willingness to do business with government departments.

We found no evidence, in a material manner, indicating that departments deliberately withheld paying invoices close to the end of the financial year, namely 30 June 2007.

### 3.3 *Were payments made by the due date?*

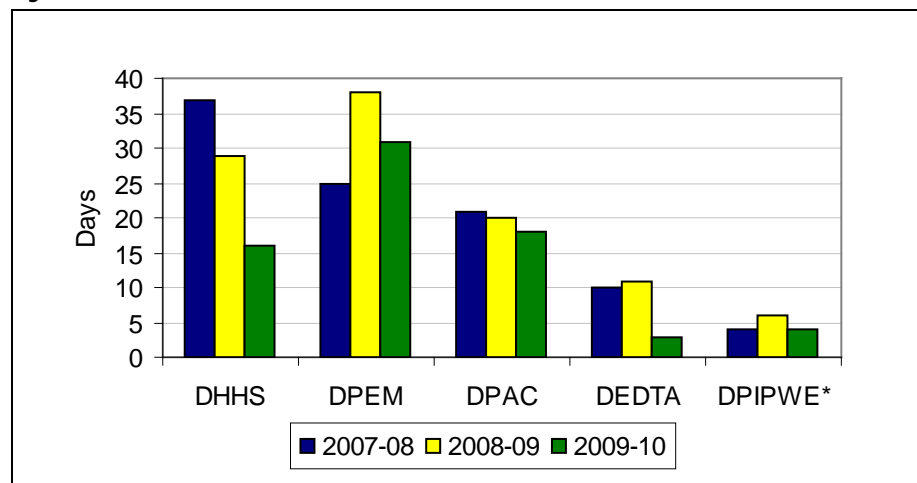
In 2007, we found departments had failed to meet the due date for payment on at least 14 per cent of invoices that we sampled.

Reasons for the late payments included:

- delays in obtaining authorisation for payment
- lack of invoice management procedures
- mixed paper-based and electronic purchasing systems
- failure to negotiate more favourable terms.

Figure 1 shows how performance in the tested departments has changed since our 2007 audit.

**Figure 1: Timeliness of payments — 30-day benchmark at year end 30 June**



\* The Department of Primary Industries and Water was restructured effective from 1 July 2009 when it merged with elements of the former Department of Environment, Parks, Heritage and Arts and became the Department of Primary Industries, Parks, Water and Environment (DPIPWE).

Figure 1 supports that improvement has been made overall. DPEM experienced a significant rise in payable days during 2008-09 due to a change in PAYG processing. Group income tax deduction was traditionally part of payroll processing whereas this deduction changed to due date payable processing resulting in a rise in 2008-09 followed by a fall in payables in 2009-10. Reasons for the downward trend over the past two to three years include new processes that departments have adopted such as implementing improved purchase order systems and encouraging creditors to receive EFT payments.

Table 3 compares the level of outstanding invoices for 2010 with that of 2008.

**Table 3: Payables outstanding summary as at 30 June 2008 and 2010**

Department	Value (\$m)	
	2008	2010
DEDTA	\$4.40	\$1.90
DHHS	\$43.60	\$42.70
DPAC	\$2.60	\$2.50
DPEM	\$3.30	\$4.20
DPIPWE*	\$4.60	\$4.70

With the exception of DPIPWE (that restructured from 1 July 2009) and DPEM, all departments showed declining payables in dollar terms. The level of payables outstanding at 30 June provided no evidence of deliberate delay in payments.

### 3.4 *Status of recommendations*

Six recommendations from the original report are shown in abbreviated form in Table 4 together with respective rates of implementation by audit clients.

**Table 4: Payment of accounts by departments — Degree of implementation (%)**

No	Recommendations (abbreviated)	DEDTA	DHHS	DPAC	DPEM	DPIPWE	All
1	Adjust finance manual in accordance with TI 402.		100				<b>100</b>
2	Introduce process ensuring periodic review of finance manuals.	100	100	100	50	50	<b>80</b>
3	Link finance manuals to relevant policies and procedures.				50	75	<b>63</b>
4	Review payment process ensuring all payments are paid by due date.	100	75	100	100	50	<b>85</b>
5	Remind units of requirement to pay suppliers within terms of trade.	100	75	100	75	100	<b>90</b>
6	Develop process facilitating review and authorisation of accounts relating to many users (i.e where more than one authorisation is needed).	100	75	100	100	75	<b>90</b>
<b>Number of recommendations</b>		<b>4</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>5</b>	
<b>Average degree of implementation</b>		<b>100</b>	<b>85</b>	<b>100</b>	<b>75</b>	<b>70</b>	<b>86</b>

With respect to Recommendation 2, DPEM advised that its review of the finance manual was underway but incomplete. At DPIPWE, the process had been complicated by the merger referred to previously.

DPEM indicated that with Recommendation 3, linking the financial manual to policies and procedures was in progress as part of the abovementioned review. DPIPWE had commenced work and was ensuring that such linkages were created and improvements in creditor control, monitoring, reporting would be secured.

With Recommendations 4 and 6, DHHS advised that improvement was being made in payment processes. Similarly, DPIPWE reported that improvements through electronic work flows and invoice tracking were reducing delays and improving timeliness of payments. DHHS targeted 30 June 2011 for full implementation and DPIPWE advised full workflow would roll out during 2011-12.

