

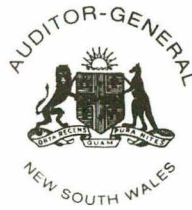


N E W S O U T H W A L E S

PERFORMANCE AUDIT REPORT

Department of Information Technology and Management

Government Property Register



GPO BOX 12
SYDNEY NSW 2001

Members of the Legislative Council
Members of the Legislative Assembly
Parliament House, Macquarie Street
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 **Department of Information
Technology and Management: Government Property Register.**

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

R J Sendt
Auditor-General

Sydney
January 2002

Performance Audit Report

**Department of Information
Technology and Management**

Government Property Register

State Library of New South Wales cataloguing-in publication data

New South Wales. Audit Office.

Performance audit report : Department of Information Technology and Management : Government property register / [The Audit Office of New South Wales]

0734721307

1. New South Wales. Dept. of Information Technology and Management – Auditing.
2. Government property – New South Wales – Auditing. 3. Government property register.
I. Title: Department of Information Technology and Management : Government property register. II. Title: Government property register.

352.5243909944

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Executive Summary

Executive Summary

The audit

The NSW Government holds property worth about \$40 billion, which costs about \$4 billion each year to hold. Good property management requires access to good information. The Curran Commission (1988) and the Council on the Cost of Government (1997) gave high priority to improving property information.

This audit reviewed the extent to which the Government Property Register provides access to accurate, up-to-date and relevant information.

Audit Opinion

Despite the issue being on the agenda for many years (formally, at least since 1988), at present there is not a comprehensive record of all government property assets in NSW.

Whilst initiatives currently underway are promising, they will require continued priority to achieve tangible results. And careful coordination will be required to avoid duplication and waste.

Audit Findings

Whilst individual government agencies have responsibility for managing their property assets, the law requires that a central register of government property be kept.¹ In 1988 the Curran Commission found that neither central records nor those of individual agencies were adequate. As a result, overall statistics were not available on the value of holdings, their use or occupation, or the level of surplus properties.² Whilst some improvement has occurred since that time, the situation in 2001 remains essentially the same.

The Audit Office has been sufficiently concerned about the non-recognition of property values for undeveloped Crown land to necessitate a qualification to the Independent Audit Report on the General Government Sector and the Total State Accounts.³

Some concerns also exist about agency property records.

¹ *Annual Reports (Departments) Act 1985*, Section 17 and *Annual Reports (Statutory Authorities) Act 1984*, Section 14.

² NSW Commission of Audit, *Focus on Reform - Report on the State's Finances*, Sydney, July 1988, p61

³ See Volume Six of the Auditor-General's Report to Parliament 2001.

For both Crown land and agency property holdings, the Audit Office's concerns include:

- lack of completeness
- valuations not being current
- possible recording of property assets in the records of more than one agency
- whether property is being put to best use.

Since the law requires that a central record must be kept, it would be wasteful for each agency that owns property to duplicate those efforts. There would also be a risk that agencies might record information differently, and only keep information of immediate need for them. The ability to maximise the value of this information for use by other parties and for whole-of-government uses is a key factor in property information management, which the State has yet to exploit. The Government Property Register provides the means to achieve this, whilst still leaving responsibility for managing individual property assets with the respective agency owners.

There are currently a number of property-related data and systems development initiatives underway:

- the redevelopment of the Government Property Register, within the Department of Information Technology and Management (DITM), to achieve a reliable, comprehensive, accurate and easily accessible register of all Government property in NSW is a priority, with resources to be allocated for its implementation in 2002
- a Government Property Information System, which would add accommodation and usage data, is currently in development by the Department of Public Works and Services (DPWS)
- the Department of Land and Water Conservation is working on improving the completeness of data and valuations for Crown land
- various operational agencies are undertaking projects to improve the quality of their own property information.

