



N E W   S O U T H   W A L E S

# PERFORMANCE AUDIT REPORT

University of New South Wales

Educational Testing Centre



*The Audit Office of New South Wales*



BOX 12 GPO  
SYDNEY NSW 2001

The Members of the Legislative Assembly  
Parliament House  
SYDNEY NSW 2000

In compliance with Section 38E of the *Public Finance and Audit Act 1983*,  
I present a report to the Legislative Assembly titled **University of New South  
Wales: Educational Testing Centre.**

A handwritten signature in black ink, appearing to read 'R J Sendt'.

R J Sendt  
Auditor-General

Sydney  
November 2001

# ***Performance Audit Report***

**University of  
New South Wales**

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**Educational Testing Centre**

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## Glossary of Terms and Abbreviations

### Protected Disclosure

Disclosures made under the *Protected Disclosures Act 1994*. The object of this Act

"... is to encourage and facilitate the disclosure, in the public interest, of corrupt conduct, maladministration and serious and substantial waste in the public sector by:

- (a) enhancing and augmenting established procedures for making disclosures concerning such matters, and
- (b) protecting persons from reprisals that might otherwise be inflicted on them because of those disclosures, and
- (c) providing for those disclosures to be properly investigated and dealt with".

Under the Act, disclosures must be made by public officials.

### Governance

" ... the full scope of governance functions of a governing board includes:

- setting direction;
- securing organisational performance;
- ensuring compliance;
- managing stakeholders; and
- managing risk<sup>1</sup>".

### NewSouth Global Pty Ltd

A wholly owned subsidiary of the University of New South Wales. Directors are the Vice-Chancellor, the Pro-Vice-Chancellor (International) and the Deputy Vice-Chancellor (Education and Enterprise) of the University. The Deputy Vice-Chancellor (Education and Enterprise) is also the Chief Executive Officer of NewSouth Global.

ETC became part of NewSouth Global on 1 July 2001.

### MARP

The Major Application Redevelopment Project, the name by which the computer system developed by ETC is known.

Development commenced late 1998/early 1999, apparently to eventually handle all of ETC's computer analysis needs. It currently stores data and generates reports for the Australian and International Schools Competitions.

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<sup>1</sup> *Corporate Governance Volume One: in Principle*; Performance Audit Report, the Audit Office, June 1997.

## **Executive Summary**

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## Executive Summary

### The audit

The performance audit examined the management practices at the Educational Testing Centre (ETC) of the University of New South Wales (the University), and the corporate governance exercised by the University over ETC.

The audit originated as a result of a complaint received under the *Protected Disclosures Act 1994*. The complaint alleged mismanagement, waste of public funds, bullying, harassment, nepotism and cronyism within ETC.

Under the *Public Finance and Audit Act 1983*, the Audit Office can examine issues concerning *serious and substantial waste*. Issues relating to maladministration are examined by the Ombudsman's Office. Accordingly, the complaint was also referred to the NSW Ombudsman.

Following consultation between the Audit Office and the Ombudsman's Office, it was decided that the Ombudsman would deal with the University's investigation and handling of the protected disclosure, including allegations of nepotism and cronyism within the ETC, and the Audit Office would deal with issues relating to management and waste of public funds.

The full extent of the audit objectives is at Appendix 1.

At the start of this performance audit, we became aware of an examination conducted by the University's Internal Audit Office. That examination was initiated by the University in response to similar issues raised by the same complainant. Whilst the Internal Audit review did not cover all the areas of the complaint, another report, also commissioned by the University, covered the human resource (HR) related matters.

### Audit Opinion

**Both the University's Internal Audit and HR reports identified serious deficiencies in the operation and management of the ETC. This performance audit verified those findings where appropriate, and they are referred to or incorporated within this report. In addition, we identified other weaknesses that are also presented here.**

**All the findings point to a serious lack of management controls, proper accountability and management practices within ETC.**

The University has now responded to the matters raised in these reports. ETC has been transferred to be part of NewSouth Global Pty Ltd, a subsidiary of the University, with a view to strengthening accountability and the standard of corporate governance. Budget and accounting processes are also being improved, and many of the matters identified have already been addressed.

Nevertheless, it is of great concern that the problems identified by the Internal Audit and HR reports were only revealed as a consequence of a complaint. Many of these problems had existed for several years, but the University failed to detect them or act on them.

The fact that there now appears to be a genuine and vigorous program to improve on the position is overshadowed by the time it took to achieve these changes.

The Audit Office has a concern whether other activities within the University, or indeed within any other university, could be functioning with similar lack of corporate governance and accountability arrangements. The Audit Office considers that there is an urgent need for the University, and for other universities, to review their corporate governance and accountability framework.

There would also seem to be a need for the University to reconsider its exposure to risks that it may incur through its commercial activities. The exposure could be considerable if not managed properly.

There is also some doubt about the extent to which the University and, for that matter, other universities in New South Wales, have the legal capacity to operate at overseas locations. It is understood that these issues are being addressed through two Bills<sup>2</sup> which the Government plans to introduce during the current session of Parliament. The Audit Office considers that these should be attended to as a matter of urgency.

The audit opinion is based on the following findings.

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<sup>2</sup> *Higher Education Bill 2001* and *Universities Legislation Amendment (Financial and Other Powers) Bill 2001*; letter from Relieving Deputy Director-General Strategic Planning and Regulation, NSW Department of Education and Training, to Chancellor, University of New South Wales, 11 September 2001.

## **Audit Findings**

Management procedures at ETC, and the degree to which its activities were monitored by higher-level University management, were found to have major defects.

It is apparent that the University did not:

- adequately monitor ETC's performance
- have an adequately documented process to approve ETC's budget
- exercise appropriate oversight of ETC's business decisions and activities.

But while better corporate governance and accountability should have detected the problems earlier, this does not provide an adequate excuse for the lack of good management practices within ETC.

ETC's control over its financial and operational management was deficient in that there was:

- limited reporting against key performance indicators
- poor control and allocation of costs and overheads
- inadequate use of budgets for performance monitoring
- pricing decisions based upon inadequate information
- failure to comply with established University requirements and procedures for:
  - purchasing
  - approving expenditure
  - recruiting and employment of staff
  - approving expenditure on staff functions
  - soliciting gifts from suppliers.

The University's Strategic and Operational plans only reflect its core academic business, and do not appear to recognise the different exposure to risk and control requirements of activities such as ETC.

## Recommendations

It is recognised that the University has taken steps to rectify most of the problems relating to ETC. It is also understood that the University has initiated actions to review its research and other independent centres to ensure that the same problems do not exist there. We welcome those actions. But there is also a need to review the overall governance and accountability arrangements within the University itself.

### **The need to develop a governance culture**

The University must work to ensure that a governance culture is defined for its staff and is embraced by them. It must ensure that all its managers and employees understand its standards of accountability, values and information.

### **The importance of clear leadership**

Perhaps most important of all, senior management must offer unequivocal leadership in setting uncompromisingly high standards of corporate behaviour and transparency.

Accordingly, the University should review its corporate governance and ensure that:

- all activities have clear accountabilities
- organisation structures and position descriptions are focussed on clearly-identified outcomes
- measures of performance are relevant and comprehensive, and reflect the key performance indicators of individuals and organisations
- the organisation emphasises and reinforces the high value it places on the quality of its internal and external reporting
- all decision making is driven by information and must be clearly documented
- procedures, policies and standards are appropriate to the circumstances and the culture
- understanding of and compliance with procedures is regularly measured and any departures are promptly addressed
- risk is seen in its broadest context as being anything which may prevent the organisation from achieving its objectives.

## **Response from the University of New South Wales**

*The University of New South Wales welcomes the opportunity to respond to the NSW Audit Office Draft Performance Audit Report on the Educational Testing Centre (ETC).*

*The findings and recommendations of the Draft Report are broadly consistent with those of internal UNSW reviews (Internal Audit Office investigation and the Human Resources Office investigation) of the ETC which I instituted on the advice of senior management of the University immediately the problems at ETC became apparent. The Draft Report of the NSW Audit Office acknowledges this.*

*On receiving the report of the UNSW Internal Audit Office and the report from the UNSW Director of Human Resources, and in order to facilitate and expedite the necessary change in management and governance of the ETC, I initiated the transfer of the management and business of the ETC to NewSouth Global Pty Limited (NSG), a controlled entity of UNSW. After following legally mandated processes, the ETC was formally incorporated into NSG on 1 July 2001.*

*It is worth emphasising that senior management at UNSW instituted remedial measures as soon as the problems came to light. Responses were initiated well before the NSW Audit Office commenced its inquiry. As noted by the Performance Audit Report, all of its major findings in relation to ETC have already been addressed by either the University or its controlled entity NSG. The governance and accountability structures at UNSW worked as intended by responding in a timely manner (and before the Audit Office initiated its inquiry.)*

*It is also important to recognise that the Educational Testing Centre has largely achieved its objective to be the leading educational measurement institution in Australia, New Zealand and the Asia-Pacific Region. Notwithstanding some significant deficiencies at a senior management level within ETC prior to its incorporation into NSG Pty Limited in July 2001, it remains at the leading edge of educational assessment, and there is no question as to its professional capacity. Under NSG management it will continue to be an important component of the commercial educational services provided by UNSW as part of its commitment to research-led public service activities.*

