

**FOLLOW UP OF THE AUDITOR-GENERAL'S
PERFORMANCE AUDITS SEPTEMBER 2012 -
MARCH 2013**

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Report No 227 – Managing drug exhibits and other high profile goods – Implementation of recommendations
NSW Police Force **PAC Submission No 7**

NSW Police Force progress - Audit Office recommendations – managing drug exhibits and other high profile goods.						Audit Office Comments
RECOMMENDATION	ACCEPTED OR REJECTED	DUE DATE	PROPOSED ACTION FOR IMPLEMENTATION (specific details)	Actions to Complete/Status	Responsibility	
1. In regard to all drug exhibits and high profile goods, the NSW Police Force should, by December 2013, review all drug exhibits and high profile goods held for more than two years and dispose of any no longer required.	Supported	Completed	An annual report on the quantity of drugs and high profile exhibits, as defined by the Audit Office, which have remained in NSWPF possession longer than two years, will be provided to the DCOP Field Operations. A directive was issued by the DCOP Field Operations to all Commanders in November 2013 for review and disposal of relevant exhibits. Returns from all Commands have indicated compliance.	Reporting on compliance for exhibit audits conducted is reported in the Command Management Framework (CMF). CMF also has audit tests built into it. All Commands conducted audits to determine drug exhibits held for more than two years with disposal actions taken where possible to reduce holdings by 31 December 2013.	Forensic Services Group Supt A. Crandell for DCOP Field Operations	1. We note the outcome of work on this recommendation. PAC may wish to get current data on the number and age of drug exhibits and other high profile goods held by NSW Police Force, showing improvements as a result of this initiative. NSW Police Force's response to this recommendation in the audit report also indicated that it proposed to build audit and reporting capabilities into its EFIMS system. PAC may wish to inquire whether this is still being considered.
2. In regard to drug exhibits, the NSW Police Force should: a) • by June 2013: introduce a risk based approach to determining the frequency of drug exhibit audits and	Supported in principle	Completed	The NSWPF will review the frequency of drug exhibit audits. This will examine modifying the Command Management Framework (CMF) ¹ to clarify whether Local Area Commanders can conduct audits less frequently provided appropriate risk assessments have been identified, adequate storage facilities and processes that do not warrant monthly audits.	In February 2013 a request was sent to all DCOPs seeking approval to adjust the frequency of drug exhibit audits; which was approved. CMF has been changed for audits to be undertaken on a quarterly basis. All commands were notified of the change in CMF in April 2013.	Performance Improvement and Planning Command	2. a) We note the outcome of work on this recommendation.

¹ The Command Management Framework (CMF) is a risk-based, self assessment process, focussing on the audit function. CMF addresses legislative compliance issues. It is designed to be a tool to better manage operations and improve accountability at a local level and to give auditors at a region and state level a tool to enable them to monitor and manage risk more proactively.

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2. b) check if drug exhibits should be disposed of as part of the audit.	Supported	Completed TBA	The Police Handbook will be reviewed and amended to reflect the above changes. The issue of the timely disposal of exhibits will be incorporated into the CMF. The NSWPF has submitted a proposal to make procedures for the analysis and destruction of drugs more efficient and address the problems associated with the long term retention of drugs.	The Police Handbook relating to Drug Exhibits was updated and published December, 2013. As above in reference to CMF. A proposed model in line with the NSWPF proposal, is being developed by an interagency working party consisting of NSWPF, Department of Attorney General & Justice, Office of the Director of Public Prosecutions, and Ministry for Police and Emergency Services representatives.	Police Prosecutions Command & Strategic Drug Exhibit Project	2. b) NSW Police Force's response to this recommendation in the audit report indicated that a legislative change may have been required to dispose of drug exhibits in a more timely manner. PAC may wish to get an update on this proposal, in particular whether legislative changes are needed, and when the work of the interagency working party is expected to be completed, and when it proposes to implement any changes recommended by the working party.
2. c) - Review the procedure for storing bulk drug exhibits based on the capacity and security at each storage location.	Supported	April/May 2014	Under current arrangements bulk exhibits greater than trafficable quantities seized by police across NSW are to be stored at the Surry Hills Exhibit Centre which has ample capacity and storage security. In the meantime storage capacity and security assessment procedures will be developed for broad circulation. Assessment processes will be applicable to every likely location of bulk drug exhibit storage in preparation for legislative change and in consultation with the Police Property Group.	A procedure is written in the Police Handbook for LACs to assess if they have the capacity to store bulk drug exhibits. To assist Commands in determining their capability to store bulk drug exhibits, criteria will be developed and procedures will be published.	Supt A. Crandell & Performance Improvement and Planning Command (PIPC)	2. c) We note the progress made on this recommendation. PAC may wish to get an update on whether this has now been completed.