This audit has not sought to examine each of the various property management projects currently underway across the Service. The audit focuses on the Government Property Register, which is the most definitive list of government land. However, it is also in need of considerable redevelopment and investment to achieve the Curran Commission's vision for a comprehensive Government property register.

Whilst there are currently a number of projects in train, given the history of this issue, achieving a comprehensive property register remains a major challenge.

Whilst each of the various separate property-related projects may have merit, and whilst each may have a separate focus and purpose, there is a danger in having more than one agency with an overarching database role.

Care will need to be taken to ensure that duplication is avoided, in both the development of Government-wide systems and agency operational property management systems. Duplication will lead to waste.

The Audit Office considers that there is a need to:

- give high priority for improving government property information
- provide greater coordination and facilitation across the NSW public sector
- increase incentives for agencies to improve their own records, and the data they provide for government-wide records
- avoid the potential for duplication in the development of various systems which, if left unchecked, could lead to waste of public money.

Recommendations

- 1. The Department of Information Technology and Management give urgent priority to ensuring that there is a comprehensive record of all NSW Government property, including Crown land.**
- 2. The Government should determine which agency has the lead role in developing service-wide property management systems.**

Actions to be considered include:

- establish a timetable and clear accountabilities for improving government property information
- monitor progress and report publicly at regular intervals
- ensure that duplication (waste) in property management information systems development is avoided.

Response from the Department of Information Technology and Management

Land and Property Information NSW (LPI) is a Government Business enterprise and part of the Department of Information Technology and Management (DITM). LPI has allocated resources to enable the current Government Property Register (GPR) to be migrated from the outdated Property Hub environment. It will be redeveloped as an integral component of LPI's integrated spatial and textual property and land information system during 2002.

It is acknowledged that the GPR, as transferred to LPI, does have some shortcomings, as detailed in the audit report. LPI will initiate remedial action with respect to these issues, including updating usage descriptions; validating information held in the GPR; and improving data on government leased land. However, it should be noted that the resolution of other shortcomings identified in the report would require close liaison with relevant government agencies and their cooperation to ensure the GPR becomes a comprehensive and accurate record of government owned land. These shortcomings include agencies controlling lots registered in the name of the monarch; agencies holding property for which they are not recorded as owner; and some agencies that have not previously provided information to the GPR.

The statutory and operational role for property and land information undertaken by DITM through LPI includes land titling, valuation, survey and mapping as well as supporting the state's fundamental spatial layers and titling systems. It is therefore considered that LPI should be charged with the primary responsibility for developing and maintaining the state's property management records, as a central repository.

However, it is recognised that other agencies, such as the Department of Public Works and Services, National Parks and Wildlife Service, Department of Land and Water Conservation and others have specific responsibilities in managing government owned property and this will continue in future.

To avoid duplication and to ensure accuracy and timely recording and updating of land and property information it is essential that a central register exists and that the roles of land management agencies, as previously described are in addition to, rather than a duplication of the work of LPI in respect of the primary objective of the GPR, which is to hold a comprehensive record of government owned land. This record or register of government property should be an integral part of the state's land register maintained and supported by DITM through LPI.

(signed)

*Warwick Watkins
Director General*

Dated: 21 December 2001

1. Introduction

Introduction

NSW has property assets of \$40 billion.

The NSW Government is the major property holder in the State. It holds property worth about \$40 billion. The total annual cost of holding this property is about \$4 billion.⁴

This is a major asset which needs to be well managed on a whole-of-government basis. As put by the NSW Council on the Cost of Government:

Given the size of the NSW Government's property holdings and its importance in public service delivery, property management should be central to effective public sector administration.⁵

Good management requires good information ...

Good property management calls for the active acquisition, maintenance and disposal of properties. This requires access to accurate, up-to-date and relevant information.

... and the Government Property Register is the most definitive Government-wide property record.

The Government Property Register is the most definitive list of State Government owned and controlled property available. It combines data from individual owner agencies with data from the systems of the Department of Information Technology and Management, principally Land and Property Information NSW.