In the case of Recommendation 5, we noted the preceding comments by DHHS regarding improvements to business processes. DPEM had reinforced the requirement to its districts and was

reviewing purchasing processes with a view to adding further controls over the receipt and processing of invoices.

### 3.5 *Conclusion*

We found that DEDTA and DPAC fully implemented our recommendations.

At DHHS, DPEM and DPIPWE exceptions were noted with action taken on all recommendations made by audit. We have now noted improved performance by all departments, with payments being made on average within the 30-day benchmark.

The overall implementation rate of 86 per cent exceeded our benchmark.

### 3.6 *Submissions and comments received*

#### Department of Economic Development, Tourism and the Arts

The department advised that it had no additional comments to make as it had fully implemented the recommendations.

#### Department of Health and Human Services

The department advised that it had no additional comments to make.

#### Department of Premier and Cabinet

The department advised that it had no additional comments to make as it had fully implemented the recommendations.

#### Department of Police and Emergency Management

DPEM is currently finalising the update of its Finance Management Manual, which includes links to relevant whole of Government and DPEM specific policy.

This process will be completed by May 2011 and can be reviewed by the Tasmanian Audit Office during their end of financial year testing.

#### Department of Primary Industries, Parks, Water and Environment

The department continues to have a focus on improving efficiencies and timeliness in regard to payment processes. As referred to in the report, the department has invested in sophisticated scanning software with one of the benefits being to streamline the approval process. The software has been implemented with the full workflow

currently being trialled before progressively rolling out across the department during 2011–12.

In terms of the Finance manual and policies, a number of financial and procurement policies have been reviewed and updated and continue to be worked through on a priority basis.

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## **4 Property in police possession**

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## 4 Property in police possession

### 4.1 *Background*

In the course of their daily business, Tasmanian police officers take a large quantity of varied items of property into their possession. Every day, throughout the State this occurs at local police stations and major district property stores. The property can range from a wallet found on a street corner to illegal drugs seized in a major police operation. Property taken during investigations can include items such as mobile phones, firearms, paper records even tools or rocks used in break-ins. All of these items are then taken to the appropriate police station, given a receipt number, entered into that station's property records and placed in storage.

One property receipt is issued for each offence so that one receipt can include multiple items of property. At the end of every month, the Department of Police and Emergency Management (DPEM), gathers statistics as to the number of miscellaneous property and drug receipts on hand.

At the end of 2005–06, the department was holding 4 470 receipts for miscellaneous property and 3 270 drug receipts, many with multiple items.

#### *Types of property*

In general, miscellaneous property consists of items that have been seized by police and may be needed as evidence in court. Its storage and disposal is governed by particular pieces of legislation and police procedures.

In contrast, found property refers to items of property that have been found by the public and handed into a police station in the expectation that the police may be able to identify the owner, or the owner themselves will check with the police. In general, found property relates to small, frequently personal items such as wallets or mobile phones. Under legislation, police must hold found property for three months before the finder can claim the property.

Large quantities of a variety of drugs were also seized as well as drug-related property such as smoking devices.

#### *Types of property receipts*

Four different types of receipt were used to record property items and track their movement between stations and services, namely:

- field receipts
- miscellaneous property receipts



- found property receipts
- motor vehicle inventory receipts.

In addition, a Drug Exhibit Sheet was used to record all drug exhibits seized at one time. This can be used for a single cannabis plant or for a large-scale operation involving considerable quantities of drugs and other items of property.

### *Types of property stores*

All police stations have some form of property store, but most property was forwarded to larger stations. A station such as New Norfolk may have eight police officers and either a dedicated property store room or a number of separate rooms (e.g. cells) which have been converted into stores. At most of these larger stations, an officer will be given responsibility for managing property held in addition to his or her other policing duties.

District property stores operate in the cities of Hobart, Launceston and Burnie. These stores have much larger holdings and each has one or two full-time property officers who were non-sworn, public servants. In each case, there was a separate property store and drug store.

There were also a number of district garages or compounds for seized, stolen or crashed cars as well as a marine property store in Hobart.

The objective of the audit was to verify whether the department complied with its obligations to deal appropriately with property held in the two previous years.

## *4.2 2007 audit opinion*

The main findings of our original audit were that:

### *Receipt of property*

All property received must be receipted and labelled before being stored. In testing compliance against internal procedures, we located receipts for all property items sampled in the stores. All items were correctly labelled, with only one exception.

We were concerned, however, about the level of compliance in the completion of the four different types of receipts used, and noted that this was made more challenging by the nature of a paper-based system which used hand-written entries and carbon paper. We recommended that police introduce an electronic system.

Two other areas of concern needed to be addressed: problems with the current lost and found property system and the timely transfer of drug exhibits from stations to the nearest drug store.

### *Storage*

We found that the security of the stores was generally adequate and there was no evidence of damage to any items of property. In addition, we were able to locate all our samples in the stores visited, although there was variation in how stores were organised.

However, we found low levels of compliance with the requirement for cash to be promptly banked and difficulties in effectively tracking the movement of property between stores and police services.

### *Disposal*

Property disposals selected for audit testing complied with demanding internal requirements for the different types of property.

The current performance measurement process ensured the timely disposal of miscellaneous property but we were concerned that we could not test for timeliness of the disposal of found property because of the absence of a disposal date on the found property receipt.

We also found that the documentation of drug disposals was thorough but there were variations in how miscellaneous property disposals were documented. There was uncertainty about the legality of current disposal practices for found property which was under review. The transfer of proceeds from the sale of property to Consolidated Revenue was clearly documented.

