

**Submission
No 16**

**EXAMINATION OF THE AUDITOR-GENERAL'S
PERFORMANCE AUDIT REPORTS DECEMBER 2014
- JUNE 2015**

Organisation: Department of Premier and Cabinet
Name: Mr Blair Comley
Position: Secretary
Date Received: 9 August 2016



Mr Bruce Notley-Smith MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament of NSW
Macquarie Street
SYDNEY NSW 2000

Dear Mr Notley-Smith,

Thank you for your letter and the opportunity to respond to the Public Accounts Committee 12 months following the Auditor General's Performance Audit report *Government Advertising 2015*, tabled 22 June 2015.

The Auditor General's Performance Audit of Government Advertising is conducted every financial year, in line with section 4 (14) of the *Government Advertising Act 2011*. The Performance Audit is an opportunity to improve processes and procedures to ensure Government advertising is beneficial to the community and appropriately regulated.

The Audit report of June 2015 identified areas where improvements are warranted, particularly in terms of how NSW Government agencies are complying with the Act.

DPC advises that the recommendations made in the Audit have been actioned where possible, including updates to the Government Advertising Handbook. Attached to this letter is DPC's Implementation Report, addressing the recommendations made in the Audit report. The *Government Advertising Act 2011* governs a complex and fast-changing environment. The Act is due for statutory review in September 2016, and some of the matters raised by the Audit Office will be relevant for that review.

If you have any queries in relation to DPC's Implementation Report, please contact Isobel Scouler on 02 9228 3820, isobel.scouler@dpc.nsw.gov.au.

Yours sincerely

Blair Comley PSM
Secretary

Encl.

2014/15 Performance Audit on Government Advertising – DPC Report on Implementation of Recommendations for the period June 2015 to June 2016.

RECOMMENDATION	ACCEPTED OR REJECTED	PROPOSED ACTIONS	STATUS	COMMENTARY	RESPONSIBILITY
<p>1. By December 2015, DPC should develop a monitoring program to ensure compliance with the government advertising requirements.</p>	<p>Accepted in principle. DPC acknowledges it has a monitoring role in relation to Government advertising but under the Act, compliance to the Act is the responsibility of individual agency heads.</p>	<p>Clarified DPC's position on monitoring compliance.</p>	<p>Complete</p>	<ul style="list-style-type: none"> • The Government Advertising Handbook (the Handbook) has been updated to more clearly articulate that compliance is a matter for agency heads as well as the circumstances where DPC is able to monitor compliance. Specifically, the Handbook notes that DPC is able to review agencies' compliance with their obligations in the following situations: <ul style="list-style-type: none"> ○ Advertising submitted for peer review or to the Cabinet Standing Committee on Communication and Government Advertising ○ Advertising brought to the attention of DPC for advice ○ Advertising procured through the Media Agency Services contract 	<p>DPC's Strategic Communications and Events branch</p>
		<p>Engagement with agencies to emphasise compliance responsibilities.</p>	<p>Complete and ongoing</p>	<ul style="list-style-type: none"> • In 2015 DPC established an ongoing Marketing Directors Forum (with marketing leaders across the NSW Government) to improve cross-agency collaboration and information sharing, including regulatory and compliance issues. • At the Marketing Directors Forum in November 2015, DPC facilitated a presentation from DPC's legal team on the <i>Government Advertising Act 2011</i> emphasising agency responsibilities around compliance and ensuring agencies were able to address any questions. • DPC has hosted a number of client meetings with specific agencies where compliance responsibilities have been clearly outlined, particularly in relation to peer review and the Media Agency Services contract. 	<p>DPC's Strategic Communications and Events branch</p>
<p>2. By December 2015, revise the government advertising requirements to ensure its advice to agencies is clear and consistent, and the compliance process is efficient.</p>	<p>Accepted</p>	<p>Updated Handbook to ensure that advice to agencies is clear and there is clarity of respective roles and accountabilities.</p>	<p>Complete</p>	<ul style="list-style-type: none"> • DPC has published an updated version of the Handbook. The current version (published December 2015) updated substantial content including: <ul style="list-style-type: none"> ○ processes and contact details for media buying. ○ detailed guidance on Cost Benefit Analysis (CBA) requirements by linking to the Cost Benefit Analysis Framework and User Guide; and noting that CBAs must be completed at a campaign and not program level (audit-related). ○ Revising the requirements for culturally and linguistically diverse and Aboriginal audiences. ○ Restructuring the flow of the document so that approval, legal and policy requirements are more clearly grouped. ○ Removing repetitive content that appears in other parts of the regulatory framework and providing clearer linkages to regulatory and operational information. ○ Clearer guidance on approvals by budget thresholds (audit-related). ○ Requirements for re-approvals if agency budgets change significantly (audit-related). ○ Detailed guidance on the application of the Act to broader communications activities (audit-related). ○ Additional information on other policies or guidelines which may apply to broader communications activities (audit-related). ○ Specific guidance on sponsorship and linking to ICAC guidelines on sponsorship (audit-related). ○ Outlining that responsibility for compliance lies with agency heads and clearly articulating that DPC is only able to review compliance where it has visibility of advertising activities (audit-related). ○ Updating information on communicating to audiences with a disability, in consultation with DPC's Social Policy unit. ○ Updating information on the Media Agency Services contract to specifically note <i>Board Direction 2012-02</i> that agencies must follow. • Further updates have been identified for action in conjunction with the review of the Act. These include: <ul style="list-style-type: none"> ○ Revising requirements around advertising evaluation, specifically the implementation of the evaluation framework. ○ Clarifying the definition of programs and campaigns. ○ Providing additional guidance on the application of the Act to various advertising activities. 	<p>DPC's Strategic Communications and Events branch</p>

