



2002

PARLIAMENT OF TASMANIA

# AUDITOR-GENERAL SPECIAL REPORT No. 42

## FOLLOW UP OF PERFORMANCE AUDITS 1997-1998

September 2002

*Presented to both Houses of Parliament in accordance with the provisions of  
Section 57 of the Financial Management and Audit Act 1990*

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25 September 2002

President  
Legislative Council  
HOBART

Speaker  
House of Assembly  
HOBART

Dear Mr President  
Dear Mr Speaker

**PERFORMANCE AUDIT NO. 42**  
**FOLLOW UP OF PERFORMANCE AUDITS: 1997-1998**

This report has been prepared consequent to examinations conducted under section 44 of the *Financial Management and Audit Act 1990*, for submission to Parliament under the provisions of section 57 of the Act.

Performance audits seek to provide Parliament with assessments of the effectiveness and efficiency of public sector programs and activities, thereby identifying opportunities for improved performance.

The information provided through this approach will, I am sure, assist Parliament in better evaluating agency performance and enhance Parliamentary decision making to the benefit of all Tasmanians.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A J McHugh'.

A J McHugh  
AUDITOR-GENERAL



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## LIST OF ACRONYMS AND ABBREVIATIONS

DECCD	Department of Education, Community and Cultural Development (later became Department of Education)
DoE	Department of Education
DHHS	Department of Health and Human Services
DIER	Department of Infrastructure, Energy and Resources
DJIR	Department of Justice and Industrial Relations
DPAC	Department of Premier and Cabinet
DPIWE	Department of Primary Industries, Water and Environment
DPPS	Department of Police and Public Safety
DSD	Department of State Development
DTF	Department of Treasury and Finance
EFT	Electronic Funds Transfer
E & L	Executive and Legislature
FBT	Fringe Benefits Tax
GBE	Government Business Enterprises
IT	Information Technology
PAHSMA	Port Arthur Historic Site Management Authority
SRO	State Revenue Office
Treasury	Department of Treasury and Finance

## Introduction

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## INTRODUCTION

Tasmanian Audit Office performance audits are conducted with the goal of assessing the effectiveness, efficiency and economy of activities undertaken by the public sector. Identifying areas for potential improvement is an essential part of the process and recommendations are made with this objective in mind.

Where possible, the Audit Office tries to reach agreement with auditees on framing recommendations for change. Because of this active collaboration there is an expectation that the recommendations will indeed be implemented.

This follow up audit has been done to provide Parliament with information about the extent to which auditees have acted on recommendations made in previous performance audits, viz.

This performance audit examines the following six reports tabled during 1997 – 1998:

<b>Year</b>	<b>Report No</b>	<b>Title</b>
1997	20	Review of computer controls in government departments
1997	21	Special investigation into administrative processes associated with preservation and maintenance of the Port Arthur Historic Site
1997	22	Land information and adverse possession
1997	23	Managing school maintenance and minor works
1998	27	Use of motor vehicles in government agencies
1998	28	Payment of accounts in government agencies



## **Audit framework**

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## AUDIT FRAMEWORK

### *Standards applied*

This audit has been performed in accordance with Australian Auditing Standard AUS 806 (*Performance Auditing*) that states:

‘The objective of a performance audit is to enable the auditor to express an opinion whether, in all material respects, all or part of an entity's activities have been carried out economically, and/or efficiently and/or effectively.’

Audit procedures were confined to a survey of agencies to ascertain their acceptance of recommendations made in previous performance audits. This provides less evidence than would be available by applying more extensive and comprehensive procedures. The evidence provided by these means is persuasive rather than conclusive in nature.

### *Objective*

The purpose of the audit was to:

- Ascertain the extent to which recommendations from previous performance audits have been implemented; and
- Determine reasons for non-implementation.

### *Scope*

The scope of the audit is limited to recommendations contained in the following performance audits:

- Review of Computer Controls in Government Departments;
- Special Investigation into Administrative Processes Associated with Preservation and Maintenance of the Port Arthur Historic Site;
- Land Information and Adverse Possession;
- Managing School Maintenance and Minor Works;
- Use of Motor Vehicles in Government Agencies; and
- Payment of Accounts in Government Agencies.

### *Audit methodology*

Survey questionnaires, re-iterating the findings and recommendations of the original performance audits, were sent to auditees to inquire specifically regarding the implementation of recommendations made in respect of their business unit's operations. The questionnaires required departments to indicate the degree of implementation through a ('Yes',

‘No’ or ‘Partially’) response supported by detailed notes. Where departments had implemented recommendations either fully or partially we asked them to cite the documentation, procedure, policy etc.

Findings in this audit are based on the above evidence supplemented through discussions with agency staff where necessary.

### *Timing*

Planning for the performance audit commenced in December 2000. Evidence collection commenced in January, with the report being finalised in May 2002.

### *Resources*

The total cost of the audit excluding report production costs is estimated at \$40,000.

### *Mandate for the audit*

Under the provisions of section 44(b) of the *Financial Management and Audit Act 1990* the Auditor-General may:

‘carry out examinations of the economy, efficiency and effectiveness of Government departments, public bodies or parts of Government departments or public bodies’.

The conduct of such audits is often referred to as performance auditing.

### *Response from departments*

In May 2002 the draft of this report was circulated to auditees for their information or comment. Comments were received from two departments. Those from Treasury and Finance are summarised in the ‘Status of Findings’ Sections of parts 1 and 5.

A summary of comments from the Secretary of the Department of Education is reproduced here:

‘I am concerned that the information proposed for publication lacks currency. Some of the information remains unchanged from as far back as 1997, while updates which were requested as part of the follow up audit project were undertaken in December 2000 and may no longer be an accurate reflection of current status.

In the short time frame which has been made available for written comments to be provided, and in the context of other important priorities during this period, specifically the 2002-2003 budget process, it was not possible to provide complete updated comments.’



## **1 Review of computer controls in Government departments**

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# 1 REVIEW OF COMPUTER CONTROLS IN GOVERNMENT DEPARTMENTS

## *THE 1997 AUDIT*

The move away from a centralised financial system, and implementation of new accounting systems, from 1 July 1996 prompted the audit. The earlier centralised system had included strong computer environment controls. With the devolution in responsibility for the new systems there was a potential risk of serious weaknesses in computer controls.

However, rather than concentrating exclusively on accounting systems it was determined that the project should focus on departmental information technology (IT) sections, thus including coverage of other important systems including human resources, corporate databases, operations support, and property and taxation databases.

The report was primarily based on a questionnaire completed by each of the IT section managers in the targeted departments, supplemented by follow up interviews with the managers. Limited field-testing was carried out.

In all, the 1997 audit fourteen applied 14 criteria and with recommendations made against 12. Specifically, the findings and recommendations were as follows:

### *1.1 PROTECTION FROM NATURAL HAZARDS*

It was noted that half of the agencies surveyed considered that there was a risk of serious water damage. In most instances, this was related to the presence of overhead sprinklers, or toilet facilities in the floor above. It was also noted that some agencies did not consider physical security was adequate to prevent damage from power fluctuations, fire or excess smoke and heat.

<b>Recommendation</b>
<b>Agencies should take action to minimise the risks to computer equipment from natural hazards.</b>

### *1.2 SECURITY OVER ACCESS TO THE INSTALLATION*

To establish performance for security access to their computer installations, agencies were rated against the following sub-criteria

- The importance of the data to be protected;
- The presence of the more critical controls;

- An effectively promulgated security policy;
- Restriction on the number of incorrect password guesses allowed;
- Enforced regular change of password;
- Regular review of access rights; and
- The presence of other security controls.

Assessment of agencies produced the following grading.

Excellent	Good	Weak	Poor
4	3	4	4

#### **Recommendation**

**Agencies should develop a security policy, and distribute copies to all staff annually.**

**Agencies should implement the listed computer controls, and in particular the more important controls:**

**Restrict the number of incorrect password guesses allowed;**

**Enforce regular change of password; and**

**Regularly review of access rights.**

### **1.3 NETWORK SECURITY**

Encryption is not currently being used on departmental networks because of the costs involved and performance issues. Departments are accordingly open to the risk that confidential data or passwords could be illegally read off the network.

#### **Recommendation**

**Agencies should periodically review the cost and practicality of implementing encryption on networks.**

### **1.4 BACKUP OF INFORMATION**

Backup of information is generally reliable although it was noted that one agency did not store its backups in an off-site location. Backups need to be periodically tested to ensure that the tapes can be read as required, and it was noted that a third of the agencies surveyed did not perform such testing.

**Recommendation**

**There should be a process of testing tapes to ensure that the backup process is effective and that tapes can be read.**

**1.5 DISASTER RECOVERY PLAN**

Audit noted that none of the agencies surveyed had a completed disaster recovery plan, although three agencies had draft (untested) plans, and most other agencies were planning to develop a disaster recovery plan within the next two years.

**Recommendation**

**Agencies should give priority to development of a disaster recovery plan.**

**1.6 RECOVERY FROM SYSTEM FAILURE**

The use of database systems with proven recovery procedures, provides a reasonable level of control over the risk, however the lack of incident diaries, and documentation of recovery procedures at a number of agencies is of concern.

**Recommendation**

**Agencies should implement incident diaries and write recovery procedures for all major systems.**

**1.7 DATA EDITORS**

The following problems were noted:

- One Finance Manager was also the officer in charge of the IT section. This was considered necessary because of the small size of the corporate services section.
- One senior finance officer had been given access to the data because of his IT skills to develop reports and other minor processes.
- Important databases had been developed externally to IT sections, and were not subject to the standards applied in the IT section.
- Documentation of edits was seen to be the responsibility of the owners of the data, rather than the IT section.



**Recommendation**

**Data should only be edited through application menu options. However, when it is necessary to use direct editing of data, appropriate approval and documentation standards should be applied.**

**1.8 CHANGE CONTROL**

A number of agencies lacked formal processes in this area. This particularly applied to new finance systems, where external consultants had made changes to production versions of software without formal approval processes.

