

P Achterstraat
9275 7101
PA6462

Mr Paul McLeay MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament House
Macquarie Street
SYDNEY NSW 2000

27 March 2009

Dear Mr McLeay

**Examination of Auditor-General's Performance Audit Report
Managing Agency Amalgamations and Better Practice Guide**

We have reviewed the submission provided by the Department of Premier and Cabinet concerning the recommendations in the above performance audit report. DPC's response includes comments on behalf of the two agencies whose amalgamations were examined, the Department of Primary Industries and the Department of Commerce.

The submission to the Committee is consistent with DPC's response included in the tabled report. The two recommendations concerning better practice guidance were accepted. DPC partially accepted the third recommendation concerning the reporting of amalgamation results in annual reports. They say that this is best achieved through existing performance management arrangements within government such as Results and Service Plans. I remain of the view that accountability and transparency are enhanced when amalgamation outcomes and benefits are reported to Parliament.

Our assessment of whether the responses address the issues raised in the original report is provided in the attached table. Please note we make this assessment without undertaking any additional substantive work.

I plan to forward a copy of this correspondence to the Director General for his information.

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

Yours sincerely

Peter Achterstraat
Auditor-General

Attachment

Attachment - Managing Agency Amalgamations and Better Practice Guide

Audit Office assessment of progress against the audit's recommendations:

Recommendation	Action steps address issue?	Reported progress
----------------	-----------------------------	-------------------

It is recommended that central agencies and agencies promote:

1 the <i>Checklist</i> (Appendix 2) to assist officers during the consultative steering group phase where details of the government's amalgamation decision are clarified to prepare for department's management of the amalgamation (page 14)	Accepted. DPC support the future application of the Better Practice Guide. The <i>Checklist</i> is included as Attachment 1 in the Better Practice Guide.	Ongoing - use of Guide in future amalgamations.
2 use of the <i>Better Practice Guide - Achieving Successful Amalgamations</i> by officers responsible for implementing amalgamations (page 18)	Accepted. DPC state that the Better Practice Guide: ... <i>provides a summary of key questions and specific action checklist to assist officers in managing the amalgamation process.</i>	Ongoing - use of Guide in future amalgamations.
3 review of achievement of anticipated amalgamation outcomes and benefits. Results to be included in the annual reports of the departments for the three years following amalgamation. It should also be followed for restructures which add activities to departments (page 14).	Partially accepted. DPC are to incorporate reporting against amalgamation results and outcomes ... <i>within existing performance management systems of new entities ... such as the State Plan, Results and Service Plans and management reporting rather than establish an additional reporting regime.</i>	On-going - progress of amalgamations against targets within performance management systems internal to government. Progress will not be publicly available.