*Although the Performance Audit Report is critical of the ETC for performing below its budget in recent years, it must be emphasised that the Centre has operated profitably over time, to the extent that it has repaid initial loans from the University, paid some of its surpluses into the Endowment Fund and retained funds for working capital. That the ETC failed to achieve its budget in any one year is not necessarily unusual for an organisation dependent on commercial activities. It should also be noted that the ETC has always been funded from fees charged for its services, irrespective of whether these services have been provided to units within the University or to outside clients. There are no public funds – or University funds from public sources – invested in the ETC. Indeed, the ETC has been a net financial contributor to UNSW, enabling the University to strengthen its public education and research activities. This said, there is still room for improved efficiency, and this is a priority for the ETC's new senior management team now being recruited.*

*The deficiencies in the previous financial and operational management of the ETC are unacceptable to the University and I emphasise that with the transfer of ETC to NSG a new management group has been put into place. I am confident that NSG management will ensure an efficient and effective operation fully compliant not only with the formal requirements of the University and the relevant legislation but also of international best practice. This is consistent with the findings of the Audit Office Report on the management of ETC by NSG since the transfer. I am also confident that the management changes at the ETC will ensure that the ETC enhances its professional reputation as a premier educational assessment and testing centre.*

*On a number of issues the Performance Audit Report is critical of ETC's failure to comply with UNSW's procurement policies, the lack of documented procedures and failure to document management decisions. While I agree that this should not have occurred, (and these deficiencies have since been remedied) it does not necessarily mean or substantiate that any particular decisions were either wasteful or inefficient. Indeed, the Performance Audit Report's expression of concern in this context is limited to 'potential for waste of funds' only.*

*The University anticipates that changes to be made early in 2002 to its enabling legislation and those of all other NSW universities will put in place a statutory governance scheme which includes the controlled entities of the University. These changes will also resolve the issue of the power of the University to operate outside NSW by making specific provision for such a power.*

*The University recognises the concerns expressed by the Audit Office as to the possible wider implications of the ETC report for the corporate governance and accountability framework of the University and the need to improve management of risk. Thus, in response to the ETC matter and the issue of corporate governance highlighted by the internal and external reviews, I have initiated a progressive review of Centres of the University by the Internal Audit Office. The Internal Audit Office has been assigned additional resources and will use, where necessary, external audit providers. I have also taken steps to increase senior management oversight of Centres by including this area as a principal responsibility of the new Pro-Vice-Chancellor (Research).*

*The findings of the NSW Audit Office on ETC are generally in line with the findings of UNSW internal reports. I will ensure that the broader recommendations of the Performance Audit Report are carefully studied within the University in order to ensure continuous improvements in the efficiency and effectiveness of the operations of the diverse units within a complex modern University.*

*(signed)*

*John Niland  
Vice-Chancellor*

*12 November 2001*

# **1. Governance and Accountability**

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## 1.1 Corporate Governance

The lack of clear corporate governance and accountability contributed significantly to the problems relating to ETC.

### What do we mean by "governance"?

...Corporate governance is about how an organisation is managed, its corporate and other structures, its culture, its policies and strategies, and the ways in which it deals with its various stakeholders. The framework is concerned with structures and processes for decision-making and with the controls and behaviour that support effective accountability for performance outcomes/results. Key components of corporate governance in both the private and public sectors are business planning, internal controls including risk management, performance monitoring and accountability and relationships with stakeholders<sup>3</sup>.

The governance culture in any organisation is dependent on the attitude of its managers and employees to accountability, values, information, and the management of risk.

### Accountability

Management of organisations is expected to be accountable for appropriate compliance, for performance, for avoiding waste and for probity. The types of questions which management should readily be able to answer include:

- did they do what they should have done?
- were results as they should have been?
- did they do anything they shouldn't have done?
- was resourcing appropriate?
- was there any waste?
- was probity maintained?
- were activities carried out:
  - legally (i.e. in compliance with all authorities, requirements and laws)?
  - ethically (i.e. meeting the conduct and process standards required and the character of behaviour expected by the community)?

### Values

Most organisations have "codes" of varying sorts. Many have statements of values, and service quality or "excellence" charters and the like. However, while many codes and statements of values are well intentioned, in many cases they are not implemented or acted on effectively.

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<sup>3</sup> *Governance and Compliance*; presentation by Pat Barrett AM, Auditor-General for Australia, Public Sector Risk Management Conference, Brisbane 29-31 May 2001.

Employees need not only to understand what is expected of them in terms of ethical behaviour, but also to understand what behaviours will help the organisation to succeed. Employees need to become truly committed to those values.

Corporate values need to embrace both ethics and the principles of accountability: a focus on performance (efficiency, effectiveness, economy), probity, transparency and a commitment to open public reporting.

## **Information**

Information within an organisation should be central to how things are considered, how decisions are made, how weaknesses are found, how improvements are tested, how performance is monitored and reported.

A large part of effective governance has to do with information. It may not be an exaggeration to say that information is the currency of governance.

... Governing bodies have to satisfy themselves that the information they receive is appropriate, complete and pertinent to their needs and responsibilities. They must ensure that it supports the kinds of decisions they make, and that the organisation has appropriate policies and mechanisms to foster the development and reporting of governance information. It is up to them to create a climate from the top<sup>4</sup>.

## **Risk**

Risk assessment is an integral part of accountability. There is a risk associated with every action. And it has to be accepted that not all actions will bring the planned benefits. But it is important that those risks are identified and assessed as to their likely occurrence or effect.

It is also important to recognise that risks must be viewed as more than just 'traditional' risks, such as:

- occupational health, safety and environment
- workers' compensation
- insurance.

There are inherent risks associated with most business activities: risk of waste, fraud, poor value for money, service disruption, bad publicity, or loss of reputation. These risks need to be properly managed.

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<sup>4</sup> *Governance Information - Strategies for Success*; CCAF-FCVI Inc (Canadian Comprehensive Auditing Foundation - La Fondation canadienne pour la vérification intégrée), Ottawa 1996.

## 1.2 The University

The Risk Management section of the University's 2000 Annual Report is much more extensive than in previous years. However, it still deals only with the 'traditional' risk management mentioned above.

There does not appear to be adequate recognition of the different risks to which the University is exposed through lack of sufficient control or oversight. These include risk:

- to the University's reputation
- of failure to achieve objectives or budgets
- of financial loss and fraud through lack of control
- of bad publicity.

The University needs to see more clearly its operations from the perspective of potential risk. Its management of risk needs to ensure not only that appropriate procedures are in place to identify and minimise risk, but to monitor compliance.

## 1.3 The ETC

### Clarity of ETC's role and contribution within the University

Neither the University's Strategic Plan<sup>5</sup> nor its Operational Plan<sup>6</sup> makes any specific reference to ETC or to other similar activities.

The University's Strategic Plan states that:

... planning is critical ... not only for resources but also for what we might think of as reputation capital.

ETC, by the nature of its activities and products, gives the University very high exposure to schools, education authorities and governments around Australia and internationally.

### Audit observations

ETC's role, purpose, expected outcomes and key performance indicators are not identified in the high level plans of the University. Although the University's Operational Plan emphasises such quantitative performance measurement tools as questionnaires, surveys, research publication data, performance evaluation and quality evaluation, ETC's management shows no use of similar non-financial performance indicators.

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<sup>5</sup> *UNSW Strategic Plan* (date of approval 1999); <http://www.infonet.unsw.edu.au/poldoc/corplan/strat.htm>

<sup>6</sup> *UNSW Operational Plan 2000-2001*; August 2000.

It is anomalous that non-academic activities of the University such as ETC should be omitted from its plans, as they can have a high impact on resources, risk and "reputation capital" of the University.

The University's strategic and operational plans should be as relevant to its commercial activities as they are to its traditional academic ones, and its expectations of a culture of "management by information" should be at least as rigorously applied to commercial activities as to academic ones.

But while better corporate governance and accountability could have detected the problems earlier, they do not provide an adequate reason for the lack of good management practices within ETC.

The extent to which these deficient practices relate to financial management, compliance, and reporting is dealt with in the following chapters. Matters relating to allegations of nepotism and cronyism, the quality of the University's inquiries into the protected disclosure and the protection afforded to the whistleblower will be dealt with in the report being prepared by the NSW Ombudsman's Office.



## **2. Overview of ETC's Business Activities**

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## 2.1 Introduction

### ETC

ETC operates under the auspices of the University.

The Educational Testing Centre is an independent unit within the University of New South Wales.

ETC's mission is to provide an extensive range of high quality measurement and evaluation instruments and services to a wide variety of educational and commercial clients in Australia, New Zealand and the Asia-Pacific region<sup>7</sup>.

ETC commenced activities in the late 1960s, and in its early years provided a competency based testing service of employees for organisations such as the NSW Nursing Association and the NSW Police Service.

The products of ETC, and related income, are shown in Table 1.

<b>Table 1: ETC's Income for 2000</b>	
	<b>\$m</b>
Australian Schools Competitions	6.6
Government Research Projects	5.3
Business Development Projects	1.2
International Schools Competitions	1.8
Other	0.2
<b>Total</b>	<b>15.1</b>

### The Australian Schools Competitions

In 1980 the Australian Schools Science Competition was introduced, and was followed by the English Competition in 1990 and the Mathematics Competition in 1992.

ETC's major activity is currently the Australian Schools Competitions, which now includes examinations of writing and computer studies.

ETC prepares test papers for school students based on the relevant syllabuses of education authorities throughout Australia and New Zealand.

Primary and high school students take the examinations which provide valuable diagnostic information to schools, students and parents on the competency of students.

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<sup>7</sup> *Mission 2000: The Educational Testing Centre...in brief*; undated (1999?).

**Other ETC activities**

Government Research Projects are also related to educational measurement, and ETC has clients in most states of Australia and New Zealand.