2014/15 Performance Audit on Government Advertising – DPC Report on Implementation of Recommendations for the period June 2015 to June 2016.

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		Reviewed DPC processes and advice to agencies.	Complete	<ul style="list-style-type: none"> In August 2015, DPC developed an advice register to ensure there is consistent communications to agencies undergoing the peer review process. This ensures that agency enquiries are responded to clearly and in a consistent manner. In November 2015, DPC updated the content on the Strategic Advertising website to ensure all published advice is clear and accurate. 	DPC's Strategic Communications and Events branch
		Worked with Treasury to deliver CBA Framework and User Guide.	Complete	<ul style="list-style-type: none"> In October 2015, DPC and Treasury delivered a Cost Benefit Analysis (CBA) Framework and User Guide for Government Advertising campaigns, providing agencies with clearer guidance on the CBA requirement of the Act. The Framework was originally requested by the Cabinet Standing Committee on Communication and Government Advertising, however issues raised by the audit (such as inconsistent advice) have been addressed in its delivery. DPC and Treasury hosted a workshop on 10 December 2015 to improve agency understanding of the process, requirements and methodology of CBAs under the new Framework. The event was attended by over 30 agencies staff and received positive feedback. 	DPC's Strategic Communications and Events branch
3. By December 2015, enforce the requirement for agencies to report on campaign expenditure and outcomes at their completion	Accepted in principle. DPC acknowledges it has a monitoring role in relation to Government advertising in general (as outlined in the NSW Government Advertising Handbook) but DPC considers that adherence with requirements on reporting campaign expenditure and outcomes is a matter for individual agency heads.	DPC worked collaboratively with government agencies to reinforce their responsibilities to meet the government advertising requirements.	N/A	<i>As advised in the formal response to the audit in June 2015 DPC considers that adherence with requirements on reporting campaign expenditure and outcomes is a matter for individual agency heads. Refer recommendations 1, 4 and 5 which crossover with this item.</i>	DPC's Strategic Communications and Events branch
4. By December 2015, publish an advertising cost reporting template to assist in consistent and reliable data collection across agencies	Accepted	Implemented template and other appropriate forms for reporting advertising expenditure.	Complete	<ul style="list-style-type: none"> DPC has updated the budget template in the advertising submission document provided to agencies to complete for peer review. All budgets are received in a consistent form. DPC has also updated the effectiveness report as part of the peer review evaluation report to obtain information from agencies on actual campaign costs. For expenditure from 2015/16 onwards, DPC will require agencies to complete both budgets and actual advertising expenditure via the prepared templates to enhance transparency and accuracy. 	DPC's Strategic Communications and Events branch
5. By December 2015, publish an advertising campaign evaluation template to assist agencies to report on campaign outcomes	Accepted	Developed a scalable evaluation framework.	Complete	<ul style="list-style-type: none"> An evaluation framework was developed as a scalable best-practice framework for NSW government advertising and public communication that is consistent, effective, and practicable. The evaluation framework draws on methods, templates, models, and best-practice approaches from other jurisdictions in Australia and overseas, as well as academia. The framework was implemented by DPC in April 2016 as a requirement for agencies completing peer review. The framework was announced to agencies via multiple channels including agency wide email, a presentation at the Marketing Director's Forum and the focus of two workshops held by DPC on the fundamentals of evaluation. The framework has also been uploaded to the Strategic Advertising website. 	DPC's Strategic Communications and Events branch
6. By December 2015, improve transparency of reporting on the cost	Noted. Noting that whilst DPC acknowledges that it has a monitoring role in relation to	Implemented templates for agency to report on forecast and	Complete	<ul style="list-style-type: none"> DPC and the Cabinet Standing Committee on Communication and Government Advertising (the Committee) have agreed to proceed with capturing actual advertising campaign spend through distributing templates for agencies to complete and return (<i>refer recommendation 4</i>). This information will be reported to the Committee and will enhance transparency and accuracy. 	DPC's Strategic Communications and Events branch

