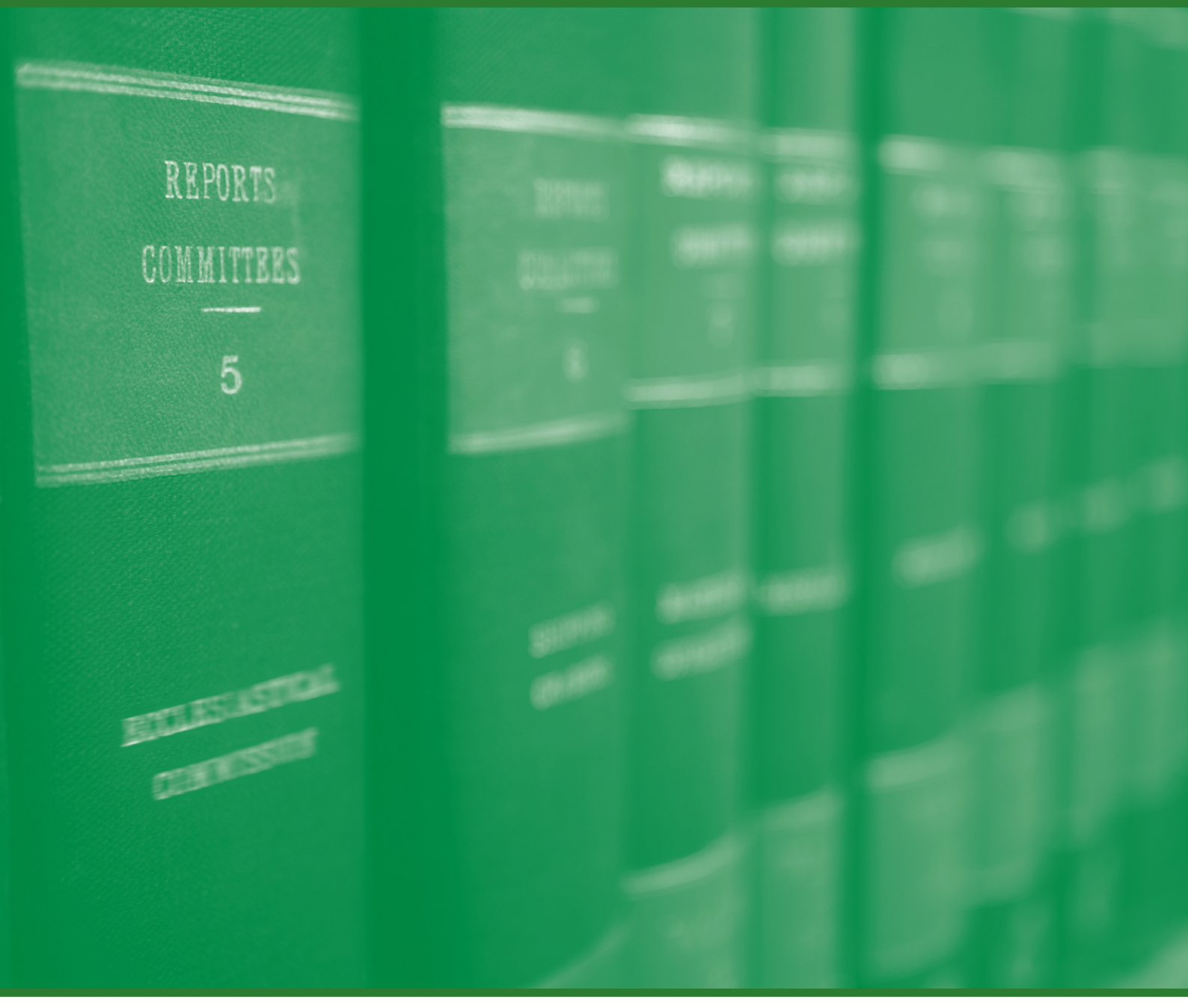




## Public Accounts Committee

REPORT 12/55/ – OCTOBER 2013

### EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE AUDITS OCTOBER 2011 - MARCH 2012





LEGISLATIVE ASSEMBLY

PUBLIC ACCOUNTS COMMITTEE

EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE  
AUDITS OCTOBER 2011 - MARCH 2012

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The motto of the coat of arms for the state of New South Wales is "Orta recens quam pura nites". It is written in Latin and means "Newly risen, how brightly you shine".

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# Membership

CHAIR	Mr Jonathan O'Dea MP, Member for Davidson
DEPUTY CHAIR	Dr Geoff Lee MP, Member for Parramatta
MEMBERS	Mr Bart Bassett MP, Member for Londonderry Mr Michael Daley MP, Member for Maroubra Mr Greg Piper MP, Member for Lake Macquarie Mr John Williams MP, Member for Murray-Darling
CONTACT DETAILS	Public Accounts Committee Parliament of New South Wales Macquarie Street Sydney NSW 2000
TELEPHONE	(02) 9230 2031
FACSIMILE	(02) 9230 3309
E-MAIL	<a href="mailto:pac@parliament.nsw.gov.au">pac@parliament.nsw.gov.au</a>
URL	<a href="http://www.parliament.nsw.gov.au/publicaccounts">www.parliament.nsw.gov.au/publicaccounts</a>

# Terms of Reference

Under section 57 of the *Public Finance and Audit Act 1983*, the functions of the Committee include the examination of any report of the Auditor-General laid before the Legislative Assembly and any circumstances connected with those reports.

## *Public Finance and Audit Act 1983*

### **57 Functions of the Committee**

(1) The functions of the Committee are:

...

(c1) to examine any reports of the Auditor-General laid before the Legislative Assembly,

(d) to report to the Legislative Assembly from time to time upon any item in, or any circumstances connected with, those financial reports, reports or documents which the Committee considers ought to be brought to the notice of the Legislative Assembly.

# Chair's Foreword

It is my privilege to present this report on the Examination of the Auditor-General's Performance Audits October 2011 – March 2012. This is the twelfth report of the Public Accounts Committee of the fifty-fifth Parliament and it focuses on the vital role of following up on the performance audits of the New South Wales Auditor-General.

This report follows up four of the Auditor-General's audit reports – Improving Road Safety: Young Drivers; Responding to Domestic and Family Violence; Managing IT Services Contracts; and Visiting Medical Officers and Staff Specialists. It makes nine recommendations, designed to improve the performance of government agencies.

The purpose of the Committee's performance audit reviews is to follow up on action taken by agencies in response to recommendations in Audit Office performance audits. As part of the follow up, the Committee questions agencies about their response to the recommendations and, if required, conducts public hearings to examine witnesses.

The Committee's examination is designed to test action taken on all performance audits in order to maintain a high level of scrutiny of the agencies under review. Concrete outcomes of this process have demonstrated the value of following up the Auditor-General's report recommendations.

While most recommendations have been addressed and implemented by agencies, the Committee particularly had concerns about the limited action taken to address the Auditor-General's recommendations on responding to domestic and family violence.

I stress the importance of action in this area as domestic and family violence is a profoundly destructive social issue and the NSW Government needs to do everything in its power to tackle this devastating problem, which affects the very heart of our communities – our families and our children.

The Committee heard that the Government is developing a whole-of-government Domestic and Family Violence Framework, which aims to address a number of issues surrounding domestic and family violence. The Committee has recommended that agencies re-address the Auditor-General's recommendations to ensure they are fully implemented in the context of that framework, as action to date has been inadequate.

Regarding the other performance audits examined, the Committee found that Transport for NSW & Roads and Maritime Services (RMS) have progressed many of the Auditor-General's recommendations to improve the safety of young drivers. The Committee recommends that these agencies ensure that their driver safety and repeat offender programs are implemented in a timely way and encourages RMS to increase public access to road safety data.

Other Committee recommendations of note are that the Government establish a standardised approach to risk-based contract management plans for IT services contracts; and that NSW Health completes the state-wide rollout of the VMoney system, conducts clinical audits to detect inconsistencies in Visiting Medical Officer (VMO) claims, and works with the Australian Medical Association concerning proposed amendments to VMO contracts.



Finally, I record my appreciation for the assistance provided by the Auditor-General and the Audit Office staff. I also thank all my Committee members and the secretariat staff for their assistance in the inquiry process and the preparation of this report.

**Jonathan O’Dea MP**  
Chair

# List of Findings and Recommendations

## RECOMMENDATION 1 \_\_\_\_\_ 10

The Committee recommends that Roads and Maritime Services produces an evaluation report by July 2014, analysing the impacts of the following programs for learner drivers, particularly Aboriginal learner drivers, in remote communities:

- the Safer Drivers Course, which commenced in a number of NSW locations in July 2013,
- the pilot scheme of restricted provisional P1 licences for learners in three communities west of the Newell Highway, which commenced in July 2013.

## RECOMMENDATION 2 \_\_\_\_\_ 10

The Committee recommends that Roads and Maritime Services ensures that the proposed changes to continue to improve the Driver Knowledge, Hazard Perception and Driver Qualification Tests be implemented by December 2014, within the 18 months stipulated.

## RECOMMENDATION 3 \_\_\_\_\_ 10

The Committee recommends that Transport for NSW completes the development and delivery of the Repeat Offender Strategy by December 2014.

## RECOMMENDATION 4 \_\_\_\_\_ 10

The Committee recommends that Roads and Maritime Services improves its website to provide more useful evidence-based statistical information and increased access to road safety data for the general public.

## RECOMMENDATION 5 \_\_\_\_\_ 17

The Committee recommends that the Department of Family and Community Services, the Department of Attorney General and Justice, the NSW Police Force, and the NSW Ministry of Health re-address the Auditor-General's recommendations on *Responding to Domestic and Family Violence* to ensure that they are fully implemented, and provide a written response within six months detailing the implementation of the recommendations.

## RECOMMENDATION 6 \_\_\_\_\_ 26

That the NSW Government establishes a standardised approach to risk-based contract management plans across government agencies by implementing a \$250k threshold to identify contracts in need of a contract management plan.

## RECOMMENDATION 7 \_\_\_\_\_ 32

The Committee recommends that NSW Health completes the state-wide rollout of VMoney by the end of June 2014, and that NSW Health provides a progress report on implementation as part of the government response to this report.

## RECOMMENDATION 8 \_\_\_\_\_ 32

The Committee recommends that NSW Health conducts clinical audits using the VMoney system and continues to analyse data in VMoney to detect inconsistent Visiting Medical Officer claims, by September 2014.

RECOMMENDATION 9 \_\_\_\_\_ 32

The Committee recommends that NSW Health continues to engage with the Australian Medical Association concerning proposed amendments to Visiting Medical Officer contracts to ensure a viable solution is negotiated by both parties in line with the Auditor-General's recommendations.

# Chapter One – Introduction

## Overview

- 1.1 This is the Public Accounts Committee's fourth examination of the Auditor-General's performance audits tabled during the 55th Parliament. The audits examined by the Committee during this inquiry included those tabled from October 2011 until March 2012.
- 1.2 In examining these audits, the Committee has looked into what the responsible agencies have done in response to the recommendations made by the Auditor-General. The Committee found that significant work has been done to address the issues raised in the audits. It is apparent that agencies have taken the audits seriously and instigated processes to implement those recommendations that were accepted.
- 1.3 Some of the recommendations will take time to implement, or are being addressed through the implementation of larger projects. The Committee encourages agencies to follow through on the work already started and commitments made, so that the potential benefits of the audits are fully realised.

## Inquiry process

- 1.4 As per its legislative mandate outlined in section 57 of the *Public Finance and Audit Act 1983*, the Committee conducted an inquiry into four performance audits completed between October 2011 and March 2012. It used a similar process to that used in the previous inquiry and in the 54th Parliament by examining each responsible agency's response to the Auditor-General's performance audit twelve months after the audit was tabled.
- 1.5 The process for these examinations includes:
  - inviting a submission from responsible agencies twelve months after the tabling of the audit;
  - referring agencies' submissions to the Auditor-General for comment; and
  - where the Committee determines that further information is required, inviting agency representatives and the Auditor-General to a hearing and/or to provide additional information.
- 1.6 The Committee examined four reports:
  - *Improving Road Safety: Young Drivers*
  - *Responding to Domestic and Family Violence*
  - *Managing IT Services Contracts*
  - *Visiting Medical Officers and Staff Specialists*

## PUBLIC ACCOUNTS COMMITTEE

### INTRODUCTION

1.7 There were two audits for which the Committee sought a submission, as well as seeking additional information in writing. These were the Auditor-General's reports on:

- *Responding to Domestic and Family Violence*
- *Managing IT Services Contracts*

1.8 There were two audits for which the Committee proceeded to a more detailed examination. A public hearing was held on 21 June 2013 to seek further information about the remaining two audits. These were:

- *Improving Road Safety: Young Drivers*
- *Visiting Medical Officers and Staff Specialists*

1.9 The Committee also sent the questions taken on notice during the hearing to the relevant agencies. Details of the witnesses who appeared at the hearing are included in Appendix Two.