### *Monitoring*

Monitoring performance in the handling of property in police possession through the compilation of monthly statistics and regular inspections of stations and services is a particular strength of DPEM. We found that the collection of property statistics was well organised and served to focus the attention of all levels of staff on property management. However, the regime of property inspections was less systematic and would benefit from a more coordinated approach.

## *4.3 Status of recommendations*

Thirteen recommendations from the original report are shown in abbreviated form in Table 5 together with respective rates of implementation by DPEM.

**Table 5: Property in police possession — Degree of implementation (%)**

<b>No</b>	<b>Recommendation</b>	<b>Degree of implementation</b>
1	Introduce a centralised, electronic property management system with capacity to record detailed property data and effectively track property movements.	50
2	Make the Lost Property Report database accessible on the department's intranet site to all property stores to assist officers receiving and retrieving found property on a database.	25
3	Introduce new controls to ensure stations promptly deliver drugs to the nearest drug store and continue monitoring this matter.	100
4	Introduce statewide training in an agreed management system for property stores.	50
5	Investigate improving storage facilities for firearms.	50
6	Remind property officers of the requirements to bank money.	100
7	Update procedures relating to handling money in the current finance system.	100
8	Resolve the apparent conflict between the legislation and current disposal practice for found property.	100
9	Review disposal authorisation in the Tasmanian Police Manual.	100
10	Review all property procedures and update [in the Tasmanian Police Manual].	100
11	Include found property in the performance measurement process.	100
12	Revise the system inspection template to increase the focus on property store inspections.	100
13	Review the property inspection regime to determine a systematic schedule and responsibility for inspections assigned to a member of senior management.	100
<b>Average degree of implementation</b>		<b>83</b>

DPEM has completely implemented nine of the original 13 recommendations that targeted improvements in recording, storage, disposal and monitoring of property in police possession.

In the case of Recommendations 1, 2 and 4, automating property management processes had been held up because the department aimed to develop a modern IT platform to enable the integration of all police data systems. Work towards that goal is ongoing.

To date, DPEM has introduced a centralised electronic forensic register that replaced a number of paper-based manual processes. One benefit is that the new system significantly improved the handling of exhibits transferred for forensic examination.

For recommendation 5, DPEM advised that upgrading property storage facilities remains a focus. Districts and divisions prioritise works within their areas of responsibility and progressively upgrade storage facilities, subject to availability of funds.

#### 4.4 *Conclusion*

Overall, DPEM has achieved a high rate of implementation (namely 83 per cent) of our recommendations. For those recommendations still outstanding, work is ongoing.

#### 4.5 *Submissions and comments received*

##### Department of Police and Emergency Management

DPEM is supportive of the recommendations of the report and significant progress has been made towards their full implementation. Unfortunately we were not able to fully implement Recommendations 1, 2 and 4 within the time-frame as we believe the best outcome will be achieved as part of the new modern IT system platform which is currently being developed and deployed across DPEM.

Further the upgrading of property storage facilities remain a focus for DPEM and will continue into the future as purpose-built storage facilities are to be included in the plans of new station developments.

## **5 Control of assets: Portable and attractive items**

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## 5 Control of assets: Portable and attractive items

### 5.1 *Background*

Government entities control many and varied assets to meet their business objectives. The way that those assets are recorded and controlled depends on their value. In accordance with the Treasurer's Instructions (TIs), entities set an asset recognition threshold (generally \$10 000) above which assets are recorded as major assets. However, many minor assets are particularly susceptible to theft or loss, for example personal computers, power tools and cameras. These assets are denoted as portable and attractive items (PA items) and were the focus of this audit.

Although the individual value of these items may not represent a substantial risk to an entity, lack of accountability could contribute to an internal culture of carelessness or dishonesty and to loss of public confidence. TI 304 requires that PA items must be registered for physical control purposes.

To conduct this audit, we looked for guidelines and directives, including codes of conduct that support a culture of respect for public property and compliance with TIs. We checked asset registers and investigated policies and procedures used to manage and record PA items.

The audit scope covered the Houses of Parliament (HP) and the following Government departments:

- Education (DoE)
- Health and Human Services (DHHS)
- Economic Development (DED later absorbed Tourism and the Arts to become DEDTA)
- Tourism, Arts and the Environment (DTAE — the department was disbanded and Environment Division was transferred to DPIPWE).

### 5.2 *2007 audit opinion*

The main findings of our original audit were that:

#### *Commitment*

DoE and DED demonstrated strong commitment to the control of PA items with clear asset registration guidelines provided in their Finance manuals, effective promulgation of the staff *Code of Conduct* and internal review processes in place to mitigate asset

management risks. HP demonstrated a reasonable level of commitment with the development of detailed asset management procedures. DHHS and DTAE showed no significant commitment to the management of PA items in terms of current procedures, but both entities were undertaking reviews of their minor asset management at the time of the audit.

### *Implementation*

Generally, we found each entity had effective registration and control over IT assets, but other PA items were not as reliably recorded in any entity other than HP.

HP, DED and DoE provided guidelines and registers to define and record PA items and we found evidence of asset control through regular stocktakes. DHHS and DTAE did not provide guidelines or registers to record PA items, but advised that their asset management systems were under review at the time of the audit.

Audit testing demonstrated that only the system at HP had provided effective recording and identification of PA items, with numerous sampled items not located in the registers of the other entities. However, in the case of DED controls over PA items were sound once items were recorded in registers.