Business Development Projects are commercial projects for public or private sector clients.

International Schools Competitions are similar to the Australian competitions, and are delivered either in English or in the language of the client country.

In all cases ETC designs the examination papers or questionnaires and distributes them to their client. They are returned after completion for data entry, marking, analysis and reporting.

**Management structure and reporting relationships**

At the time of the initial complaint, ETC was managed by the Director ETC. Reporting to the Director were three Assistant Directors.

At that time the Director ETC reported to the Executive Director Business and Finance of the University.

On 1 July 2001 ETC's reporting relationship was changed to become part of NewSouth Global Pty Ltd, a University-controlled entity.



### **3. Systems of Management and Control**

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### **3.1 Introduction**

Many of the problems noted at ETC have as their foundation inadequate financial management practices.

ETC management did not appear to have an adequate understanding of costs. In particular, ETC's allocation of overheads was inappropriate. As a consequence ETC management persevered with business activities which now appear to have generated losses.

This has been compounded by failure of University management to have applied sufficient management scrutiny to ETC's financial and management reporting. Had this been done, problems with ETC's financial performance, which will be discussed below, would have been revealed earlier. ETC appears to have been given a high degree of autonomy with little formal accountability.

### **3.2 ETC's Annual Report**

The financial transactions of ETC form part of the annual financial statements of the University.

ETC is not required to publish its own financial statements, and any statements produced are not required to be subject to a financial audit.

However, the management of ETC has, of its own volition, published an annual report in each year from 1995 to 1999. The annual reports published contain financial statements which have not been subject to a financial audit and do not contain any caveat that the statements are unaudited.

#### **Audit observations**

The issuing of publications on which other parties can rely, such as ETC's Annual Reports, carries a risk of embarrassment to the University if they are found to be materially inaccurate or otherwise inappropriate. The University should ensure that financial statements in particular are accurate and are relevant to the purpose for which they are published.

### 3.3 Financial Budgets

Better practice for financial budgets would normally require management to:

- link the proposed financial budget to the strategic plan
- submit revenue targets and expenditure for the forthcoming year
- obtain documented approval for the proposed budget revenue targets and expenditures, including the use of business cases to justify major proposed expenditure
- set performance measures by which managers are accountable for financial outcomes
- monitor the progress of budgets and projects during and at the end of the financial year
- provide timely and accurate information to the governing board as to any variances
- provide commentary on the remedial action being taken to remedy performance problems highlighted in the budget process.

### 3.4 Financial Management at ETC

In each of the years 1997 to 2000:

- revenue of ETC has grown in excess of budget
- expenditure has increased at a greater rate than revenue
- the surplus has been less than budget.

As indicated in Table 2 below the actual cumulative surplus from 1997 to 2000 has been \$1.8m (or 62.3%) less than budget.

	Calendar 1997		Calendar 1998		Calendar 1999		Calendar 2000	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
Income	7.0	8.0	10.1	10.1	13.7	13.7	14.7	15.1
Expenditure	6.2	7.7	9.9	10.4	13.2	13.7	13.3	14.1
Surplus/Deficit	0.8	0.4	0.2	(0.3)	0.5	0.0	1.3	1.0

**Audit observations** The pattern of not achieving the budgeted surplus suggests that the processes to develop the budget or the management control of revenues and expenditure were not adequate.

That expenditure exceeded budget in each of the years stated indicates an inadequate level of management control of costs, particularly as expenditure is more easily controlled than revenue.

There is no evidence of the proposed financial budgets of ETC being developed in accordance with better practice. For example, while there was a series of discussions of ETC's budgets, there was no documentation of these discussions or of any resolutions reached in respect of the budget.

**Oversight of budgets**

Despite ETC's consistent failure to meet budget and its poor control of costs, there is no evidence of any regular forum in which ETC's performance against budgets was discussed or the budgets themselves were set and approved.

Minutes of meetings of ETC's Weekly Finance Committee (attended by the Director and senior management of ETC) and of the Planning Committee (attended by the Executive Director Business and Finance) do not reflect a systematic analysis or questioning of financial performance.

The Executive Director Business and Finance and the Director ETC held fortnightly meetings at which budget matters were discussed. But these meetings have not been minuted, and no evidence was located during this audit of any regular correspondence or discussion of actions or matters arising from these meetings.

The only correspondence located which deals with ETC's performance is an e-mail concerning ETC's income and expenditure to the end of October 2000:

In the absence of other information my observations [on income and expenditure year to date] lead me to the conclusion that ETC will yet again not achieve its budgeted surplus for 2000 and end the year with a deficit<sup>8</sup>.

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<sup>8</sup> E-mail from Executive Director Business and Finance to Director ETC, 24 November 2000.

The Executive Director Business and Finance states that he had expressed some reservations about ETC's performance: he had been concerned about ETC's costs being brought under control, and wanted ETC's international activities to be improved to break-even. However, these conditions were not documented at the time, so there was no acknowledgment that they had been accepted and incorporated into action plans.

**Audit observations** A key component of governance is clarity of accountability, whereby Government organisations are expected to demonstrate that they are employing public resources both efficiently and effectively. While the management of ETC may have been expected to regularly and formally account for its performance against budget, there is no documentary evidence that this was done.

This is particularly important considering ETC's failure over the four years documented to achieve its budget surplus. ETC management stated during this audit that ETC's purpose was not to generate profit, but to provide a service to the University by building its image and by placing its brand before the cream of International students in a favourable educational context.

Without the evidence which can be provided by, for example, agendas or minutes of management meetings, it is not possible to demonstrate whether or not this was the role agreed between ETC and University management. Hence there is no opportunity to confirm the extent to which the University monitored ETC's performance to ensure that it was both efficient and effective in its use of public funds.

### **3.5 Allocating Costs to Projects**

The Internal Audit report of the University observed that:

... [ETC's] current financial and costing systems do not provide complete, accurate and timely project cost information, casting doubt on the financial viability of projects. This is a significant business exposure and continuity of activity risk ...

The report recommended that:

ETC, with the assistance of [Financial Services Division], develop and implement a robust project accounting system which properly identifies and allocates all (or most) ETC costs (including overheads) to projects on an accrual accounting basis.

While ETC's casual employees and some of its permanent staff complete timesheets, these were not universally used to record employee hours and ensure that they are appropriately charged.

In the year 2000 indirect costs of \$5.3m were allocated across ETC's product range as in Table 3.

<b>Table 3: Original allocation of indirect costs in 2000</b>	
	<b>Indirect costs \$m</b>
Australian Schools Competitions	3.7
Government Research Projects	0.8
Business Development Projects	0.4
International Schools Competitions.	0.4
<b>Total</b>	<b>5.3</b>

ETC's internal budget reporting showed that the above products were all profitable after allocating these costs<sup>9</sup>.

### **Review by NewSouth Global**

In August 2001 NewSouth Global initiated a review of the basis of allocating costs to the products of ETC. As a result of that review certain costs were reallocated between the products of ETC.

The reallocation suggested that the Australian Schools Competitions is the only profitable product of ETC, with other products operating at a loss.

The Director ETC has acknowledged that the original allocation of costs was not appropriately based.

The effect of the reallocation of overheads is summarised in Table 4.

<b>Table 4: Effect on 2000 surplus of review of indirect costs</b>						
	<b>Australian Schools Competitions</b>	<b>Government Research Projects</b>	<b>Business Development Projects</b>	<b>International Schools Competitions</b>	<b>Other</b>	<b>Total</b>
<b>Income (\$'000)</b>	6,562	5,336	1,199	1,774	235	15,106
<b>Surplus (\$'000)</b> (original allocation of indirect costs)	362	294	208	144	-	1,007
<b>Surplus (\$'000)</b> (after NewSouth Global review <sup>10</sup> )	1,704	(221)	(46)	(431)	-	1,007

<sup>9</sup> See Table 4.

<sup>10</sup> Actual overheads for 2000 were reallocated pro rata the results of the NewSouth Global review.

**Audit observations** There is no evidence of any rationale by ETC to support the allocation of approximately 70% of overheads to the Australian Schools Competitions.

The subsequent review by NewSouth Global on the other hand was based upon systematic calculation of overheads and is credible.

That some products are now shown to be unprofitable suggests that ETC failed to:

- fully understand its costs, including its overheads
- reflect appropriate costs in the pricing of products, which has led to under-pricing and loss of revenue
- adequately control its costs to ensure that actual budget outcomes are more closely aligned to budget
- systematically monitor its financial and operational performance and identify appropriate actions to address variances.

Some ETC activities which are now shown to be unprofitable have not previously been subject to management scrutiny to determine the reasons for losses and to initiate corrective action. The cross-subsidies which resulted from the former allocation of overheads was also not subject to management scrutiny to ensure that they met University objectives for the use of its funds.

### **3.6 Financial and Contractual Aspects of International Business**

**ETC's approach to international business**

ETC's Corporate Plan 1996 - 2001<sup>11</sup> includes under "Vision for the year 2000" that "it will be conducting international competitions in 20 countries". The rationale for international growth appears to be to fulfil the University Corporate Planning strategy for admissions and enrolments which states:

... ensure that UNSW is the natural first choice for high quality overseas students wishing to study in Australia<sup>12</sup>.

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<sup>11</sup> *The Educational Testing Centre Corporate Plan 1996-2001; July 1996(?)*.

<sup>12</sup> *ibid*

ETC has been running Schools competitions in other countries since 1993, when 700 students from Singapore participated<sup>13</sup>. However, expectations of international activities have been consistently and unrealistically optimistic.