# Chapter Two – Improving Road Safety: Young Drivers

## Introduction

- 2.1 In July 2000 the Roads and Traffic Authority (RTA) (now Roads and Maritime Services and Transport for NSW) introduced a revised Graduated Licensing System (GLS) to ensure that the licensing process results in safer young drivers, in addition to being technically competent. It has continued to refine licence testing and regulation for novice drivers under the age of 26.
- 2.2 The GLS is set out over three phases and entails four tests before a novice driver can obtain a full driver's licence. The first phase requires 120 hours supervised on-road driving experience over a period of at least 12 months, to qualify for a learner licence. The second phase is the provisional P1 licence stage which also lasts at least 12 months. This allows for unsupervised driving with certain restrictions, including a speed limit of 90km/h and a zero blood alcohol limit. The third phase is the provisional P2 licence stage, lasting for a minimum of 24 months and includes fewer restrictions, such as a 100km/h speed limit.

## The performance audit

- 2.3 The Audit Office of NSW conducted a performance audit of the RTA's driver's licence testing and regulation, assessing the effectiveness of the GLS in ensuring that young drivers (under the age of 26) drive safely.<sup>1</sup> The audit was completed in October 2011.

## Audit conclusions

- 2.4 The Auditor-General found that there has been a considerable reduction in crash and fatality rates involving young drivers since the introduction of the Scheme, particularly for drivers 26 years and older.<sup>2</sup>
- 2.5 While research has demonstrated that graduated licencing systems are effective in reducing crashes and fatalities, rates of these involving young drivers remain disproportionately high. This is particularly the case in regional areas, where a reduction in fatalities since July 2000 has not been as great as in metropolitan areas. The Auditor-General noted that the rate per license of fatal crashes involving young drivers declined by 68 per cent between 1999 – 2000 and 2009 - 2010 in metropolitan areas, as distinct from a 25 per cent decline in country areas over the same period.<sup>3</sup>
- 2.6 While improvements have been made since the introduction of the GLS, young drivers are nevertheless involved in around 25 per cent of road fatalities, despite making up only 16 per cent of drivers.<sup>4</sup> There are many contributing factors to

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<sup>1</sup> NSW Auditor-General, Performance Audit: *Improving Road Safety: Young Drivers*, October 2011, p 2.

<sup>2</sup> As above.

<sup>3</sup> NSW Auditor-General, Performance Audit: *Improving Road Safety: Young Drivers*, October 2011, p 2.

<sup>4</sup> As above.

these statistics, including alcohol levels, speeding, and overconfidence. For example, when comparing crash data for the period from 2007-08 to 2009-10, 43 per cent of young drivers in fatal crashes were considered to be speeding, as opposed to 23 per cent for older drivers.<sup>5</sup>

- 2.7 The performance audit also noted that a GLS will not change the perception and attitudes of the minority group of young people who will continue to drive recklessly until they perceive a real risk of being caught and penalised.<sup>6</sup>

### Auditor-General's recommendations

- 2.8 The Auditor-General made a total of twelve recommendations in order to further improve the regulation and testing of young drivers.

**Table 1: Auditor-General's recommendations – Improving Road Safety: Young Drivers**

No.	Recommendation
	<b>For learner drivers</b>
1.	By 30 June 2012, determine if the current requirement for a minimum of 120 hours of supervised practical experience for learner drivers remains appropriate.
2.	By December 2011, increase attendance at educational workshops for learner driver supervisors through an expanded program, and improved communication and advertising initiatives.
3.	By 30 June 2013, provide additional support to learner drivers in low socio-economic status communities and remote areas including subsidised professional instruction, and access to volunteer mentors and suitable vehicles.
4.	By 30 June 2012, review the current speed restriction for learner drivers, with a view to increasing it to 90km/h after six months of the learner licence period to ease the transition to unsupervised driving.
5.	By December 2012, investigate variations in licence test pass rates between testing centres and, by 30 June 2013, address contributing factors within its control.
	<b>For provisional licence drivers</b>
6.	By 30 June 2012, consider introducing a night-time 'curfew' driving restriction for P1 drivers between 11 pm and 5 am on Friday and Saturday evenings, and investigating the benefits of a similar curfew at other times.
7.	By 30 June 2012, consider extending the current passenger restriction for P1 drivers so that they can carry no more than one peer passenger at any time.
8.	Commencing immediately, to enable young drivers improved access to safer second-hand vehicles, the RTA should strongly advocate for all NSW Government agencies to only purchase light passenger vehicles with five star ANCAP rating and light commercial vehicles with the best available ANCAP rating and specified safety features including Electronic Stability Control and head protecting airbags.
9.	By 30 June 2012, consider adding further safe driving elements to the Driver Knowledge, Hazard Perception and Driver Qualification Tests to better safeguard against unsafe driving.

<sup>5</sup> As above.

<sup>6</sup> NSW Auditor-General, Performance Audit: *Improving Road Safety: Young Drivers*, October 2011, p. 2.

<b>To further reduce risk-taking among young drivers</b>	
10.	By 30 June 2012, investigate options to further strengthen sanctions for serious and repeat offenders.
11.	By 31 December 2012, research the feasibility of using psychological testing for novice drivers, particularly in respect of serious and repeat offenders.
12.	<p>Look at ways of encouraging safer driving behaviour in country areas through:</p> <ul style="list-style-type: none"> <li>- by June 2012, directing increased resources to speed and alcohol enforcement in regional and remote areas at times of high risk for young drivers</li> <li>- by 31 March 2012, enhancing and extending speed enforcement activity in regional areas on light passenger and light commercial vehicles through use of point to point camera technology and mobile units</li> <li>- by 30 June 2012, address the dangers of alcohol, speeding, fatigue and not wearing a seatbelt through increased education/advertising campaigns in country areas.</li> </ul>

### The Committee's examination

- 2.9 As part of the Committee's follow-up of the Auditor-General's Performance Audits, on 8 April 2013 the Chair wrote to Roads and Maritime Services (RMS), seeking details of its response to the performance audit. RMS provided a submission on 21 May 2013, detailing action taken in response to each recommendation. The response was forwarded to the Auditor-General for comment, who in turn responded on 5 June 2013. The Committee also held a public hearing on 21 June 2013.
- 2.10 RMS supported ten of the Auditor-General's recommendations and rejected two. In its submission, RMS noted which recommendations had been implemented and which had been completed.
- 2.11 **Recommendation 1** has been implemented. RMS has established a Safer Drivers Course which commenced in some NSW locations in July 2013.<sup>7</sup> The Safer Drivers Course will reduce the number of learner hours.
- 2.12 In providing evidence to the Committee, Mr Tim Reardon, Deputy Director General, Policy & Regulation, stated:
- The key recommendation out of the Safer Drivers Course is to reduce the learner period by another 20 hours of the 120 hours. So 120 hours can come all the way down to 80 hours by undertaking a combination of the professional driving process, which is currently in place and has been for a number of years, added to this Safer Drivers Course.<sup>8</sup>
- 2.13 RMS also noted in its submission that in March 2013 the Government announced that learner drivers who participate in the course would have a 20 hour reduction in required learner driver hours, thereby bringing their hours down to 100.<sup>9</sup>

<sup>7</sup> Submission 6, Transport for NSW and Roads and Maritime Services, p 1. See also RMS website, [www.rms.nsw.gov.au/licensing/gettingallicence/car/learners/learner-driver-initiative-qa.html](http://www.rms.nsw.gov.au/licensing/gettingallicence/car/learners/learner-driver-initiative-qa.html).

<sup>8</sup> Mr Tim Reardon, Deputy Director General, Policy & Regulation, Transport for NSW, Transcript of evidence, 21 June 2013, p 10.

<sup>9</sup> As above.



Participants of the course could benefit from a maximum of 40 hours reduction in required learning driving hours should they also take 10 hours of professional driving instruction. This would bring the total road learning hours down to 80.<sup>10</sup>

- 2.14 RMS also noted that the Safer Drivers Course had been developed and built to target the very risks associated with crashes. Ms Margaret Prendergast, General Manager, Centre for Road Safety, identified these risks as being:

...effectively behavioural, inexperience and inability to perceive hazard and manage risk. You have three hours in class which is focused on what are the risks and hazards you will see and what are the behaviours you need to avoid. The in-car coaching will then be tailored to their ability and address those in real settings on the road.<sup>11</sup>

- 2.15 **Recommendation 2** has been completed. In 2012, 110 rural high schools nominated to host educational workshops thanks to a strategy funded by the Motor Accidents Authority. Parents at 30 rural high schools participated in these workshops.<sup>12</sup> New promotion and media strategies have been implemented through a revised communication plan for community-based workshops.<sup>13</sup>

- 2.16 As noted by Ms Prendergast:

... since the audit, based on the recommendation, the total number of workshops has increased by 10 per cent and the total number of participants has increased by 16 per cent. The focus is very much on the regional areas through the high schools and community centres.<sup>14</sup>

- 2.17 **Recommendation 3** has been implemented. A pilot scheme of restricted provisional P1 licences for learners in three communities west of the Newell Highway commenced in July 2013. The pilot program will be reassessed after 12 months to determine the impact of the restricted P1 provisional licence among young people in remote communities, in addition to tracking the road safety impact of restricted P1 provisional licences for young drivers.<sup>15</sup>

- 2.18 In addition, Transport for NSW and RMS have established a range of programs targeting homeless and disadvantaged youth in regional NSW, including: Youthsafe, driving instruction to young people as part of the NSW Health inter-agency program Keep Aboriginal Youth Safe; GreenLight, Adult Community Education Lismore; a project with the NSW Aboriginal Legal Service; a new DVD 'Listen and Learn'; and Driving Change Program.<sup>16</sup>

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<sup>10</sup> As above.

<sup>11</sup> Ms Margaret Prendergast, General Manager, Centre for Road Safety, Transport for NSW, Transcript of evidence, 21 June 2013, p 10.

<sup>12</sup> Submission 6, Transport for NSW and Roads and Maritime Services, p 2.

<sup>13</sup> As above.

<sup>14</sup> Ms Prendergast, Transcript of evidence, p 12.

<sup>15</sup> Submission 6, Transport for NSW and Roads and Maritime Services, p 3. See also Centre for Road Safety website, <http://roadsafety.transport.nsw.gov.au/stayingsafe/drivers/youngdrivers/restrictedp1/index.html>.

<sup>16</sup> As above.

- 2.19 **Recommendation 4** has been implemented. On 1 July 2013, the learner driver speed limit increased from 80km/h to 90km/h, providing an opportunity for learner drivers to practise and develop their skills on higher speed roads.<sup>17</sup>
- 2.20 **Recommendation 5** has been completed. RMS identified 79 driver testing staff who fell outside the acceptable pass rate variation range.
- 2.21 As noted by Ms Prendergast when providing evidence to the Public Accounts Committee regarding the recommendation by the Audit Office:
- Effectively they [RMS] have looked at 300 driver testers and they have looked at those who sit outside acceptable limits identified in terms of their pass rates. They identified 79 out of the approximately 300 drivers who were sitting outside the acceptable range.<sup>18</sup>
- 2.22 Having established that 79 out of 300 drivers were outside the acceptable range, RMS developed a Skills Enhancement Workshop, which all 79 staff attended.<sup>19</sup>
- 2.23 **Recommendation 6** and **Recommendation 7** were rejected. In his report, the Auditor-General noted that late night driving is a factor in substantially increasing the risk of crashing for young drivers (particularly males). He also found that crash rates for young drivers are higher at night, particularly on the weekend at night when over a third of fatal crashes occur.<sup>20</sup>
- 2.24 According to NSW research, drivers with multiple passengers are at greater risk of crashes, particularly during late evening and early morning.<sup>21</sup> Indeed, the Auditor-General found, that having reviewed data from 2001-02 and 2003-04, young drivers with two or more occupants were over three times more likely to be involved in a fatal crash during these times.<sup>22</sup>
- 2.25 While RMS acknowledged the data above and the risks for learner driving at night, it nonetheless rejected the recommendation from the Auditor-General. The reason given was that the introduction of such a measure would impact significantly on the mobility of young people, particularly given the expansive nature of New South Wales.<sup>23</sup>
- 2.26 In providing evidence to the Public Accounts Committee, Ms Prendergast noted that Victoria does have a peer passenger restriction which lasts all day. Young drivers in New South Wales, on the other hand, are not allowed to take peer passengers between 11 pm and 5 am, unless it is a sibling, or one passenger under the age of 25.<sup>24</sup>

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<sup>17</sup> Submission 6, Transport for NSW and Roads and Maritime Services, p 5.