The Audit Office undertook this performance audit due to the importance of effective government property management and of information to support it.

The audit considers how well the Register supports effective management ...

This audit considered the extent to which the Government Property Register provided information to support effective government property management. The audit approach is summarised at Appendix 1.

The audit is not an assessment of how well this information is used or of the overall effectiveness of government property management.

... and falls within our e-government theme.

This project falls within the 'e-government' theme currently being pursued by the Performance Audit Branch of the Audit Office. The Office's other work on *e-government* can be accessed via our Internet site: www.audit.nsw.gov.au.

⁴ Council on the Cost of Government, Fourth Report to Parliament, June 1998, Section 2.5 Property Management.

⁵ Ibid section 2.5

2. History of the Register

History of the Government Property Register

The Curran Commission in 1988 concluded that a comprehensive Government property register was needed.

The 1988 Commission of Audit into the State's Finances (Curran Commission) concluded that property had not been well managed in the NSW public sector.⁶

The Curran Commission identified a number of priorities for improving property management, including development of a "comprehensive Government property register".⁷

The Government Property Register was initiated in 1988.

The Government Property Register was initiated in 1988 in response. It was originally managed by the Property Services Group, within the then Department of Administrative Services.

It has moved between agencies.

The Register was transferred to the Department of Conservation and Land Management. That Department was split into the Department of Land and Water Conservation and the Land Titles Office. The Department of Land and Water Conservation retained the Government Property Register.

The need for improvement has been identified since 1996.

A business plan for the Government Property Register was developed by the Department of Land and Water Conservation in 1996. Key recommendations were to:

- maintain the Government Property Register with a skeleton staff while requirements/systems were developed
- improve the functionality and accuracy of the Government Property Register in the long term (12-24 months)
- liaise with the Department of Public Works and Services (DPWS) regarding its information needs for the Government Property Information System (see later).

It has been maintained with very limited staffing since then.

In January 2000, a User Requirements Study was completed. The key recommendations were to:

- improve data quality
- acquire additional data
- develop a mapping interface
- allow agencies direct access to the Government Property Register database.

No action on those recommendations was identified by the Audit Office.

⁶ NSW Commission of Audit, *Focus on Reform - Report on the State's Finances*, Sydney, July 1988, p60

⁷ Ibid p118

The Register was transferred to LPI in mid-2000.

In July 2000, the Government Property Register was transferred to Land and Property Information NSW, a commercial business unit of the Department of Information Technology and Management.

The Government Property Register is dependent upon the Property Hub, also residing with Land and Property Information NSW. The Property Hub is being replaced with the Integrated Property Warehouse.

LPI commissioned a review.

Land and Property Information NSW commissioned a review of the Government Property Register as part of the process of establishing the Integrated Property Warehouse.

3. The Register today

The Government Property Register today

The Register contains much information ...

The Government Property Register holds information on more than 200,000 government owned properties.

The *Annual Reports (Departments) Act 1985*, Section 17 and *Annual Reports (Statutory Authorities) Act 1984*, Section 14, require NSW agencies to provide basic land information to the Department of Land and Water Conservation. The legislation has yet to be amended to reflect the transfer of the Government Property Register to the Department of Information Technology and Management. The law does not specify the form in which information must be provided.

The Government Property Register contains information on:

- lot/plan
- title
- Local Government Area
- address
- property name
- property area
- agency property identifier
- land use
- agency responsible for the property
- controlling agency contacts.

... and there are procedures for validation.

The Government Property Register uses agency records, the systems of Land and Property Information NSW (LPI) and other sources to validate agency ownership of property. The Department of Information Technology and Management advises that about 90% of records in the Government Property Register have been validated.

The Register has a number of shortcomings and is not definitive.