Singapore, UAE and South Korea are the only countries which have been significantly and consistently profitable. Singapore has generated a surplus of nearly A\$2 million from 1997 to 2000<sup>14</sup>, while ETC's total International operations have generated a loss over this period. However, lack of profitability and the difficulty of getting funds out of some countries is not reflected in ETC's planning. The current International plan<sup>15</sup> does not allude to these problems, but focuses on improving staff's technical skills and on expanding the market.

Countries appear to have been added opportunistically, and no evidence of a business plan or of market research quantifying markets in any of the countries in which ETC operates has been located. The International Projects business plan contains a section entitled "Marketing Plan", but no rationale is clear, and development of a country appears to follow identification of an agent, rather than the other way around. "New countries being targeted in 2000 are Thailand, Italy and The Philippines<sup>16</sup>", but Japan and Turkey are also mentioned, both because ETC employees have "contacts" in these countries.

**Audit observations** ETC has had an ambitious program of international expansion for several years. In terms of the proportion of its revenue which comes from overseas it has been successful. However, its international activities have failed to achieve its budgeted surplus.

The contribution of ETC's international activities to the broader goals of the University is emphasised by the Executive Director Business and Finance and the Director ETC. However, there is no recognition of this in the University's plans, and there are no performance indicators, even of the broadest type, to measure it.

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<sup>13</sup> *Business Plan International Projects 2000 – 2002*; February 2000.

<sup>14</sup> However, unallocated International overheads over this period total \$722,482, some of which would be attributable to Singapore operations. As an offset to this, the NewSouth Global review suggested that Singapore overheads were being overcharged A\$216,000.

<sup>15</sup> *The Educational Testing Centre: Educational Testing Centre Planning for International and Commercial Projects 2001-2002*; updated January 2001.

<sup>16</sup> *ibid*

In addition, there are problems with repatriating funds from at least two countries, which ETC's Annual Reports had publicly demonstrated:

Another source of difficulty at times has been making suitable arrangements to repatriate funds raised by the Competitions into Australia<sup>17</sup>.

By 1997 the Annual Report indicated that the problems mentioned in 1996 had hardened:

Given the difficulties in management of the Program in [Indonesia], including the collection of income, it is encouraging for the future of the International Program that growth in enrolments from other countries has been substantial<sup>18</sup>.

The risks associated with international business had been revealed some years ago. At the International Competitions for Schools Advisory Committee meeting in May and November 1997 the "worst case scenario" for Indonesia was acknowledged as a loss of \$300,000.

Yet there is no documented evidence of any discussion of the choices apparently available to the University: to continue with the current mix of International activities and a growth strategy, to achieve break even, or to limit activities to Singapore.

There is also some doubt about the extent to which the University and some other universities in New South Wales have the legal capacity to operate at overseas locations. It is understood that these issues are being addressed through Bills which the Government plans to introduce during the current session of Parliament. The Audit Office considers that these should be attended to as a matter of urgency.

**Documentation of transactions for India**

The University Internal Audit report has identified India as a source of concern:

In one instance (India) the financial aspect of the [contractual] arrangements are conspicuously disadvantageous to the University.

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<sup>17</sup> ETC Annual Report 1996, page 11.

<sup>18</sup> ETC Annual Report 1997, page 18.

The agreement between ETC and its representative for India<sup>19</sup> gives the representative a 50% share of revenue. The representative for Singapore, by comparison, was paid 4% commission in 2000.

The Internal Audit report also found that:

- there is no reconciliation of accounts receivable to payments to ETC
- ETC is unable to determine at this stage what revenue is due, the extent of debt defaults, outstanding deposits, short-pays, dishonoured cheques, etc.

This was also confirmed during this audit.

The repatriation of funds from its agent for India has been a source of some concern for ETC:

The major problem over the past few years has been the frustration in trying to set up the correct structures to enable ETC to remit funds from India<sup>20</sup>.

At least part of this problem may be ETC's failure to adequately document its services by issuing invoices which accurately and comprehensively describe those services.

ETC actually invoices its agent not for any activities associated with the testing of students, but for professional services provided "by ETC experts", either to schools in India during visits there, or to the agent's personnel.

Because of such lack of accurate documentation of transactions, it has not proven possible to reconcile the income from testing of students in India with revenues generated or with amounts received by ETC.

Analysis of ETC's budgets and internal reports suggests that there is a discrepancy between its share of revenues generated in India and sums actually received. This discrepancy may be entirely due to discounts offered to schools and students to encourage participation. However, no management information was located to demonstrate the prices actually charged and the gross revenue generated.

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<sup>19</sup> Agency Agreement between ETC and International Educational Consultants (IEC, the Indian agent's operating entity) made and entered into on 12 August 1997.

<sup>20</sup> *Business Plan International Projects 2000 – 2002*; February 2000.

The latest audited accounts of the company operated by ETC's agent in India show current liabilities to ETC of 3.5 million rupees for the year ended 31 March 2001 and 2.5 million for the previous year, equivalent to more than A\$200,000.

Despite this, ETC's agent alleges<sup>21</sup> that he is actually owed a sum of 938,544.63 rupees (around A\$37,700). It is not known what action has been taken to resolve this apparent dispute, although it appears to be longstanding<sup>22</sup>.

### **Contracts and controls for India**

In addition to the deficiencies in documentation of transactions, ETC's management control of its Indian operations has been loose. Compliance with budgets is poor, with significant variances and a cumulative deficit since 1997 of \$433,734<sup>23</sup>. There is no evidence of any discussion of these between the agent and ETC management.

Deficiencies and lack of clarity in the contract between ETC and its agent, some of which the University Solicitor has now identified, contribute to the inability to clarify the position.

The contract refers to a Management Committee which "shall prepare and promptly submit to ETC each year an annual marketing plan and business plans and budget for the next calendar year". There is no evidence of the existence or operations of such a Management Committee, and marketing and business plans and budgets (other than those prepared by ETC) were not made available during this audit.

ETC's losses in India are significant, and there was no evidence that the reasons for its poor performance have been identified or addressed. It is not unreasonable to expect that decisions to continue a business activity with losses as compelling as those of India would have been fully informed and would have been made with the appropriate level of delegation. However, because of the lack of documentation, it is not possible to determine the extent to which the University was aware of India's financial performance.

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<sup>21</sup> Letter from agent for India to Assistant Director Schools Competitions and International dated 26 June 2001; "sent by e-mail on 5 July 2001".

<sup>22</sup> "Had this been done in December 2000/January 2001 to start with, when I first submitted our invoice, we may not have had so much of unhappiness and frustration on all fronts"; *ibid.*

<sup>23</sup> The NewSouth Global review of overhead allocation determined that India's share of overheads in the 2001 financial year should be \$183,000. India had not previously been charged any overhead.

**Management of Singapore activities**

ETC's operations in Singapore generate high income and a large surplus, without which ETC's international competitions would have made a cumulative loss of nearly \$2 million between 1997 and 2000.

One of the strengths of Singapore appears to be the use of the University/NewSouth Global representative there. Control and remittance of revenues is well handled and is completely transparent. This is no doubt assisted by a relatively flexible Government attitude to currency movements.

While Singapore has demonstrated strong growth in revenue and has been profitable, it also appears to be run remotely by ETC. Compliance with budget has been poor, with significant variances for both income and expenditure items.

The problem lies in the processes of budget consultation, preparation, review and reporting between Singapore and ETC. As with India, there is no evidence of the preparation by the agent of any marketing plans or budgets, or of regular reports against these. Neither is there evidence that ETC management has sought these.

The commission paid on ETC's business in Singapore in 2000 was 4% of revenue. By comparison, 83% of revenue from India was paid as commission in 2000.

### **3.7 Management Information and Performance Measurement**

**ETC's planned performance indicators**

The Operational Plan of ETC contains performance indicators in regard to the management of resources and to performance of ETC in the market place. The performance measures include:

- contracts completed on time
- schools' satisfaction with testing programs
- entrants' opinion of the testing program
- evaluation reports completed<sup>24</sup>
- projects completed on time
- survey of client satisfaction.

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<sup>24</sup> "At the completion of each project Program Directors will prepare an evaluation report, which addresses: the quality of instruments and professional support, the efficiency and effectiveness of the processes, and the financial outcomes of the project"; *The Educational Testing Centre Operational Plan 2000*; 2 May 2000.

**Audit observations** Few of the above performance indicators are actually measured or reported. The main measures of performance monitored seem to be financial performance against budget and the yearly increase in revenue. The only other indicators are the activity levels - numbers of students participating in competitions - reported in ETC's Annual Reports and its plans.

ETC's own strategic and operational plans, and the University's strategic and operational plans, do not clearly identify ETC's core business and its key outcomes, nor the key performance indicators by which it will be assessed. ETC management needs to begin measuring and reporting performance indicators such as those in its Operational Plan. It also needs to allocate clear responsibility for achieving them.

### 3.8 Quality Improvement

ETC has experienced significant delays in meeting commitments for the delivery of certain products<sup>25</sup>:

- Australian Schools Writing Competition was scheduled to be reported to schools mid August, but deliveries only started in the week commencing 3 September
- Australian Schools English Competition was scheduled to be reported to schools early August, but deliveries only started in the week commencing 3 September.

The News Update (a newsletter of ETC) also indicates ongoing quality problems leading to missed deadlines over recent years.

The Director ETC has estimated the cost of quality problems:

I believe we lost another \$300,000 [in 1997] at least because of errors caused by suspect quality control procedures. We must eliminate those this year so that we get maximum reward for our efforts<sup>26</sup>.