<sup>18</sup> Ms Prendergast, Transcript of evidence, p 13.

<sup>19</sup> As Above.

<sup>20</sup> NSW Auditor-General, Performance Audit: *Improving Road Safety: Young Drivers*, October 2011, p.18.

<sup>21</sup> As Above.

<sup>22</sup> As Above.

<sup>23</sup> Ms Prendergast, Transcript of evidence, p 9.

<sup>24</sup> As Above.

- 2.27 However, Ms Prendergast argued that New South Wales has greater distances than Victoria, and young people living in regional areas need to be able to travel in order to have access to employment, family and health commitments.<sup>25</sup> In addition, she noted that the implementation of the recommendation would have negatively affected Indigenous communities in regional areas travelling large distances with limited vehicle access.<sup>26</sup>
- 2.28 Therefore, RMS rejected the Audit Office's recommendations, and emphasised the development of the Safer Drivers Course, as well as developing additional programs to address the ways in which young drivers in regional areas can acquire their driver's licence.<sup>27</sup>
- 2.29 **Recommendation 8** has been implemented and is ongoing. Minimum safety specifications concerning Contract 653 (Supply of Motor Vehicles) have been introduced. As a result, NSW Government agencies, including Local Government and not-for-profit organisations that use the NSW Government Contract, will purchase safer vehicles for their fleet.<sup>28</sup>
- 2.30 **Recommendation 9** has been completed. RMS reviewed the Driver Knowledge, Hazard Perception and Driver Qualification Tests, and identified that these tests need improving, as well as the educational material supporting them.<sup>29</sup>
- 2.31 The projected time frame to improve the Driver Knowledge, Hazard Perception and Driver Qualification Tests is approximately 18 months.<sup>30</sup>
- 2.32 **Recommendation 10** has been implemented and is ongoing. RMS expanded the vehicle sanctions scheme to include both high level speeding offences and a new sanction concerning the confiscation of number plates. This was introduced on 1 July 2012.<sup>31</sup>
- 2.33 In addition, work has commenced to develop the Repeat Offender Strategy. Transport for NSW has not provided a time frame for the finalisation of its development.
- 2.34 **Recommendation 11** has been completed. Transport for NSW confirms that it has taken account of research conducted by the University of New South Wales Transport and Road Safety. This research found that there are no existing psychological tests that could be introduced for new young drivers licence applicants or for traffic offenders. As such, the introduction of psychological testing for novice drivers is not supported.<sup>32</sup>
- 2.35 **Recommendation 12** has been implemented and is ongoing. In particular, the mobile speed camera program will be expanded and point-to-point cameras will

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<sup>25</sup> As Above.

<sup>26</sup> As Above.

<sup>27</sup> As Above.

<sup>28</sup> Submission 6, Transport for NSW and Roads and Maritime Services, p 8.

<sup>29</sup> Submission 6, Transport for NSW and Roads and Maritime Services, p 10.

<sup>30</sup> Ms Prendergast, Transcript of evidence, p 14.

<sup>31</sup> Submission 6, Transport for NSW and Roads and Maritime Services, p 10.

<sup>32</sup> As Above.

continue to be used to capture heavy vehicle speeding in NSW. They will also be used on the Great Western Highway between Mount Victoria and Lithgow. RMS also states that it will continue to assess key routes which may benefit from point-to-point cameras.

- 2.36 Transport for NSW will continue to develop education and enforcement programs to encourage safe driving behaviour in country areas. For example, it is working with NSW Police to implement targeted enforcement based on time, location and type of crash risk.<sup>33</sup>
- 2.37 Numerous initiatives have been developed by Transport for NSW to address the dangers of alcohol, speeding, fatigue and not wearing a seatbelt through increased advertising and community campaigns. For example, an advertising campaign 'Clip Every Trip' in January 2012 was specifically shown in rural cinemas to target rural youth, Youthsafe conducted forums for youth and health professionals across New South Wales, and a partnership was established with the Office of Communities NSW providing funding for activities to promote road safety messages to rural youth.<sup>34</sup>

### Committee comment

- 2.38 The Committee was pleased to note the thorough and detailed handling of the recommendations by Transport for NSW. Recognising the importance of road safety for young people, the Committee is pleased that Transport for New South Wales has implemented a number of strategies that will entail ongoing activity, and is satisfied with the implementations of recommendations 2, 4, 5, 8, 11 and 12.
- 2.39 The Committee accepts the reasoning and analysis provided by RMS in terms of rejecting recommendation 6, to consider introducing a night-time 'curfew' driving restriction for P1 drivers between 11 pm and 5 am on Friday and Saturday evenings, and investigating the benefits of a similar curfew at other times.
- 2.40 The Committee also agrees with the conclusions provided by RMS to reject recommendation 7 and to consider extending the current passenger restriction for P1 drivers, so that they can carry no more than one peer passenger at any time.
- 2.41 The Committee notes the difficulties faced by learner drivers in low socio-economic status communities and remote areas, including Aboriginal communities.
- 2.42 The Committee welcomes the establishment of a Safer Drivers Course which commenced in some NSW locations in July 2013 in response to recommendation 1. It is also satisfied with the development of a pilot scheme of restricted provisional P1 licences for learners in three communities west of the Newell Highway, which commenced in July 2013 in response to recommendation 3. However, the Committee recommends that RMS produce a detailed, thorough

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<sup>33</sup> As Above

<sup>34</sup> As Above.

report analysing the impacts of these developments on learner drivers, particularly Aboriginal learner drivers, in remote communities by July 2014.

- 2.43 The Committee notes that the projected time frame to continue to improve the Driver Knowledge, Hazard Perception and Driver Qualification Tests, in response to Recommendation 9, is approximately 18 months. The Committee recommends that RMS ensures that the proposed changes occur by December 2014, within the 18 months stipulated.
- 2.44 In regard to Recommendation 10, the Committee notes that work has commenced on developing the Repeat Offender Strategy, but that Transport for NSW has not provided a time frame for the finalisation of this development. The Committee notes the importance of this development and recommends its completion by December 2014.
- 2.45 Finally, the Committee notes that there is scope for RMS to improve the transparency and utility of its data collection and dissemination. The Committee recommends that RMS improve its website to provide more useful evidence-based information to the public.

## RECOMMENDATION 1

**The Committee recommends that Roads and Maritime Services produces an evaluation report by July 2014, analysing the impacts of the following programs for learner drivers, particularly Aboriginal learner drivers, in remote communities:**

- **the Safer Drivers Course, which commenced in a number of NSW locations in July 2013,**
- **the pilot scheme of restricted provisional P1 licences for learners in three communities west of the Newell Highway, which commenced in July 2013.**

## RECOMMENDATION 2

**The Committee recommends that Roads and Maritime Services ensures that the proposed changes to continue to improve the Driver Knowledge, Hazard Perception and Driver Qualification Tests be implemented by December 2014, within the 18 months stipulated.**

## RECOMMENDATION 3

**The Committee recommends that Transport for NSW completes the development and delivery of the Repeat Offender Strategy by December 2014.**

## RECOMMENDATION 4

**The Committee recommends that Roads and Maritime Services improves its website to provide more useful evidence-based statistical information and increased access to road safety data for the general public.**

# Chapter Three – Responding to Domestic and Family Violence

## Introduction

- 3.1 Domestic violence is a profoundly destructive social issue, and is estimated to cost the New South Wales economy more than \$4.5 billion each year. The associated social costs and personal consequences of domestic violence has prompted the NSW Government to recognise that it requires an integrated and coordinated framework by the key government agencies responsible for prevention, early intervention and tertiary responses to domestic violence. These agencies are: the Department of Family and Community Services (FaCS), the Department of Attorney General and Justice (DAGJ), the NSW Police Force (Police), and the NSW Ministry of Health.

## The Performance Audit

- 3.2 In November 2011, the Audit Office of NSW released its report into domestic and family violence. The audit assessed how well government and non-government funded agencies work together to respond to domestic and family violence. In particular, the audit assessed FaCS, DAGJ, the Police, and the NSW Ministry of Health.
- 3.3 The Auditor-General's report was highly critical of the current system. It identified that organisations do not have a clear strategy for working together across the State, and that there is limited common oversight or plans across the State to address a coordinated follow-up in response to domestic and family violence being reported.
- 3.4 It also identified that organisations have not provided a thorough solution for victims and perpetrators, and, consequently, many people do not report domestic and family violence. As a result, organisations are unable to respond to most of the domestic and family violence that occurs.<sup>35</sup>

## Auditor-General's recommendations

- 3.5 The Auditor-General made a total of seven recommendations in relation to reforming the strategic approach taken by FaCS, Police, DAGJ and NSW Ministry of Health when dealing with and responding to domestic and family violence. These recommendations are detailed in the following table.

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<sup>35</sup> NSW Auditor-General, Performance Audit: *Responding to Domestic and Family Violence*, November 2011, p 2.

**Table 2: Auditor-General's recommendations – Responding to Domestic and Family Violence**

No.	Recommendation
	<p><b>We recommend that by June 2012, the Chief Executive of the NSW Police Force, Department of Family and Community Services, NSW Ministry of Health and the Department of Attorney General and Justice:</b></p>
1.	<p>Establish domestic and family violence protocols that:</p> <ul style="list-style-type: none"> <li>a) clarify what, and how, information can be shared between organisations within the existing law around privacy</li> <li>b) implement privacy codes of practice, or promote legislative reform, for the appropriate exchange of information to keep victims safe and perpetrators accountable.</li> </ul>
2.	<p>Ensure that local staff from police, prosecutors, child protection, probation, health, housing and appropriate non-government organisations meet regularly. These meetings should use existing forums where available and should:</p> <ul style="list-style-type: none"> <li>a) identify victims and perpetrators most at risk, share information and agree on a plan of response</li> <li>b) monitor whether these plans are keeping victims safe and perpetrators accountable and revise plans as things change</li> <li>c) provide feedback to senior management about opportunities to improve coordination between services.</li> </ul>
3.	<p>Ensure that their organisations build on existing resources to develop and maintain an integrated online directory of specialist and mainstream services for victims and perpetrators of domestic and family violence</p>
	<p><b>We recommend that by December 2012, the Chief Executive of the NSW Police Force, Department of Family and Community Services, NSW Ministry of Health and the Department of Attorney General and Justice:</b></p>
4.	<p>Report on:</p> <ul style="list-style-type: none"> <li>a) the impact and the estimated cost of domestic and family violence on their operations</li> <li>b) what they are doing, or funding other organisations to do, to respond to domestic and family violence and what this is achieving.</li> </ul>
5.	<p>Agree, in consultation with non-government organisations, on how to respond to domestic and family violence. This framework should:</p> <ul style="list-style-type: none"> <li>a) establish minimum standards for identifying domestic and family violence, assessing and prioritising risk, making referrals and working with victims and perpetrators</li> <li>b) be based on a comprehensive service gap analysis</li> <li>c) establish mechanisms to continuously address the barriers to victims reporting violence and the barriers to victims and perpetrators seeking and being provided with help</li> <li>d) spell out the responsibilities of each service in respect of domestic and family violence and the referral pathways between services</li> <li>e) require organisations to provide cross-sectoral training to staff responding to domestic and family violence services</li> <li>f) revise governance structures to ensure that organisations are accountable for working together to deliver domestic and family violence services at the State and local level</li> </ul>

	<p>g) ensure joint planning with each other and with non-government organisations</p> <p>h) be signed off by the four Chief Executives.</p>
6.	Ensure that organisations comply with the framework (established per recommendation 5 ), and attend inter-sectoral committees for the reduction of domestic and family violence.
7.	Publish their strategies including output or outcome measures that can be used to monitor their impact on domestic and family violence over the following five years (2013 – 2018).