The Government Property Register is not, however, definitive. Limitations include:

- changes in control or ownership are not always recorded
- much of the land held by the State Rail Authority has no title
- usage descriptions are not complete or up-to-date
- it is not clear which agencies control about 1000 lots held in the name of the monarch or the Minister for Public Works
- there is only limited data on government property leased to other agencies or the private sector
- some Crown Land is still unidentified
- the land records of the former Department of Water Resources are held in manual registers only, and are therefore not on the Register
- there are missing parcels and properties
- some fields are incomplete
- some information is not validated
- agencies hold property for which they are not recorded on the title as the owner
- some agencies are excluded from the legal requirements, notably State Owned Corporations, and do not provide information to the Register
- many agencies have their own unique property identifier which may relate to part of, one or many lots. Until all property is allocated a common identifier (lot plan number) there will be problems in matching data sets.

The Register also only has textual information.

Property in the Government Property Register is at present described in words (textual data). Linking textual data to mapping capabilities is central to interpreting basic property data.⁸ The Register does not link its textual data to a mapping capability.

⁸ Department of Land and Water Conservation, *GPR User Requirements Study*, Unpublished, January 2000, p12

The recent review made recommendations for improving the Register.

The recent review of the Government Property Register made a number of recommendations designed to:

- ensure that the Register can continue to operate when the Property Hub is de-commissioned
- improve the quality and comprehensiveness of Register information
- improve the efficiency of the Register system
- enhance agency access to the Register, including an Internet option
- offer a mapping capability
- reduce duplication of effort across government, particularly the development and support of property registers by individual agencies.

The need for improvement is recognised by DITM and LPI.

The Director-General, Department of Information Technology and Management (within which Land and Property Information NSW resides) advised the Audit Office that the Government Property Register:

... is in need of considerable redevelopment and investment of resources if it is to achieve the future and vision established for the Register by the Curran Report in 1988.⁹

It is a priority for LPI and resources will be provided in 2002.

He further indicated that:

... an investment of resources and expertise to achieve a reliable, comprehensive, accurate and easily accessible register of all Government property in NSW is a priority in Land and Property Information. This task has been identified as an Integrated Property Warehouse Stage 2 sub-project and will be allocated resources for implementation in 2002.

It is also my intention to take advantage of the opportunities offered by the Integrated Property Warehouse to integrate a redeveloped Government Property Register into a seamless combination of complementary data sets administered by Land and Property Information, the Department of Information Technology and Management and other NSW Government agencies. This would include matching current and new data in a revamped Government Property Register with the substantial information potential available from spatial data sets such as the Digital Cadastral DataBase.¹⁰

⁹ Letter to the Audit Office from the Director General, Department of Information Technology and Management, 20 November, 2001.

¹⁰ Ibid

4. Use of the Register

Use of the Government Property Register

The Register has several important potential uses ...

The Government Property Register can be used to:

- validate the property agencies own or control for audit purposes
- establish property usage
- update and improve agency records
- examine previous sales and property acquisitions
- identify under-utilised property.

The January 2000 User Requirements Study commented that the work of the Council on the Cost of Government demonstrated the potential for the Government Property Register to contribute to improved property management.

... but it is not widely used.

The study commented also that the Register was not widely used either by property owning or central agencies. It indicated that part of the problem lay in:

- lack of knowledge about the Register
- general unwillingness to use Register data
- lack of expertise in using the data to best effect
- inability to readily access data.

Data problems and the lack of a mapping capability contributed to non-use.

The recent review of the Government Property Register consulted with ten key customer agencies. Major findings of this consultation included:

- all provided data to the Register
- half used the Register
- it was generally used by agencies for validation of their own registers and for identifying property owned by other agencies
- non-use was linked to data matching problems and lack of perceived value
- seven planned to use the Register in future
- six sought on-line access
- eight sought a spatial layer (mapping capability), and two agencies with no plans to use the Register would reconsider if a spatial layer was available.

5. COCOG Work on Property

Council on the Cost of Government Work on Property Management

In June 1997, COCOG identified shortcomings in Health property records.