**Recommendation**

**Agencies should implement formal processes over change control for important applications.**

**1.9 SEGREGATION OF DUTIES**

Three separate problems were noted:

- One Finance Manager was also the officer in charge of the IT section. This was considered necessary because of the small size of the corporate services section.
- One senior finance officer had been given access to the data because of his IT skills to develop reports and other minor processes.
- Two IT officers were required to provide occasional support to the finance section.

**Recommendation**

**Agencies should segregate duties between IT and Finance functions.**

**1.10 STRATEGIC PLANNING**

In some instances there was no current strategic/corporate plan for the organisation, and as a consequence no strategic plan. All agencies with a corporate plan either had an IT strategic plan, or were currently developing a plan.

**Recommendation**

**An Information Systems strategic plan should be derived from the organisational strategic plan to ensure that appropriate IT functionality is available as required by the organisational plan. Plans should address both short-term and long-term requirements.**

### 1.11 COMPUTER SKILLS

All agencies surveyed were satisfied with their current skill level. However, some agencies expressed concern about their capacity to maintain the normal standard of IT services during periods of leave.

It was also noted that some agencies were relying on external consultants for report writing, data extraction and other database functions for the Finance system. Whether this was because of a reluctance by Finance sections to use their IT Sections, or a lack of relational database skills, Audit is concerned that agencies may not be fully utilising the software, and/or may be incurring unnecessary expense.

#### **Recommendation**

**Agencies should specify minimum acceptable levels of IT services, and ensure that resources are adequate to enable those standards to be maintained during periods of leave.**

**Agencies should review the use of external consultants to provide database support, and investigate the possibility of internally providing the functionality.**

### 1.12 PERSONAL COMPUTERS

There is a significant risk that unlicensed software may exist on personal computers because of:

- Failure to maintain software license registers (registers did not exist at three agencies, and were poorly maintained at most other agencies),
- Periodic inspections are not performed, so that unlicensed software may be installed by users without detection.

It was noted that four agencies did not install anti-virus software on their computers allowing the possibility of loss or corruption of data on their computers, and on network file servers.

Security over confidential data on personal computers may be at risk because of the absence of start-up passwords on personal computers.

**Recommendation**

**Software license registers should be upgraded and annual inspections of personal computers be performed to check for unlicensed software.**

**Anti-virus software should be installed on personal computers.**

**Agencies should consider use of start up passwords on personal computers (and particularly portable computers).**

**STATUS OF FINDINGS**

The above listing of recommendations is the total set made in respect of all inner budget agencies. Consequently, some recommendations apply to some agencies but not others. In the following table shading is used to indicate where a particular finding was not made in respect of an agency. A department may have had fewer recommendations than another because, at the time of the audit, it had already achieved a higher degree of compliance. The extent to which the audit's recommendations have been implemented is shown below in Table 1.

**Table 1: Status of findings – review of computer controls (rated as a percentage<sup>1</sup>)**

<b>Recommendation</b>	<b>DoE</b>	<b>DHHS<sup>2</sup></b>	<b>DIER</b>	<b>DJIR</b>	<b>DPPS</b>	<b>DPAC</b>	<b>DPIWE</b>	<b>DSD</b>	<b>DTF</b>	<b>E&amp;L</b>	<b>All</b>
Protection from natural hazards		50		100		100	75	75	100	100	<b>86</b>
Security over access to the installation	100		50		75	75	75	50	50	100	<b>72</b>
Network security	100	0	100	100	100	50	0	50	50	0	<b>55</b>
Backup of information		0			100			100	75		<b>69</b>
Disaster recovery plan	75	0	100	100	100	50	25	100	100	100	<b>75</b>
Recovery from system failure		0				100	100	50	50		<b>60</b>
Data editors			75				100	100	100		<b>93</b>
Change control			75		75		100	25		75	<b>70</b>
Segregation of duties			100							100	<b>100</b>
Strategic planning	100		100			50	100	100			<b>90</b>
Computer skills				75			100		100	100	<b>94</b>
Personal computers		0	75	50	75	100	100	100	100		<b>75</b>
<b>Percentage implementation by departments</b>	<b>94</b>	<b>8</b>	<b>84</b>	<b>85</b>	<b>88</b>	<b>75</b>	<b>78</b>	<b>75</b>	<b>80</b>	<b>82</b>	

<sup>1</sup> Full implementation is shown as 100 with non-implementation appearing as 0. Where recommendations were partially implemented (as indicated by respondents) we assigned an assessment of 25, 50 or 75. Departmental responses in respect of partial implementation are in Appendix A.

- 2 Department of Health and Human Services' low rate of implementation was attributed to difficulties in staffing in the IT area that had created backlogs.

In June 2002, Treasury advised that departmental controls had been updated since the 2000 survey. Consequently, the four recommendations not fully implemented at the time of the audit survey had been completed.

## **CONCLUSION**

Auditees furnished explanations for recommendations that were either implemented in part or not at all. In some cases, the recommendations had been considered but were not taken up because there were other projects that had greater priority. Other agencies indicated that implementation was progressing but was not yet complete.

From the time that Special Report No 20 was tabled, we have completed three other performance audits that have touched on aspects of computer controls, viz,

- No. 30 The year 2000: Coming ready or not [1999]
- No. 35 Software Licensing [2001]
- Network Security [2001] (This report was not tabled in Parliament)

Although these performance audits looked at selected agencies, some of the audit criteria have overlapped with the recommendations listed in Table 1, albeit in greater detail. As an example, change control was examined in the Year 2000 audit, PC controls formed part of the Software Licensing audit while a number of security and disaster recovery criteria were checked in detail in Network Security. Progress had been made since Special Report No 20 was tabled but changes in technology and acceptable modern standards have meant that further areas for potential improvement were identified from the later performance audits.

Currently, coordination of IT - including the management of technical standards - from a whole of government perspective is currently the responsibility of the Telecommunications Management Division in the Department of Premier and Cabinet.

## **2 Special investigation into administrative processes associated with preservation and maintenance of the Port Arthur Historic Site**

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## 2 SPECIAL INVESTIGATION INTO ADMINISTRATIVE PROCESSES ASSOCIATED WITH PRESERVATION AND MAINTENANCE OF THE PORT ARTHUR HISTORIC SITE

### *THE 1997 AUDIT*

This audit was carried out in response to a request from the shadow Minister for the Environment for a review of the financial arrangements of the Port Arthur Historic Site Management Authority (PAHSMA) and its compliance with legislative responsibilities.

A fully-scoped performance audit did not appear to be warranted from our preliminary work. Instead, the audit was treated as a special investigation. The constraints and difficulties caused by the conflicting requirements of conservation and attracting visitors to the Historic Site were evident during the investigation. Nine recommendations were made in the report to assist the Authority to improve the administration of its preservation and maintenance responsibilities under the *Port Arthur Historic Site Management Authority Act 1987*.

### *STATUS OF FINDINGS*

#### *2.1 REPORTING OF CAPITAL AND MAINTENANCE COSTS*

No attempt had been made by PAHSMA to implement the recommendations of the Public Accounts Committee report about the reporting of costs associated with capital and maintenance works.

<b>Recommendation</b>
<b>PAHSMA should adopt the recommendations of the Public Accounts Committee report that relate to the reporting of capital and maintenance costs associated with Site operations.</b>

#### *Follow up response from PAHSMA (Feb 2001)*

Since 1997 the Authority has implemented a detailed cost accounting system which identifies general non-heritage infrastructure maintenance, heritage asset maintenance, and capital works categories, in general accordance with the recommendations of the 1993 report of the Parliamentary Accounts Committee. The definitions and boundaries of these categories are however changeable, and require regular review to ensure currency.

## 2.2 REVIEW AND UPDATE OF ALL POLICIES, PLANS AND STRATEGIES

Greater attention should be paid to strategic issues on a continuing basis. The 1985 Management Plan was conceived as a five-year plan but was not reviewed until 1996. While the 1985 plan contained a conservation plan, based on completion of the Restoration Project and identifying immediate priorities, no action has been taken on revising that plan until the present time. A revised Conservation Plan is in the course of preparation but will not be complete for some time, and immediate preservation activities are waiting on its completion.

### Recommendation

**PAHSMA should implement a process of regular review and update of all policies, plans and strategies, particularly as they relate to preservation and maintenance of the Site.**

### *Follow up response from PAHSMA*

The Authority response given in the 1997 Report of the Audit Office is reiterated. The Strategic Management Plan (1994), Amendment to the 1985 Statutory Management Plan (1996), and Conservation Plan (2000) demonstrate the process of regular review and update of policies, plans and procedures relating to heritage asset management. A timeframe has been established for the completion of secondary conservation planning tools, such as the Landscape Plan, Built Fabric Plan, Archaeology Plan etc. within the life of the Conservation Plan. It is also pertinent to review and update the Statutory Management Plan for the Site, as stated in the 1996 amendment to the 1985 Plan.

## 2.3 STRATEGIC PLANNING AND ANNUAL OPERATING PLANS

The Corporate Plan provided for the Authority to fund conservation budgets from profits generated from commercial activities.

There was little evidence from commercial activities undertaken over recent years that there would be any substantial profits to fund the scale of conservation works needed to secure the long term future of the site.

### Recommendation

**PAHSMA should integrate strategic planning processes with annual operating plans and annual budgets to better coordinate preservation and maintenance responsibilities with the annual budget process.**

### *Follow up response from PAHSMA*

A thorough audit of outstanding conservation requirements within the Site was carried out in 1999, to complement the then Draft Conservation Plan. The resultant five-year conservation works programme was adopted by the PAHSMA Board and funds guaranteed, through the Capital Investment Program, by the State Government. These funds are specifically for conservation works. The conservation programme and budget are integrated with tourism and commercial operations within the 5-year Corporate Plan.