### Actions since the Performance Audit

- 3.6 Key actions in re-evaluating domestic and family violence policy occurred between June 2011 and July 2013. In June 2011, The Hon. Pru Goward MP, Minister for Family and Community Services and Minister for Women, referred an inquiry into domestic violence trends and issues in NSW to the NSW Legislative Council Standing Committee on Social Issues. The Committee released its report in August 2012.
- 3.7 Following the establishment of this inquiry, a review of the whole of government domestic violence policy was announced to examine whether or not the *NSW Domestic and Family Violence Action Plan* remained effective and current.
- 3.8 Subsequently, the NSW Government advised that in mid-2013 a revised NSW Domestic and Family Violence Framework (hereafter DFV Framework) would be released for public consultation. The DFV Framework is a whole-of-government response to domestic violence and focuses on preventing and identifying domestic and family violence, supporting victims and ensuring their safety, offender accountability, and developing a unified and effective sector.<sup>36</sup>
- 3.9 At the time of writing this report, a consultation version of DFV Framework had been released. Public feedback on the DFV Framework is expected to guide the development of an implementation plan to be considered by Cabinet at the end of 2013.

### The Committee's examination

- 3.10 As part of the Committee's follow-up of the Auditor-General's Performance Audits, on 8 July 2013 the Chair wrote to FaCS, DAGJ, the Police and the NSW Ministry of Health seeking details of their responses to the Performance Audit. FaCS provided a whole-of-government submission in May 2013. FaCS's submission was the same as the response to the original report, which was provided to the Audit Office of NSW at the end of February 2013.<sup>37</sup>
- 3.11 In the consolidated submission FaCS confirmed that a suite of reforms will be introduced through the development of the DFV Framework following the review

<sup>36</sup> Government of NSW, *It Stops Here*, July 2013, pp 10-11.

<sup>37</sup> Submission 1, Department of Family & Community Services, p 1.



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of the Domestic and Family Violence Action Plan established under the previous government.<sup>38</sup>

- 3.12 In addition, in its submission FaCS provided the Committee with *The NSW Domestic Violence Justice Strategy (2013 – 2017)*, which outlines the strategy justice agencies in NSW will adopt to improve the criminal justice system's response to domestic violence. While this addresses a number of issues NSW faces with domestic and family violence, this Strategy does not fully address the recommendations by the Performance Audit.
- 3.13 In response to the consolidated submission/comments, the Committee wrote to FaCS on 4 July 2013 with additional questions requesting further information. FaCS responded on 25 July 2013.
- 3.14 **Recommendation 1** has been substantially but not fully completed. Amendments to the *Crimes (Domestic and Personal Violence) Act 2007* were passed in May 2013. The amendments were intended to allow for the appropriate exchange of information to keep victims safe and perpetrators accountable.
- 3.15 In its answer to the Committee, FaCS confirms that changes to the legislation will support information sharing between non-justice agencies and NGOs.<sup>39</sup> It identifies two circumstances where information sharing is supported by the legislative changes.
- 3.16 Firstly, if agencies, including public sector agencies, reasonably believe it is necessary to collect, use or disclose relevant personal or health information at any time in domestic violence cases to prevent or lessen a serious threat to the life, health or safety of a person, they may do so.<sup>40</sup>
- 3.17 Secondly, where no serious threat to life, health or safety of a person has been identified, agencies and non-government support services may exchange information where legal proceedings have been commenced. This includes an application for an apprehended domestic violence order or criminal charge, where the victim has given consent and the disclosure is necessary for the provision of domestic violence support.<sup>41</sup>
- 3.18 In the DFV Framework, it is stated that changes to legislation to enable information sharing will also be accompanied by new information sharing protocols and practitioner training.<sup>42</sup>
- 3.19 **Recommendation 2** has been partially implemented. As noted in the Audit Office submission, FaCS with DAGJ developed an integrated approach through the Risk Assessment and Management Project (RAMP) in 2012.<sup>43</sup>

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<sup>38</sup> As Above.

<sup>39</sup> Acting Director General, Department of Family & Community Services, Response to questions requesting further information, July 2013, p 1.

<sup>40</sup> Acting Director General, Department of Family & Community Services, Response to questions requesting further information, July 2013, p 1.

<sup>41</sup> Acting Director General, Department of Family & Community Services, Response to questions requesting further information, July 2013, p 1.

<sup>42</sup> NSW Government, *It Stops Here*, July 2013, p.23.

- 3.20 The DFV Framework also outlines a potential structure to identify victims and perpetrators most at risk. This structure will include safety and support planning, and Safety Action Meetings, which will be chaired by a senior representative of the Police and may include representatives from additional government agencies. A Safety Action Plan will then be established which would include each agency's commitment to follow up on agreed actions with an established timeframe.<sup>44</sup>
- 3.21 However, it is unclear whether this action specifically targets the finer details of recommendation 2, particularly with regards to local staff from police, prosecutors, child protection, probation, health, housing and appropriate organisations meeting regularly.
- 3.22 **Recommendation 3** has been implemented and addressed through the Human Services Network (HSNet) via Service Link. HSNet is a secure online directory, which includes information about specialist and mainstream services available to respond to domestic and family violence.<sup>45</sup>
- 3.23 **Recommendation 4** has not been fully implemented. The following action partially addresses the recommendation. FaCS reported on the impact of domestic violence on women in 2012 and states that a report will be published annually.<sup>46</sup> It also maintains that a National Centre for Excellence will be established in NSW in 2013.<sup>47</sup>
- 3.24 In their response to the Committee, FaCS notes that it is anticipated that the monitoring and evaluation of the DFV Reforms will contribute to information about agencies' estimated operational costs.<sup>48</sup>
- 3.25 However, it remains unclear whether or not agencies will fully address the recommendation to report on the estimated cost of domestic and family violence on their operations. In their response to the Auditor-General's report, FaCS stated, in regard to recommendation 4, that:
- ...due to current data systems and the fact that the effects of domestic violence are often intangible and difficult to quantify, accurately measuring the time and resources spent by agencies on domestic violence is a difficult task.<sup>49</sup>
- 3.26 The DFV Framework does not outline a specific and targeted strategy to address recommendation 4.
- 3.27 **Recommendation 5** has been partially implemented. The DFV Framework has set out new minimum practice standards, which address part (a) of the recommendation in so far as a structured screening approach will be established

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<sup>43</sup> Submission 8, Auditor-General, p 17.

<sup>44</sup> NSW Government, *It Stops Here*, July 2013, p. 22.

<sup>45</sup> Submission 1, Department of Family & Community Services, p 2.

<sup>46</sup> As Above, p 4.

<sup>47</sup> As Above.

<sup>48</sup> Acting Director General, Department of Family & Community Services, Response to questions requesting further information, July 2013, p 2.

<sup>49</sup> NSW Auditor-General, Performance Audit: *Responding to Domestic and Family Violence*, November 2011, p 7.

to identify domestic and family violence. Following this, victim(s) will be referred to a local Central Referral Point for risk assessment and assistance.<sup>50</sup>

- 3.28 The new minimum practice standards will also establish a service that will coordinate an immediate response for victims assessed as being at serious threat. These victims will then be considered at the next available Safety Action Meeting, referred to a specialist case management support service, and where appropriate, member agencies will participate in Safety Action Meetings.<sup>51</sup> However, the action developed by the DFV Framework is minimal and does not fully address parts (b) – (h) outlined in Recommendation 5.
- 3.29 **Recommendation 6** has been substantially developed in the DFV Framework. In its response to the Committee in July 2013, FaCS elaborated on its governance framework developed to ensure accountability and reinforce whole of government and cross sector collaboration.<sup>52</sup> The DFV Framework proposes a Domestic and Family Violence Ministerial Group, a NSW Domestic and Family Violence Council, a Domestic and Family Violence Steering Committee, a DFV Reforms Implementation Working Group, and Regional Governance.
- 3.30 **Recommendation 7** has been implemented in the DFV Framework in so far as FaCS states that a Domestic and Family Violence Ministerial Group will be established. The Group will be Chaired by The Hon. Pru Goward, the Minister for Community Services and Minister for Women, who will report annually to Parliament on the progress of the DFV reform implementations.<sup>53</sup>

### Committee comment

- 3.31 The Committee is concerned about the limited action undertaken and implemented by FaCS, DAGJ, the Police, and the NSW Ministry of Health in response to a number of the Auditor-General's recommendations.
- 3.32 The responses to most recommendations have been limited to partial implementation, often lack focus and do not thoroughly examine or fully address the specifics of the Auditor-General's recommendations.
- 3.33 The Committee recognises that the Government is developing the new DFV Framework, which addresses some of the issues highlighted by the Auditor-General's recommendations. However, it fails to provide a clear and detailed structured approach to implementing all of the recommendations.
- 3.34 Therefore the Committee considers that FaCS, in conjunction with DAGJ, the Police and the NSW Ministry of Health, should re-address the Auditor-General's recommendations and ensure they are fully implemented. The Committee believes that FaCS, DAGJ, the Police and the NSW Ministry of Health should provide a detailed response outlining the actions that have been taken to implement each of the Auditor-General's recommendations.

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<sup>50</sup> NSW Government, *It Stops Here*, July 2013, p 16.

<sup>51</sup> NSW Government, *It Stops Here*, July 2013, p 17.

<sup>52</sup> Acting Director General, Department of Family & Community Services, Response to questions requesting further information, July 2013, p 2.

<sup>53</sup> Submission 1, Department of Family & Community Services, p 5.

## RECOMMENDATION 5

The Committee recommends that the Department of Family and Community Services, the Department of Attorney General and Justice, the NSW Police Force, and the NSW Ministry of Health re-address the Auditor-General's recommendations on *Responding to Domestic and Family Violence* to ensure that they are fully implemented, and provide a written response within six months detailing the implementation of the recommendations.

# Chapter Four – Managing IT Services Contracts

## Introduction

- 4.1 In 2009-10 NSW Government agencies spent nearly \$1 billion on Information and Communications Technology (ICT) goods and services.<sup>54</sup> It is predicted that Government expenditure on ICT will increase in the future due to increased outsourcing, and the uptake of new technologies such as cloud computing services.<sup>55</sup>
- 4.2 The now-defunct State Contracts Control Board (SCCB), through the Department of Finance and Services (DFS), was tasked with arranging the supply of goods and services to the public service. This involved inviting and accepting tenders, determining the conditions of the contracts and establishing State contracts on behalf of other agencies.<sup>56</sup> SCCB also provided guidance to agencies in managing the contracts.<sup>57</sup> The SCCB was abolished on 1 July 2012 as a result of structural reforms to DFS.<sup>58</sup>
- 4.3 The Audit Office of NSW conducted a performance audit on the management of Information Technology (IT) contracts in 2011, auditing both the Ministry of Health and the NSW Police Force. The audit focused on long-term high-cost contracts, examining three in detail; two managed by NSW Health, which were consecutive contracts for the same services, and one from NSW Police Force, which was in its seventh year of operations.<sup>59</sup> The aim of the audit was to assess whether NSW Health and the NSW Police Force effectively manage IT services contracts post award, including whether they have an appropriate framework to manage the contracts.<sup>60</sup>
- 4.4 The Auditor-General found that neither the NSW Police Force or NSW Health were consistently and effectively managing their IT services contracts, stating that: “there was not a robust analysis of the continuing need for the mix and quantity of services being provided or an assessment of value for money in terms of the prices being paid” .<sup>61</sup> Furthermore, the agencies failed to effectively monitor the performance of their suppliers through performance reviews and independent data collection, and renewed or extended contracts without appropriate reviews and analysis.<sup>62</sup>

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<sup>54</sup> NSW Auditor-General, Performance Audit: *Managing IT Services Contracts*, February 2012, p 2.

<sup>55</sup> NSW Auditor-General, Performance Audit: *Managing IT Services Contracts*, February 2012, p 12.

<sup>56</sup> NSW Auditor-General, Performance Audit: *Managing IT Services Contracts*, February 2012, p 12.

<sup>57</sup> NSW Auditor-General, Performance Audit: *Managing IT Services Contracts*, February 2012, p 2.

<sup>58</sup> Submission 2, Department of Finance and Services, p 2.

<sup>59</sup> NSW Auditor-General, Performance Audit: *Managing IT Services Contracts*, February 2012, p 2.

<sup>60</sup> NSW Auditor-General, Performance Audit: *Managing IT Services Contracts*, February 2012, p 13.

<sup>61</sup> NSW Auditor-General, Performance Audit: *Managing IT Services Contracts*, February 2012, p 2.

<sup>62</sup> NSW Auditor-General, Performance Audit: *Managing IT Services Contracts*, February 2012, p 3.

