

# Audit Reports Summaries

## Audit Report No. 25 1995-96

### Summary

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## Department of Employment, Education, Training and Youth Affairs

### PERFORMANCE INFORMATION

#### Performance Audit

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#### Background

The audit examined how well performance information for programs administered by the (now) Department of Employment, Education, Training and Youth Affairs (DEETYA) facilitates good decision-making and provides a suitable framework for control and accountability for performance.

Performance information can be simply described as evidence about program performance which is collected and used systematically. However, it encompasses a range of activities such as the setting of objectives, strategies, indicators, targets, standards and benchmarking for performance. Such information can be expressed both quantitatively and qualitatively. The emphasis is currently more on improving qualitative information, particularly as it has always been considered difficult and often avoided. This is not to say that quantitative information cannot be improved and should not be pursued to the maximum possible extent.

Another important aspect of performance information is reporting. Internal performance reporting is used to support day-to-day decision-making such as monitoring progress, expenditure, client service and so on. While internal reports should include results in terms of inputs, outputs and outcomes for the decision makers, external reports are the main means by which interested parties, such as the Parliament and the public, obtain information on program efficiency and effectiveness. Therefore, it is particularly important that the latter reports provide a complete range of suitable performance information, including on program results. The emphasis should be on its quality and comprehensiveness rather than on quantity and concomitant problems of interpretation.

#### Audit Methodology

The ANAO examined the performance information of a sample of sub-programs selected from each of the five Departmental programs which provide funding or services. These program areas are:

- Youth and Language Support;
- Employment;
- Schools;

- Higher Education; and
- Vocational Education and Training.

Within each sub-program the ANAO examined those elements which the Department advised had a budget allocation exceeding \$10 million.

Field work was conducted in the Department's National Office using a survey questionnaire to collect information on:

- objectives, strategies and performance indicators;
- targets and standards;
- benchmarking; and
- reporting.

The ANAO analysed the information contained in the questionnaires and, where necessary, sought clarification and further details on the information provided by the Department.

## **Audit Findings**

The Department has developed performance indicators for the sub-programs examined in this audit which provide measures of the achievement of the objectives. These were both direct and indirect. The latter inevitably require more interpretation and judgment. Moreover, for the majority of the sub-programs examined, work was under way which could lead to further improvements in measuring effectiveness, particularly those of a direct nature.

Additional improvements could be made for all sub-programs in the following areas:

- ensuring there is an appropriate balance of indicators to address economy and efficiency and, particularly, effectiveness;
- the further development of targets and standards where they would assist in improving performance;
- undertaking suitable benchmarking to test performance where appropriate having regard for the costs and benefits; and
- the reporting of outcome oriented performance information, in particular, through the Annual Report.

The ANAO also found a number of areas of good practice across the Department. In particular, the Employment Participation and Targeted Research sub-programs had a good standard of performance information which could serve as a guide to other areas of the Department.

The ANAO has made twenty-five recommendations aimed at facilitating further improvements to the Department's performance information.

The ANAO acknowledges that the Department undertakes evaluations which can contribute to the understanding of program impact. However, evaluations do not substitute for ongoing and systematic performance information. Indeed, evaluations of program impact should be based on, and use, performance information.

## **Conclusion**

Better information, particularly in relation to program effectiveness, will assist managers to make informed decisions on the allocation and use of program resources and enable them to

provide further advice on the appropriateness, success and any shortcomings of programs. Program evaluation and development of new or replacement programs in the particular functional areas will also be **more effective** if appropriate.

It is acknowledged, however, that many public service agencies are experiencing difficulties in developing appropriate performance information. The development of performance indicators is considerably influenced by the resources available and the capabilities of management information systems.

We accept that it can be a very time-consuming and costly exercise to develop a full suite of performance assessments for an agency's programs. For these reasons it is probably better to concentrate on a relatively small number of high-quality, easily interpreted measures relating to economy, efficiency and effectiveness.

As indicated earlier, the findings of this report are based on an examination of specific sub-program elements. However, performance information issues are also important to other areas of the Department and to the public sector as a whole. Therefore, the principles behind the recommendations made in this report have relevance beyond the scope of the coverage of this report.

### **Departmental response**

The Department notes the Report's general conclusion that it has a reasonable standard of performance information and agrees that further improvements can be made. The Department considers that the Report will provide a useful starting point for the review of its program performance information systems. The suggestions made in this Report will be noted and, wherever cost-effective and appropriate, acted upon.

The Department has agreed, or agreed in principle, to all twenty-five recommendations made in the report.