## **2.4 UPDATE OF ASSET MANAGEMENT PLAN**

There was no regular update of the Asset Management Plan to enable progress against long term conservation and preservation budgets to be quickly identified.

It was unlikely that the funding for conservation works identified as being required by PAHSMA, would be sufficient if it were limited as planned to a sum equal to the profit of the Authority.

### **Recommendation**

**The Asset Management Plan should be updated at regular intervals (say six-monthly) to enable progress against budget to be identified. The results of the updates should be reported to the Board at regular intervals.**

### *Follow up response from PAHSMA*

The Authority response given in the 1997 Report of the Audit Office is reiterated. The five-year conservation works programme, whilst serving as the basis for securing Capital Investment Program funding, requires continuous monitoring and refinement to ensure currency of priorities. Progress against the programme is monitored regularly and updates provided to the PAHSMA Board at monthly intervals.

## **2.5 CONSEQUENCES OF DELAYING PRESERVATION ACTIVITIES**

No studies had been undertaken by PAHSMA to identify the consequences of delayed conservation works.

### **Recommendation**

**PAHSMA should undertake a study of the long-term consequences of delaying Site preservation activities, including the continuing delays in restoring major site features such as the Hospital, the Penitentiary and the Model Prison.**



### *Follow up response from PAHSMA*

PAHSMA has instituted a cyclical engineering inspection programme of the major built elements, and has made significant progress in establishing a photographic and photogrammetric database to monitor the effects of natural decay and the effectiveness of conservation responses over a long timeframe. A 10-year review of decay and conservation works to headstones on the Isle of the Dead has recently been completed, and a major research project into masonry deterioration and conservation is proposed for the remainder of the Site, commencing in 2001. A second round of capital stabilisation works to the Hospital was completed in 1999, emergency repairs to the Separate Prison carried out in 2000. A major conservation and interpretive upgrade at the Separate Prison is scheduled for 2001-2003.

## **2.6 RECONSIDERATION OF THE USE OF BORROWED FUNDS**

PAHSMA's policy was to not invest borrowed funds in securing the long-term future of the Site.

### **Recommendation**

**PAHSMA should reconsider the use of borrowed funds for capital works associated with restoration and reconstruction to secure the long-term future of the Site.**

### *Follow up response from PAHSMA*

Funds for implementing the Conservation Plan and associated 5-year Works Programme have been guaranteed by the State Government through the Capital Investment Program. An analysis of the financial history of the PAHSMA indicates that tourism income has never been, and is unlikely to ever be, sufficient to fund even basic maintenance of the Site's heritage assets, let alone fund cyclical maintenance and cover loan repayments on capital conservation works.

## **2.7 FINALISATION OF THE DRAFT CONSERVATION PLAN**

Decisions associated with new conservation and restoration projects had been deferred pending finalisation of the Conservation Plan.

**Recommendation**

**PAHSMA should urgently finalise the consideration of the Draft Conservation Plan (now known as the Draft Cultural Resource Management Plan) to allow early development of conservation and restoration strategies for major Site features such as the Hospital, the Penitentiary and the Model Prison.**

*Follow up response from PAHSMA*

The Conservation Plan has been completed and an indicative subsidiary planning and conservation works programme established. The 5-year programme encompasses major and minor built structures, landscape elements, collections and interpretation on Site.

**2.8 IMPLEMENTATION OF AN ACTIVITY-BASED COSTING SYSTEM**

PAHSMA's records had little information to show the extent of actual conservation (Capitalised) and maintenance expenditures on individual historic buildings over time. As a result, it was impossible to compare or reconcile the conservation and maintenance expenditure ...with the estimates of required funding cited in the report.

**Recommendation**

**PAHSMA should consider implementation of an activity based costing system to allow identification of all capital and maintenance expenditures, including labour costs, associated with individual historic buildings on the Site. This should be complemented by a careful and complete record of the associated physical work undertaken.**

*Follow up response from PAHSMA*

An activity-based cost accounting system has been in place since 1997, and is being thoroughly updated for 2001-2002. The system isolates payroll, materials and contract/consultant expenses for historic assets/conservation works, tourism infrastructure and capital works. Physical conservation works are carried out to specifications prepared by professional conservation staff, and external consultants, subjected to the scrutiny of the Tasmanian Heritage Council Secretariat, and monitored/documented whilst in progress.

**2.9 ACHIEVEMENT OF PRIMARY OBJECTIVES**

PAHSMA should reconsider whether its obligations under the Port Arthur Historic Site Management Authority Act 1987 and the Management Plan were being adequately addressed by operating as a

tourist destination in the hope that sufficient corporate sponsorship and profits would be accumulated to allow for long term conservation and preservation of the Site. Once the fabric of the Site is lost or degraded it will not be regained.

#### **Recommendation**

**PAHSMA should reconsider whether the primary objectives of the *Port Arthur Historic Site Management Authority Act 1987* to maintain and preserve the Site are being achieved while attempting to operate as a commercial tourist destination.**

#### *Follow up response from PAHSMA*

The issue of the successful integration and achievement of commercial tourism and conservation objectives is complex, and is constantly being monitored by PAHSMA to resolve potential conflicts. The principal areas of conflict occur in relation to generating and allocating sufficient resources to service both objectives, and balancing the resultant commercial development pressures with the conservation needs of the Site.

In terms of the resources, both the 1994 Strategic Management Plan and the 1996 amendment to the 1985 Management Plan identified the need to broaden the PAHSMA income base in order to achieve sufficient funds for effective conservation of the Site. A subsequent review in 1999 indicated that tourism and sponsorship income alone had never been, and was unlikely to ever be, sufficient to resource the growing backlog of deferred conservation works. A recent State Government funding arrangement has guaranteed \$10 million funding for conservation during 2000-2004, to cover outstanding works and bring the Site onto a cyclical maintenance footing, but beyond this date it is still questionable whether PAHSMA will be able to generate sufficient funds to cover ongoing maintenance. An analysis of tourism revenue/expenditure over the past 10 years indicates that while revenue may be increasing, expenditure required to sustain that level of income generation is increasing at a matching rate, resulting in no net increase in surplus funds to be directed to conservation.

In terms of physical or other impacts on the cultural values of the Site, conflicts exist in relation to providing services for visitors and concessionaires. These include water, sewerage and communication services, erecting shelters, advertising and directional signage, walkways, roads/tracks, jetty facilities etc. Such constructions involve ground disturbance and creation of visual elements not in keeping with the historical character of the place, but which are essential for public safety, information, and general site operations. Some policies exist to mitigate less desirable impacts, although the high tourism profile of the Site makes it vulnerable to considerable

development and commercial pressures to provide new or upgraded services, new attractions etc.

The Conservation Plan recommends a number of measures be enacted in order to help reduce the conflicts between conservation and commercial tourism objectives, including:

- Reviewing the Port Arthur Historic Site Management Authority Act 1987 to give primacy to conservation;
- Exempting PAHSMA from the Government Business Enterprises Act 1995 (as already recommended in the report of Commissioner Max Doyle).

Even though conflicts exist, the PAHSMA recognises the importance and interdependence of both tourism and conservation objectives for the long-term management of the Site, modelling for minimum conflict and maximum integration through a Corporate Plan.

## CONCLUSION

PAHSMA has considered the recommendations of the 1997 audit with steps taken to implement a detailed cost accounting system, a cyclical engineering inspection programme and completion of the Conservation Plan. An indicative subsidiary planning and a five-year conservation works programme encompassing major and minor built structures, has also been established. PAHSMA faces significant challenges in reconciling conservation and tourism objectives and the proposed compromise is the likely optimal solution.

### **3 Land information and adverse possession**

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### **3 LAND INFORMATION AND ADVERSE POSSESSION**

#### ***THE 1997 AUDIT***

During the previous year's cycle of financial audits of Councils, the Audit Office had noted a number of instances of properties being recorded with 'owners unknown'. Further work was done to check similar records kept by the Recorder of Titles, the Valuer-General and the State Revenue Office to determine what information was available in respect of land ownership. As a result of this activity, a number of inconsistencies and discrepancies between these offices came to light particularly in relation to the recording of 'unknown owners'.

This observation led to a review of other system mismatches and the need for reconciliation. Audit examined whether the existence of records with 'unknown owners' could result in a loss of revenue to the State or Councils and how the doctrine of adverse possession operated in some of these cases.

Seven recommendations were made in relation to the recording of owners of property, the consistency of land information held in government systems and the issue of obtaining land under adverse possession.

#### ***STATUS OF FINDINGS***

In all, seven recommendations were made in this report. These were made across three broad areas:

- recording owners of property (4),
- consistency of land information (2), and
- obtaining land under the doctrine of adverse possession (1).

Details appear below.

#### ***3.1 RECORDING OWNERS OF PROPERTY***

The non-notification of changes in ownership and addresses by the State Revenue Office (SRO) and Local Government has led to the situation where their records and those of the Valuer-General do not agree.

**Recommendation**

Recording owners of property -1

**Any record held by the Valuer-General, the SRO and various Councils to the effect that an individual property has an unknown owner should be checked against the records of the Title Office to ascertain the name and address of that owner.**

*Follow up response from the Valuer-General  
(Dec 2000)*

The abovementioned finding, strictly speaking, is not correct. This is because, not all of the 440 properties are subject to the *Land Titles Act 1980*. The 327 titles identified have been amended on the Land Valuation Roll.

The remaining 113 properties not as yet amended on the Land Valuation Roll are subject to general law titles (conveyances etc) and would require considerable staff resources for these to be identified. Such staff resources cannot be applied at this time.

*Follow up response from State Revenue Office  
(Jan 2001)*

Properties allocated to an "unknown owner" are reviewed annually as part of the pre demand issue checks through reference to the LIST, Land Information Systems Access and council information.

This is undertaken on a risk to the revenue basis with the largest land values examined first.