4.5 The audit also found that while both agencies had a framework for contract management, gaps in implementation were limiting its effectiveness. For example, there was a lack of clearly developed procedures to guide staff and ensure contract conditions were met, a lack of contract management plans, and no appointed contract manager to oversee the contracts.<sup>63</sup> The audit also found that the guidance provided by the SCCB and DFS was not adequately detailed, which limited its effectiveness as a tool for the agencies to effectively manage IT services contracts.<sup>64</sup>

### Auditor-General's recommendations

4.6 The Auditor-General made a total of five recommendations in relation to achieving value for money in IT services contracts, improving contract management, developing appropriate guidelines for agencies to follow and effectively managing risks.<sup>65</sup> These recommendations are detailed below:

**Table 3: Auditor-General's recommendations - Managing IT Services Contracts**

No.	Recommendation
<b>State Contract Control Board and Department of Financial Services</b>	
1.	By June 2012, the SCCB and DFS develop and implement options that would ensure that agencies reasonably seek enough quotations from suppliers to demonstrate they have created adequate levels of competition and achieved value for money for purchases over \$250,000 through the IT services State contract.
2.	By June 2012, the SCCB and DFS enhance the revised Agency Accreditation Scheme for Goods and Services procurement by requiring accredited agencies to demonstrate that they: <ul style="list-style-type: none"> <li>2.1 Conduct audits of individual contracts for compliance with their policies and procedures.</li> <li>2.2 Prepare risk based contract management plans for all services contracts.</li> <li>2.3 Have structures in place to effectively manage all services contracts, including purchases through State contracts.</li> </ul>
3.	By December 2012 the SCCB and DFS: <ul style="list-style-type: none"> <li>3.1. Develop guidance to agencies on managing IT services contracts post award, including advice that their contract management delegations should be consistent with their general financial delegations.</li> <li>3.2. Consider extending contract management guidance to cover other services contracts.</li> <li>3.3. Develop a benchmarking methodology and regularly benchmark the prices charged by suppliers on the IT services State contracts, and provide this data to agencies.</li> </ul>
<b>Ministry of Health</b>	
4.	<ul style="list-style-type: none"> <li>4.1. By June 2012, prepare a risk based contract management plan for all new services contracts entered into after June 2012.</li> <li>4.2. By June 2012, ensure it has structures in place to effectively manage all services contracts, including purchases through State contracts.</li> </ul>

<sup>63</sup> NSW Auditor-General, Performance Audit: *Managing IT Services Contracts*, February 2012, p 14.

<sup>64</sup> NSW Auditor-General, *Managing IT Services Contracts*, p 2.

<sup>65</sup> NSW Auditor-General, *Managing IT Services Contracts*, p 4.

	4.3. By December 2012, complete a risk assessment of existing services contracts and prepare contract management plans for those contracts identified as high risk.
	<b>NSW Police Force</b>
5.	5.1. By March 2012, revise its delegation structure and approval process to provide clear separation of financial and administrative approvals. 5.2. By June 2012, require all new contracts to be supported by a business needs analysis and value for money assessment that takes into consideration market rates. 5.3. By June 2012, require a risk based contract management plan for all services contracts. 5.4. By December 2012, ensure it has structures in place to effectively manage all services contracts, including purchases through State contracts.

### Previous inquiry by the Committee

4.7 In May 2013, the Public Accounts Committee tabled its report on *The Procurement and Management of ICT Services in the NSW Public Sector*. The Inquiry was established in response to on-going concerns raised by the Auditor-General, regarding deficient project management, poorly managed system migrations and poor contract management.<sup>66</sup>

4.8 The Committee investigated measures to improve project and contract management, as well as long term planning strategies to meet the ICT needs of the public sector and ensure value for money.<sup>67</sup> The Committee was pleased that many of its concerns were being addressed through the 2012 NSW ICT Strategy. However, it found that it did not adequately address contract management concerns, particularly concerning the roll-over or renewal of ongoing contracts.<sup>68</sup> Because of this, the Committee recommended that the Department of Finance and Services and NSW Procurement provide guidance to NSW Government agencies on renewals and/or roll overs of ICT contracts.<sup>69</sup>

4.9 The Committee also noted that a lack of skilled contract and procurement managers was continuing to be a problem in ongoing effective contract management.<sup>70</sup> The Committee recommended that agencies “consider using an independent quality assurance process to conduct a review of ICT projects, ICT contractors and contract management where appropriately qualified internal staff are not available”.<sup>71</sup>

<sup>66</sup> Public Accounts Committee, *Procurement and management of ICT services in the NSW public sector*, May 2013, p viii.

<sup>67</sup> Public Accounts Committee, *Procurement and management of ICT services in the NSW public sector*, p 143.

<sup>68</sup> Public Accounts Committee, *Procurement and management of ICT services in the NSW public sector*, p 57.

<sup>69</sup> Public Accounts Committee, *Procurement and management of ICT services in the NSW public sector*, p 59.

<sup>70</sup> Public Accounts Committee, *Procurement and management of ICT services in the NSW public sector*, p vi.

<sup>71</sup> Public Accounts Committee, *Procurement and management of ICT services in the NSW public sector*, p xiii.

## ICAC investigation

- 4.10 In August 2013, the Independent Commission Against Corruption (ICAC) released their *Managing IT Contractors, Improving IT Outcomes* report, detailing their investigation into the effective management and delivery of IT projects in NSW.<sup>72</sup>
- 4.11 The ICAC found that IT projects were often running longer than necessary and overspending, stating “for public sector managers, the oversight of IT projects and engagement of IT contractors is fraught with risks of delays, cost blowouts and the failure to achieve project goals”.<sup>73</sup> Because of this, the ICAC recommended that organisations involved in oversight and management of IT projects develop controls around deliverables and price scope, and closely monitor the project management function to ensure that the skills of the project manager are adequate and the relationship between the manager and contractors is appropriate and transparent.<sup>74</sup>

## The Committee's examination

- 4.12 As part of the Committee's follow-up of the Auditor-General's Performance Audits, on 8 April 2013 the Chair wrote to the Department of Finance and Services (DFS), the NSW Ministry of Health and the NSW Police Force, seeking details of their response to the performance audit. DFS provided a submission on 15 May 2013, NSW Health on 17 May 2013 and NSW Police Force on 30 May 2013. The submissions were forwarded to the Auditor-General for comment, and he responded on 5 June 2013.
- 4.13 Since the release of the Performance Audit, the NSW Government has implemented significant government procurement reforms, involving amendments to the *Public Sector Employment and Management Act 2002*.<sup>75</sup> These structural changes include the move to a devolved procurement model where agencies are responsible for their own procurement activity, and delegation of ICT procurement functions from the NSW Procurement Board to the ICT Board.<sup>76</sup> Furthermore, the recommendations made by the Auditor-General refer to *State Contract 2020 ICT Services*, which has now lapsed in favour of the ICT Services Scheme.<sup>77</sup>
- 4.14 Because of this, DFS has stated that “a number of the Auditor-General's recommendations were delayed and/or superseded by the actions arising from the procurement reform process”.<sup>78</sup> DFS expressed the opinion that the effectiveness of the Auditor-General's audit was reduced due to the matter being subject to another significant review at the time of the audit.<sup>79</sup> However, they noted in their submission that the issues raised by the Auditor-General were still being addressed under the new framework set out in the NSW Government's

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<sup>72</sup> ICAC, *Managing IT Contractors Improving Outcomes*, August 2013, p 4.

<sup>73</sup> ICAC, *Managing IT Contractors Improving Outcomes*, August 2013, p 25.

<sup>74</sup> ICAC, *Managing IT Contractors Improving Outcomes*, August 2013, p 25.

<sup>75</sup> Submission 2, Department of Finance and Services, p 1.

<sup>76</sup> Submission 2, Department of Finance and Services, p 1.

<sup>77</sup> Submission 2, Department of Finance and Services, p 1.

<sup>78</sup> Submission 2, Department of Finance and Services, p 2.

<sup>79</sup> Submission 2, Department of Finance and Services, p 2.



Strategic Directions Statement, Procurement Policy Framework and ICT Services Scheme.<sup>80</sup>

- 4.15 In response to DFS's comments, the Auditor-General noted that the Performance Audit began before the announcement of the procurement review that resulted in structural changes to DFS. However, the Audit Office worked closely with DFS to ensure that the recommendations made would be relevant despite the significant structural changes brought about by the reforms.<sup>81</sup>

*Recommendations made to the Department of Finance and Services*

- 4.16 The implementation of **Recommendation 1** was delayed due to NSW Government Procurement reforms, and the due date revised to April 2013.<sup>82</sup> In their submission, DFS detailed three actions they had undertaken to address Recommendation 1, including the listing of 468 suppliers on the ICT Services Scheme to ensure agencies had access to a range of suppliers to seek quotations, and the development and implementation of the eQuote system to allow agencies to seek quotes from suppliers online.<sup>83</sup>
- 4.17 DFS also issued guidance to agencies on the recommended number of minimum quotations through the ICT Services Scheme Guidelines for Customers, recommending that agencies seek a minimum of three quotations for high risk or high value (over \$150,000) projects. However DFS also noted that under the devolved procurement model it is the agencies that are responsible for determining the sufficient number of quotes from suppliers.<sup>84</sup>
- 4.18 The Auditor-General was satisfied with the progress made by DFS and relevant agencies to develop and implement options that would ensure that agencies reasonably seek enough quotations from suppliers to demonstrate they have created adequate levels of competition and achieved value for money for IT contracts.<sup>85</sup>
- 4.19 **Recommendation 2**, that SCCB and DFS enhance the revised Agency Accreditation Scheme for Goods and Services Procurement, has been partially implemented. DFS has amended the accreditation assessment and now requires agencies to demonstrate that audits of existing contracts are regularly undertaken to review compliance to policies and procedures.<sup>86</sup> They have also put in place structures to manage services contracts, by requiring agencies to demonstrate that dedicated resources and structures exist for managing all IT services contracts valued over \$250,000.<sup>87</sup>
- 4.20 These amendments also require agencies to demonstrate risk based contract management plans are in place for a minimum of 50% of all IT services contracts

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<sup>80</sup> Submission 2, Department of Finance and Services, p 2.

<sup>81</sup> Submission 8, NSW Audit Office, p 26.

<sup>82</sup> Submission 2, Department of Finance and Services, p 3.

<sup>83</sup> Submission 2, Department of Finance and Services, p 3

<sup>84</sup> Submission 2, Department of Finance and Services, p 3

<sup>85</sup> Submission 8, NSW Audit Office, p 27.

<sup>86</sup> Submission 2, Department of Finance and Services, p 4.

<sup>87</sup> Submission 2, Department of Finance and Services, p 6.

valued at over \$250,000, and that in order to achieve a higher level of accreditation, agencies must demonstrate that these plans are in place for 100% of all IT services contracts valued at over \$250,000.<sup>88</sup>

- 4.21 The Auditor-General stated that DFS had only partially addressed the recommendation in the report, as the recommendation was for all IT services contracts to have risk-based contract management plans.<sup>89</sup> However, DFS has stated that “a new 100% requirement would be unachievable for many agencies”,<sup>90</sup> and indicated that this graduated approach will assist agencies in building their procurement capabilities to the level of 100%, which represents best practice.<sup>91</sup>
- 4.22 **Recommendation 3.1**, that by December 2012 DFS develop guidance to agencies on managing IT services contracts post award, including advice that their contract management delegations should be consistent with their general financial delegations, has been partially accepted. DFS stated that general guidance on post-award contract management is being developed as part of the Procurement Policy Framework, and they have mandated use of the Procure IT contractual framework to provide a basis for supplier performance management.<sup>92</sup> However, the department has indicated that they believe “functions of contract management and making financial decisions should be segregated.”<sup>93</sup> Because of this, they have rejected the Auditor-General’s recommendation that they provide advice to agencies that their contract management delegations should be consistent with their general financial delegations.
- 4.23 The Auditor-General was concerned that these actions did not adequately meet the recommendations of the report. The Auditor-General suggested that if contract management delegation is not consistent with financial management delegation then contract management decisions can result in significant additional expenditure, which may be greater than the decision maker’s financial delegation.<sup>94</sup> However, when questioned by the Committee about this matter, DFS responded that if a contract management decision has financial implications, then approval is required under both the procurement and financial delegation to commit the expenditure of funds.<sup>95</sup>
- 4.24 **Recommendation 3.2**, that DFS consider extending contract management guidance to cover other services contracts, has been accepted and implementation is ongoing. DFS has indicated that the development of the Procurement Policy Framework includes general guidance on post-award contract management, and that the Procurement Board will consider the revised framework during late 2013.<sup>96</sup>

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<sup>88</sup> Submission 2, Department of Finance and Services, p 5.