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3. Consult with the Forensic and Analytical Science Service to amend the sampling procedure for drug exhibits to ensure there is no residual of the sample that needs to be returned to NSW Police.	Supported	TBA	<p>This is currently under consideration as part of the proposed model, referred to above at (2b).</p> <p>The EFIMS platform will be reviewed to reflect stakeholder requirements. This will include:</p> <ul style="list-style-type: none"> • Stakeholder consultation, • Development of appropriate training support materials, and • Communicating the release of EFIMS changes. 	Consideration of the proposal is ongoing.	Strategic Drug Exhibit Project Group	3. PAC may wish to ask for an explanation of why there does not appear to have been more progress on this recommendation. In response to the audit report, the NSW Police Force had indicated a completion date of June 2013 for the consultation process with FASS.
4. In consultation with the Environment Protection Authority, identify appropriate facilities across the State for the disposal of drug exhibits.	Supported	Completed	NSWPF will update the CMF system with clear instruction and/or affirmation that destructions are carried out at authorised destruction facilities in accordance with the EPA guidelines. At present only one location within NSW has been authorised as a destruction facility.	<p>CMF has been updated to give clear instruction that destructions are to be carried out at authorised destruction facilities.</p> <p>NSWPF has commissioned University of Technology (UTS) to carry out research on the existing drug bag and alternate bags. The research commenced on 10 January 2014 and will be completed by June 2014. Progress meetings have occurred with monthly updates provided.</p>	Performance Improvement and Planning Command	4. We note the progress made on this recommendation. PAC may wish to get an update on how many facilities across the state are authorised by EPA for the destruction of drug exhibits, and what has been the outcome of the exhibit bag research conducted by UTS.

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		TBA	The Office of General Counsel is obtaining legal advice regarding the obligations of the NSWPF under Protection of the Environment Act legislation. Consultation with the EPA will continue following consideration of that advice. This process has taken longer than anticipated due to several legal issues requiring attention including the storage, transportation and disposal of prohibited drugs by NSWPF. An interim process of drug exhibit destructions at the Sterihealth facility is in place until legal issues are clarified.	An interim procedure has been implemented including testing of alternatives to currently used PVC plastic drug exhibit bags. Upon completion of testing a trial will be conducted in regional areas of NSW so that local drug destruction processes at EPA endorsed facilities can continue.	Strategic Drug Exhibit Project Group	
5. By December 2013: Improve the quality of information recorded in EFIMS for drug exhibits.	Supported	Completed Completed	The FSG to ensure that sufficient advice is provided to enable consistent and accurate recording of exhibits data. A test will be added to CMF requiring dip sampling of entries.	EFIMS work completed. Improved Drug Seal Number tracking has been delivered. Two CMF tests have been available since July 2011, being: <ul style="list-style-type: none"> Requirement for Duty officers to dip sample EFIMS entries monthly and Supervisors/exhibit officers to review all EFIMS entries for quality assurance and completeness. 	Forensic Services Group Performance Improvement and Planning Command	

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<p>6. In regard to firearms and ammunition, the NSW Police Force should:</p> <ul style="list-style-type: none"> by June 2013: review practices for storing and transporting firearms and ammunition to ensure compliance with the <i>Firearms Act</i> and Regulation. 	Supported in principle	June 2014	The NSWPF has completed a review of legislative requirements and policies governing the storing and transporting of firearms and ammunition.	Following the review, a NSWPF ballistics expert has been appointed to update a range of Police Force policies and procedures, with an initial draft to be completed in June 2014.	Forensic Services Group	6. We note progress made on this recommendation. PAC may wish to understand how NSW Police Force intends to finalise and promulgate the changes to these policies and procedures, particularly as the audit report found some non-adherence to relevant legislation and SOPs.
7. Ensure firearms and ammunition audits are conducted as required.	Supported	Completed	Currently Commands conduct 100% audits of all exhibits annually. This reflects the current standard.	Complete.	Performance Improvement and Planning Command	7. We note the outcome of work on this recommendation.
<p>8. by December 2013:</p> <p>Consider introducing a way to identify any firearms and ammunition exhibits that must be retained indefinitely.</p>	Supported	Completed	To be progressed in EFIMS by developing and incorporating new business requirements following stakeholder consultation.	An audit/report function has been built into the EFIMS, which allows any Local Area Command to determine at any time the number and location of exhibit items stored/on-hand.	EFIMS Project	8. We note the outcome of work on this recommendation.
<p>9. In regard to vehicles and vessels, the NSW Police Force should:</p> <ul style="list-style-type: none"> by June 2013: incorporate management of marine vessels in corporate SOPs. 	Supported in principle	April 2014	The management of vessels will be undertaken through EFIMS. Compliance will be managed through CMF.	Strategic Procurement and MAC have entered into discussions regarding the identification and implementation of contracts with suppliers to enable the storage of large vessels. Until these details have been completed, updates to the Handbook and SOPs are unable to be made.	Marine Area Command (MAC) & Performance Improvement and Planning Command (PIPC)	9. We note progress made on this recommendation. PAC may wish to get an update on whether this has now been completed.