In some cases, the Property Identifiers don't exist on the Titles database either and in the majority of cases the properties are exempt (held by councils or the Crown) or have a very low assessed land value such that the risk to the revenue is small.

*Follow up response from the Recorder of Titles  
(Jan 2001)*

Unknown owners have been checked in the Valuer-General's database (VISTAS) against the Recorder of Title's database (TASFOL) and as a result about 100 properties were identified and the ownership updated to show the registered proprietor as shown in Schedule 1 of the title.

There now remain 113 (of a total of 300 000) properties with Unknown Owners, 102 of which are on the West Coast.

Investigation of these properties is time consuming and may not always be definitive, as property conveyancing practices, particularly on the West Coast, were not always followed.

It is considered that the resources required in the investigation of these owners are too great to warrant any further action, however as they come to our notice we will update our records accordingly.

**Recommendation**

Recording owners of property -2

**A timetable should be developed for the reconciliation of the discrepancies between the land information held by the Recorder of Titles, the Valuer-General, the SRO and Councils.**

*Follow up response from the Valuer-General*

The Land Valuation Roll is updated by the Valuer General and in the majority of cases this occurs as a consequence of a notice of sale being lodged with the Recorder of Titles.

It is considered to be a matter for the SRO and Local Government as to how they maintain their data. In the case of the SRO, it is noted that the land tax liability remains with an owner for the entire financial year irrespective as to how many changes in ownership may occur.

*Follow up response from State Revenue Office*

Changes of ownership and valuation changes are now received electronically from DPIWE via the List Transfer process ensuring that the databases agree with respect to this data from the <date> [data field].

The discrepancy between the various databases will be largely rectified upon conduct of the planned Certificate of Title to Property Identifiers data match in March 2002.

This data match was last conducted in October 1996 and a follow up exercise has been scheduled in each of the last 3 financial years. However, based on previous experience, the process is extremely labour intensive and has not been feasible due to system changes and other tasks relating to the introduction of new Land Tax legislation, a major restructure of the Division between September 1999 and November 2000 and the implementation of changes to the administration of land tax in accordance with the recommendations of the Fletcher Committee report. One of the major changes to the administration of land tax flowing from this report has seen the demand issue spread over at least 9 months (in the main due to the offering of an instalment option for large payers) leaving little opportunity to carry out necessary database maintenance let alone a major data matching exercise as described above.



### *Follow up response from the Recorder of Titles*

This office agrees with the reply sent by the Valuer-General.

The SRO and local councils are supplied with the data as registered in the Lands Titles database.

These offices have their own business rules and statutory responsibilities to adhere to however.

#### **Recommendation**

Recording owners of property -3

**'Rate Paying Lessee' notations should be consistent between Councils and the Valuer-General.**

### *Follow up response from the Valuer-General*

Councils provide information to the Valuer General in a 'List of Alterations' pro forma of amendments to the Land Valuation Roll, including 'Rate Paying Lessee' details. These details are in respect of properties where the ownership is known.

In the case of the 113 properties where the ownership is unknown (general law) the words 'rate paying lessee' will be altered to 'rate paying occupier', early in the new year.

#### **Recommendation**

Recording owners of property -4

**No notation for a rate- or land tax-paying lease should be made unless appropriate written evidence, such as owner's advice, is provided.**

### *Follow up response from the Valuer-General*

If the ownership is recorded as 'unknown', there is little expectation that the owner would give any advice regarding the 'rate paying lessee'. Refer to the previous answer.

### *Follow up response from State Revenue Office*

The SRO may recover from the rate paying lessee in some cases but under no circumstances would the name of the owner on the database be altered.

In these cases the rate paying lessee (not the owner) invariably contacts the SRO to make arrangements to pay the outstanding amount – it is simply not an issue for the SRO provided the land tax is paid.

### *Follow up response from Local Government councils*

Table 2 details the extent to which the four local government councils have implemented the recommendations made in the audit report.

**Table 2: Response to recommendations by councils**

<b>Rec Number</b>	<b>Clarence City Council</b>	<b>Glenorchy City Council</b>	<b>West Coast Council</b>	<b>West Tamar Council</b>
<b>1.1</b>	Yes	Yes	No	Yes
<b>1.2</b>	Yes	No	No	Partially
<b>1.3</b>	Yes	Yes	Yes	N/A
<b>1.4</b>	Yes	Yes	Yes	N/A

### **3.2 CONSISTENCY OF LAND INFORMATION**

The SRO had not reconciled its database (Taxation and revenue gaming information system – TARGIS) against that used by the Valuer-General (Valuation information systems Tasmania – VISTAS) to ensure that both systems have the same information.

In addition, the SRO had not reconciled the total number of rateable properties or the taxable values of those properties before issuing land tax demands to ensure that the number and value of properties actually taxed agreed with the information recorded in TARGIS.

#### **Recommendation**

Consistency of land information -1

**Information within TARGIS should be reconciled with VISTAS and when that reconciliation is achieved, regular checks be carried out in future to ensure the integrity of the data.**

### *Follow up response from State Revenue Office*

Refer to above comments (in relation to the Certificate of Title to Property Identifier matching project), as an extra task over and above the checks that were carried out as part of the October 1996 exercise, a reconciliation of the valuation data between LIST ('Land information system Tasmania') and TRACS ('Tasmanian revenue and collection system') will also be carried out.

**Recommendation**

Consistency of land information -2

**The SRO should reconcile the total number of properties and the total taxable value of those properties being issued land tax notices to ensure that all properties recorded in TARGIS are correctly taxed.**

*Follow up response from State Revenue Office*

No physical reconciliation carried out.

However, tax calculation exception lists (eg exempt properties) are verified prior to the generation of demands and ongoing checks are carried out re owners of taxable properties where no demand has issued.

The tax rates and adjustment factors have also been audited annually by the Tasmanian Audit Office as well as verified.

Exempt taxpayers that hold General Land will not effect the reconciliation between [the land categories of] GEN and LV but these taxpayers will obviously impact on receipts.

Data integrity is outside SRO control given that data regarding valuations/titles comes from DPIWE.

We are unable to extrapolate from land value to tax due to aggregation (value of properties held by the same owner are aggregated and land tax applied to the aggregated value) and company grouping (value of properties held by related companies are totalled and land tax applied to the total value – resulting in increased amounts of land tax owing).

### 3.3 *OBTAINING LAND UNDER THE DOCTRINE OF ADVERSE POSSESSION*

State or Local Government employees may have a conflict of interest in being able to alter records such as property rating information and rate notices.

**Recommendation**

**The reviews of the *Tasmanian State Service Act 1984* and the *Local Government Act 1993* consider the question of the improper use of information gained during the course of employment or duty by employees of State and Local Government and by the elected representatives in Local Government.**

*Follow up response from Employment Policy Division -  
Department of Premier and Cabinet*

The new *State Service Act 2000*, which commences on 1 March 2001, includes a provision in its Code of Conduct that deals with the use and confidentiality of information obtained by officers and employees in the course of their State Service employment (see section 9). A breach of the Code may result in disciplinary action.

*Follow up response from Local Government Office -  
Department of Premier and Cabinet*

The *Local Government Act 1993* was the subject of a comprehensive review and consultation process during 1998/1999 leading to the passage of the *Local Government Amendment Act 1999*.

The latter Act incorporated a significant number of amendments to the Principal Act including the provisions relating to the improper use of information and also misuse of office. These were seen as the most relevant provisions to address the concerns raised by the Tasmanian Audit Office's performance review about Local Government personnel accessing or misusing information relating to Council land ownership records for improper motives.

Section 339 now addresses the improper use of any information acquired by a councillor or member of a council authority by making it an offence to misuse that information. A penalty of a fine of up to 50 penalty units applies. Subsection (2) extends that offence to an employee of a council, single authority or joint authority.

Section 339A addresses the allied matter of misuse of office. As can be seen from the following, it applies fairly broadly –

- 1 “A councillor, an employee or a member must not procure the doing or not doing of anything by the council to gain, directly or indirectly, an advantage or to avoid, directly or indirectly, a disadvantage for –
  - (a) the councillor, employee or member; or
  - (b) a close associate of the councillor, employee or member; or
  - (c) a member of the councillor's, employee's or member's family.

Penalty: Fine not exceeding 50 penalty units.

- 2 In addition to any penalty imposed under this section, a court may make an order –

barring the councillor from nominating as a candidate at any election for a period not exceeding 7 years; or

dismissing the councillor or member from office.”

These measures complement the existing provision in section 340 (Interference with record) which makes it an offence for a person to ‘interfere with, alter or destroy any record or document in the possession of, or under the control of, a council without the approval of the council’. Again, a significant penalty of a fine not exceeding 50 penalty units applies to the offence.

Part 5 of the Act (Interests) also applies to elected members of Councils.

Accordingly, this Office considers that the recommendation of the Audit Tasmania performance review so far as it relates to the *Local Government Act 1993* has been effectively implemented.

## CONCLUSION

Problems with non-notification of changes in ownership that were identified at the time of the audit have been significantly improved and are unlikely to recur in the future. Similarly, where ownership of land is not known, controls exist to ensure that changes to records are not made without generating an audit trail.

At the State Records Office, the matching of data contained in separate land information databases is an ongoing activity. Regarding taxation records, verification processes are in place for tax-exempt properties and for taxable properties where no demand has issued.

Legislative changes (in the *State Service Act 2000* and the *Local Government Amendment Act 1999*) have strengthened Government’s hand in dealing with employees who misuse information obtained through their office.



## **4 Managing school maintenance and minor works**

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## 4 MANAGING SCHOOL MAINTENANCE AND MINOR WORKS

### *THE 1997 AUDIT*

From 1990 the then Department of Education, Community and Cultural Development (DECCD) progressively devolved to schools the responsibility for managing maintenance and those minor works valued at less than \$20 000.

The objective of the audit was to determine whether the department had mechanisms in place to ensure efficient and effective management. The audit applied three broad criteria related to schools' maintenance and minor works, namely:

- Identifying requirements for funding;
- Providing funding; and
- Expenditure of funds.