In its **Third Report to Parliament (June 1997)**,¹¹ the Council reported on its review of property management in NSW Health. It found:

- half of the Department's property register data could not be matched against Land Titles Office and Crown land records
- additional surplus properties
- NSW Health was looking to join in the establishment of a Government Property Information System, being developed by the Department of Public Works and Services and the Department of Land and Water Conservation (see later).

In December 1997, COCOG identified the need to improve property records and management information ...

In its **Fourth Report to Parliament (December 1997)**,¹² the Council indicated that:

- property management should be central to effective public sector administration
- active property management requires access to accurate, up-to-date and relevant information
- there was a clear need to standardise and systematically update property records
- central government should develop and maintain a whole-of-government property management information system.

... and recommended that a Government-wide property management system be operating by 1998.

The Council recommended that a whole-of-government property management information system be operating by 1998. It also recommended that minimum standards for a whole-of-government property management information system include:

- agencies to collect data according to an agreed data protocol
- integration with accounting systems
- single data entry wherever possible
- textual and graphical information
- down-stream enquiry and up-stream monitoring.

¹¹ Council on the Cost of Government, Third Report to Parliament, June 1997, Section 6.1 Review of aspects of the management of NSW Health.

¹² Council on the Cost of Government, Fourth Report to Parliament, December 1997, Section 2.5 Property Management.

COCOG also raised concerns about agency information.

The Council indicated that existing agency property data may not be robust and that the major cost would probably be data gathering.

COCOG reported that Premier's and DPWS were working on Government-wide systems.

The Council also indicated that:

- Premier's Department, as part of the Corporate Services Reform Initiative, was to review management of property assets to develop a property register and develop a whole-of-government property management information system
- the Department of Public Works and Services and the Department of Land and Water Conservation were preparing a business case for establishment of a Government Property Information System, which would build on the Government Property Register (see later).

In 1998 and 1999, COCOG observed problems with land titles and agency property systems.

In its **Fifth (June 1998),¹³ Sixth (December 1998)¹⁴ and Seventh (June 1999)¹⁵ Reports to Parliament** the Council reported that it had extended its review of NSW Health property management to several other agencies. Findings included:

- a multiplicity of titles covering State-owned property leading to additional administrative costs and a lack of information within agencies about their property holdings
- many properties listed in the Government Property Register as owned by Department of Land and Water Conservation appeared to be under the control of local government
- property management systems in most agencies did not allow effective tracking of property usage or the identification of surplus property.

In the Seventh Report the Council indicated that it was developing a proposal for standard approaches to title wording in consultation with Crown Solicitor's Office, Department of Land and Water Conservation and the Department of Information Technology and Management.

¹³ Council on the Cost of Government, Fifth Report to Parliament, June 1998, Section 2.2 Surplus Property Review.

¹⁴ Council on the Cost of Government, Sixth Report to Parliament, December 1998, Section 1.3 Surplus Property.

¹⁵ Council on the Cost of Government, Seventh Report to Parliament, June 1999, Section 4.4 Property Management.

In 1999, COCOG suggested that agencies may accept a redeveloped Register as the basis for a Government-wide property management system.

The Council also suggested in this Report that there may have been acceptance among agencies that the Government Property Register should form the basis of any whole-of-government property management system. Benefits from an improved Government Property Register included:

- the automatic validation of agency property data
- its potential for use as a bureau by smaller property owning agencies
- more precise information for monitoring of agency property management performance.

6. Government Property Information System

Government Property Information System

DPWS is developing a Government Property Information System.

The Department of Public Works and Services is developing a Government Property Information System. It is a separate system to the Government Property Register being developed by the Department of Information Technology and Management. It seeks to build on the Government Property Register's land information, adding information on improvements and usage. The objective is to provide agencies with comprehensive property data and software to enable them to manage their property portfolios effectively.