### *Disposals*

HP and DED had satisfactory systems for recording disposals with asset status information and disposal dates recorded in registers. Sufficient additional information including authorisation, methods of disposal, and transaction references were also available to enable review of the disposal process.

DoE had clear policies and registers disclosed which items had been disposed of, but recording of disposal details was not reliable or consistent.

Neither DHHS nor DTAE recorded details of PA item disposals, but both entities advised that their asset management systems were under review. All entities had fulfilled requirements to offer surplus computer equipment to DoE.

### Recommendations

In all, we made nine recommendations aimed at making asset management policies and procedures more compliant with TIs. Principally, these recommendations targeted requirements to:

- create and maintain robust PA item records
- demonstrate definitive asset management
- include reviewable disposal processes.

### 5.3 Status of recommendations

Nine recommendations from the original report are shown in abbreviated form in Table 6 together with respective rates of implementation by audit clients.

**Table 6: Portable and attractive items — Degree of implementation (%)**

No	Recommendations (abbreviated)	DEDTA	DoE	DHHS	HP	All
1	Develop a financial manual.				25	25
2	Develop a staff <i>Code of Conduct</i> .				75	75
3	Define minimum threshold for PA items.		0	100	100	67
4	Implement PA registers.	100	50	100		83
5	Train school administrative staff to ensure effective use of asset recording system.		50			50
6	Consider identifying PA items and include in register during requisition process*.	75				75
7	Implement Internal Audit recommendations and use Internal Audit follow-up to verify system integrity.	100				100
8	Include specific disposal processes and methods in internal policies.	0		100		50
9	Include status information to indicate disposal of an item on PA registers.	100	50	100		83
<b>Number of recommendations</b>		<b>5</b>	<b>4</b>	<b>4</b>	<b>3</b>	
<b>Average degree of implementation per department</b>		<b>75</b>	<b>38</b>	<b>100</b>	<b>67</b>	<b>70</b>

\* DEDTA has asset management procedures that account for assets at acquisition, payment or combination of both. Hence, whilst assets are not



tagged on requisition they are accounted for through compensating controls on asset acquisition and payment processes.

DHHS adopted all our recommendations to improve recording, reporting and disposal of PA items.

HP had fully implemented one of three recommendations. In the three years since the original report, work on creating a finance manual (see Recommendation 1) has made slow progress.

DEDTA had completely implemented three out of five recommendations and rejected the remaining two. In the case of Recommendation 6, the department viewed existing practices as adequate (see footnote to Table 6). Regarding Recommendation 8, departmental policies currently refer staff to the relevant legislation and TIs. However, DEDTA advised that it intended to review its asset management policies and procedures.

DoE was subject to four recommendations, none of which were fully implemented. By way of explanation, the department referred to the ‘soon to be implemented whole of agency integrated financial management system’. When that takes effect, the department advised that school administrative staff would receive appropriate training to assist them in ensuring that all school assets, including PA items, are accurately recorded.

#### 5.4 *Conclusion*

The overall 70 per cent rate of implementation of our recommendations for PA items meets our benchmark. The noted exception was DoE with an average degree of implementation of only 38 per cent. The department intends to implement the recommendations but attributed delays — more than three years — to rolling out a whole of agency integrated financial system that will include portable and attractive items.

While this class of minor assets are not individually materially significant from an accounting viewpoint, they are still government resources. Given that they are portable and attractive, the need to adequately monitor and control these items remains.

#### 5.5 *Submissions and comments received*

##### Department of Economic Development, Tourism and the Arts

DEDTA has a thorough process for tracking assets for inclusion in its asset registers. This process is underpinned by the Asset Management Policy and Procedure documents. All assets are identified either on acquisition or captured through the payment process. There are also a number of “safety net” reports used to

identify any assets that may not have been identified through the acquisition or payment stage. To attempt identifying assets at the requisition stage is not an effective way to track assets in this agency. For example, if a specific asset is added to an asset register at the requisition stage and subsequently the asset is not purchased and no advice is given to that effect, then an asset recorded on the register does not actually exist.

Overall, we consider this to be of low risk and we have compensating controls to capture assets. In addition, the administrative costs to implement tracking assets at requisition stage far outweigh the benefits in mitigating such a low risk.

DEDTA's Asset Management Policy and Procedure document currently refer staff to the relevant legislation and Treasurer's Instructions in relation to disposal of assets. DEDTA believe that this link is sufficient. However, DEDTA will be reviewing its Asset Management Policy and Procedure documents during 2011.

### Department of Education

The implementation of the whole of agency financial management system should commence in schools later this year which will address a number of these recommendations.

### Department of Health and Human Services

The department advised that it had no additional comments to make.

### Houses of Parliament

The Houses advised that they had no formal comment to make in relation to this audit.

## **6 Timeliness in the Magistrates Court**

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## 6 Timeliness in the Magistrates Court

### 6.1 Background

The Magistrates Court of Tasmania is a statutory body, created as a Court of record by the *Magistrates Court Act 1987*. Comprising the Chief Magistrate, the Deputy Chief Magistrate and the Magistrates, the court operates four permanent registries at Hobart, Launceston, Devonport and Burnie. It also conducts circuit sittings in 15 county court locations. While the Magistrates Court contains a number of divisions, the audit mainly concerned the Criminal Division and the Youth Justice Division<sup>4</sup>.