The audit was conducted via meetings with DECCD staff and detailed examination of departmental records. Moreover, a survey questionnaire was sent to all State schools asking them to provide information about the management of their maintenance and minor works activities.

### *STATUS OF FINDINGS*

#### *4.1 IDENTIFYING MAINTENANCE AND MINOR WORKS FUNDING REQUIREMENTS*

##### *4.1.1 Preparation and review of maintenance plans*

School staff should be actively involved in the preparation of the plan, including review prior to finalisation, to ensure a carefully planned document is prepared. DECCD has indicated that schools have always been advised to be actively involved in the preparation of maintenance plans. The most recent letter sent to schools prior to the condition audits does clearly state that the principal or his representative should be involved.

#### **Recommendation**

**The majority of schools appear satisfied with the composition of maintenance plans prepared by selected quantity surveyors. However, to ensure each school has a maintenance plan which adequately itemises maintenance required, some schools need to be more actively involved in the preparation and review of maintenance plans.**



#### **4.1.2 Accuracy of school maintenance plan estimated payments**

It is accepted by the Audit Office that estimates are unlikely to be completely accurate, especially when forecasts are made over a period of seven years. However, it appears reasonable to expect these payments to be sufficiently accurate when compared with actual payments.

##### **Recommendation**

**The DECCD should consult with the three selected quantity surveyors to address concerns raised by some schools regarding the accuracy of school maintenance plan estimated payments.**

#### **4.1.3 Consistency of items in maintenance plans**

Review of the survey results indicates items included in maintenance plans is not consistent between schools. For example, a number of schools indicated that vandalism and security has been included in their maintenance plan.

##### **Recommendation**

**There was some inconsistency in the type of items included in maintenance plans between schools. The needs identified by the building maintenance plans directly affect the level of funding received by schools. Therefore, the DECCD should ensure the items included in maintenance plans are consistent between schools.**

#### **4.1.4 Effects of funding shortfalls**

The estimated funding required by all schools in 1996 of \$9.494 million when compared with actual expenditure of \$9.471 million appears to be reasonable. However, the funding provided in 1996 was \$7.269 million. The variance between these amounts suggests an estimated funding shortfall in the order of \$2.2 million in 1996.

Further comparison between the estimated funding required of \$10.076 million and the funding provided of \$5.658 million in 1997 suggests an estimated funding shortfall in the order of \$4.4 million in 1997.

**Recommendation**

**The DECCD should assess the effects of funding shortfalls. This review should focus on:**

**The sources of funds for school maintenance work, particularly for schools in poor socio-economic areas which may not receive additional monies from external fund raising; and**

**The effects on long-term maintenance of all schools.**

**4.2 PROVIDING MAINTENANCE AND MINOR WORKS FUNDING**

**4.2.1 High building maintenance needs**

The comparison in Table 7 [of the original report] indicates the formula does provide more funds to School D which has the greatest need. However, School C receives a total of 102% of building needs, whereas School D receives only 68%.

**Recommendation**

**The formula used to allocate maintenance and minor works funding to schools appears weighted against schools with relatively high building maintenance needs. The DECCD should review this formula to ensure that schools receive an equitable portion of available funding.**

**4.2.2 Review of proportional funding between sectors**

Advice received from the DECCD indicates the Commonwealth is to review the approved space standards. The proportion allocated from the sector-weighted pool is likely to be re-assessed in line with this review.

**Recommendation**

**The Audit Office supports the ongoing review of proportional funding between sectors.**

**4.3 EXPENDITURE OF MAINTENANCE AND MINOR WORKS FUNDING**

**4.3.1 Engagement of building consultants**

Principals are primarily trained in education and administration and may lack the expertise to deal with technical issues related to maintenance and minor works. Examination of comments made in survey responses indicates a number of School Principals consider the

technical support provided by the Building Consultants a valuable resource in dealing with maintenance and minor works issues.

**Recommendation**

**The DECCD should continue the engagement of building consultants to provide technical support to schools in addressing maintenance and minor issues.**

*Follow up response from Department of Education  
(former DECCD) (Feb 2001)*

The [audit] report contained recommendations relating to the identification of maintenance requirements, the provision of maintenance funding and expenditure of maintenance funding. In relation to identification of maintenance requirements and consequent expenditure DoE has worked to enhance its usage of industry consultants both in the preparation of school maintenance plans and in the provision of technical support to schools in addressing maintenance and minor works issues. It is considered that greater consistency in the identification of building maintenance needs is now being achieved.

In relation to the provision of maintenance funding, DoE intends to review facility based funding allocation to schools (including maintenance) during 2001 as part of the Schools Resource Allocation Improvement Program that was initiated in 2000. A key objective of this review will be to improve equity in the allocation to schools of available maintenance funding.

**CONCLUSION**

DoE has acted upon all recommendations related to identification of maintenance and minor works funding requirements through increased engagement of industry consultants. As well as improving equity in the allocation to schools of available maintenance funding, the review of facility-based funding should also examine the effects of significant funding shortfalls.



## **5 Use of motor vehicles in Government agencies**

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## **5 USE OF MOTOR VEHICLES IN GOVERNMENT AGENCIES**

### ***THE 1998 AUDIT***

The objective of this performance audit was to assess whether passenger cars owned and used by Government agencies were managed in a manner that maximised economy, efficiency and effectiveness of use of those assets.

Our assessment was carried out with regard to the following audit criteria:

- Frequency of vehicle usage;
- Use of Senior Executive Service vehicles during the day;
- Analysis of vehicle use against Government policy;
- Home garaging of vehicles;
- Minimising fringe benefits tax (FBT) liability;
- Leasing arrangements; and
- Performance management

As the vehicle needs for each agency were dependant upon the nature of that agency's business, each agency determined for itself the most appropriate way to manage its fleet. The Audit Office considered that such a task necessitated ongoing performance monitoring of data related to vehicle usage patterns.

With that thought in mind, the approach taken in the audit was to understand the whole of government vehicle utilisation, and not to provide complete measures of the vehicle requirements for each agency.

A number of different techniques were employed in gathering evidence from which our conclusions were drawn. In addition to discussions with fleet managers, motor vehicle policies were reviewed, log books analysed, fringe benefits tax records perused and physical checks made of vehicles in car parking areas.

### ***5.1 ANALYSIS OF VEHICLE USE AGAINST GOVERNMENT POLICY***

#### ***5.1.1 Disposal within age and distance limits***

Government policy was to dispose of vehicles at the end of two years or when the vehicle had travelled 40 000 kilometres, whichever

occurred first. However, almost all agencies had vehicles that at the time of disposal exceeded one or both of these limits.

**Recommendation**

**Agencies should regularly review and act upon Fleetcare's monthly 'Vehicles Due for Replacement in Six Months' report to minimise delays in replacing vehicles.**

**5.1.2 Business versus private usage**

Log book entries showed that the majority of private use was for commuting. While allowable under limited circumstances as set out in the Government's policy, if this is the main use of a pool-type vehicle, more appropriate transport arrangements, such as taxis or short-term hire may be more cost-effective while still enabling an agency to deliver its services efficiently.

**Recommendation**

**Agencies should regularly review the proportion of business to private use for its G-plated vehicles that are not part of employees' contract provisions to ensure efficient use of its vehicles.**

**As well, frequency of car use should be monitored to enable agencies to rotate vehicles, such as when a principal user goes on leave, and thus gain maximum use from its fleet.**

**5.1.3 Alternative means of Transport**

Some agencies did not have clear policies to guide staff in the selection of efficient alternative means of transport for carrying out service.

**Recommendation**

**Agencies should have in place a comprehensive (written) policy that enables staff to understand the priority of various modes of transport that is appropriate in various situations.**

**5.2 MINIMISING THE FBT LIABILITY**

In all agencies, the Audit Office could not determine the nature of the travel recorded in the log book for a number of journeys as the details were too vague (eg, 'local' 'town running', or just naming suburbs or town travelled to instead of the actual office or business travelled to). In other cases, the entries were incomplete.

**Recommendation**

**For those agencies that choose the actual cost method of calculating FBT, officers should be made aware of the Australian Taxation Office's requirements for completing log book entries for journeys. Where log books are also used to monitor use of motor vehicles generally, such agencies are encouraged to inform staff as to what is considered as an acceptable standard of entry.**

**5.3 PERFORMANCE MANAGEMENT**

Few agencies have set up performance reporting systems.

**Recommendation**

**The Audit Office encourages agencies to set up formalised performance management systems, using Fleetcare's monthly reports where appropriate, in order to ensure that their vehicles are used effectively.**

**STATUS OF FINDINGS**

The above listing of recommendations is the total set made in respect of all inner budget agencies. Consequently, some recommendations apply to some agencies but not others. In the following table shading is used to indicate where a particular finding was not made in respect of an agency. A department may have had fewer recommendations than another because, at the time of the audit, it had already achieved a higher degree of compliance. The extent to which the audit's recommendations have been implemented is shown below in Table 3.

**Table 3: Agency Responses to Motor Vehicles Recommendations (as a percentage<sup>1</sup>)**

<b>Recommendation</b>	<b>DoE</b>	<b>DHHS</b>	<b>DIER</b>	<b>DJIR</b>	<b>DPAC</b>	<b>DPPS</b>	<b>DPIWE</b>	<b>DSD</b>	<b>DTF</b>	<b>All</b>
Disposal within age/distance limits	100	100	100	25	100	100	100	100		<b>91</b>
Business versus private usage	100		100	75	75		100	100	100	<b>93</b>
Alternative means of transport	100		100	75	25		100			<b>80</b>
Minimising the FBT liability	100	100	100	100		100		100	75	<b>96</b>
Performance management	100		75	0	75	100		25	100	<b>68</b>
<b>Percentage implementation by departments</b>	<b>100</b>	<b>100</b>	<b>95</b>	<b>55</b>	<b>69</b>	<b>100</b>	<b>100</b>	<b>81</b>	<b>92</b>	



- 1 Full implementation is shown as 100 with non-implementation appearing as 0. Where recommendations were partially implemented (as indicated by respondents) we assigned an assessment of 25, 50 or 75. Departmental responses in respect of partial implementation are in Appendix B.

