

**Submission
No 1**

**EXAMINATION OF THE AUDITOR-GENERAL'S
PERFORMANCE AUDIT REPORTS JULY 2015 –
JANUARY 2016**

Organisation: Department of Education
Name: Mr Peter Riordan
Position: Acting Secretary
Date Received: 22 August 2016

Mr Bruce Notley-Smith MP
Chair
Legislative Assembly
Public Accounts Committee
Parliament of New South Wales
SYDNEY NSW 2000

DGL16/687

Dear Mr Notley-Smith

I write in response to your letter of 26 July 2016 regarding a request for advice on the Department of Education's response to the Auditor-General's performance audit report – *Identifying productivity in the public sector*, as tabled on 16 July 2015 (your reference: D16/23634).

I am pleased to advise that the Department has reviewed and accepted the recommendations of the Auditor-General's report. Advice on the status of each of the recommendations relevant to the Department is outlined in the attached reporting template.

In relation to your request for advice on the audit process, the report covered a number of government departments and also referenced work being undertaken by NSW Treasury in relation to resource management. As such, the Department has welcomed the advice that was provided during and following the completion of the audit process, and we look forward to further work with NSW Treasury as the whole of government financial management reforms progress.

Further, the opportunity for the Department to provide feedback as part of the published report was also welcomed.

Yours sincerely



Peter Riordan
ACTING SECRETARY
DEPARTMENT OF EDUCATION
22 August 2016

IMPLEMENTATION OF RECOMMENDATIONS

Department of Education and Communities: Identifying productivity in the public sector

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY
<p>1 By December 2015, the Department of Education and Communities, NSW Health, Transport for NSW, NSW Police Force (March 2016 for the Department of Justice) should:</p> <ul style="list-style-type: none"> 1.1 • set productivity and efficiency objectives 1.2 • set a framework which outlines metrics and methodologies to track productivity trends 1.3 • report on productivity trends to Parliament 1.4 • if not already doing so, report efficiency trends to Parliament where practicable, as required by the <i>Annual Reports (Departments) Regulation 2010</i> 	Accepted	<p>The Department noted that it has developed a sophisticated value-added methodology to help measure the effectiveness of schooling in improving the learning performance outcomes of students. The Department agreed to report on the efficiency trends in its current reports in the Report on Government Services in its next Annual Report, noting that the department's annual report is based on a calendar (rather than financial) year, and would be tabled in Parliament in May 2016.</p> <p>The Department noted that it is making a significant investment in the evaluation of major programs and initiatives to better measure the quality and effectiveness of investments in education. Reports on these evaluations will be published.</p>	Dec 2015	<p>COMPLETED</p> <p>All NSW government schools must prepare and publish an Annual Report. This provides the community with an account of the effectiveness of the school's operations during the year. Each Annual Report must include results of assessments using the School Excellence Framework that show progress towards the school's strategic directions, improvement measures and how equity and other funding is being employed to improve student outcomes and teacher quality.</p> <p>The Centre for Education Statistics and Evaluation (CESE) is focused on improving the effectiveness, efficiency and accountability of education in New South Wales by supporting decision-making in education delivery and development with strong evidence, analysing and evaluating educational programs and strategies and gauging NSW education performance over time.</p> <p>CESE's program of evaluations supports the Department to identify what works in major reforms and programs. CESE developed a state-of-the-art measure of school value-added, to assess the unique contribution of schools to student learning progress. CESE provides schools with the ability to access information about their performance online, through the Business Intelligence platform.</p> <p>Continuous improvement across all NSW public schools is benchmarked against the School Excellence Framework (SEF). All public schools are completing their first self-assessment using the School Excellence Framework. An external validation process has begun where 20% of schools will be assessed each year through a five-year cycle.</p> <p>The Department reported efficiency trends (as reported in the Productivity Commission's Report on Government Services) in its 2015 Annual Report. This was tabled in Parliament on 26 May 2016 and is available on the Department's website.</p>	Strategy and Evaluation

RECOMMENDATION	ACCEPTED OR REJECTED	ACTIONS TO BE TAKEN	DUE DATE	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY
3				The Department is developing financial and non-financial performance measures (including indicators of productivity and efficiency) to support the transition to Program Based Budgeting under Treasury's Financial Management Transformation (FMT) program. Ongoing development and finalisation of these measures will continue as part of the FMT process.	
3.1	Accepted, with comments	As above. In relation to recommendation 3.5, the Department also noted that the Class Size Reduction program was evaluated when it was implemented in 2004-07, and the Department did not propose to undertake a further evaluation.	Dec 2015	COMPLETED As above In relation to measuring the quality of the Department's services (recommendation 3.1), the Department's Tell Them From Me suite of surveys on student engagement provide school principals and school leaders with insight into student engagement, wellbeing and effective teaching practices at their school, from the perspective of students, teachers and parents. The survey results are also informing a substantial program of analysis to understand the relationship between engagement and outcomes in NSW.	Strategy and Evaluation
3.2					
3.3					
3.4					
3.5					