#### *What happens in court?*

The judicial process is complex and can be drawn out, particularly since defendants may appear a number of times before pleading to a charge. Timelines can also be stretched for a variety of reasons: defendants do not turn up or fail to secure legal advice, lawyers have insufficient time to prepare, the prosecution must disclose information to the defence and witnesses may need to be summoned. When reviewing court processes, concepts of efficiency and throughput have to be balanced against judicial independence where each case is considered on its merits.

In Hobart, the contest mention system was used as means of potentially speeding up the progress of a case by narrowing the issues in dispute and gaining an indication of the likely sentence that may lead to reduced sitting time.

During court sessions, court clerks note progress of a case on paper-based files. That data is later keyed into a database called CRIMES (i.e. Criminal Registry Information Management and Enquiry System).

#### *How are cases classified?*

Until they are finalised, cases that are at various stages of completion are known collectively as the pending caseload and individual cases exist in one of four categories:

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<sup>4</sup> In the Criminal Division (Court of Petty Sessions) Magistrates hear and determine simple offences, crimes triable summarily under state and Commonwealth legislation, breaches of duty and applications under various state and Commonwealth statutes.

The Youth Justice Division covers persons under the age of 18 years at the time of the alleged offence. In dealing with these cases, Magistrates can apply diversionary practices and conferencing, the purpose of which is to encourage youths to take personal responsibility for their actions.

- Active pending — cases with a next appearance date scheduled in court
- Inactive pending — cases without a scheduled next appearance date
- Minor — mostly outstanding fines for traffic infringement notices
- Not minor — all other offences that appear in the Magistrates Court.

The objective of this audit was to assess the efficiency and effectiveness of the management of court waiting times. That included appropriateness of objectives, strategies, standards and performance indicators established by the Court and effectiveness of its reporting systems. We developed detailed test criteria in support of the audit objective and expressed an opinion accordingly (see Section 6.2). The original audit reviewed court data between July 2003 and June 2007.

## 6.2 *2008 audit opinion*

The main findings from our original audit are reproduced below. In some of the following subsections, we have added extra material (from the body of the original report) to provide clearer linkages to the recommendations summarised in Table 7.

### *Did a strategic or operational plan exist to manage waiting times?*

We found that the Magistrates Court Strategic plan was out of date and contained no targets and inadequate measures relating to timeliness. Court processes were not directly monitored against the strategic plan.

### *Was there adequate performance information in the annual report or other publicly available accountability reports?*

Information provided in the Court's annual reports and in the Productivity Commission's *Report on Government Services* (ROGS) relating to the timeliness of court proceedings was adequate. However, difficulties existed with cross-jurisdictional comparisons.

We also found difficulties with the performance indicators used to measure timeliness of court proceedings and efficiency of the Court. The large numbers of inactive cases impacted on the usefulness of the measures in regard to court performance. Measurement of total elapsed time from lodgement of a case to its finalisation did not necessarily reflect the amount of time a matter was under the

Court's control because the measure of case duration included time the court was not directly involved. For example, where a defendant pleads 'not guilty' this extends the case time through adjournments and court scheduling which ultimately extends the time duration which in turn makes the case time extend beyond the benchmark. We noted that the national benchmark for backlogs was not being met by any State with the exception of NSW.

*Were court cases processed within reasonable time frames?*

Our main statistical focus was on active, 'not minor' cases, the main reportable workload of the Court. We found that the large majority of matters proceed through the court system in acceptable timeframes. Most causes of delay were outside direct control of the Court.

Minor and 'not minor' cases were reported together in the Court's annual report and ROGS. In our view, combining both types skewed performance information because of the lack of commonality between the categories. It also hampered comparability with other jurisdictions that did not include traffic infringements and other minor matters in their caseloads.

In the Criminal Division, the duration for 'not minor' cases had reduced over the four years audited.

*Was the number of court attendances required to finalise court cases kept to a minimum?*

We found that the reported average number of attendances per case was lower due to the inclusion of minor traffic offences. Consequently, Tasmania's attendance indicator figure was incompatible with figures from other States. The ROGS backlog indicator also included minor traffic offences unlike the figures from other States.

*Was the number of unnecessary adjournments kept to a minimum?*

We found that the number of unnecessary adjournments could be better managed to reduce the non-appearance rate of defendants. The Court was introducing a system of sending SMS reminders to defendants as a counter measure.

The effectiveness of the contest mention system used in Hobart needed to be carefully analysed, to verify the claimed benefits.

### *Was the cost per finalisation reasonable?*

The cost per finalisation for ‘not minor’ cases was reasonable and comparable to other jurisdictions.

### *Were data recording systems fully functional and appropriate to their tasks?*

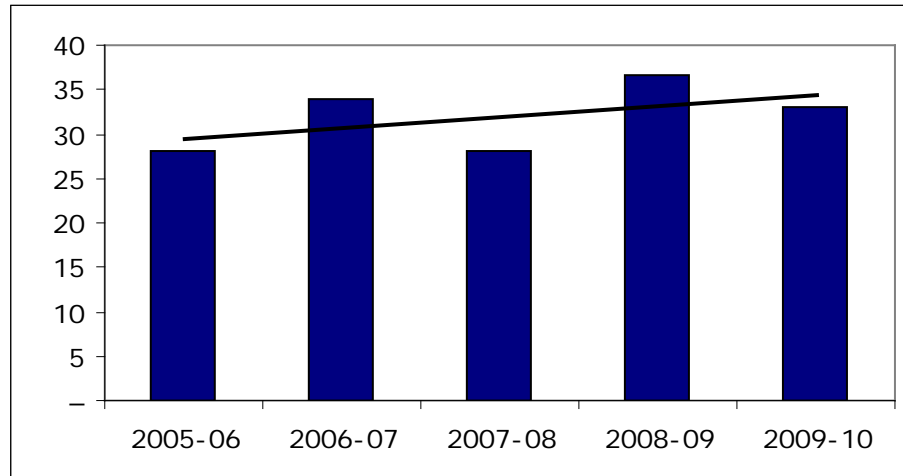
Examination of paper case files revealed a high rate of finalised cases (namely 31 per cent) that were not flagged as such in the Court’s database (i.e. CRIMES).