Treasury has subsequently advised that it has fully implemented the recommendations of this audit.

## **CONCLUSION**

In most cases, where agencies indicated partial implementation it signalled an intention to fully implement the recommendation and that work was progressing. Overall, the responses received showed that there was wide acceptance of the recommendations made in this report.



## **6 Payment of accounts in Government agencies**

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## 6 PAYMENT OF ACCOUNTS IN GOVERNMENT AGENCIES

### *THE 1998 AUDIT*

We assessed the management and administration of the payment of accounts function within each agency against the following criteria:

- Degree of integration of the creditors and general ledger systems;
- E-commerce usage;
- Cash management payment policies;
- Establishment and use of performance indicators to determine the efficiency and economy of processes/resources used; and
- Existence of key internal and management controls.

#### **6.1 COMMERCIAL APPROACH TO RECEIVABLES COLLECTION**

It was found that only three agencies charged interest on overdue inter-agency accounts. These included the Departments of Premier and Cabinet (for TASINET/Technology Management Division charges), Treasury (for all inter-agency charges), and Primary Industries, Water and Environment (all charges).

##### **Recommendation**

**Where agencies charge other agencies on a 'user pays' basis, the Audit Office encourages compliance with the guidelines issued under Treasurer's Instructions on cash management by adopting a commercial approach to receivables collection.**

#### **6.2 DELAYS IN PROCESSING PAYMENTS**

For all agencies except DHHS, a number of payments were found to have been paid late due to the finance sections receiving the invoice concerned late from the officer in the operational area who had approved it for payment. This was seen as a major gap in the efficient processing of payments.

##### **Recommendation**

**Agencies should address delays in processing payments brought about by late forwarding of authorised invoices by increasing awareness of the importance of cash management to officers in non-finance areas.**

### 6.3 EFFICIENCY GAINS THROUGH LOGGING ON PURCHASING SYSTEM

Some agencies paid invoices in order of receipt, instead of logging them into their ledgers by due dates to ensure that payment is made within terms of trade and any discounts offered by suppliers are taken.

Where discounts were offered, however, as with normal invoices, quite often the saving was missed, due to late remission of the invoice from operational sections to the finance section.

#### **Recommendation**

**Agency management should carry out a cost benefit analysis to determine whether efficiency gains are possible if payments were to be logged on to the payments/purchasing system to ensure payment within the terms of trade, as well as the ability to take a discount if applicable.**

### 6.4 AUTOMATED PAYMENT OF ACCOUNTS

Not all agencies had purchased the necessary module of the financial management information system that would integrate payments and purchases processing.

#### **Recommendation**

**The Audit Office considers that agencies should investigate whether efficiency gains can be made by enhancing the automated payment of accounts.**

### 6.5 PERFORMANCE MANAGEMENT

At the time of the audit, only two agencies collected information on performance indicators.

#### **Recommendation**

**Agencies should monitor and report on performance indicators as an aid to identifying further areas for improvement, and thus increase the efficiency of processing accounts payable.**

## STATUS OF FINDINGS

The above listing of recommendations is the total set made in respect of all inner budget agencies. Consequently, some recommendations apply to some agencies but not others. In the following table shading is used to indicate where a particular finding was not made in respect of an agency. A department may have had fewer recommendations than another because, at the time of the audit, it had already achieved

a higher degree of compliance. The extent to which the audit's recommendations have been implemented is shown below in Table 4.

**Table 4: Agency Responses to Payment of Accounts Recommendations (rated as a percentage<sup>1</sup>)**

<b>Recommendation</b>	<b>DoE</b>	<b>DHHS</b>	<b>DIER</b>	<b>DJIR</b>	<b>DPAC</b>	<b>DPPS</b>	<b>DPIWE</b>	<b>DSD</b>	<b>DTF</b>	<b>ALL</b>
Commercial approach to receivables collection	100	0 <sup>2</sup>	50	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>	100	100	100	<b>50</b>
Delays in processing payments	100	50	100	75	75		100	100	100	<b>88</b>
Efficiency gains through logging on purchasing system	100	100			75		75	100		<b>90</b>
Automated payment of accounts	100	100		0 <sup>3</sup>	75	75	100	100		<b>79</b>
Performance management <sup>4</sup>	0	0		0	0	0	0	0		<b>0</b>
<b>Percentage implementation by departments</b>	<b>80</b>	<b>50</b>	<b>75</b>	<b>19</b>	<b>45</b>	<b>25</b>	<b>75</b>	<b>80</b>	<b>100</b>	

- 1 Full implementation is shown as 100 with non-implementation appearing as 0. Where recommendations were partially implemented (as indicated by respondents) we assigned an assessment of 25, 50 or 75. Departmental responses in respect of partial implementation are in Appendix C.
- 2 These departments indicated that they either had very limited transactions with other departments or that such accounts were promptly paid obviating the need to impose interest charges.
- 3 At the time of responding to our survey the Department of Justice & Industrial Relations was considering a change to its financial software package. Consequently, had not proceeded with the purchase of appropriate modules to integrate payments and purchases processing.
- 4 We note that this recommendation had not been taken up by any auditees and concede that it may have been overly ambitious at the time it was made.

## CONCLUSION

Since Special Report No 28 was tabled, we have completed another performance audit – Special Report No. 36 'Collection of Receivables and Loans in Tasmanian Government Departments' - that examined in detail the collection of receivables (refer to recommendation # 1). Significant findings were made in the recent report, indicating that earlier recommendations regarding policy frameworks, prioritisation of recovery action and the enforcement of penalties may not have been comprehensively actioned.

System enhancements to finance and accounting computer programs that have been made in the intervening period have resulted in

efficiency gains. Against this, some delays still remain due to tardiness in forwarding invoices to accounts payable staff.

Respondents advised that performance indicators specifically for cash management had not yet been implemented although some did have related indicators, e.g. the proportion of payments made by EFT.





## Overall conclusion

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## **OVERALL CONCLUSION**

In making recommendations our aim is to add value to Tasmania's public sector and if they are not implemented it is unlikely that the ensuing benefits will be realised.

Of the six performance audits followed up in this review, three were whole of government reports, one affected a small group of auditees while the remaining two audits were focused on individual clients.

Responses received from the smaller groups of auditees indicated that recommendations made in those performance audits had a high degree of acceptance.

Those audits with a whole of government focus were less successful so far as implementation of recommendations was concerned. Some departments indicated complete acceptance while there were others where the take up had been significantly less. Reasons cited in these cases related to resourcing issues, timing or the view that the benefits gained from implementing a particular recommendation would be disproportionate compared with the effort involved. Nevertheless, it appears that our recommendations were widely implemented by agencies.

## Appendices

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## APPENDIX A – REVIEW OF COMPUTER CONTROLS: PARTIAL IMPLEMENTATION OF RECOMMENDATIONS

<b>Partial implementation of recommendation</b>	<b>DoE</b>
Disaster recovery plan – 75%	<p>As an outcome of the Y2000 project completed by the department, effort was put into contingency planning both by the Information Management Branch and also by the various systems owners. This exercise identified systems for which contingency plans were required and these plans were completed. The exercise also identified systems for which full disaster recovery plans were required. IMB in conjunction with the business systems owners has completed disaster recovery plans for those systems which were identified as critical by the contingency planning exercise (including Finance, HR and the email system). For one of the systems identified, the Library system, it was not cost effective or practical to retain a full spare recovery unit. Negotiations are currently underway with TMD to share a computer to provide disaster recovery for the library system. Plans are also being developed for a range of systems considered less critical. As part of ongoing contingency planning, a process has been put in place to ensure that all the aspects of contingency planning are considered in an ongoing fashion. A document called "Contingency Planning for Corporate Systems" has been prepared outlining the range of issues that need to be managed to ensure the continued operation of the department's computer network and systems. KPMG recently undertook a security review and outlined a number of areas where work needs to be taken further on the contingency plans including the need for an identified group to oversee computer security and a better regular review process for the plans.</p>
	<p style="text-align: center;"><b>DHHS</b></p> <p>There are many instances of substandard and "at risk" network infrastructure within Agency centres. The Communications Cabling Standard, NIS_500_001 incorporates cabling and network equipment environmental standards based on the relevant Standards Australia standards. The IT Services Communications Cabling Standards document will be published as an Agency IT Standard in February 2001. All network installation and repair will have to meet these standards. The redevelopment of the network infrastructure in key Agency "large" sites has been identified as a key strategic need. It is also a high-cost item. As the Agency IT Steering Committee identifies opportunities to fund these upgrades, the newly developed standards will be applied.</p> <p>Most Agency Computer Rooms are secure with controlled access. The management of environmental risks varies across Agency sites. All servers supporting Agency information systems have dedicated uninterruptible power supplies (UPS) and are therefore protected from power surges and have a limited window in which to be shut down in longer power outages. Protection against water, smoke, temperature fluctuations, etc. is adequate at the Launceston General Hospital, Royal Hobart Hospital and 34 Davey St Computer Rooms, although an issue of flood risk to the power supply sited at 36 Davey St does need addressing. A risk assessment has been performed at Davey St and its recommendations will be considered. Corporate information systems are also housed with external service providers such as Telstra (Finance One) and Telecommunications Management Division of DPAC (Homer). Where third party facilities management is provided service level agreements are in place and the security and physical environments meet appropriate standards. Discussions with various agencies on the possibility of outsourcing the Agency's server facilities management have commenced. The objective of these discussions is to ensure that adequate, secure and environmentally adequate housing is provided for all Agency servers.</p>
	<p style="text-align: center;"><b>DIER</b></p> <p>The 2 major operating environments managed are currently being upgraded to products and versions that provide enhanced security and comply with the password attempt policy recommended.</p> <p>A project is underway to replace the Novell NetWare/GroupWise environment with a Microsoft Windows 2000/Exchange 2000 environment. The migration to this platform is still to be completed but the enhanced security of this platform will be fully utilised including its improved account policies and security tools.</p> <p>A project is underway to bring all the servers in the UNIX environment to the Solaris version that supports this recommendation. A number of servers have already attained this level and security policy under this project. At this point in time, work only remains on one system that has not attained this level.</p>
Data editors – 75%	<p>Discrete roles and responsibilities policies have been implemented that clearly delineate between the functions of the data owners and the IT section and access is restricted and controlled accordingly.</p> <p>This includes discrete roles for the business data owners, and the relevant components of the Information Management Branch (DBA Support Group, IT Support Services and the Corporate Applications Group).</p> <p>Where direct editing of corporate data is required (e.g. execution of SQL statements to reset or repair finance database) the process is controlled through the Helpdesk recording, staff allocation and documentation processes.</p> <p>Direct editing is relatively rare as the department uses established and off-the-shelf production software.</p>