<sup>89</sup> Submission 8, NSW Audit Office, 5 May 2013, p 29.

<sup>90</sup> Department of Finance and Services, Answers to questions on notice, 25 July 2013, p 2.

<sup>91</sup> Department of Finance and Services, Answers to questions on notice, 25 July 2013, p 2.

<sup>92</sup> Submission 2, Department of Finance and Services, pp 8-9.

<sup>93</sup> Department of Finance and Services, Answers to questions on notice, 25 July 2013, p 3.

<sup>94</sup> Submission 8, NSW Audit Office, p 29

<sup>95</sup> Department of Finance and Services, answers to questions on notice, 25 July 2013, p 3.

<sup>96</sup> Submission 2, Department of Finance and Services, p 8.

- 4.25 **Recommendation 3.3**, that DFS develop a benchmarking methodology and regularly benchmark the prices charged by suppliers on the IT services State contracts, and provide the data to agencies, has been partially accepted. DFS has indicated that the development of the eQuote system for agency use when engaging with suppliers under the ICT Services Scheme will mean that data relating to project costs is captured and analysed. This data will enable DFS to report back to agencies on the value of their engagements under the ICT Services Scheme.<sup>97</sup>

*Recommendations made to NSW Health*

- 4.26 NSW Health accepted all recommendations made by the Auditor-General, and detailed the actions taken in response to each recommendation in its submission. NSW Health noted that their responses were progressing in an appropriate manner, and had met the June 2012 deadline given by the Auditor-General.<sup>98</sup>
- 4.27 **Recommendation 4.1**, that by June 2012 NSW Health prepare a risk based contract management plan for all new services contracts entered into after June 2012, has been partially implemented. NSW Health advised that a Contract Execution Guidelines Process and Contract Summary template has been developed to ensure that all new contracts over \$900K entered into since October 2011 have a contract management plan prior to execution.<sup>99</sup> This contract management strategy includes addressing risks and issues that might arise during contract management.<sup>100</sup>
- 4.28 In answers to questions on notice, NSW Health stated that the department had applied the same risk criteria used by the Audit Office in determining high-risk contracts—high value (greater than \$5m) and long term (3 or more years duration)—and had implemented measures to monitor performance of services contracts to ensure their risk was managed effectively.<sup>101</sup>
- 4.29 **Recommendation 4.2**, that NSW Health ensure it has structures in place to effectively manage all services contracts, including purchases through State contracts, was completed by the June 2012 deadline. The NSW Health 5 year Strategic Procurement Plan addresses the issues raised in the audit, and includes a review of procurement governance arrangements, a review of procurement policy and process and the acquisition of a NSW Health-wide contract life cycle management system.<sup>102</sup>
- 4.30 **Recommendation 4.3**, that NSW Health complete a risk assessment of existing services contracts and prepare contract management plans for those contracts identified as high risk, was accepted by NSW Health in principle. NSW Health indicated that all current service contracts over \$900K will have contract management strategies prior to execution, and that the current contract

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<sup>97</sup> Submission 2, Department of Finance and Services, p 9.

<sup>98</sup> Submission 5, NSW Health, p 1.

<sup>99</sup> Submission 5, NSW Health, p 1.

<sup>100</sup> Submission 5, NSW Health, p 1.

<sup>101</sup> Submission 5, NSW Health, p 1.

<sup>102</sup> Submission 5, NSW Health, p.1.

management system was upgraded to assist with the development of contract management plans.<sup>103</sup>

*Recommendations made to NSW Police Force*

- 4.31 The NSW Police Force accepted and fully implemented two of the Auditor-General's recommendations by the date given in the audit. They only partially accepted two other recommendations and detailed in their submission their reasons for this.<sup>104</sup>
- 4.32 **Recommendation 5.1** has been implemented. The NSW Police Force has indicated that it has revised its delegation structure and approval process to provide clear separation of financial and administrative approvals.<sup>105</sup>
- 4.33 **Recommendation 5.2**, that the NSW Police Force, by June 2012, requires all new contracts to be supported by a business needs analysis and value for money assessment that takes into consideration market rates, has been accepted and implemented. The NSW Police Force has indicated that they have put in place processes to expressly address the requirement for a business needs analysis and value for money assessment where criteria are met to trigger such an analysis.<sup>106</sup>
- 4.34 **Recommendation 5.3**, that by June 2012 the NSW Police Force requires a risk based contract management plan for all services contracts, has been partially accepted. The NSW Police Force has indicated that it is not practical to have a risk-based contract management plan for all contracts. The NSW Police Force has instead stated they will undertake this recommendation only for those contracts where the total value of the contract exceeds \$250K or the engagement is for a period greater than 12 months.<sup>107</sup>
- 4.35 In response to questions on notice, the NSW Police Force stated that their actions were in line with previous Procurement Guidelines and Whole of Government policies, and indicated that they were confident no high risk contracts would fall below the criteria they have set.<sup>108</sup>
- 4.36 **Recommendation 5.4**, that by December 2012 the NSW Police Force ensures it has structures in place to effectively manage all services contracts, including purchases through state contracts, was partially accepted. The NSW Police Force has indicated that it is not practical to implement this recommendation, given the large number of service contracts they have and the staff resourcing requirements.<sup>109</sup> Instead, the NSW Police Force apply this recommendation only to those contracts that exceed \$250k per annum or are for 12 months engagement or more.<sup>110</sup> The NSW Police Force has undertaken specific action to address this recommendation, including the recruitment of key IT contract staff,

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<sup>103</sup> Submission 5, NSW Health, p 1.

<sup>104</sup> Submission 7, NSW Police Force, p 2.

<sup>105</sup> Submission 7, NSW Police Force, p 2.

<sup>106</sup> Submission 7, NSW Police Force, p 2.

<sup>107</sup> Submission 7, NSW Police Force, p 2.

<sup>108</sup> NSW Police Force, Answers to questions on notice, 20 August 2013, p 2.

<sup>109</sup> NSW Auditor-General, *Managing IT Services Contracts*, p 10.

<sup>110</sup> Submission 7, NSW Police Force, p 2.

and the development of a contract management plan using the NSW Police Contract max system.<sup>111</sup>

### Committee comment

- 4.37 Overall, the Committee was pleased to note that DFS, NSW Health and the NSW Police Force are making progress in implementing the recommendations of the Auditor-General. However, the Committee noted with some concern that the agencies disregarded key elements of the recommendations, which limits their effectiveness in managing the concerns raised during the audit.
- 4.38 The Committee acknowledges the difficulties faced by DFS in implementing the Auditor-General's recommendations due to the NSW Government's Procurement Reforms. However, the Committee notes that the performance audit began before the announcement of the reforms, and commends the efforts of the Audit Office of NSW in ensuring the recommendations made in the report remained relevant to the agency. The Committee is pleased to note that despite these structural changes, DFS has been able to demonstrate significant progress in the implementation of the Auditor-General's recommendations.
- 4.39 In regard to recommendation 3.3, the Committee was satisfied with the action of DFS. The intent of the Auditor-General's recommendations was to give agencies data to assist them in determining if the prices they receive are value for money, and the action DFS has taken reflects this intention.
- 4.40 The Committee noted with concern that DFS was not seeking to fully implement measures to develop guidance to agencies on managing IT services contracts post award, including advice that their contract management delegations should be consistent with their general financial delegations (recommendation 3.1). While DFS has indicated that approval of contract management delegations necessitates prior approval under financial delegations, it is important to make this function clear to avoid unnecessary risk.
- 4.41 The Committee was also concerned that the agencies had not adequately implemented a risk-based contract management plan for all services contracts (recommendations 2.2, 4.1 and 5.3). Specifically, the Committee was concerned that the thresholds outlined by the agencies varied so greatly—\$250K for DFS and the NSW Police Force, and \$900K for NSW Health. The Committee acknowledges that it may not be possible for all services contracts to have a risk-based management plan. However, it is the Committee's view that a standardised approach to risk-based management plans would minimise the risk of high-cost contracts across agencies. This could be achieved by implementation of a consistent \$250K threshold to identify those contracts in need of a contract management plan.

## RECOMMENDATION 6

**That the NSW Government establishes a standardised approach to risk-based contract management plans across government agencies by implementing a \$250k threshold to identify contracts in need of a contract management plan.**

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<sup>111</sup> Submission 7, NSW Police Force, p 2.

# Chapter Five – Visiting Medical Officers and Staff Specialists

## Introduction

- 5.1 Senior doctors in the NSW health system are commonly staff specialists or visiting medical officers (VMOs). With 4,594 VMOs and 2,425 staff specialists, these groups represent a significant portion of the doctors working in hospitals throughout NSW.<sup>112</sup> VMOs are doctors working in private practice who are employed as independent contractors in the health system, while staff specialists are fixed term employees who are also able to undertake private practice within the hospital.
- 5.2 The Audit Office of NSW conducted a performance audit of NSW Health in 2011, assessing its ability to manage VMOs and staff specialists. The aim of the audit was to ascertain whether NSW Health was adequately deploying VMOs and staff specialists to best meet demand, if payments were being made appropriately for agreed and delivered services, and if the treatment of private patients in public hospitals was managed appropriately.<sup>113</sup>
- 5.3 The Auditor-General found that NSW Health could not be certain all payments made to VMOs were for agreed and delivered services, due to limited checking of VMO claims for payment, limited quality information on staff specialist activities, a lack of hospital-level analysis in trends and inconsistencies in activities and treatment.<sup>114</sup> It was also found that, while VMOs and staff specialists were deployed to adequately meet demand to the best of the hospitals' abilities, their activities were not adequately documented.<sup>115</sup> It was estimated that ten to 18 per cent of VMO claims for payment contained errors of some kind, leading to inaccuracies in payment.<sup>116</sup>

## Auditor-General's recommendations

- 5.4 The Auditor-General made a total of 9 recommendations to NSW Health, in relation to payments made to VMOs, the timeliness and quality of patient care and the effective management of hospital budgets, to be completed by June 2013.<sup>117</sup> These recommendations are detailed in the following table.

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<sup>112</sup> NSW Auditor-General, Performance Audit: *Visiting Medical Officers and Staff Specialists*, December 2011, p 9

<sup>113</sup> NSW Auditor-General, Performance Audit: *Visiting Medical Officers and Staff Specialists*, December 2011, p 2.

<sup>114</sup> NSW Auditor-General, Performance Audit: *Visiting Medical Officers and Staff Specialists*, December 2011, p 2.

<sup>115</sup> NSW Auditor-General, Performance Audit: *Visiting Medical Officers and Staff Specialists*, December 2011, p 4.

<sup>116</sup> NSW Auditor-General, Performance Audit: *Visiting Medical Officers and Staff Specialists*, December 2011, p 2.

<sup>117</sup> NSW Auditor-General, Performance Audit: *Visiting Medical Officers and Staff Specialists*, December 2011, p 2.

**Table 4: Auditor-General's recommendations - Visiting Medical Officers**

No.	Recommendation
	<b>To ensure payments are made for agreed and delivered services</b>
1.	By June 2013 NSW Health expedites current improvements in VMoney and related systems to: <ol style="list-style-type: none"> <li>a. Eliminate manual data entry.</li> <li>b. Improve access by hospital staff to VMO payment management reports.</li> </ol>
2.	NSW Health: <ol style="list-style-type: none"> <li>a. Develops consistent guidelines and procedures for verifying VMO claims for payment.</li> <li>b. Ensures that there is more effective scrutiny of VMO payments to ensure that they are being made in accordance with NSW Health Policy Directives.</li> </ol>
3.	Develop the use of benchmarking studies and analysis to assist local health districts to detect inconsistent VMO claims for payment or anomalies in clinical priorities allocated to patients.
4.	Assign unique identifiers to VMOs to ensure that there are no overpayments for duplicated services.
5.	Seek improvements to reduce administration costs of staff specialists' training, education and study leave.
	<b>To ensure appropriate timeliness and quality of care for patients</b>
6.	Provide a more explicit basis for VMO entitlements to treat private patients in public hospitals.
7.	Use the provision of the staff specialist award to develop performance agreements for each staff specialist to describe their activities in detail.
8.	Build director of medical services capacity by encouraging doctors to choose medical administration as a career path, such as by training through the Royal Australasian College of Medical Administrators.
	<b>Ensure effective management of the hospital budgets</b>
9.	After appropriate consultation with the Australian Medical Association, amend the model VMO contracts to impose stricter controls over the submission of VMO claims.