In the 1998 Annual Report the Director ETC commented:

... some projects proved to be costly due to errors which arose in meeting the complex analysis and reporting requirements, the consequent need for re-checking and editing, and re-runs of data analysis and reporting.

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<sup>25</sup> ETC Timescales printed 4 September 2001.

<sup>26</sup> News Update, 15 January 1998.

**Audit observations** The Director ETC did not attend the weekly Managers' Meetings at which the Assistant Directors and other managers discussed product timelines.

In the absence of performance indicators, such as those established in ETC's Operational Plan, it is not clear how the Director or other responsible managers monitored ETC's performance in terms of commitments to service delivery.

A common cause of problems in processing of Australian Schools Competitions was "keying errors", which are analogous to errors due to inadequate proof reading.

Despite frequent reference to these as a source of problems there is no evidence of a plan to address and eliminate them, nor is responsibility established for their rectification.

Incident Reports were introduced 3 to 4 years ago with the objective of identifying problems affecting quality.

However, this quality improvement initiative has not been pursued, and there do not appear to be any alternative means introduced of rectifying problems. There is no evidence of any systematic approach to identifying and rectifying the source of problems.

Direct customer feedback, such as letters of complaint, do not appear to be systematically analysed and used for improvement. There are no direct measures of customer satisfaction such as interviews or evaluations following completion of projects.

Anecdotal evidence was received during the audit of customer dissatisfaction with ETC's performance in terms of its ability to meet its deadlines.

### 3.9 Justification of Business Decisions

#### Acquisition of Rosebery

ETC acquired the lease of its present premises in Rothschild Avenue, Rosebery in 1999.

The lease was executed on 24 March 1999. A report, *Educational Testing Centre Lease Agreement*, was presented to the University's Executive Committee meeting on 17 March 1999, one week before the lease was signed, and requesting the Vice-Chancellor's approval to enter into the lease.

The move to Rosebery incurred substantial capital and recurrent cost increases for ETC. Rent increased from less than \$200,000 in 1999 to over \$1 million per annum, and ETC spent over \$800,000 on fit-out and refurbishment in 1999.

One advantage given for the move to Rosebery from the former premises at the Squarehouse was that the larger premises would have room to accommodate examination markers, and would hence reduce the cost of hiring external premises. It has not been possible to extract costs of rental of marking accommodation from ETC's accounts to quantify this saving.

#### Audit observations

The *Educational Testing Centre Lease Agreement* report could not be considered to represent a business case justifying the proposal:

- it does not establish a clear reason for the proposed change
- it does not identify alternatives or their costs
- it does not quantify the costs and benefits of the proposal
- it omits the costs of the fit-out.

The report offers no compelling reason for the move at all. Considering the substantial increase in costs which was incurred, a more thorough business case would have been appropriate.

### **3.10 IT Performance**

ETC had engaged consultants to develop its Major Application Redevelopment Project (MARP) computer system to assist ETC to carry out its functions. The Internal Audit report found significant deficiencies of the way the project was handled. These are covered more extensively in the following chapter.

But apart from its acquisition, the Audit Office has concern about the extent to which any possible benefits derived out of MARP have been measured.

Difficulties were experienced by the Audit Office in obtaining any balanced view of MARP performance. This is largely due to the absence of any objective measures to indicate the performance of MARP or of its changes over time.

MARP performance statistics are available to demonstrate that MARP took, in 2001, only 10.7 hours to process the records of 500,000 Schools Competition students. However, this does not relate MARP performance to the whole process from item development through data entry, testing and analysis to publication of reports.

The only relevant performance indicator identified was a nominal turnaround time for Schools Competitions results of 4 weeks.

ETC needs a planning group in which users of MARP and those responsible for its operation and development can meet and identify expectations and evaluate performance with a view to improvement.

Users must have responsibility for developing the overall system performance measures and targets. Beyond this there must be a mechanism for agreeing on priorities and obtaining appropriate budget commitment.

## **4. Appropriate Procedures**

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## 4.1 Compliance with Purchasing Requirements

The Internal Audit<sup>27</sup> and Human Resources<sup>28</sup> reports detailed a number of examples of ETC's failure to comply with University procedures. The Audit Office further examined some of these matters, and noted some other problems of compliance with procedures or with usual business practices.

This summary is restricted to major examples of ETC's failure to comply with established University procedures or with good management principles.

### Acquisition of MARP

The Internal Audit report reviewed the process by which ETC's MARP computer system was developed.

The MARP system comprises a database and report generating facility. It is designed as a generic system initially to store data and generate reports for the Australian and International schools competitions. Other projects including Placement, EMG, Government Projects and other Commercial Projects will be progressively migrated to MARP<sup>29</sup>.

The Internal Audit report found that the acquisition of MARP did not comply with University policies and procedures in the following respects:

- the MARP development was not put out to competitive tender, despite the size of the project
- no contract was drawn up between ETC/the University and the initial supplier in respect of this project
- Formal approval for the initial commitment of funds on MARP was not sought by ETC, although it was outside local delegation
- there was either significant wastage of public moneys or the project was ill-conceived and ill-documented. The estimated cost of IT development to the end of September 2000 was approximately \$2.016 million, of which at least \$1.314 related to MARP, compared to the original estimated cost of \$0.633 million

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<sup>27</sup> *Internal Audit Report: UNSW Education Testing Centre*; letter of 16 July 2001 to the Vice-Chancellor, UNSW, from the Director, UNSW Internal Audit Office.

<sup>28</sup> *Review of Human Resource Practices at the Educational Testing Centre*; UNSW Director Human Resources, October 2000.

<sup>29</sup> *Response to the [draft] UNSW Internal Audit report on the ETC*; memo from the Director ETC to the Director, UNSW Internal Audit Office, 4 December 2000.

- contracts entered into by ETC were on face value void, as ETC, not being an incorporated body, cannot enter into contracts in its own name. Moreover, the 'contracts' were signed by ETC staff without the required financial delegation.

The University has an Information Technology Project Management Policy, whose purpose is:

... to provide a standard set of procedures for the management of Information Technology (IT) projects within the University of New South Wales. The procedures are applicable to all IT projects, including software and infrastructure projects. Enhancements to existing systems as well as new developments are considered to be projects.

This policy was not followed in the case of MARP.

### **Printing services**

ETC's procedures for purchasing printing services (totalling \$2.4 million in 1999 and \$2.5 million in 2000) did not comply with University procedures and with sound practice. The Internal Audit report noted the following:

- ETC did not use a locked tender box, and the procedures for opening and summarising tenders did not give the tender committee the benefit of all necessary information
- one supplier was awarded a contract even though its tender was late and the price was not the lowest and may have been subject to foreign exchange fluctuations. Another supplier which submitted its tender late was not considered because of its exposure to foreign exchange fluctuations. The University Internal Audit review was not able to gain adequate assurance that the successful tenderer was not provided with details of other tenders
- one tenderer (with the lowest prices) claimed to have been advised that it was unsuccessful on account of its tender document not being as elaborate in presentation as some others. Conversely, ETC's Marketing Manager advised that the tender price was considered "too low" and that there were doubts about delivery because the tenderer "does a lot of large cheque print runs"
- a change to specifications was advised to tenderers by phone, with no evidence that all tenderers were given the opportunity to respond to the changed specifications by supplying amended tenders.

**Purchasing in general**

University purchasing procedures in regard to obtaining three quotes for purchases over \$2,000 were not being followed by ETC management.

The Internal Audit review revealed non-compliance with University policy for purchases over \$10,000, and noted only isolated instances of the mandatory three quotes being obtained before purchase.

**Audit observations**

In August 2001, during the performance audit, progress in compliance with the University's purchasing procedures and policies was tested. 100 invoices for printing purchases totalling \$725,588 for the period March and April 2001 were sampled.

Only 37 of these invoices, representing purchases of \$504,718, were found to fully comply with University purchasing procedures.

The other 63 invoices, worth \$220,870, did not comply. This sample hence indicates that, more than 6 months after the publication of the draft Internal Audit report, ETC was still failing to comply with University procedures for purchasing.

## **4.2 Compliance with Personnel Procedures**

**Engagement of contractors**

The Human Resources report investigated the conditions under which staff had been engaged by ETC as IT consultants.

It appears that ETC have used [a firm of solicitors] to develop an IT template contract for the engagement of IT consultants, presumably to reduce UNSW's risk to a claim from one or more of the people engaged as consultants that they are in fact employees.

Nonetheless, the Internal Audit report concluded that:

... it is our understanding that these contractors are employees of the University for purposes of the Income Tax Assessment Act.

The Human Resources report noted that:

While the risk that one of these people will test their employment relationship in one form of legal jurisdiction or other may be low, nevertheless the University is arguably (and knowingly) acting outside of the law, and the situation should be addressed.

The Ombudsman's Office will deal with the issues relating to nepotism and cronyism, the University's handling of the protected disclosure and the protection afforded to the whistleblower.

### **4.3 Compliance with Financial Procedures and Practices**

**Project accounting** The Internal Audit review examined the recognition of project costs and the allocation of overhead expenses to projects, and noted that the current financial and costing systems do not provide complete, accurate and timely project cost information, casting doubt on the financial viability of projects. It concluded that the financial and management accounting systems at ETC are deficient for informed decisions about relevant costs to be considered in targeting potential market segments. This is a significant business exposure and continuity of activity risk.

For reasons outlined earlier, the Audit Office reached similar conclusions.

**Staff functions at University expense** The Internal Audit review revealed that \$38,167.04 had been expended on staff functions during 1999.