Change control – 75%	<p>Comprehensive change control processes have been introduced for the MRS (Motor Registry System) application which is the largest supported application.</p> <p>An Application Information Business Unit (AIBU) has been established.</p> <p>Change control processes are being introduced for other in-house applications including CASA and RIMS.</p> <p>Formal production support contracts will be introduced.</p>
Personal computers – 75%	<p>1 Currently, software asset tracking is performed utilising a number of register repositories.</p> <p>The Novell Directory Services records some information that is utilized by the software delivery package ZENworks for controlling access to software.</p> <p>Both Hardware and software asset information is held in combination of a product named 'Hardcat' and an Excel spreadsheet.</p> <p>The current project to roll out the HEAT helpdesk, that incorporates the HEAT asset register, will consolidate this information and allow for improved procedures for branch staff to maintain this register.</p> <p>2 An ad hoc inspection of computers occurs as branch staff visit supported sites and this averages to approximately annual examination.</p> <p>This examination may be enhanced with the implementation of the HEAT helpdesk software which has additional modules to perform network-based audits of software and hardware assets.</p> <p>The department now utilises Microsoft Windows NT4, improving the control and auditing of changes to client PCs.</p> <p>3 The anti-virus product 'VET' is now part of the standard operating environment and is installed on all PCs and servers.</p> <p>The department also utilizes the whole of government Message Transport System under the Networking Tasmania contract providing a second tier of virus protection by scanning all incoming e-mail with an alternative to the department's VET product.</p> <p>4 The department has migrated to Microsoft Windows NT4 which requires a password to access the operating system and provides an enhanced level of security to the physical device.</p>
	<b>DJIR</b>
Computer skills – 75%	<p>Diversity of the Agency's databases does not facilitate the internal provision of all relevant database functions. The specialisation of all database functions and skills internally it is not economical. Some database arrangements include maintenance agreements with the application software providers which necessitate some database functions to be performed under contract by external providers or external providers who have application specific skills are the only means to provide the specialised skills. Some application's databases are supported by in-house database administrators (eg. finance system) and backup skills are provided in these areas.</p>
Personal computers – 50%	<p>A more comprehensive Software License Register is under construction and is referenced in the December 2000 Software Licensing Performance Audit. Software inspections are carried out in an ad-hoc basis and all PCs are reviewed as part of the 3 year lease replacement cycle. Software monitoring tools are being considered as referenced in the December 2000 Software Licensing Performance Audit. Sophos Sweep anti virus software is installed on all PCs, Notebooks and Servers in the Agency and incoming e-mail virus scanning is part of the whole-of-government Message Transport System. Start-up passwords are used where practical eg. roving notebook users at Measurement and Standards section. The Agency has a guideline that data be stored on networked devices rather than individual devices where ever possible. Migration of PCs and Notebooks to a more locally secure operating systems is being planned.</p>
	<b>DPPS</b>
Security over access to the installation – 75%	<p>Security policy adopted from the National Police IT security policy is currently undergoing internal reviews.</p> <p>Restriction of incorrect password guesses (not at network or UNIX level; enforced with sensitive applications)</p> <p>Enforced regular change of password (enforced on sensitive applications)</p> <p>Regular review of access rights (6 monthly periodic reviews) ongoing process with resignation / relocation advice from HR section</p>
Change control – 75%	<p>Formal change control process in place, with audit tracks for changes to applications on UNIX platform..</p> <p>Other systems (client/services) change control processes less rigorous.</p>
Personal computers – 75%	<p>Corporate license for MS Office and Lotus Notes negotiated and ratified.</p> <p>Unlicensed software checks conducted as part of routine support operations. Constant monitoring of site services for unknown executable programs.</p> <p>Vet virus protection installed on all PC's, Patches applied regularly, incoming emails virus checked by Telstra.</p>

	Start-up passwords enabled
	<b>DPAC</b>
Security over access to the installation – 75%	<p>The department's standard operating environment for desktop and notebook computers is Windows 2000. This operating system provides significantly greater security than other Windows-based operating systems (other than Windows NT which provides equivalent security).</p> <p>The 'Agency Desktop Security Policy 01' provides the policies to be implemented to minimise the risk of unauthorised access to desktop equipment which is further backed up by the 'Password Selection and Management Procedure 04'. These policies and procedures are still in draft form but are expected to become the authorised position for the agency before the end of the current calendar year 2001. Restriction of number of incorrect password guesses is enforced via authentication servers. Access rights are reviewed each fortnight by a check and implementation of appropriate action from the REMUS report 'New Starters, Terminations and Long Service Leave' report.</p> <p>The only deficiency at the time of the review is enforcement of password change which will be implemented on sign-off of security policy and password selection procedure due for completion at the end of 2001.</p>
Network security – 50%	<p>Password files are encrypted.</p> <p>The department controls access across its network via subnet, i.e. IP range controls in the Premier's Office and Media are on a separate subnet to other parts of the agency. The agency has a network security agreement with Telstra that defines access lists and provides control over changes to access lists.</p> <p>Employee access to files on the network is proactively managed. The department is undertaking a secure e-mail trial TMD and Telstra.</p> <p>At this time, there is no plan to implement full encryption of all transactions in the department.</p> <p>It is anticipated that whole of government PKI strategy will be developed which will provide another layer for security for transactions across the network to compliment the IP address range controls.</p>
Disaster recovery plan – 50%	<p>The department is developing an IT strategic plan. Part of the underlying support for the plan is the Policies, Procedures and Standards that support the effective management of the agency IT infrastructure.</p> <p>This plan is due to be completed and distributed before the end of 2001.</p>
Strategic planning – 50%	<p>The department has a Corporate Plan and is developing an IT strategic plan that is due for completion by the end of 2001. The draft documentation has been distributed to the executive and divisional directors for review.</p> <p>Sign off to be completed before end of 2001.</p> <p>From these it is anticipated that additional procedures and policies will be developed as required and the plan will be reviewed and refined annually.</p>
	<b>DPIWE</b>
Protection from natural hazards – 75%	<p>In DPIWE we have 2 major, specially built, dual air-conditioned, access key protected computer server rooms. These rooms are protected from over-heating and water. Even though some of the systems are connected with UPS, we do not have protection for a full power failure. The agency considered the option of implementing a fuel generator to take over in case of a power failure. It was decided that this option was not viable since to provide any business benefit we have to provide power to many other structures like networks, PC etc as well.</p>
Security over access to the installation – 75%	<ol style="list-style-type: none"> <li>1. Yes. Only 3 incorrect attempts allowed</li> <li>2. Partially, most of the major servers are regularly changed</li> </ol> <p>Access rights are reviewed as part of the Networking Tasmania security policy</p>
Disaster recovery plan – 25%	<p>We have joined TMD disaster recovery group. Currently developing procedures for testing etc. The full policy and testing procedures will be completed before Feb 2002.</p>
	<b>DSD</b>
Protection from natural hazards – 75%	<p>A new computer room has been installed. An investigation is under-way to relocate the overhead air-conditioning. Sprinklers are standard fire prevention, repellent and protection means in this building. The sprinklers are also smoke detectors.</p>
Security over access to the installation – 50%	<p>A policy is in place. It has not been distributed to all staff. There is a restriction on number of password attempts and regular change of password. We await Crown Law's wording on a log-in screen wording to cover the review of access rights.</p>
Network security – 50%	<p>Some web related and Notes functions are encrypted. Some Novell (password) by default are encrypted.</p>
Recovery from system failure – 50%	<p>No formal incident diaries are in place. However an email process to management contains reference to every major incident.</p>
Change control – 25%	<p>Due to the small size of IT and limited incidences in the past an informal system was in place. No formal system was implemented. A formal system is now under review to ensure stricter controls.</p>

	<b>Treasury</b>
Security over access to the installation - <b>50%</b>	Security procedures are in place and include restricting access to computer rooms and changing of passwords is done on a regular basis and when staff leave. A security policy document is being drafted and the first draft is expected to be presented to the agency Information Steering Committee in February 2001.
Network security – <b>50%</b>	Staff have been advised that the email system used by the agency (Lotus Notes) provides the facility to encrypt sensitive documents being transmitted outside the agency. Network security and options such as encryption will be considered as part of the security issues being addressed in the Infrastructure Strategic Plan Project, which is currently under way.
Back up of information – <b>75%</b>	The Infrastructure Support Unit has been instructed to commence a regular tape testing process. Currently files are recovered consistently on a periodic basis for our clients. No tape failures have so far occurred as old tapes are regularly replaced. A daily backup of mission critical system data is also done to a backup server, which is our first option for recovery.
Recovery from system failure – <b>50%</b>	An incident log has been implemented. Some written recovery procedures have been prepared but they do not cover all major systems and require updating.
	<b>Executive and Legislature</b>
Change control – <b>75%</b>	Requests for any changes to our finance system are made in writing to the Systems Manager on a standard form. The Systems Manager and each finance area review the requested change, if agreed the change request is then sent to our contract programmer who is given approval to implement the change and install it on our development system. Once the modification or addition is completed and tested on our development system it is installed on our production system. This procedure is required as although each area has their own data set, the programmes are shared. The request form and review process are not used if the change is requested by Treasury, RBF or Taxation.