## The Committee's examination

5.5 As part of the Committee's follow-up of the Auditor General's Performance Audit, on 8 April 2013 the Chair wrote to the NSW Ministry of Health, seeking details of its response to the Performance Audit. NSW Health provided a submission on 17 May 2013. The submission was forwarded to the Auditor-General for comment, and he responded on 5 June 2013.

5.6 NSW Health supported all of the Auditor-General's recommendations, and detailed in its submission the actions taken in response to each recommendation. NSW Health noted that responses to all recommendations were progressing in a timely manner, and one recommendation had been completed.<sup>118</sup>

<sup>118</sup> Submission 4, NSW Ministry of Health, p 2.

- 5.7 On Friday 21 June 2013, the Committee held a public hearing to seek further information from NSW Health about their response to the audit. Mr Graham Jenkins, State Manager, HealthShare NSW, and Mr Alan Berendsen, Associate Director, Workplace Relations and Management, NSW Health, gave evidence on behalf of NSW Health.
- 5.8 **Recommendation 1** - that NSW Health expedites current improvements in VMoney and related systems to eliminate manual data entry and improve hospital staff access to VMO payment management reports - was accepted and implementation is ongoing. NSW Health stated in their submission that the development of improvements to the VMoney web application commenced with a pilot of the system during November-December 2012, and a planned state rollout to begin in July 2013.<sup>119</sup>
- 5.9 An evaluation of the pilot study found that using VMoney, 'VMOs and their delegates had little difficulty in completing their claims and appreciated a number of the application's features'.<sup>120</sup>
- 5.10 The Committee was updated on further progress at the Public Hearing, and was informed of a delay in the rollout of the VMoney system, with plans for it to begin in August 2013, and a full state rollout to be in place by June 2014.<sup>121</sup> The Auditor-General accepted this delay, and encouraged NSW Health to provide the Committee with a statement by June 2014 outlining the successes of VMoney.<sup>122</sup>
- 5.11 **Recommendation 2** - that NSW Health develops consistent guidelines and procedures for verifying VMO claims for payment, and ensures that there is more effective scrutiny of VMO payments to ensure that they are being made in accordance with NSW Health Policy Directives - was accepted and implementation is ongoing. In their submission, NSW Health noted that VMoney enhances the capability to monitor payments and identify the prevalence of non-standard arrangements.<sup>123</sup>
- 5.12 NSW Health advised that these recommendations were being implemented through the VMO Claims Management Optimisation Project, in conjunction with a state-wide steering committee. The steering committee is in the process of developing state-wide guidelines, which will then be further developed in consultation with local health districts after the completed roll-out of VMoney.<sup>124</sup>
- 5.13 In response to questions on notice, NSW Health informed the Committee that training and instruction of staff would be undertaken by the Chief Executives and management teams of local health districts to ensure the guidelines published by NSW Health are implemented by internal audit staff.<sup>125</sup>

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<sup>119</sup> Submission 4, NSW Ministry of Health, p 1.

<sup>120</sup> NSW Ministry of Health, Answers to questions on notice, 27 July 2013, p 4.

<sup>121</sup> Mr Graham Jenkins, State Manager, Service Centres Newcastle and Parramatta, HealthShare NSW, Transcript of evidence, 21 June 2013, p 2.

<sup>122</sup> Mr Peter Achterstraat, Auditor-General, Transcript of evidence, 21 June 2013, p 2.

<sup>123</sup> Submission 4, NSW Ministry of Health, p 1.

<sup>124</sup> NSW Ministry of Health, Answers to questions on notice, 27 July 2013, p. 1.

<sup>125</sup> NSW Ministry of Health, Answers to questions on notice, 27 July 2013, p. 1.



- 5.14 **Recommendation 3** has been accepted and implementation is ongoing. NSW Health stated that it will be able to more effectively carry out benchmarking studies and clinical audits to detect inconsistencies in VMO claims for payment or anomalies in clinical priorities allocated to patients through the VMO Claims Management Optimisation Project using the VMoney system.<sup>126</sup> Until the VMoney system is fully operational, NSW Health continues to carry out manual audits. NSW Health is currently in the process of identifying areas for scrutiny, which will be further investigated with the enhanced capabilities of VMoney.<sup>127</sup>
- 5.15 The Committee was concerned that NSW Health was not adequately addressing the recommendations made by the Auditor-General. On the recommendation of the Auditor-General, NSW Health will advise the Committee of the outcomes of the first batch of clinical audits done under VMoney in September or October 2013, to determine if the recommendation has been implemented.
- 5.16 **Recommendation 4** has been implemented. The VMoney web application incorporates an Australian Health Professional Registration Agency (AHPRA) medical registration number for each VMO. This unique identification number reduces the risk of overpayment for duplicated services.<sup>128</sup>
- 5.17 **Recommendation 5** has been accepted and implementation is ongoing. NSW Health advised that staff specialists' training, education and study leave (TESL) entitlements are set out in an industrial determination and cannot be varied without agreement by the Australian Salaried Medical Officers Federation of NSW (ASMOF).<sup>129</sup> Improvements to reduce administration costs of TESL are being negotiated between NSW Health and ASMOF. NSW Health has indicated that pending negotiations with ASMOF, a set of jointly agreed guidelines will be implemented to support a consistent approach to the interpretation of TESL arrangements across NSW.<sup>130</sup>
- 5.18 NSW Health will monitor leave entitlements through the new Human Resources Information System *StaffLink*, which has been configured to keep a record of TESL leave entitlement balances. *StaffLink* has been progressively deployed to local health districts across NSW, with the rollout completed in July 2013.<sup>131</sup>
- 5.19 **Recommendation 6** - that NSW Health provides a more explicit basis for VMO entitlements to treat patients in public hospitals - has been accepted but implementation has been delayed. NSW Health indicated that while it supports the recommendations, amendments to VMO model contracts need to be made in conjunction with the organisations that represent VMOs - the Australian Medical Association (AMA) and the NSW Rural Doctors association.<sup>132</sup> At the time of the

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<sup>126</sup> Submission 4, NSW Ministry of Health, p 2

<sup>127</sup> Mr Alan Berendsen, Associate Director, Workplace Relations and Management, NSW Ministry of Health, Transcript of evidence, 21 June 2013, p 4.

<sup>128</sup> Submission 4, NSW Ministry of Health, p 2.

<sup>129</sup> Submission 4, NSW Ministry of Health, p 2.

<sup>130</sup> Mr Alan Berendsen, Associate Director, Workplace Relations and Management, NSW Ministry of Health, Transcript of evidence, 21 June 2013, p 5.

<sup>131</sup> Submission 4, NSW Ministry of Health, p 2; HealthShare NSW, Correspondence to Committee, 14 October 2013.

<sup>132</sup> Mr Alan Berendsen, Associate Director, Workplace Relations and Management, NSW Ministry of Health, Transcript of evidence, 21 June 2013, p 5.

hearing, AMA had not formally replied to the Ministry. NSW Health informed the Committee in July 2013 that the AMA had advised at this time it did not believe amendments to VMO model contracts were required.<sup>133</sup>

- 5.20 **Recommendation 7** has been accepted and implementation is ongoing. NSW Health noted that the Staff Specialist Award makes a provision at Clause 12 for a written annual performance agreement. The Ministry indicated that it will emphasise to public health organisations the need to specify the work expectations and requirements of staff specialists under the Award. NSW Health is also in the process of surveying local health districts to promote compliance of the award requirement.<sup>134</sup>
- 5.21 **Recommendation 8** that NSW Health builds director of medical services capacity by encouraging doctors to choose medical administration as a career path has been accepted and implementation is ongoing. NSW Health noted that the Health Education Training Institute (HETI) had been funded to establish a clinical chair in administration, to assist in the training of administrators in NSW Health facilities. HETI released a report outlining the blueprint for the implementation of the recommendation, structured around a three year training program to meet the Royal Australasian College of Medical Administrators fellowship requirements. The Ministry also indicated that \$100,000 annual funding had been allocated to the Western Sydney Local Health District for five years for a medical administrator trainee.<sup>135</sup>
- 5.22 **Recommendation 9**, that NSW Health, after appropriate consultations with the AMA, amend the model VMO contracts to impose stricter controls of VMO claims, has been accepted and implementation is ongoing. NSW Health is awaiting a formal response from the AMA concerning this issue, but anticipates progress will be made. The Ministry will contact the NSW Rural Doctors Association pending agreements with the AMA.<sup>136</sup>

### Committee comment

- 5.23 The Committee is pleased to note that NSW Health accepted all the recommendations made by the Auditor-General, and has actively worked to implement them. The Committee commends NSW Health on the ongoing implementation of the VMoney system. While the Committee acknowledges that delays are sometimes unavoidable when implementing new technology systems, it is important that NSW Health continue to progress the state-wide rollout of VMoney.
- 5.24 The Committee is concerned with the delay in clinical audits and developing benchmarking studies and analysis to detect inconsistent VMO claims. The Committee considers it appropriate for NSW Health to ensure they are appropriately addressing the Auditor-General's recommendations by implementing clinical audits and benchmarking studies using VMoney. The

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<sup>133</sup> NSW Ministry of Health, Answers to questions on notice, 27 July 2013, p 2.

<sup>134</sup> Submission 4, NSW Ministry of Health, p 3.

<sup>135</sup> Submission 4, NSW Ministry of Health, p.4.

<sup>136</sup> Mr Alan Berendsen, Associate Director, Workplace Relations and Management, NSW Ministry of Health, Transcript of evidence, 21 June 2013, p. 6.

Committee therefore recommends that NSW Health, within 3 months of the state-wide rollout of VMoney, conducts audits and analyses data from the VMoney system to detect inconsistent Visiting Medical Officer claims.

- 5.25 The Committee acknowledges the difficult position of NSW Health in implementing some of the recommendations, due to the limited power the Ministry has over VMO contracts, and the reluctance of the AMA to engage in negotiations. However, NSW Health should continue their efforts to negotiate with the AMA concerning these issues, in an attempt to implement the recommendations made in the Auditor-General's report.

#### **RECOMMENDATION 7**

**The Committee recommends that NSW Health completes the state-wide rollout of VMoney by the end of June 2014, and that NSW Health provides a progress report on implementation as part of the government response to this report.**

#### **RECOMMENDATION 8**

**The Committee recommends that NSW Health conducts clinical audits using the VMoney system and continues to analyse data in VMoney to detect inconsistent Visiting Medical Officer claims, by September 2014.**

#### **RECOMMENDATION 9**

**The Committee recommends that NSW Health continues to engage with the Australian Medical Association concerning proposed amendments to Visiting Medical Officer contracts to ensure a viable solution is negotiated by both parties in line with the Auditor-General's recommendations.**

## Appendix One – List of Submissions

1	NSW Family and Community Services
2	Department of Finance and Services
3	NSW Police Force
4	NSW Ministry of Health
5	NSW Ministry of Health
6	Transport for NSW
7	NSW Police Force
8	NSW Audit Office

## Appendix Two – List of Witnesses

21 JUNE 2013, WARATAH ROOM

<b>Witness</b>	<b>Organisation</b>
Ms Margaret Prendergast General Manager, Centre for Road Safety	Transport for NSW
Mr Tim Reardon Deputy Director General, Policy & Regulation	Transport for NSW
Mr Evan Walker Principal Manager Safe Systems, Centre for Road Safety	Transport for NSW
Mr Peter Achterstraat Auditor-General	NSW Audit Office
Mr Tony Whitfield Deputy Auditor-General	The Audit Office of NSW
Mr Rob Mathie Assistant Auditor-General	The Audit Office of NSW
Mr Alan Berendsen Associate Director, Workplace Relations and Management	NSW Ministry of Health
Mr Graham Jenkins State Manager, Service Centres Newcastle and Parramatta	HealthShare NSW

## Appendix Three – Extracts from Minutes

### MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO.46)

Wednesday 27 March 2013  
09:45 am  
Room 1254, Parliament House

#### Members Present

Mr O’Dea (Chair), Dr Lee (Deputy Chair), Mr Bassett, Mr Williams, Mr Daley, Mr Piper

#### 1. Confirmation of minutes of meetings of 21 March 2013

Resolved, on the motion of Mr Piper, seconded by Dr Lee: That the minutes of the meeting of 21 March 2013 be confirmed.

2. \*\*\*

3. \*\*\*

4. \*\*\*

5. \*\*\*

#### 6. Follow up of the Auditor-General’s Performance Audits October 2011 – March 2012

List of Auditor-General’s reports to Parliament:

- *Road Safety: Young Drivers*
- *Responding to Domestic and Family Violence*
- *Visiting Medical Officers and Staff Specialists*
- *Managing IT Services Contracts.*

Resolved, on the motion of Mr Williams, seconded by Dr Lee: That the Committee initiate a new inquiry to examine the Auditor-General’s performance audits conducted from October 2011 to March 2012 and write to the agencies subject of the audits to request a submission, with responses due by 10 May 2013.