We also noted soliciting of gifts by ETC, in writing, from vendors for staff prizes at the Christmas party. This is inappropriate as it may generate vendor expectations of favourable treatment for future business.

This is also apparently in breach of Section 11(46) of the University's Financial Services Division Accounting Manual.

**Travel approval and claims** Section 9.3.1 of University Policies and Procedures states that:

... all travel on official University business must be approved prior to the journey taking place. The forms must be completed to secure the approval of the person responsible for the effective control of official travel within each area of responsibility and to whom the power to approve the incurring of the expenditure has been delegated by Council.

**Audit observations** Despite the above clear instruction, most travel application forms in 2000 were authorised by ETC's Finance Manager. The appropriate authority to authorise the Director's travel was the Executive Director Business and Finance, but only a small number of applications were so approved.

There is little evidence of any rigorous justification of much of the travel expenditure incurred by ETC staff in 2000. There are also several instances of three senior managers attending the same interstate or overseas function, with no justification for such a heavy representation.

The relevant University forms for approval of travel have inadequate provision for the submission of a business case, particularly for overseas travel. A one line description suffices on most applications examined.

While it is ultimately a decision of management as to whether or not a particular trip represents value for money, or is the optimum way of achieving an objective, this is best demonstrated by some kind of business case. The procedures and forms for approving travel should include documentary evidence that the proposed travel has been given the appropriate level of management scrutiny and approval. If approval has been given for the purposes of achieving specific objectives, then staff undertaking the trip should be expected to report against those objectives.

There is also a requirement to present all receipts to claim reimbursement of travel expenses. A significant number of claims was identified where no receipts appear to have been presented, yet funds have been reimbursed. The decision to demand receipts prior to reimbursement appears to be discretionary.

Two cases were found where ETC staff had been paid a per diem allowance as well as having accommodation expenses reimbursed. This represents an overpayment.

#### **4.4 Other Business Practices**

##### **Endorsement of a supplier**

During August 2001, the website of the initial supplier of the MARP system carried an extensive article on the MARP system, and used the University and ETC logos. The article represented a strong endorsement of the supplier and of the software it supplied for MARP.

Many of the claims made were inconsistent with comments on MARP made by the Internal Audit report and by ETC employees interviewed during this audit. The difficulty in gaining any balanced view of MARP performance and capabilities in the absence of relevant performance indicators makes it neither appropriate nor possible to discuss the claims made in the website article.

**Audit observations** It is not known whether or not ETC management knowingly or otherwise provided the specific information on MARP which the website article contains. However, during this audit the University wrote to the supplier's Managing Director requesting that the article and logos be removed from the website immediately

... as the article and use of logos has not been approved by the University of New South Wales<sup>30</sup>.

**Appropriate ownership practices** During the course of the audit, Certificates of Registration of Business Name were found in ETC's files for the following business names:

- *Primary Schools Mathematics Competition*
- *Australian Schools Science Competition*
- *Australian Schools English Competition*
- *International Competitions for Schools.*

The certificates were issued on 22 October 1997 and were valid for 3 years. All were registered in the name and private address of the Director ETC. The receipt for payment of \$340 noted:

Cheque 119192 University of NSW.

On 28 May 2001 the business name of *Educational Testing Centre* was also registered in the name and private address of the Director.

It is understood that NewSouth Global management had organised the transfer of these business names to University ownership prior to commencement of this audit.

**Audit observations** It is entirely inappropriate that the business name of any of the University's products or services could be privately registered to an employee.

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<sup>30</sup> Letter from Deputy Vice-Chancellor (Education and Enterprise), 19 September 2001.

## **Conclusions**

The Internal Audit report and the Human Resources report identify significant examples of failure by ETC management to comply with University procedures.

This performance audit has identified others and has also produced examples of abnormal practices (such as the registration of the University's business names).

A sample check also revealed that ETC's purchasing procedures continue not to comply with the written requirements of the University.

Whilst the Audit Office has been assured that ETC personnel have been told to comply with University policies and procedures, there is a need for the University to take a more proactive approach to ensure compliance.

## **5. Reporting and Oversight**

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## 5.1 Introduction

This report has verified findings of the University's Internal Audit report, and identified other weaknesses that are also presented in the report. As recounted, the University has now responded to most of these matters.

However, it is of great concern that the problems identified by the Internal Audit and HR reports were only revealed as a consequence of a complaint. Many of these problems had existed for several years, but the University failed to detect them or act on them.

Furthermore, radical changes to address the causes of the problems were not initiated until the transfer of ETC to NewSouth Global. Many of the changes introduced since then could have been instituted earlier, rather than leaving them to be part of the Due Diligence and other processes necessary for the transfer.

Senior management of the University maintains that Faculties have a clear and standardised governance structure, and are hence more closely managed and supervised than independent centres such as ETC. Previous changes in ETC's "ownership" within the University have also been adduced as factors contributing to the highly autonomous style of ETC's management and the corresponding absence of oversight.

Nonetheless, the Audit Office has concern whether other centres similar to ETC within the University, or indeed within any other university, could be functioning with similar lack of corporate governance and accountability arrangements. The Audit Office considers that there is an urgent need for the University, and for other universities, to review their corporate governance and accountability framework, especially for centres and activities which have been used to a high degree of independence.

Universities specifically need to ensure clarity of accountabilities and of reporting, appropriate decision making structures and documentation, and mechanisms to test compliance with policies and procedures.

## 5.2 Performance Reporting and Review

### Oversight of performance

ETC's paucity of non-financial performance indicators has been noted, particularly those relating to completion of projects on time and customer satisfaction. As an example, the only performance standard for processing Schools Competitions results is a target turnaround time of 4 weeks. There do not appear to be standards or targets for the different parts of the process such as data entry, analysis or reporting.

Because of the persistence of problems such as keying errors, absence of indicators of quality is also of concern.

Performance against delivery commitments is discussed at Wednesday Managers' meetings, and timeline charts are used to show progress graphically. However, the charts only represent a snapshot, and there appears to be no analysis of these data to indicate, for example, overall performance against deadlines, or to use this information to project resource requirements or to anticipate bottlenecks in downstream processes.

Systematic analysis and reporting of performance information was not seen to be used to identify variances from target, to develop priorities for action, or to assess the overall effectiveness of ETC's processes.

In discussion with the Audit Office, the Director stated that he has wanted a better management information system for several years. But it is not apparent what action has been taken or to what extent resources have been made available to improve on the position.

### Audit observations

ETC's reputation with Schools Competitions and Government customers depends as much on its ability to deliver on time as on the educational content and quality of its products.

It is not apparent, however, that ETC management has used its own initiative or resources to develop performance indicators to assist it in measuring its non-financial performance and identifying opportunities for improvement. Despite the emphasis placed in the University Operational Plan on questionnaires, surveys, research publication data, performance evaluation, quality evaluation of subjects and teaching and performance indicators at different levels, University management has apparently not sought similar quality information from ETC.

### 5.3 Effectiveness of University Oversight

#### Oversight of foreign transactions

ETC markets its Schools Competitions in around 20 foreign countries. In its dealings with foreign countries, ETC has sometimes encountered difficulties in repatriating funds:

There is currently no mechanism for remitting funds from [this country]. US\$20,000 are awaiting collection<sup>31</sup>.

In this particular case, the difficulties are due at least partly to the legal requirements of the country in which business was conducted.

The Director ETC has acknowledged bringing back a significant sum in cash following a visit to this country several years ago, and states that he declared these funds at the time. The Manager, Treasury of the University had become aware of this large cash transaction around the time that it occurred, as had the Executive Director Business and Finance. The Manager, Treasury had given the opinion that apprehension in the foreign country with the large sums involved could incur severe penalties.

#### Audit observations

Transactions involving the handling of large sums of cash, either in Australia or overseas countries, without proper procedures must be of great concern. University staff should not be expected or permitted to expose themselves to the risk of committing possible currency offences in foreign countries. If the University is dealing in countries where repatriation of funds makes these measures necessary, then it should review its exposure to such countries and reconsider whether conduct of business under such conditions is legal and otherwise acceptable.

However, it does not appear that any such action has been taken. In the course of this audit, large sums had again been brought to Australia in cash by visiting nationals of a country where ETC operates.

There was no evidence of fraud or of any misuse of the funds brought into Australia. However, operating in a foreign country on the assumption that funds will eventually have to be taken out in cash is plainly unacceptable. Transactions of this nature expose the University to risks to its reputation and staff as well as financial risks. Despite knowledge of the initial importing of cash by the Director ETC several years ago, the University does not seem to have taken steps to rectify the problem.

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<sup>31</sup> *Business Plan International Projects 2000 – 2002*; February 2000.

## 5.4 Assessing Compliance

### Letters of Representation

The University has for some years required Letters of Representation from senior management as proof of compliance with its policies and procedures:

Each year the Vice-Chancellor seeks from faculty and divisional managers a Letter of Representation in respect of their areas of responsibility. In turn Deans and members of the Executive normally seek similar representation from their functional managers<sup>32</sup>.

Copies of ETC's Letters of Representation for 1998 and 2000 were reviewed during this audit.

1. Risk Management and Internal Control

The members of staff ... have effected and are part of an integrated control system, designed to provide reasonable assurance regarding the achievement of the mission and aims<sup>33</sup>...

This cannot be reconciled with ETC's consistent failure to achieve budget, with the absence of a formal process for approving and reviewing budgets and documenting decisions and for the absence of other performance indicators.

The ... system of internal control ... adheres to procedures for the detection of ... misstatement of the accounting records<sup>34</sup> ...