In developing a Government Property Information System the Department of Public Works and Services has cited the following needs and benefits:

The information necessary to improve property management performance is currently difficult to obtain and in some instances not available. Acquiring this information will allow the creation of benchmark indicators relating to the performance of strategic, core and under utilised property. It will identify opportunities for improving the use of resources and a means of measuring the benefits.¹⁶

Anticipated outcomes from the information generated by a Government Property Information System include:

- better property management advice
- a tool for negotiating funding
- release of untapped resources
- improved decision support for service delivery
- better anticipation and support for property asset changes
- improved and consistent benchmarking
- compatibility of data across agencies.

Development of the business case commenced in 1996.

The development of a business case for the Government Property Information System commenced in 1996. It suggested possible benefits of:

It suggested significant possible benefits.

- \$20 million over five years through improved property management
- identification of \$500 to \$750 million in unrecorded assets.

Funding for a prototype was provided in 2001-02.

Funding of \$775,000 was provided in 2001-2002 for development of a prototype system.

¹⁶ NSW Department of Public Works and Services, Government Property Information System (GPIS) – Prototype Trial No 1 Draft Final Report, Unpublished, October 2001.

The prototype has been developed and trialed.

A prototype System has been developed and trialed. The information on the Government Property Register provides the foundation for the Government Property Information System. In addition, the Government Property Information System would provide:

- accommodation and usage details sourced from individual agencies
- a mapping facility.

The resulting mix of information would be presented via an Internet browser interface.

The System would offer:

- a central repository of information on land, improvements and usage
- benchmarking information.

The trial demonstrated technical feasibility.

The trial of the prototype showed that the technical aspects of the Government Property Information System were achievable and workable.

It also raised several problems, particularly with the quality of Register and individual agency data.

The trial also highlighted a range of issues including:

- difficulties in obtaining data from agencies, as agencies perceived no clear incentives or benefits in supplying it
- the Government Property Register data was incomplete, and sometimes out-of-date and different to agency records
- widely differing ranges of property data available from agencies
- a lack of available data on improvements and occupancy.

The trial sought data to produce five key performance indicators:

- *Value:* Market value/replacement value (%)
- *Alignment:* Core business area/total area (%)
- *Logistics:* Operating costs/Area under use (%)
- *Utilisation:* Used area/Usable area (%)
- *Economic Return:* Net Income/Market value (%)

The purpose was to allow performance benchmarking over time and with like agencies.

Benchmarking was hampered by data unavailability.

The trial found that data required for three of the five indicators was not available from any participating agency ie the indicators for *Value, Alignment and Economic Return*.

The trial also noted that there would be approximately 200 agencies contributing to a fully operational Government Property Information System with diverse systems and access to the required data. In some cases, the data may not exist in any format. In other cases, there may be more than one source for the data within an agency. In most cases, agencies may have the required data but in different systems.

The System could not function as a benchmarking tool without mandatory data provision.

The trial concluded that unless agency input of data on a regular basis was mandatory, the Government Property Information System could not function as a benchmarking tool.

DPWS is developing an operational system for agencies which would provide the data needed for the system

The Department of Public Works and Services is planning to develop an operational property management system which agencies could adopt for their own property management. This would automatically provide the data required for the Government Property Information System.

Several agencies have expressed an interest in adopting such an 'off-the-shelf' solution. Whether this would be provided on a commercial basis or not is yet to be determined.

7. Audit Observations

Audit observations

The importance of good property information has been identified for some time.

The importance of effective management of government property and the need for good information to support it were identified by:

- the Curran Commission of Audit in 1988
- the Council on the Cost of Government from 1997 to 1999.

Both bodies gave high priority to improving government property information.

Comprehensive records are also important for accountability.

The Government and agencies need also to account for use of assets. Comprehensive records of property assets are important for such accountability.

A comprehensive government property register will assist in:

- leveraging the opportunity to manage the property portfolio on a government-wide basis. For example, consideration of whether amalgamation with, or purchase of, adjoining properties would realise significantly increased value¹⁷
- clarifying ownership issues. For example, ensuring that property is not 'claimed' by more than one agency
- assessing whether the State's accounts, as they relate to property, represent a true and fair record.