2014/15 Performance Audit on Government Advertising – DPC Report on Implementation of Recommendations for the period June 2015 to June 2016.

RECOMMENDATION	ACCEPTED OR REJECTED	PROPOSED ACTIONS	STATUS	COMMENTARY	RESPONSIBILITY
of government advertising campaigns by publishing both the approved advertising campaign budgets and the actual expenditure	Government advertising in general (as outlined in the Handbook), DPC's capacity to meet this recommendation will continue to remain reliant on compliance from agency heads.	actual advertising expenditure.		<ul style="list-style-type: none"> DPC will continue to report on actual media expenditure from Universal McCann for consistency and comparative purposes. This would not directly meet the Auditor-General's recommendation; however DPC is of the view that, in the short-term, media information remains the most reliable source of information on traditional advertising. 	
7. By December 2015, DPC should publish a policy and guideline for sponsorship and other similar arrangements.	Accepted in principle. Noting that whilst DPC plays a monitoring role in relation to Government advertising, DPC's role in directing any approaches to sponsorship is to reference the ICAC overarching guidelines. We note the ICAC is an independent statutory organisation but forms part of the Premier and Cabinet cluster.	Updated Handbook to link sponsorship to ICAC guidelines, requesting agencies develop their own sponsorship guidelines.	Complete	<ul style="list-style-type: none"> The Handbook was updated in December 2015 with a specific section on sponsorships and partnerships and providing a link to ICAC sponsorship guidelines (<i>refer recommendation 2</i>). 	DPC's Strategic Communications and Events branch
8. By December 2015, DPC should review and update the government advertising requirements to ensure they reflect current advertising practices, and address the diverse range of advertising and communication activity, including digital media.	Accepted	Updated Government Advertising Handbook.	Complete	<ul style="list-style-type: none"> The Handbook was updated in December 2015 to provide clearer guidance on the application of the Act, as well as linkages to policies that apply to broader communications and marketing activities (<i>refer recommendation 2</i>). 	DPC's Strategic Communications and Events branch
		Statutory Review of Government Advertising Act in 2016 or any changes to regulation.	Not started	<ul style="list-style-type: none"> DPC notes that the Government Advertising Act 2011 is due for statutory review in 2016 and these activities will be considered during the review process. Strategic Communications is liaising with DPC Legal to identify an appropriate approach to the review of Government Advertising Act 2011 from September 2016 in line with the Premier's role of administering this legislation. 	DPC's Strategic Communications and Events branch