## APPENDIX B – USE OF MOTOR VEHICLES IN GOVERNMENT AGENCIES: PARTIAL IMPLEMENTATION OF RECOMMENDATIONS

<b>Partial implementation of recommendation</b>	<b>DIER</b>
Performance management systems –75%	<p>Vehicle fleet performance is monitored by way of the Fleetcare reports and in-house systems. The data gathered provides a basis for recommendations to managers on a range of vehicle issues.</p> <p>A barrier is that Fleetcare data for some vehicles is not complete because odometer readings have not been supplied when obtaining fuel (these figures form the basis of Fleetcare reporting).</p> <p>Agency staff are given regular reminders to supply the odometer readings whenever obtaining fuel. However, until the fuel contractor (BP) enforces the mandatory requirement for its resellers to obtain an odometer reading, this will remain an occasional issue.</p>
	<b>DJIR</b>
Replacement of vehicles - 25%	<p>The management of DJIR's vehicle fleet is decentralised and is undertaken by individual output managers. It is therefore difficult to know whether or not managers are reviewing and acting upon Fleetcare's "Vehicles due for replacement in six month" report. I am aware that some areas have vehicles that have kilometres &gt; 40,000 but this is due to the vehicle (panel van) requiring a fit out or vehicles with very high usage (Poppy Board). In these cases, it is difficult to time the replacement vehicle with the existing vehicle reaching 40,000 kilometres.</p> <p>In summary, I will request Fleetcare to provide a copy of the replacement report to Finance Branch so that the replacement of vehicles can be monitored and some follow up action taken with managers to ensure that vehicles are replaced at around 40,000 kilometres.</p>
Business and private use - 50%	<p>DJIR requires logbooks to be maintained for each G-plated car. DJIR has just completed its FBT return and was pleased with the information provided in logbooks to enable the FBT return to be completed accurately.</p> <p>On a needs basis the rotation of vehicles is considered but it is not general practice.</p>
Alternative means of transport - 50%	No specific departmental policy has been implemented. However, staff are referred to the Government's policy on vehicle usage through DJIR's intranet web site. Staff are required to use G-plated vehicles when available or to hire a Budget Rent A Car vehicle when a G-plated is not available. Taxis are also used.
	<b>DPAC</b>
Business and private use - 75%	<p>The Department has 14 G-plated vehicles, the fleet of messenger vehicles (4) are regularly rotated maintain even usage of all vehicles. As a general rule, when a principle user is on leave an appropriate officer is allocated the vehicle to gain maximum use from each vehicle.</p> <p>There are a number of departmental vehicles which are leased for a particular function which limits the ability to rotate, especially those which are located in the regional offices.</p>
Alternative means of transport - 25%	<p>At this time there is no written policy in relation to this issue. This will be included in the updated guidelines and policy document as mentioned earlier.</p> <p>The ordering of alternative modes of transport is directed through the Department's Asset Management Section. The two officers involved use a common sense approach. The use of taxis and hire cars is encouraged where appropriate and the sharing of vehicles is encouraged especially for longer trips. The use of private vehicles is not encouraged.</p>
Performance management systems –75%	<p>Within the Department's Asset Management Section, Fleetcare reports are reviewed each month and all vehicles, which have exceptional circumstances, are reviewed and followed up.</p> <p>As the Department has a small number of vehicles management of performance can be maintained with out formal management systems. Fleetcare reports are used and are found to be useful for the management of the departmental fleet.</p> <p>The Ministerial motor vehicle fleet has written policy guidelines for the management of its vehicles. Ministerial drivers maintain and review vehicles in line with this policy and are responsible for the day-to-day management of this fleet.</p>
	<b>DSD</b>
Performance management systems – 25%	Internal Audit and Corporate Services regularly reviews Log Book Records.



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	<b>TREASURY</b>
Minimising the FBT liability -  <b>75%</b>	Staff have been made aware of the requirement to complete log books for FBT purposes. This is made clear in the Department's Motor Vehicle Policy.  New logbooks, with provision for both business and private travel, have been placed in all G-plated vehicles.  Details of new logbooks requirements will be included in the revised Motor Vehicle Policy.

## APPENDIX C – PAYMENT OF ACCOUNTS: PARTIAL IMPLEMENTATION OF RECOMMENDATIONS

<b>Partial implementation of recommendation</b>	<b>DHHS</b>
Delays in processing payments - <b>50%</b>	<p>This has been done informally with areas of the Department that have been identified as “late forwarders” but not generally throughout the Department.</p> <p>This issue will be addressed through the current update of the Departmental Accounting Manual.</p>
	<b>DIER</b>
Delays in processing payments - <b>50%</b>	<p>The Department of Infrastructure, Energy and Resources has not formulated a formal policy on charging interest on overdue accounts. The vast majority of the revenue collected by the Department can be categorised as revenue associated with invitations to renew. Consequently, for these revenue streams, failure to pay by the due date does not represent an overdue account but an indication that the invitee may not wish to renew the license or other right.</p> <p>In the few instances where action must be taken to secure payment from other State Government agencies, the Department relies on the procedures set out in the Treasurer’s Instructions concerning the recovery of outstanding debts.</p>
	<b>DJIR</b>
Delays in processing payments - <b>75%</b>	<p>Data entry for payment of creditor invoices is decentralised and is undertaken within operational units of the agency. A small amount of centralised processing is undertaken mainly for invoices, which impact across a number of outputs eg the workers compensation contribution.</p> <p>Decentralised processing minimises the transfer of paper within the agency. The purpose is to ensure that:</p> <ul style="list-style-type: none"> <li>• Payment of creditors is not delayed by the transfer of paperwork within the agency;</li> <li>• The opportunity for loss or misplacement of creditor invoices is reduced; and</li> <li>• Managers provided with goods or services are able to ensure that creditor invoices are recorded in the financial management information system at the earliest opportunity, for budgetary control.</li> </ul> <p>Due to these processing arrangements it is most unlikely that payment of accounts would be delayed due to the Finance section receiving the invoice late from the officer in the operational area, who had approved it for payment.</p>
	<b>DPAC</b>
Delays in processing payments - <b>75%</b>	<p>DPAC stresses the importance of prompt payment and cash management to all officers of the department.</p> <p>The department a systems of recording invoices that are forwarded to divisions for certification/approval/authorisation. This database (Excel spreadsheet) is monitored on an ongoing basis and invoices that have not been returned for payment are followed up as to their status and then promptly paid.</p> <p>It is considered that most invoices are paid within trading terms. Exceptions usually occur if there is some query or dispute relating to an invoice or goods/services provided.</p> <p>Few invoices involve discounts for early payment. However, if this is the case, these invoices are monitored and care is taken to ensure advantage is taken where possible.</p>
Efficiency gains through logging on purchasing system - <b>75%</b>	<p>Due date processing is in the process of being implemented.</p> <p>The Finance Branch monitors invoices to ensure that older invoices are processed first, particularly where they are returned from divisions after approval/authorisation. Invoices are also monitored to take advantage of discounts where possible and to interest payments on account of late payment.</p> <p>The implementation of the On-line Purchasing Module should assist in and create efficiencies in commitment tracking and due date processing. (The Purchasing Module is due to operate in ‘production’ mode from 19 November 2001).</p> <p>The monitoring on an ongoing basis of invoices forwarded to divisions has improved efficiency in their payment by reducing delays in processing.</p> <p>Although statistics are not maintained, it is considered that the percentage of late payments when compared to total payments made would be minimal and immaterial.</p>
Automated payment of accounts.	<p>DPAC is presently in the process of implementing the Purchasing Module of Finance One. Once implemented in ‘production’ mode (due from 19 November 2001) this should enhance the automated payment of accounts. Implementation is being undertaken as part of the department’s ‘On-line Financial Services Project’.</p>

- 75%	Greater use is being made of payment by EFT and Corporate Card (Amex).
	<b>DPPS</b>
Automated payment of accounts. - 75%	Police have purchased the Finance One purchasing module but it has not yet been implemented. A project plan for its implementation needs to be developed to include the desired level of implementation, training and support. This is planned for early - mid 2001.
	<b>DPIWE</b>
Efficiency gains through logging on purchasing system. - 75%	Whilst a cost benefit analysis has not been carried out, all staff are instructed to record the purchase within the Finance One system as quickly as possible. Following this, Finance Branch staff are instructed to ensure that all invoices are paid within credit terms and that appropriate discounts are taken.



## Recent reports

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## RECENT REPORTS

1998	SPECIAL REPORT NO. 25	THE YEAR 2000 - ARE WE READY?
1998	SPECIAL REPORT NO. 26	CAPITALISATION AND REPORTING OF ROAD ASSETS IN TASMANIA
1998	SPECIAL REPORT NO. 27	USE OF MOTOR VEHICLES IN GOVERNMENT AGENCIES
1998	SPECIAL REPORT NO. 28	PAYMENT OF ACCOUNTS IN GOVERNMENT AGENCIES
1999	SPECIAL REPORT NO. 29	COMPETITIVE TENDERING AND CONTRACTING BY GOVERNMENT DEPARTMENTS
1999	SPECIAL REPORT NO. 30	THE YEAR 2000: COMING READY OR NOT
2000	SPECIAL REPORT NO. 31	LITERACY AND NUMERACY IN TASMANIAN GOVERNMENT SCHOOLS
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2000	SPECIAL REPORT NO. 33	FOOD SAFETY
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