

**INQUIRY INTO FOLLOW UP OF AUDITOR-GENERAL'S
PERFORMANCE AUDIT REPORTS OCTOBER 2009 TO
SEPTEMBER 2010**

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Theme:

Summary



THE AUDIT OFFICE
OF NEW SOUTH WALES

CONTACT NAME
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OUR REFERENCE
YOUR REFERENCE

Mr J O'Dea
Chair
Public Accounts Committee
Parliament House,
Macquarie Street
SYDNEY NSW 2000



23 September 2011

Dear Mr O'Dea

**Examination of Auditor-General's Performance Audit Report
Government Advertising
Departments of Premier and Cabinet, Finance and Services, and The Treasury**

We have reviewed the submission provided by the Department of Premier and Cabinet on behalf of Department of Finance and Services, and The Treasury concerning the recommendations in the above performance audit report.

Following tabling of the report, we were pleased that the Departments of Premier and Cabinet, Finance and Services, and The Treasury broadly accepted our recommendations - with one recommendation being accepted in part.

The Department of Premier and Cabinet's submission indicates that all recommendations have been implemented.

Please find attached our comments on the progress reported in relation to each recommendation in our original report. We have not substantiated the submission.

In some instances, suggestions have been made to enhance already implemented actions.

I am happy to provide any further assistance the Committee may need in completing its examination.

Yours sincerely

Peter Achterstraat
Auditor-General

Attachment

Performance Audit - Report 194 Government Advertising - December 2009

Comment on response from DPC to PAC regarding progress on recommendations

Recommendation	Reported Actions	Comment
1. To improve accountability for publicly funded advertising, it is recommended that the Guidelines be revised by 31 January 2010 to:		
a. define the roles and responsibilities of the Cabinet, Ministers, ministerial staff and chief executives in government advertising (page 15)	<p>Complete</p> <p>Updated NSW Government Advertising Guidelines (published at: http://advertising.nsw.gov.au/advertising/advertising-guidelines) clearly define roles and responsibilities for advertising. Issued by Premier's Memorandum 10 June 2010.</p>	Confirmed that this is included in the Guidelines.
<p>b. require chief executives to certify in writing that:</p> <p>i. the proposed campaign complies with the Guidelines and relevant government policies (page 13)</p> <p>ii. the purpose and need for the campaign has been supported by departmental analysis and appropriate research (page 13)</p>	<p>Complete</p> <p>Updated Advertising Guidelines require certification of advertising submissions by Directors General (DG) or Chief Executive (CE).</p> <p>The Advertising Submission template (published at: http://advertising.nsw.gov.au/advertising/advertising-review-approval/overview) that is prepared and submitted for approval of advertising campaigns requires the DG or CE certify that:</p> <ul style="list-style-type: none"> • the proposed advertising complies with the NSW Government Advertising Guidelines and related financial management and procurement policies; • the advertising contains accurate information that can be substantiated; • the proposed advertising achieves value for money in production and placement; • the purpose of and need for the campaign has been informed by appropriate analysis and research; and <p>The certification reflects their own views, independent of any Ministerial direction on campaign design or implementation as it relates to method, medium and volume of advertising.</p>	Confirmed that this is included in the Guidelines and the advertising Submission Template.
c. include in the chief executive's certification, confirmation that the campaign proposal reflects their views which are independent of any Ministerial direction on campaign design and implementation (page 15)	<ul style="list-style-type: none"> • the proposed advertising achieves value for money in production and placement; • the purpose of and need for the campaign has been informed by appropriate analysis and research; and <p>The certification reflects their own views, independent of any Ministerial direction on campaign design or implementation as it relates to method, medium and volume of advertising.</p>	
d. require agencies to complete an economic appraisal on campaigns with a budget of \$1 million or more and include the results in the submission to Cabinet (page 16)	<p>Complete</p> <p>Updated Advertising Guidelines require Agencies to undertake a cost benefit analysis or other appropriate economic appraisal of advertising campaigns with a total budget of \$1 million or more.</p> <p>The economic appraisal is submitted as part of the Cabinet Minute.</p> <p>Specific Economic Appraisal Guidance for Government Advertising was prepared and issued to agencies by The Treasury on 15 September 2010: http://www.treasury.nsw.gov.au/__data/assets/pdf_file/0011/18569/TC10-11_dnd.pdf</p>	Confirmed that this is included in the Guidelines and the Cabinet Minute template. However the advertising Submission Template does not refer to this requirement. This could be a suggested enhancement. Confirmed details of Treasury guidance.