The Government Property Register is the most definitive list of Government-owned property, but it needs considerable redevelopment and investment.

The Government Property Register is the most definitive list of Government-owned property. Its development commenced shortly after the Commission of Audit.

The Government Property Register is in need of considerable redevelopment and investment if it is to achieve the vision of the Curran Commission for a comprehensive Government property register. It needs to be more:

- complete
- comprehensive
- accurate
- current
- accessible.

¹⁷ NSW Commission of Audit, *Focus on Reform - Report on the State's Finances*, Sydney, July 1988, p98

DPWS has a Government-wide property information system in prototype stage.

The Department of Public Works and Services has developed a prototype Government Property Information System. This System builds on the Government Property Register's land information, adding information on improvements and usage. Development of a business case commenced in 1996 and funding for a prototype was provided in 2000-01. The Department of Public Works and Services considers that the Government Property Information System is technically feasible.

At least one other agency, the Department of Land and Water Conservation, is in the process of developing an enhanced property information system with a graphical interface – the Crown Lands Information Database.

Government-wide records rely on agencies to provide good data.

Government-wide records and systems can only be as good as the information provided by agencies. A major hurdle to be overcome in improving Government property information is the inability and/or reluctance of some agencies to maintain proper records and provide the required information for inclusion in Government-wide records and systems.

Some agencies are reluctant and/or unable to provide good data for Government-wide records and systems.

The Audit Office is sufficiently concerned about the non-recognition of values for Crown land to necessitate a qualification to the Independent Audit Report on the General Government Sector and the Total State Accounts. Some concerns also exist about agency property records.

For both Crown land and agency property holdings, the Audit Office's concerns include:

- completeness
- currency of valuation
- possible recording of property assets in the records of more than one agency
- whether property is being put to best use.

Greater incentives for property holding agencies are required.

Greater incentives will be required to encourage agencies to:

- accelerate improvement of their property data collection, analysis and management practices
- provide adequate information for Government-wide records and systems
- adopt a whole-of-government perspective on property management.

This is suggested by the:

- shortcomings of land data provided by agencies for the Register, as outlined in the recent review of the Government Property Register and other Land and Property Information NSW documents
- inadequacy of data provided by some agencies for the trial of the Government Property Information System prototype, and difficulties in getting agencies to provide data
- passage of thirteen years since the Curran Commission identified the need for a comprehensive register to enable better management of government property on a whole-of-government basis
- Council on the Cost of Government's recommendation that a whole-of-government property management information system should be in place by 1998.

The Department of Public Works and Services is developing an 'off-the-shelf' operational property management system for agencies. Depending on cost, this may be attractive to some. Some may, however, already have significant investments in their own systems and not be willing to replace them. Concerns about benchmarking and central oversight may for some outweigh any benefits of an 'off-the-shelf' solution.

Urgent priority needs to be given to the coordinated development of Government property information and the establishment of a comprehensive record of Government property.

Urgent priority needs to be given to the coordinated development of Government property information, including the establishment of a single, comprehensive record of Government property. To date, this has not been the case as shown by:

- the shortcomings of the Government Property Register thirteen years after the Curran report
- the gap of five years between commencement of the business case for the Government Property Information System (1996) and funding for a prototype (2001-02).

The advice of the Director-General, Department of Information Technology and Management that Land and Property Information is to give high priority to systems development of the Register in 2002 is encouraging.

Duplication needs to be avoided or there will be waste.

The coordinated development of property management information, however, requires commitment across the Government.

Whilst each of the various separate property-related projects may have merit, and whilst each may have a separate focus and purpose, there is a danger in having more than one agency with an overarching database role.

Care will need to be taken to ensure that duplication is avoided, in both the development of Government-wide systems and agency operational property management systems. Duplication will lead to waste.