We found that the use of a paper-based court file system, where data was subsequently entered into a database, was inefficient.

## 6.3 *Current status of court backlogs*

We examined ROGS data for the intervening period since our 2008 report to determine the situation in relation to backlogs in the Magistrates Court. The situation for the last five years is shown in Figure 2 for cases less than six months old.

**Figure 2: Backlog indicator (as at 30 June) Cases >6mths (%)**

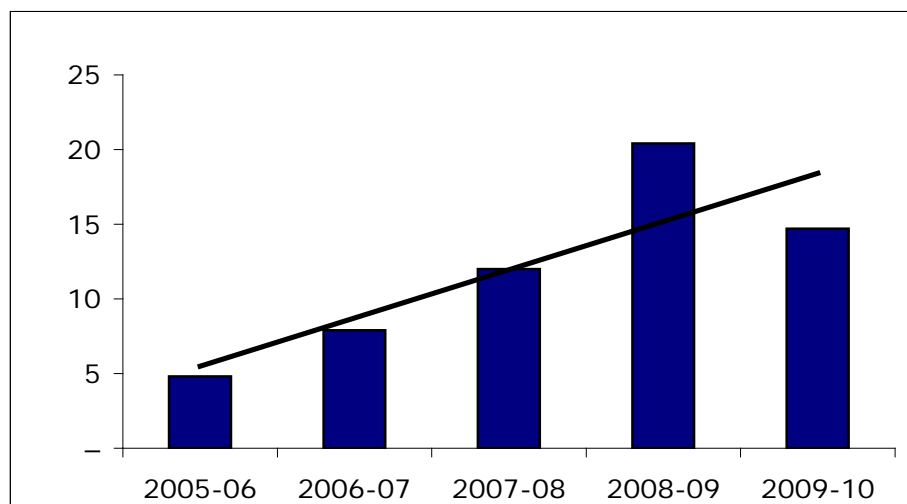


Source: Productivity Commission’s *Report on Government Services* 2011 relating to the timeliness of court proceedings Table 7A.17: Tasmanian Magistrates Courts backlog indicator greater than 6 months expressed as a percentage of pending caseload.

Despite a reduction in 2007–08, the trend line indicates that the backlog situation is increasing.

We also reviewed the situation for cases that had been in the system for more than 12 months (see Figure 3).

**Figure 3: Backlog indicator (as at 30 June) Cases >12mths (%)**



Source: Productivity Commission's *Report on Government Services* 2011 relating to the timeliness of court proceedings Table 7A.17. Tasmanian Magistrates Courts backlog indicator greater than 12 months expressed as a percentage of pending caseload.

As with cases of less than six months duration, those greater than 12 months are also experiencing an increase and at a higher rate.

While the Magistrates Court has implemented many of our original report's recommendations, both backlog indicators have deteriorated which appears counter intuitive and requires further analysis. We believe that the Court needs to investigate what could be a serious performance issue.

#### **Recommendation 1**

**The Magistrates Court should investigate the underlying reasons for the worsening situation with respect to the *Report on Government Services* for six- and twelve-month backlog indicators despite continuous improvements made in processes such as the contest mention system and introduction of the *Monetary Penalties Enforcement Act 2005*.**

#### 6.4 *Status of recommendations*

Twelve recommendations from the original report are shown in abbreviated form in Table 7 together with respective rates of implementation by the Magistrates Court.



**Table 7: Timeliness in the Magistrates Court — Degree of implementation (%)**

No	Recommendations (abbreviated)	Rating
1	Treat inactive pending cases as a classification of finalisation and re-list matters upon reactivation to enable accurate calculation of the time spent processing the pending caseload.	100
2	Instigate a project to systematically examine case files to ensure the accuracy of CRIMES. Also, ensure accurate input of case finalisation details.	100
3	Report waiting time statistics for minor and ‘not minor’ cases separately.	100
4	Further develop processes that reduce the level of adjournments caused by non-appearance of defendants.	100
5	Record appropriate data regarding the reasons for adjournment and enter into CRIMES.	25
6	Develop key performance indicators on the types of adjournments where improvement can be made.	50
7	Determine whether the contest mention process provides net benefits and in which situations it should be used.	25
8	Update the Court’s strategic plan.	50
9	Develop more measureable objectives which explicitly include timeliness.	100
10	Reported indicators should only take into account ‘not minor’ cases.	100
11	Align internal monitoring to the strategic plan and its objectives and targets.	50
12	Further develop CRIMES to a point where court proceedings can be directly entered from court rooms.	50
	<b>Average degree of implementation</b>	<b>71</b>

Commenting on the 25 per cent rating for Recommendation 5, the Court advised that the high volume of cases in intake/first appearance courts made it hard for staff to have time to record the reasons for adjournments. Nevertheless, the Court was developing more efficient, user-friendly data input screens for Court Clerks to be able to enter such data in the courtroom in real time, the effectiveness of which has still to be assessed.