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10. ensure all vehicles and vessels, whether exhibits or miscellaneous property, are recorded in EFIMS.	Supported	April 2014	The NSWPF will undertake internal consultation to develop appropriate reporting structure, in consultation with regions, to ensure compliance with current NSWPF SOPs. The feasibility of monitoring the relevancy of exhibits through EFIMS will be explored and, if appropriate, considered for inclusion within CMF.	SOPS have been drafted to reflect the need for the recording of such exhibits/property in EFIMS not the Towing Book. Draft SOPs have been completed and submitted for approval by the Police Executive.	Traffic & Highway Patrol Command
11. – Ensure that contract holding yards are inspected and monitored according to risk.	Supported	Completed	The NSWPF will undertake internal consultation to develop an appropriate reporting structure. In consultation with regions, to ensure compliance with current NSWPF SOPs. The feasibility of monitoring the relevancy of exhibits through EFIMS will be explored and, if appropriate, considered for inclusion within CMF.	Inspections are required to be undertaken irrespective of the risk as part of CMF. SOPs have been updated by Traffic & Highway Patrol Command that include suitability of locations for facilities to store vehicles taken into police custody. SOPs also address the requirement to inspect these facilities. Facilities were subsequently inspected throughout the State as a result of this update. NFA required.	Performance Improvement and Planning Command

Audit Office comments

10.
PAC may wish to ask for an explanation of why there does not appear to have been more progress on this recommendation. In response to the audit report, the NSW Police Force had indicated that it would ensure all vehicles and vessels are recorded in EFIMS by June 2013.

11.
We note the outcome of work on this recommendation. PAC may wish to understand how NSW Police Force intends to ensure contract holding yards are inspected as required, particularly as the audit report found some non-adherence to this requirement.

Implementation of Recommendations -

Office of Local Government, Department of Planning and Environment

Overview

I'm encouraged that the Office of Local Government (OLG) accepted all of the audit's recommendations and is making progress in implementing them.

The main achievements to date have been the:

- June 2013 amendment of the *Local Government Act 1993*, which enhanced the ability of the Minister to intervene when councils are dysfunctional or failing to meet their legal obligations. The Minister is currently exercising this power in respect of one local government authority.
- October 2013 release of *Comparative information on NSW local government 2011-12*, which is beginning to present information about the sector and individual councils in a more accessible way. OLG is working with councils to develop indicators to improve future performance reporting on finance, asset management, governance and service delivery
- January 2014 release of the *Improvement of Intervention Framework*, which provides OLG with a transparent approach for appropriate, targeted and proportionate improvement and intervention strategies in respect of councils

The Department of Planning and Environment (the Department) advises that some of our recommended timeframes have not been met for two reasons.

Firstly, it needs to take into account the work of the NSW Independent Local Government Review Panel and the Local Government Acts Taskforce. This work was informed by our audit and other reviews undertaken by the Government.

The Panel and the Taskforce released their respective reports for public comment in early January 2014. OLG is consulting the sector about these reports and expects that consultation to culminate in a number of reforms including a new local Government Act in 2015-16.

Secondly, OLG is consulting councils to improve performance measurement and reporting frameworks. We recognise that effective consultation takes time and needs to take into account the diversity of councils. However, it is important that these initiatives be progressed to ensure greater accountability, as NSW councils continue to be subject to less public scrutiny than other councils in Australia.

As the Department will not finalise its reform agenda until after further consultation occurs, we rate the implementation of many recommendations as in progress.

Report No 225 – Monitoring Local Government – Implementation of recommendations

Office of Local Government – Department of Planning and Environment

PAC submission No 8

RECOMMENDATION		ACCEPTED /REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS and COMMENT	Audit Office comments
1	By September 2013 the Division of Local Government should propose amendments to the Local Government Act 1993, or consider other initiatives, that clarify who monitors councils to ensure compliance with the Act	ACCEPTED	To be considered as part of the review of the Local Government Act.	2015/16	The final reports of the Independent Local Government Review Panel and the Local Government Acts Taskforce have been released for public comment. Both reports envisage the need for legislative change. The Reports are currently being considered by the Government.	Progress We welcome the Government's major review of the Local Government Act. The PAC may wish to request further information on when Government consideration of the reports will be complete.
2	By September 2013 the Division of Local Government should propose amendments to the Local Government Act 1993, or consider other initiatives, that strengthen public reporting on the financial viability of councils and the efficiency and effectiveness of council performance.	ACCEPTED	2(a) Treasury Corporation (TCorp) financial assessments for all councils have been finalised and available on OLG website. 2(b) OLG is developing a new suite of performance indicators to provide a balanced picture of council performance.	Complete 2014/15	 The Indicators are being developed in consultation with the sector, NSW agencies and other experts.	Progress The TCorp assessments improved information on council viability. However, we note that the infrastructure backlog data used by TCorp was unaudited. The PAC may wish to request further information on progress in improving performance information.