Performance Audit - Report 194 Government Advertising - December 2009

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2. To better manage the risk of publicly funded advertising being used inappropriately, it is recommended that, from 31 January 2010:		
a. all publicly funded campaigns over \$50,000 be subject to peer review, except statutory and regulatory notices (such as changes in public transport timetables and road closures) (page 18)	<p>Complete</p> <p>Updated Advertising Guidelines to reflect that all advertising over \$50,000 other than Public Notices are subject to Peer Review and Cabinet approval.</p>	<p>Confirmed that this is included in the Guidelines.</p>
b. the peer review panel include a member independent of government for public awareness campaigns covering whole of Government initiatives. The peer review panel should specifically attest that the campaign would not be seen as party political and is not excessive (page 18)	<p>Complete</p> <p>Updated Advertising Guidelines note that the Peer Review of advertising campaigns for whole of government initiatives shall include a reviewer independent of the public sector.</p> <p>The peer reviewers report any identified issues of compliance to the Advertising Guidelines.</p>	<p>Confirmed that the Guidelines include the requirement for a reviewer independent of the public sector for whole of government initiatives.</p> <p>Confirmed that the Peer Review Report template includes a section for identifying issues of compliance to the Advertising Guidelines. However, this is not mentioned in the Peer Review Guide. This could be a suggested enhancement.</p>
c. peer review working papers be maintained as part of the campaign file to form an audit trail (page 18)	<p>Complete</p> <p>Since December 2009, as part of the management of Peer Reviews, working papers are filed by Strategic Communications and Government Advertising (SCGA) along with correspondence and materials relating to Peer Reviews of the campaign.</p>	<p>Response is satisfactory.</p>
3. To ensure the accuracy of statements made in publicly funded advertisements, we recommend that from January 2010, agencies include evidence that substantiates claims made in advertising in its submission to Cabinet (page 21).	<p>Complete</p> <p>Updated Advertising Guidelines and the supporting advertising submission template require that the DG or CE attest that submitted advertising contains accurate information that can be substantiated.</p>	<p>Confirmed that this is included in the Guidelines and the advertising Submission Template.</p>

Performance Audit - Report 194 Government Advertising - December 2009

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<p>4. To improve transparency, it is recommended that DSTA report monthly on its website, each government advertising campaigns and its cost once complete, from January 2010 (page 22).</p>	<p>Complete Department of Premier and Cabinet publishes the media costs for all government advertising on a quarterly basis on its SCGA website: http://advertising.nsw.gov.au/advertising/advertising_expenditure Quarterly reporting is a more effective use of resources whilst ensuring the public has appropriate access to information about campaigns.</p>	<p>Response is satisfactory. When this website was checked on 20 September 2011, we confirmed that advertising campaigns and costs are reported by financial year from 2007-08 to 2010-11. No quarterly reports are currently listed.</p>
<p>5. To prevent future conflicts of interest, we recommend that the Government Advertising Group in DSTA do not design and implement campaigns on behalf of other agencies or the Government (page 16).</p>	<p>Complete Update to the Advertising Guidelines to confirm that SCGA does not develop advertising campaigns on behalf of any agency or the Government.</p>	<p>Confirmed that this is included in the Guidelines.</p>