Recommendation 6 relied on the prior implementation of Recommendation 5, so that reasons for adjournment would be available for analysis. In the meantime, certain subsets of adjournments are capable of analysis particularly in relation to the

defendant attendance rate for cases where the court applied SMS Bail Reminders.

The Contest Mention system, referred to in Recommendation 7, was extended to the Launceston Court in 2010 and conducted on an *ad hoc* basis at Devonport and Burnie, too. The Court anticipated that an evaluation project would be completed in 2011, with some assistance from a similar evaluation project conducted in Victoria.

The Court assessed its implementation of Recommendations 8 and 11 that concerned the strategic plan at 50 per cent. We were advised that the Magistrates Court was incorporating feedback from court user groups together with input from magistrates and court officers in updating the strategic plan.

Recommendation 12 concerned direct data entry into CRIMES from within the court room during proceedings. The court rated itself at 50 per cent based on a prototype data entry interface that was under development. Work had also been done to consider re-engineering business processes to enable relevant staff to undertake that task in real time.

## 6.5 Conclusion

In the intervening time since we tabled Special Report 73, the *Monetary Penalties Enforcement Act 2005* came into effect. As a consequence, the distinction between minor and ‘not minor’ cases was largely removed and some of our related recommendations are now satisfied. The diversion of minor infringement notices into a statutory process saw a large reduction in case lodgement numbers at the Magistrates Court: compare 59 451 criminal lodgements in 2007–08 with 23 637 in 2009–10.

In the case of strategic planning and annual reporting, the Magistrates Court has made progress but further implementation is required. A similar situation exists with the CRIMES database, where some work has been done to improve its functionality but further development could still be achieved.

Overall, the implementation rate of 71 per cent exceeds our benchmark. Nevertheless, the situation in relation to the deteriorating performance trends from the ROGS backlog indicators is of concern.

## 6.6 Submissions and comments received

### Department of Justice

I note your observation that the implementation rate of 71 per cent exceeds your own benchmark and is within the average range of

implementation of recommendations from your Reports across all State entities.

In general, I am satisfied with the rate of progress on implementation of your recommendations when viewed in the overall context of resource availability within the Department and the Magistrates Court.

All recommendations have been accepted as appropriate for implementation and significant progress has been made. I note that the Magistrates Court has fully implemented six out of 12 recommendations and another four recommendations are 50 per cent implemented. The remaining two recommendations are 25 per cent implemented.

In particular, proposed enhancements of the CRIMES system for better management reporting and in-court data entry, are intended for development subject to funding. The Court and the Department, in conjunction with the Department of Police and Emergency Management and the Department of Health and Human Services, have reviewed the problems encountered by the courts and other agencies in timely case management and have jointly developed a Business Case for the development and implementation of a Criminal Case Management System which will address these issues. The Business Case is currently under consideration in the Department of Treasury and Finance.

It is hoped that the efficiencies delivered by these system changes will improve timeliness through better service delivery to clients, and more accurate data analysis to monitor the caseload.

It should also be noted however that, while IT management reporting improvements will provide more accurate and timely data to inform performance analysis and procedural reform, the Magistrates Court believes that the most effective driver for improvements in efficiency and timeliness is culture change within the traditional approaches to criminal litigation. The Court is now committed to a variety of case management models in its various jurisdictions. Recent initiatives in the Youth Justice Division in a pilot project in the Hobart Magistrates Court are proof of the effect of that culture change. In that pilot, closer judicial case management of youth justice matters has reduced average timeframes from initiation to first court appearance from six weeks down to three weeks. Similarly, the pending caseload of cases greater than six months old in the Youth Justice Division in Hobart has reduced from 24 per cent in June 2010 to 15 per cent in December 2010.

I note your recommendation that "the Magistrates Court should investigate the underlying reasons for the worsening situation with respect to the Report on Government Services for six-and twelve-

month backlog indicators despite the continuous improvements made in processes such as the contest mention system and introduction of the *Monetary Penalties Enforcement Act 2005*."

I also note your concern over the "deteriorating performance trends" from the Report on Government Services (ROGS) in Figures 2 and 3 in paragraph 6.3 of your draft follow-up Report.

I can advise that the Magistrates Court continually monitors its performance, particularly in relation to timeliness and continually explores initiatives to improve the effectiveness and efficiency of its court processes. The Court has recently investigated the underlying reasons for the changes in the backlog indicators as reported in ROGS.

Investigation of recent years' trends indicates that the impact of the dramatic reduction in the Court's caseload of "minor" cases from 24 956 p.a. in 2005, to 8 543 p.a. in 2010 (due to the commencement of the *Monetary Penalties Enforcement Act 2005* in 2008) has had a significant distorting effect on timeliness indicators. While it was expected that the MPE Act would reduce the volume of the court's caseload, it was not expected to reduce the age of the caseload in percentage terms.

In fact, the MPE Act was always expected to increase the proportion of matters over both time measures for a period before it eventually plateaus. That is because the smaller pool of cases remaining for the Court's determination (after the "minor" cases were diverted) were known to contain more complex cases that by their nature take more time to finalise, often involving multiple listings.