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			<p>The new indicators will cover the areas of financial performance, asset management, community leadership and service delivery.</p> <p>The indicators will be incorporated in a new "Your Council" publication.</p> <p>2(c) Amendments to be considered as part of a new Local Government Act.</p>	2015/16	<p>The measures will be tested with a pilot group of councils.</p> <p>The final report of the Independent Local Government Review Panel recommends that the NSW Auditor-General takes responsibility for local government audits. The Government is currently considering the report.</p>	<p>We suggest that the PAC request further information on progress in establishing pilots for the new indicators.</p> <p>Progress</p> <p>We note that councils play an important role in implementing State programs. The exclusion of councils from our mandate has limited the scope of some recent and planned audits including Regional Road Funding (May 2014) and the audits underway into managing land contamination and regional water infrastructure.</p> <p>The PAC may wish to request further information on when Government consideration of the report will be complete.</p>

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3	By September 2013 the Division of Local Government should propose amendments to the Local Government Act 1993, or consider other initiatives, that empower DLG to make directions such as requiring councils to have an Audit and Risk Committee, an internal audit function and fraud control procedures.	ACCEPTED	To be considered in the proposed new Local Government Act.	2015/16	The Independent Local Government Review Panel Report (Rec 22) recommends strengthening requirements for internal auditing. The Government is currently considering the report.	Progress We welcome the Government's review. The PAC may wish to request further information on when Government consideration of the report and its recommendations will be complete. The PAC may also wish to ask OLG about using its existing powers to direct individual councils to improve internal audit functions
4	By September 2013 the Division of Local Government should propose amendments to the Local Government Act 1993, or consider other initiatives, that include a suite of penalties for non-compliance with legislative requirements and DLG directives.	ACCEPTED	New early intervention powers contained in the Local Government Act commenced on 25 June 2013.	Complete	The provisions include ministerial power to issue a performance improvement order and power to suspend councillors and appoint an interim Administrator.	Completed and implemented

RECOMMENDATION		ACCEPTED /REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS and COMMENT	Audit Office comments
5	The Division of Local Government complete its work to establish a risk- based framework for assessing council performance and determining how to respond to performance issues by February 2013.	ACCEPTED	The Office's Improvement & Intervention Framework has been developed and is available on the Office's website: www.olg.nsw.gov.au	Complete		Completed We suggest that PAC seek information from OLG about its successes and challenges in implementing the framework.
6	The Division of Local Government complete its work to establish improved measures to identify councils at financial risk by July 2013.	ACCEPTED	6 The OLG Financial Risk matrix will be reviewed and made available on its website. This work will follow finalisation of: a) The Performance Measurement Framework, which is scheduled to be completed by June 2015 b) a new Financial Sustainability Program. This Program aims to utilise current resources in a more efficient and effective way to improve the sustainability of the local government sector.	June 2015	The Financial Sustainability Program is being developed in consultation with local government stakeholders. Roll-out of the Program is subject to the Government's consideration of the Panel and Taskforce Reports.	Partial progress While we recognize the importance of a consultative approach, OLG needs to address threats to council viability expeditiously. The PAC may wish to request further information on when Government consideration of the reports will be complete.
7	The Division of local Government complete its work to establish non-financial performance indicators for councils so it can monitor how well they are delivering services by July 2013.	ACCEPTED	Performance Measurement Framework is currently in development. It will be a suite of performance indicators for the following areas: <ul style="list-style-type: none"> • Community Leadership • Financial Performance • Asset Management • Service Delivery 	June 2015	The indicators are being developed in consultation with the Local Government sector and other stakeholders. Next steps will include piloting the measures and considering legislative change. The indicators will be published in "Your Council" which will take the place of the Comparative Information publication (see 2c above).	Progress. We suggest that the PAC request further information on progress in developing and piloting the Performance Measurement Framework.

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8	The Division of Local Government complete its work to establish systems to better use the data it has to identify sector wide trends and risks by July 2013.	ACCEPTED	The Comparative Information publication has been overhauled and a new publication produced for the 2011/12 period that makes better use of existing data. This publication will continue to be refined and improved.	Complete	An internal group has been established to share information, identify trends and consider improvement and intervention for individual councils. This group considers intervention options under the Improvement and Intervention Framework. The Group's work is informed by complaints data and media monitoring.	Progress The most recent Comparative Information publication is a marked improvement which OLG is committed to further improve. We suggest that PAC may wish to request further information on OLG's use of data to identify sector wide trends and risks.