7. \*\*\*

8. \*\*\*

#### 9. Adjournment

The Committee adjourned at 10:15 am until Thursday 2 May 2013 at 9.45am in Room 1043.

**MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE  
(NO.47)**

Thursday 2 May, 2013  
9.45 am  
Room 1043, Parliament House

**Members present**

Mr O’Dea (Chair), Dr Lee (Deputy Chair), Mr Bassett, Mr Daley, Mr Piper, Mr Williams

**Officers in attendance**

Rachel Simpson, Pauline Painter, John Miller, Sasha Shevtsova, Jenny Gallagher

**1. Confirmation of minutes**

Resolved, on the motion of Mr Williams, seconded by Mr Piper: that the minutes of the meeting held on 27 March 2013 be confirmed.

2. \*\*\*

3. \*\*\*

4. \*\*\*

**5. Follow up of the Auditor-General’s performance audits - October 2011 –  
March 2012**

Committee staff provided an update on the progress of the inquiry.

6. \*\*\*

7. \*\*\*

The committee adjourned at 11.03 am until 9.45 am on Thursday, 9 May 2013.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 48)

Thursday 9 May, 2013  
9.45 am  
Room 1043, Parliament House

### Members present

Mr O'Dea (Chair), Mr Bassett, Mr Daley, Dr Lee, Mr Piper, Mr Williams

### Officers in attendance

Rachel Simpson, John Miller, Emma Wood, Jenny Gallagher

### 1. Confirmation of minutes

Resolved, on the motion of Mr Bassett, seconded by Mr Williams: that the minutes of the meeting held on 27 March 2013 be confirmed.

2. \*\*\*

### 3. Follow up of the Auditor-General's performance audits October 2011 – March 2012

- a. **Submission from Family and Community Services** re: Auditor-General's *Report on Responding to Domestic and Family Violence*, dated 1 May 2013.

The Chair noted that the submission from Family and Community Services was a consolidated response from Family and Community Services, Department of the Attorney General and Justice, NSW Police Force and the Ministry of Health.

Resolved, on the motion of Mr Bassett, seconded by Mr Williams: that the Committee forward all agency responses to the Auditor-General for his comments, once they have been received.

- b. **Future hearing date**

The Committee agreed to hold a public hearing on Friday, 21 June 2013.

4. \*\*\*

5. \*\*\*

6. \*\*\*

7. \*\*\*

### 8. Next meeting

The committee adjourned at 10.27 am until 9.45 am on Thursday, 23 May 2013.



## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO 49)

Thursday 23 May 2013  
3.31 pm  
Room 1043, Parliament House

### Members present

Mr O’Dea (Chair), Mr Bassett, Mr Daley, Dr Lee, Mr Piper, Mr Williams

### Officers in attendance

Ms Simpson, Ms Painter, Ms Wood, Ms Gallagher, Ms Shevtsova, Mr Marson Lilopeza (Solomon Islands), Ms Jane Kiroha and Ms Julie Masike (Bougainville)

1. \*\*\*

### 2. Confirmation of minutes of meeting no. 48 on 9 May 2013

Resolved, on the motion of Mr Piper, seconded by Mr Williams: that the minutes of the meeting held on 9 May 2013 be confirmed.

3. \*\*\*

4. \*\*\*

### 5. Follow up of the Auditor-General’s performance audits October 2011 – March 2012

Resolved on the motion of Mr Williams, seconded by Mr Bassett: that the Committee authorise the publication of submissions 1-5.

6. \*\*\*

7. \*\*\*

8. \*\*\*

9. \*\*\*

10.\*\*\*

### 11. Next meeting

The Committee adjourned at 4.17pm until 9.45 am on Thursday 30 May 2013.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 50)

Thursday 30 May 2013  
9.49am  
Room 1043, Parliament House

### Members Present

Mr O'Dea (Chair), Mr Bassett, Mr Daley, Dr Lee, Mr Piper, Mr Williams

### Officers in Attendance

Rachel Simpson, Pauline Painter, Emma Wood, Jenny Gallagher, Sasha Shevtsova

### 1. Confirmation of Minutes

Resolved, on the motion of Mr Piper, seconded by Dr Lee: That the minutes of meeting No 49 held on 23 May 2013 be confirmed.

2. \*\*\*

### 3. Follow-up of the Auditor-General's performance audits October 2011- March 2012

#### (a) Submissions received

Resolved, on the motion of Mr Williams, seconded by Dr Lee: That the Committee accept and publish Submission 6, received from Transport for NSW.

#### (b) Correspondence received

- Audit Office NSW, received 24 May 2013, draft response to agencies' implementation of recommendations in relation to the Performance Audit report – *Responding to Domestic and Family Violence*
- Audit Office NSW, received 27 May 2013, draft response to agencies' implementation of recommendations in relation to the Performance Audit reports:
  - *Road safety: young drivers*
  - *Visiting Medical Officers and Staff Specialists*
  - *Managing IT services contracts*

Resolved, on the motion of Mr Bassett, seconded by Dr Lee: That the Committee publish the finalised Audit Office responses to agencies' implementation of recommendations in relation to Performance Audit reports October 2011-March 2012, once received.

#### (c) Written questions on notice and proposed witnesses for public hearing 21 June 2013

The Committee considered the briefing paper prepared by the Secretariat.

Resolved, on the motion of Mr Bassett, seconded by Mr Williams: That the Committee send written questions on notice to the following agencies:

- Department of Family and Community Services re Report No 218: *Responding to Domestic and Family Violence*

PUBLIC ACCOUNTS COMMITTEE  
EXTRACTS FROM MINUTES

- Department of Finance and Services and NSW Health re Report 220: *Managing IT services contracts*

And that the Committee invite representatives from the following organisations to appear at the public hearing on 21 June 2013

- Transport for NSW re Report 217: *Road safety – young drivers*
- NSW Health re Report 219: *Visiting Medical Officers and Staff Specialists*

4. \*\*\*

5. \*\*\*

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The committee adjourned at 10.24am until 9.45am on Thursday 20 June 2013.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 51)

Thursday 20 June 2013  
9.48am  
Room 1043, Parliament House

### Members Present

Mr O'Dea (Chair), Mr Bassett, Mr Daley, Dr Lee, Mr Piper, Mr Williams

### Officers in Attendance

Rachel Simpson, Emma Wood, Sasha Shevtsova

#### 1. Confirmation of minutes

Resolved, on the motion of Mr Piper, seconded by Mr Williams: That the minutes of meeting No 50 held on 30 May 2013 be confirmed.

2. \*\*\*

#### 3. Follow-up of the Auditor-General's performance audits October 2011- March 2012

##### a. Submissions received

Resolved on the motion of Mr Williams, seconded by Dr Lee: That the Committee authorise the publication of submissions 7 and 8.

#### 4. Public Hearing - Inquiry into the efficiency and effectiveness of the Audit Office of NSW and Follow-up of the Auditor-General's performance audits October 2011-March 2012

The Committee noted the Notice of Hearing for the public hearing scheduled for Friday 21 June 2013.

5. \*\*\*

6. \*\*\*

7. \*\*\*

The committee adjourned at 10.15am until 9.15am on Friday 21 June 2013.

## MINUTES OF PROCEEDINGS OF THE PUBLIC ACCOUNTS COMMITTEE (NO. 52)

Friday 21 June 2013  
9:31 am  
Waratah Room, Parliament House

### Members Present

Mr O’Dea (Chair), Mr Bassett, Mr Daley, Dr Lee, Mr Piper

### Apologies

Mr Williams

### Officers in Attendance

Rachel Simpson, Abigail Groves, Emma Wood, Sasha Shevtsova

## 1. Public Hearing - Inquiry into the efficiency and effectiveness of the Audit Office of NSW and Follow-up of the Auditor-General's performance audits October 2011-March 2012

### a. Media orders

Resolved on the motion of Mr Daley, seconded by Mr Piper: That the Committee authorises the audio-visual recording, photography and broadcasting of the public hearing on 21 June 2013 in accordance with the NSW Legislative Assembly’s guidelines for coverage of proceedings for parliamentary committees administered by the Legislative Assembly.

### b. Publication orders

Resolved on the motion of Mr Daley, seconded by Mr Piper: That the corrected transcript of evidence given today be authorised for publication and uploaded on the Committee’s website.

Resolved on the motion of Mr Daley, seconded by Mr Piper: That witnesses be requested to return answers to questions taken on notice and supplementary questions within 2 weeks of the date on which the questions are forwarded to the witness.

## 2. Public Hearing: Follow-up of the Auditor-General's performance audits October 2011-March 2012

The press and public were admitted. The Chair opened the public hearing.

Mr Peter Achterstraat, Auditor-General, NSW Audit Office, and Mr Robert Mathie, Assistant Auditor-General, NSW Audit Office, were sworn and examined.

Mr Graham Jenkins, State Manager, HealthShare, was sworn and examined. Mr Alan Berendsen, Associate Director, Workplace Relations and Management, was affirmed and examined. Evidence concluded. The witnesses withdrew.

Ms Margaret Prendergast, General Manager, Centre for Road Safety, Transport for NSW; Mr Evan Walker, Principal Manager, Safer Systems, Centre for Road Safety, Transport for NSW,

and Mr Tim Reardon, Deputy Director General, Policy and Regulation, Transport for NSW, were sworn and examined. Evidence concluded. The witnesses withdrew.

The Chair closed the hearing.

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## 2. Other business

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Resolved on the motion of Dr Lee, seconded Mr Bassett: That the Committee write to NSW Ministry of Health regarding their discussions with the Australian Medical Association about amendments to VMO model contracts.

The committee adjourned at 4:15 pm until 9.45am on Thursday 15 August 2013.

## MINUTES OF MEETING 55

Thursday, 15 August 2013  
9.56 am  
Room 1043, Parliament House

### Members present

Mr O’Dea (Chair), Mr Bassett, Dr Lee, Mr Piper, Mr Williams

### Apologies

Apologies were received from Mr Daley

### Officers in attendance

Rachel Simpson, John Miller, Leon Last, Sasha Shevtsova, Jenny Gallagher, Laura Sloane

### 1. Confirmation of minutes no. 54 held on 13 August 2013

Resolved on the motion of Mr Piper, seconded by Mr Bassett, that draft minutes no. 54 be confirmed.

2. \*\*\*

3. \*\*\*

### 4. Follow up of the Auditor-General's performance audits October 2011 - March 2012

#### **4.1 Answers to questions on notice received**

The Committee noted the following answers to questions on notice received:

- NSW Ministry of Health – Mr Graham Jenkins, State Manager, HealthShare NSW
- NSW Ministry of Health – Ms Karen Crawshaw, Deputy Director General
- NSW Ministry of Health – Dr Mary Foley, Director General
- Department of Finance and Services – Mr Michael Coutts-Trotter, Director-General
- Department of Family & Community Services – Mr Jim Longley, Acting Director-General

Resolved on the motion of Mr Williams, seconded by Mr Bassett, that the Committee authorise publication of the answers to questions on notice.

5. \*\*\*

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12. \*\*\*

The Committee adjourned at 10:05 am until 9.45 am on Thursday, 22 August 2013 in Room 1043.

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## MINUTES OF MEETING 56

Thursday, 22 August 2013

9.49 am

Room 1043, Parliament House

### Members present

Mr O’Dea (Chair), Mr Bassett, Mr Daley, Dr Lee, Mr Williams

### Officers in attendance

Rachel Simpson, John Miller, Leon Last, Sasha Shevtsova, Jenny Gallagher, Shane Armstrong, Laura Sloane

#### 1. Confirmation of minutes no. 55 held on 15 August 2013

Resolved on the motion of Dr Lee, seconded by Mr Bassett, that draft minutes no. 55 be confirmed.

2. \*\*\*

3. \*\*\*

4. \*\*\*

5. \*\*\*

#### 6. Follow up of the Auditor-General’s Performance Audits October 2011 - March 2012

Resolved on the motion of Dr Lee, seconded by Mr Bassett, that the Committee authorise publication of the answers to questions on notice received from NSW Police Force.

7. \*\*\*

8. \*\*\*

9. \*\*\*

#### 10. Next meeting

The Committee adjourned at 10:04 am until 9.45 am on Thursday, 29 August 2013 in Room 1043.