The inadequacy of ETC's documentation of dealings with some foreign countries exposes it to the risk of loss.

2. Employee related matters

... employee related matters have been managed in accordance with: UNSW policies, procedures and guidelines<sup>35</sup> ...

The evidence of the Internal Audit and Human Resources reports is that this quite clearly has not been the case.

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<sup>32</sup> Letter from Executive Director Business and Finance to Director ETC and others, 25 January 1999.

<sup>33</sup> *Annual Letter of Representation*; letter from Director ETC to Vice-Chancellor, 5 March 2001.

<sup>34</sup> *ibid*

<sup>35</sup> *ibid*

**Audit observations** A number of statements in these Letters now appear to be contradicted by facts revealed by the Internal Audit and Human Resources reports or by the performance audit.

The ETC Letter of Representation for the year 2000 was signed by the Director and forwarded to the Vice-Chancellor on 5 March 2001. At this time the draft Internal Audit and Human Resources reports had been released, and had revealed evidence that ETC was not complying with University policies, procedures and guidelines.

The Audit Office has been advised that Letters of Representation are used elsewhere within the University as management tools to signal, for example, where there may be problems in achieving compliance.

However, in the case of ETC, the University appears to have continued to seek and accept the annual Letters of Representation as part of a process for ensuring compliance despite the evidence to the contrary.

## 5.5 Conclusion

It has been shown that there were a number of ETC matters in which University management should have become involved.

- ETC's demonstration of a culture of performance measurement does not compare favourably with the expectations evident in the University Operational Plan
- Senior University management acknowledged that they had been aware that ETC had needed to bring large sums from overseas in cash
- The 2001 Letter of Representation appears to be inconsistent with the findings of the draft Internal Audit report and the Human Resources report issued months earlier.

The University does not appear to have responded adequately to the demonstrated need for some high-level oversight of ETC. It appears that it may have placed too much reliance on the Letters of Representation as proof of compliance despite the findings of the Internal Audit and Human Resources reports on ETC.

## **6. Conclusions and Recommendations**

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## 6.1 Conclusions and Recommendations

### Conclusions

This report has found numerous problems in the management processes and systems of ETC which expose it to risk and which are inconsistent with sound management. The Internal Audit report had already identified potential for waste of funds attributable to failure of ETC management to comply with University procedures. This report has found evidence of poor management control and of inadequate reporting.

This performance audit has not purported to be a financial audit of ETC's activities and its reporting. However, it has located evidence which, with the benefit of hindsight, should have prompted questions of some aspects of ETC's operations. In particular, ETC has repeatedly failed to achieve the outcomes for which it budgeted, yet there is no evidence of a review process by which the University has required ETC's management to account for this.

It has been noted that the University's strategic and operational plans appear to reflect only its core academic activities. However, the University has many other types of activities which, similar to ETC, do not fit readily into an academic structure, but exist to achieve other goals or objectives.

These non-academic activities can have as much impact on the University's reputation as can its academic ones. ETC, as already mentioned, works with education authorities in most states of Australia, in New Zealand, and in around 20 other countries. Its potential for affecting the University's reputation is considerable.

The University needs to apply the same high standards and expectations to all its activities, academic and non-academic, core and non-core. Their roles and contributions must be clearly demonstrated by University plans. While their structure and fit within the University may differ fundamentally from that of academic activities, the accountabilities, performance indicators and management reporting requirements of non-academic activities need to be no less clear.

**Recommendations** The limitations of specific recommendations can be seen in this case: despite the lengthy list of recommendations in the Internal Audit and Human Resources reports, and despite their endorsement by the Executive Director Business and Finance, only the symptoms of problems were being addressed.

Organisations such as the University must have clear and transparent expectations:

- all activities must have clear accountabilities
- organisation structures and position descriptions must be focussed on clearly-identified outcomes
- measures of performance must be relevant, measurable and measured
- the organisation must emphasise and reinforce the high value it places on the quality of its internal and external reporting
- all decision making must be driven by information and must be clearly documented
- procedures, policies and standards must be appropriate to the circumstances and the culture
- understanding of and compliance with procedures must be regularly measured and any departures promptly addressed
- risk must be seen in its broadest context as being anything which may prevent the organisation from achieving its objectives.

Perhaps most important of all, senior management must offer unequivocal leadership in setting uncompromising high standards of corporate behaviour and transparency.

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## Appendices

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## **Appendix 1: The Objectives of this Audit**

The objectives of the audit were to:

- determine the existence, adequacy, implementation of, and compliance with governance arrangements from the perspective of the University, particularly in terms of the commercial activities of ETC
- ensure that procedures of internal control and reporting are adequate to inform the Council and senior management of the University of the extent to which commercial activities may expose the University to risk
- review the integrity of financial accounting and reporting of ETC including stewardship of resources and probity, and the scope and content of management reporting to the University
- comment on any other matters of significance in terms of ETC.

## **Appendix 2: About this Audit**

The Audit Office audit team reviewed material compiled by the University Internal Audit Office during their review. It interviewed ETC and University staff and managers, and reviewed documentation relevant to the perceived failings.

<b>Cost of the audit</b>	The cost of the audit was \$178,478, including the estimated cost of printing the report (\$6000).
<b>Audit team</b>	Adrian Corbould, Louise Thomson, Geoff Moran, Denis Streater.

## **Performance Audits by the Audit Office of New South Wales**

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## Performance Auditing

### What are performance audits?

Performance audits are reviews designed to determine how efficiently and effectively an agency is carrying out its functions.

Performance audits may review a government program, all or part of a government agency or consider particular issues which affect the whole public sector.

Where appropriate, performance audits make recommendations for improvements relating to those functions.

### Why do we conduct performance audits?

Performance audits provide independent assurance to Parliament and the public that government funds are being spent efficiently and effectively, and in accordance with the law.

They seek to improve the efficiency and effectiveness of government agencies and ensure that the community receives value for money from government services.

Performance audits also assist the accountability process by holding agencies accountable for their performance.

### What is the legislative basis for Performance Audits?

The legislative basis for performance audits is contained within the *Public Finance and Audit Act 1983, Division 2A*, (the Act) which differentiates such work from the Office's financial statements audit function.

Performance audits are not entitled to question the merits of policy objectives of the Government.

### Who conducts performance audits?

Performance audits are conducted by specialist performance auditors who are drawn from a wide range of professional disciplines.

### How do we choose our topics?

Topics for a performance audits are chosen from a variety of sources including:

- our own research on emerging issues
- suggestions from Parliamentarians, agency Chief Executive Officers (CEO) and members of the public
- complaints about waste of public money
- referrals from Parliament.

Each potential audit topic is considered and evaluated in terms of possible benefits including cost savings, impact and improvements in public administration.

If you wish to find out what performance audits are currently in progress just visit our website at [www.audit@nsw.gov.au](http://www.audit@nsw.gov.au).

The Audit Office has no jurisdiction over local government and cannot review issues relating to council activities.

### How do we conduct performance audits?

Performance audits are conducted in compliance with relevant Australian standards for performance auditing and our procedures are certified under international quality standard ISO 9001.

Our policy is to conduct these audits on a "no surprise" basis.

Operational managers, and where necessary executive officers, are informed of the progress with the audit on a continuous basis.

### What are the phases in performance auditing?

Performance audits have three key phases: planning, fieldwork and report writing.

During the planning phase, the audit team will develop audit criteria and define the audit field work.

At the completion of field work an exit interview is held with agency management to discuss all significant matters arising out of the audit. The basis for the exit interview is generally a draft performance audit report.

The exit interview serves to ensure that facts presented in the report are accurate and that recommendations are appropriate. Following the exit interview, a formal draft report is provided to the CEO for comment. The relevant Minister is also provided with a copy of the draft report. The final report, which is tabled in Parliament, includes any comment made by the CEO on the conclusion and the recommendations of the audit.

Depending on the scope of an audit, performance audits can take from several months to a year to complete.

Copies of our performance audit reports can be obtained from our website or by contacting our publications unit.

### **How do we measure an agency's performance?**

During the planning stage of an audit the team develops the audit criteria. These are standards of performance against which an agency is assessed. Criteria may be based on government targets or benchmarks, comparative data, published guidelines, agencies corporate objectives or examples of best practice.

Performance audits look at:

- processes
- results
- costs
- due process and accountability.

### **Do we check to see if recommendations have been implemented?**

Every few years we conduct a follow-up audit of past performance audit reports. These follow-up audits look at the extent to which recommendations have been implemented and whether problems have been addressed.

The Public Accounts Committee (PAC) may also conduct reviews or hold inquiries into matters raised in performance audit reports.

Agencies are also required to report actions taken against each recommendation in their annual report.

To assist agencies to monitor and report on the implementation of recommendations, the Audit Office has prepared a Guide for that purpose. The Guide is on the Internet and located at <http://www.audit.nsw.gov.au/guides-bp/bpplist.htm>

### **Who audits the auditors?**

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

The PAC is also responsible for overseeing the activities of the Audit Office and conducts reviews of our operations every three years.

### **Who pays for performance audits?**

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament and from internal sources.