To address this issue the Government needs to:

- determine which agency has the lead role in developing service-wide property management systems
- establish a timetable and clear accountabilities for improving government property information
- monitor progress and report publicly at regular intervals
- ensure that duplication (waste) in property management information systems development is avoided.

Appendix

The Audit

Scope	<p>This audit considered the extent to which the Government Property Register provided information to support effective government property management, and related issues.</p> <p>It is not an assessment of how well property information is used or of the overall effectiveness of government property management.</p>
Approach	<p>The approach involved:</p> <ul style="list-style-type: none">▪ review of relevant documents provided by the Department of Information Technology and Management and the Department of Public Works and Services▪ review of relevant publicly available documents, including reports of the NSW Council on the Cost of Government▪ interviews with selected relevant staff of the Department of Information Technology and Management and the Department of Public Works and Services.
Costs	<p>The estimated cost of this audit was \$49,950 including printing costs of \$3,600.</p>
Acknowledgement	<p>The high level of cooperation and assistance provided to the Audit Office by staff of the Department of Information Technology and Management and the Department of Public Works and Services is gratefully acknowledged.</p>
Audit Team	<p>Rod Longford, Stephen Horne.</p>

Performance Audits by the Audit Office of New South Wales

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.

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/bpglist.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.

For further information relating to performance auditing contact:

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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:</i> <i>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:</i> <i>Stream 2 - Skills Maintenance Training</i>	13 December 1993
9*	Fraud Control	<i>Fraud Control: Developing an Effective Strategy</i> (Better Practice Guide jointly published with the Office of Public Management, Premier's Department)	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</i> (Accounting Treatments; Sydney Harbour Tunnel; M4 Tollway; M5 Tollway)	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:</i> <i>A Preliminary Report</i>	5 April 1995
18*	Joint Operations in the Education Sector	<i>A Review of Establishment, Management and Effectiveness Issues</i> (including a Guide to Better Practice)	13 September 1995
19	Department of School Education	<i>Effective Utilisation of School Facilities</i>	29 September 1995
20	Luna Park	<i>Luna Park</i>	12 October 1995

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
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
29*	Ambulance Service of New South Wales	<i>Charging and Revenue Collection (including a Guide to Better Practice in Debtors Administration)</i>	26 September 1996
30	Department of Public Works and Services	<i>Sale of the State Office Block</i>	17 October 1996
31	State Rail Authority	<i>Tangara Contract Finalisation</i>	19 November 1996
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
34*	Corporate Credit Cards	<i>The Corporate Credit Card (including Guidelines for the Internal Control of the Corporate Credit Card)</i>	23 January 1997
35	NSW Health Department	<i>Medical Specialists: Rights of Private Practice Arrangements</i>	12 March 1997
36	NSW Agriculture	<i>Review of NSW Agriculture</i>	27 March 1997
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
63	Department of Education and Training	<i>The School Accountability and Improvement Model</i>	12 May 1999

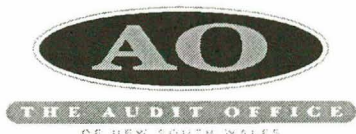
No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
64*	Key Performance Indicators	<ul style="list-style-type: none"> <i>Government-wide Framework</i> <i>Defining and Measuring Performance (Better practice Principles)</i> <i>Legal Aid Commission Case Study</i> 	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"> <i>Administrative Procedures</i> <i>Protection of Intellectual Property</i> <i>Minimum Standard Checklists</i> <i>Better Practice Examples</i> 	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</i> <i>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

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
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>	27 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>	21 November 2001
92	Department of Urban Affairs and Planning	<i>Environmental Impact Assessment of Major Projects in NSW</i>	28 November 2001
93	Department of Information Technology and Management	<i>Government Property Register</i>	January 2002

* Better Practice Guides

Performance Audits on our website

A list of performance audits tabled or published since March 1997, as well as those currently in progress, can be found on our website www.audit.nsw.gov.au



THE AUDIT OFFICE MISSION

**Assisting Parliament
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