By way of example, I note that the data in paragraph 6.3 of your draft follow-up Report contains only data of percentages of the total caseload that is older than the nominated age (six months). It does not contain data about the underlying number of cases in that pending caseload. Accordingly, the removal of a large proportion of the Court's 'minor' caseload has seen an increase in the percentage (but not the underlying number) of "not minor" cases in the pending caseload.

It is, therefore, a statistical aberration caused by transitional circumstances. Indeed, the actual number of pending cases in both age categories has decreased in the last reporting year and is relatively low on a national comparison. The underlying pending caseload

numbers for adult criminal cases in the Magistrates Court of Tasmania are set out in Table 1 (see footnote below)<sup>5</sup>.

As an aside, I note that some of the Court's newer case management models in problem-solving courts will affect timeliness indicators in other ways. Therapeutic jurisprudence involves greater magisterial supervision of offenders while undertaking programs addressing mental health, drug dependency, and family violence issues. Each of these programs will necessarily involve longer time periods to finalization, but are considered worthwhile because of the focus on tackling the underlying causes of offending behaviour, the reduction in recidivism, and the better quality of justice administered for the community's benefit.

Thank you for the opportunity to comment on your draft follow-up report.

### Chief Magistrate

Firstly may I say that the report into timeliness in the Magistrates Court of Tasmania has proved to be of significant value and assistance in the management of the Courts business. So much so that the Court has, in my view, made considerable progress in the implementation of the recommendations contained in the report.

There are however some additional matters that I think need to be mentioned in this context.

The SMS bail reminder project was a significant innovation by this Court in securing the attendance of defendants at court to reduce delays to the extent that the Court received the 2010 award of Judicial Excellence from the Australian Institute of Judicial Administration. This success was achieved despite continuous pressure on the Courts resources.

<sup>5</sup> **Table 1: Caseload numbers for adult criminal cases — 2010–2005**

Year	Pending caseload (Total)	Cases >6 months (no)	Cases >6 months (%)	Cases >12 months (no)	Cases >12 months (%)
2009-10	8 543	2 826	33.1	1 253	14.7
2008-09	8 877	3 248	36.6	1 815	20.4
2007-08	14 400	4 047	28.1	1 726	12.0
2006-07	24 931	8 473	34.0	1 964	7.9
2005-06	24 956	7 018	28.1	1 202	4.8

To assist in the development of the Court's strategic plan we have established court user groups in each of the Registry areas and initial feedback has been positive and useful.

"Large numbers of inactive cases" are often largely beyond the control of the Court in that the Prosecuting authority usually Tasmania Police is unable to finalise them due to non service on defendants to bring them to court to resolve the matters. Experience teaches us that many of these matters will not be pursued.

The Court is considering the adoption of listing time frames as part of its case management process. The eventual enactment of the Magistrates Court (Criminal and General Division) Bill will mandate a regime of Prosecution and Defence Disclosure and pre trial case management which we are confident will greatly assist in case flow management, and improve timeliness of case finalisation.

The Courts move to the problem solving approaches in the Court Mandated Drug Diversion and Forensic Mental Health Diversion Lists also have the effect of slowing down the completion rates in matters dealt within those lists although the numbers of defendants involved are not large. The problem solving approach involves more appearances and therefore more listings of matters to achieve a better result for the community. It is to be noted the Forensic Mental Health Diversion list received a Certificate of Merit in the 2010 Community Protection Awards

The contest mention system continues to contribute the effectiveness of case management in the Court. Legal practitioners have asked the system be introduced in Launceston and we are taking steps to accede to that request.

There continues to be some regions of the State in which the lists are still lengthy and delays are outside acceptable parameters. In my view this is due to a number of factors including a strong adversarial culture in some regions. Some new initiatives have been tried including the listing of all defended matters into a block of time before one Magistrate to attempt to resolve all matters within that time frame (usually two weeks). The contest mention system has been introduced in other parts of the State, and it is anticipated that introduction will assist in achieving more timely finalisation of cases.

We have also introduced in Hobart a 12-month pilot program in the Youth Justice Division bringing all young persons charged before one Magistrate to be dealt with. Already time savings between offence date and first appearance have been made and the opportunities for problem solving approaches are being utilised. Early feedback is positive and the statistical analysis promising.

I have seen the response to your report by the Secretary of the Department of Justice and I endorse it. As referred to in that response, the introduction of the *Monetary Penalties Enforcement Act 2005* has to a considerable extent distorted the statistical information in the manner explained.

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## **Recent reports**

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## **Current projects**

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## Current projects

Performance and compliance audits that the Auditor-General is currently conducting:

<b>Title</b>	<b>Subject</b>
<b>Profitability, and economic benefits to Tasmania, of Forestry Tasmania</b>	Evaluates Forestry Tasmania's long-term financial and economic performance.
<b>Fire management</b>	Examines whether respective government entities have implemented the recommendations from the COAG 2004 report titled <i>National inquiry on bushfire mitigation and management</i> .
<b>Tourism Tasmania</b>	Examines the effectiveness of Tourism Tasmania with respect to: promotions and advertisements; websites and implementation of planned strategies and initiatives.
<b>Out-of-home care</b>	Assesses the effectiveness of some aspects of the efficiency of out-of-home care as an element of child protection.
<b>Urban Renewal and Heritage Fund and Premier's Sundry Grants Fund</b>	Assesses the expenditure incurred on the Urban Renewal and Heritage Fund and the Premier's Sundry Grants Fund in recent years and compliance with the approved protocols and budgets.