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Tom Jambrich  
Assistant Auditor-General  
Performance Audit Branch  
(02) 9285 0051

## Performance Audit Reports

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
1	Department of Housing	<i>Public Housing Construction: Selected Management Matters</i>	5 December 1991
2	Police Service, Department of Corrective Services, Ambulance Service, Fire Brigades and Others	<i>Training and Development for the State's Disciplined Services: Stream 1 - Training Facilities</i>	24 September 1992
3	Public Servant Housing	<i>Rental and Management Aspects of Public Servant Housing</i>	28 September 1992
4	Police Service	<i>Air Travel Arrangements</i>	8 December 1992
5	Fraud Control	<i>Fraud Control Strategies</i>	15 June 1993
6	HomeFund Program	<i>The Special Audit of the HomeFund Program</i>	17 September 1993
7	State Rail Authority	<i>Countrylink: A Review of Costs, Fare Levels, Concession Fares and CSO Arrangements</i>	10 December 1993
8	Ambulance Service, Fire Brigades	<i>Training and Development for the State's Disciplined Services: Stream 2 - Skills Maintenance Training</i>	13 December 1993
9*	Fraud Control	<i>Fraud Control: Developing an Effective Strategy (Better Practice Guide jointly published with the Office of Public Management, Premier's Department)</i>	30 March 1994
10	Aboriginal Land Council	<i>Statutory Investments and Business Enterprises</i>	31 August 1994
11	Aboriginal Land Claims	<i>Aboriginal Land Claims</i>	31 August 1994
12	Children's Services	<i>Preschool and Long Day Care</i>	10 October 1994
13	Roads and Traffic Authority	<i>Private Participation in the Provision of Public Infrastructure (Accounting Treatments; Sydney Harbour Tunnel; M4 Tollway; M5 Tollway)</i>	17 October 1994
14	Sydney Olympics 2000	<i>Review of Estimates</i>	18 November 1994
15	State Bank	<i>Special Audit Report: Proposed Sale of the State Bank of New South Wales</i>	13 January 1995
16	Roads and Traffic Authority	<i>The M2 Motorway</i>	31 January 1995
17	Department of Courts Administration	<i>Management of the Courts: A Preliminary Report</i>	5 April 1995
18*	Joint Operations in the Education Sector	<i>A Review of Establishment, Management and Effectiveness Issues (including a Guide to Better Practice)</i>	13 September 1995
19	Department of School Education	<i>Effective Utilisation of School Facilities</i>	29 September 1995

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
20	Luna Park	<i>Luna Park</i>	12 October 1995
21	Government Advertising	<i>Government Advertising</i>	23 November 1995
22	Performance Auditing In NSW	<i>Implementation of Recommendations; and Improving Follow-Up Mechanisms</i>	6 December 1995
23*	Ethnic Affairs Commission	<i>Administration of Grants (including a Guide To Better Practice)</i>	7 December 1995
24	Department of Health	<i>Same Day Admissions</i>	12 December 1995
25	Environment Protection Authority	<i>Management and Regulation of Contaminated Sites: A Preliminary Report</i>	18 December 1995
26	State Rail Authority of NSW	<i>Internal Control</i>	14 May 1996
27	Building Services Corporation	<i>Inquiry into Outstanding Grievances</i>	9 August 1996
28	Newcastle Port Corporation	<i>Protected Disclosure</i>	19 September 1996
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32	NSW Fire Brigades	<i>Fire Prevention</i>	5 December 1996
33	State Rail	<i>Accountability and Internal Review Arrangements at State Rail</i>	19 December 1996
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35	NSW Health Department	<i>Medical Specialists: Rights of Private Practice Arrangements</i>	12 March 1997
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37	Redundancy Arrangements	<i>Redundancy Arrangements</i>	17 April 1997
38	NSW Health Department	<i>Immunisation in New South Wales</i>	12 June 1997
39	Corporate Governance	<i>Corporate Governance Volume 1 : In Principle Volume 2 : In Practice</i>	17 June 1997
40	Department of Community Services and Ageing and Disability Department	<i>Large Residential Centres for People with a Disability in New South Wales</i>	26 June 1997
41	The Law Society Council of NSW, the Bar Council, the Legal Services Commissioner	<i>A Review of Activities Funded by the Statutory Interest Account</i>	30 June 1997
42	Roads and Traffic Authority	<i>Review of Eastern Distributor</i>	31 July 1997
43	Department of Public Works and Services	<i>1999-2000 Millennium Date Rollover: Preparedness of the NSW Public Sector</i>	8 December 1997

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
44	Sydney Showground, Moore Park Trust	<i>Lease to Fox Studios Australia</i>	8 December 1997
45	Department of Public Works and Services	<i>Government Office Accommodation</i>	11 December 1997
46	Department of Housing	<i>Redevelopment Proposal for East Fairfield (Villawood) Estate</i>	29 January 1998
47	NSW Police Service	<i>Police Response to Calls for Assistance</i>	10 March 1998
48	Fraud Control	<i>Status Report on the Implementation of Fraud Control Strategies</i>	25 March 1998
49*	Corporate Governance	<i>On Board: guide to better practice for public sector governing and advisory boards (jointly published with Premier's Department)</i>	7 April 1998
50	Casino Surveillance	<i>Casino Surveillance as undertaken by the Director of Casino Surveillance and the Casino Control Authority</i>	10 June 1998
51	Office of State Revenue	<i>The Levying and Collection of Land Tax</i>	5 August 1998
52	NSW Public Sector	<i>Management of Sickness Absence NSW Public Sector Volume 1: Executive Briefing Volume 2: The Survey - Detailed Findings</i>	27 August 1998
53	NSW Police Service	<i>Police Response to Fraud</i>	14 October 1998
54	Hospital Emergency Departments	<i>Planning Statewide Services</i>	21 October 1998
55	NSW Public Sector	<i>Follow-up of Performance Audits: 1995 - 1997</i>	17 November 1998
56	NSW Health	<i>Management of Research: Infrastructure Grants Program - A Case Study</i>	25 November 1998
57	Rural Fire Service	<i>The Coordination of Bushfire Fighting Activities</i>	2 December 1998
58	Walsh Bay	<i>Review of Walsh Bay</i>	17 December 1998
59	NSW Senior Executive Service	<i>Professionalism and Integrity Volume One: Summary and Research Report Volume Two: Literature Review and Survey Findings</i>	17 December 1998
60	Department of State and Regional Development	<i>Provision of Industry Assistance</i>	21 December 1998
61	The Treasury	<i>Sale of the TAB</i>	23 December 1998
62	The Sydney 2000 Olympic and Paralympic Games	<i>Review of Estimates</i>	14 January 1999

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
63	Department of Education and Training	<i>The School Accountability and Improvement Model</i>	12 May 1999
64*	Key Performance Indicators	<ul style="list-style-type: none"> <li>• <i>Government-wide Framework</i></li> <li>• <i>Defining and Measuring Performance (Better practice Principles)</i></li> <li>• <i>Legal Aid Commission Case Study</i></li> </ul>	31 August 1999
65	Attorney General's Department	<i>Management of Court Waiting Times</i>	3 September 1999
66	Office of the Protective Commissioner Office of the Public Guardian	<i>Complaints and Review Processes</i>	28 September 1999
67	University of Western Sydney	<i>Administrative Arrangements</i>	17 November 1999
68	NSW Police Service	<i>Enforcement of Street Parking</i>	24 November 1999
69	Roads and Traffic Authority of NSW	<i>Planning for Road Maintenance</i>	1 December 1999
70	NSW Police Service	<i>Staff Rostering, Tasking and Allocation</i>	31 January 2000
71*	Academics' Paid Outside Work	<ul style="list-style-type: none"> <li>▪ <i>Administrative Procedures</i></li> <li>▪ <i>Protection of Intellectual Property</i></li> <li>▪ <i>Minimum Standard Checklists</i></li> <li>▪ <i>Better Practice Examples</i></li> </ul>	7 February 2000
72	Hospital Emergency Departments	<i>Delivering Services to Patients</i>	15 March 2000
73	Department of Education and Training	<i>Using computers in schools for teaching and learning</i>	7 June 2000
74	Ageing and Disability Department	<i>Group Homes for people with disabilities in NSW</i>	27 June 2000
75	NSW Department of Transport	<i>Management of Road Passenger Transport Regulation</i>	6 September 2000
76	Judging Performance from Annual Reports	<i>Review of eight Agencies' Annual Reports</i>	29 November 2000
77*	Reporting Performance	<i>Better Practice Guide A guide to preparing performance information for annual reports</i>	29 November 2000
78	State Rail Authority (CityRail) State Transit Authority	<i>Fare Evasion on Public Transport</i>	6 December 2000
79	TAFE NSW	<i>Review of Administration</i>	6 February 2001
80	Ambulance Service of New South Wales	<i>Readiness to respond</i>	7 March 2001
81	Department of Housing	<i>Maintenance of Public Housing</i>	11 April 2001
82	Environment Protection Authority	<i>Controlling and Reducing Pollution from Industry</i>	18 April 2001
83	Department of Corrective Services	<i>NSW Correctional Industries</i>	13 June 2001

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84	Follow-up of Performance Audits	<i>Police Response to Calls for Assistance The Levying and Collection of Land Tax Coordination of Bushfire Fighting Activities</i>	20 June 2001
85*	Internal Financial Reporting	<i>Internal Financial Reporting including a Better Practice Guide</i>	June 2001
86	Follow-up of Performance Audits	<i>The School Accountability and Improvement Model (May 1999) The Management of Court Waiting Times (September 1999)</i>	14 September 2001
87	e-government	<i>Use of the Internet and related technologies to improve public sector performance</i>	19 September 2001
88*	e-government	<i>e-ready, e-steady, e-government: e-government readiness assessment guide</i>	19 September 2001
89	Intellectual Property	<i>Management of Intellectual Property</i>	17 October 2001
90*	Better Practice Guide	<i>Management of Intellectual Property</i>	17 October 2001
91	University of New South Wales	<i>Educational Testing Centre</i>	November 2001

\* Better Practice Guides

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