

PUSHING THE ENVELOPE: ISSUES, CHALLENGES AND ACHIEVEMENTS

**(A case study of a performance examination undertaken by the Auditor General,
Accommodation and Support Services Provided to Young People unable to Live at
Home)**

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OBJECTIVE OF THE PAPER

The objective of this paper is to highlight the issues and challenges which confronted performance analysts of the Office of the Auditor General (OAG) when conducting a performance examination of a nature which did not neatly fit into an audit orientation. Although this paper has been developed from the analysts' perspective, an attempt has been made to understand, recognise and acknowledge the difficulties these examinations present to audited agencies. The issues raised here apply to most performance examinations, though their intensity escalates in performance examinations that cover new territory for Auditors general, and which at times are perceived by sections of the public sector as being outside an Auditor General's mandate.¹

Traditionally, audit offices have placed a strong emphasis on giving assurance, particularly in regard to the management and use of resources. More recently, Parliamentary expectations of Auditor's General have widened and this has been reflected in changes to the legislative framework. In accordance with this expectation, there is consensus amongst Australian auditors general about performance examinations (value for money audits) that examine how the tax payer's money is being spent. Pat Barrett, the Commonwealth Auditor General states that '*...auditors general should play a significant role in keeping government 'honest'... The concern is more than about 'checks and balances'. Simply put, it is about results*'.² Changes currently taking place in the public sector (ie outsourcing, privatisation, competitive tendering) and the impact of globalisation which has contributed to blurring Executive accountability to Parliament have contributed to the changes underpinning the role of audit offices.³

¹ Pat Barrett, *Some Thoughts about the Roles, Responsibilities and Future Scope of Auditors-General*, Australian Journal of Public Administration 55(4), December 1996, Ps 137-146; John Taylor, *What Should be the Role of the Auditor General in the context of Managerialist Government and New Public Management*, Australian Journal of Public Administration, 55(4), December 1996, Ps 147-156; Pat Barrett, *Performance Standards and Evaluation*, Australian Journal of Public Administration, 56(3), September 1997, Ps 96-105.

² Barrett, op cit, p145.

³ Funnell, Warwick, *The Curse of Sisyphus: Public Sector Audit Independence in an Age of Economic Rationalism*, Australian Journal of Public Administration, 56(4), December 1997, Ps 87-105; Funnell Warwick, *Executive Encroachments on the Independence of the Commonwealth Auditor General*, Australian Journal of Public Administration, 55(4), December 1996, ps. 109-123; Zifcak, Spencer, *Managerialism, Accountability and Democracy: A Victorian Case Study*, Australian Journal of Public Administration, 56(3), September 1997,

The paper presents a brief background and analysis of performance examinations generally, and in particular to the examination of *'Accommodation and Support Services Provided to Young People unable to Live at Home'*. Further, it briefly presents the examination's major findings. This information is provided to enable the audience to better engage with the objective of the paper, rather than as a stimulus for discussing the findings of the examination further.⁴

EXAMINATION BACKGROUND AND MAJOR FINDINGS

Although legislation broadening the role of the AG in Western Australia was passed in Parliament in 1985, initial performance examinations were confined to those that incorporated a financial or management orientation. In recent years there has been a gradual move into other spheres of activity that might not have been seen as part of the traditional domain of auditors, although they are well within the realm of the Western Australian auditor general. These areas include public exhibitions at the Perth Zoo, the WA Museums and the Art Gallery; Bail and Prisoners in Remand; the use of customer surveys to report performance in the public service; and accommodation and support services for young people unable to live at home. Each of these has, in its own way, pushed the envelope. This paper presents the story of one of them.

A major reason that prompted the selection of this topic was the awareness of the limited availability of services deemed essential to address the needs of young people. A scan of five areas was undertaken to determine the main area of focus. The areas scanned were truancy, mental health, drugs and alcohol abuse, contact with the criminal justice system and homelessness. Although several issues were identified in each of the areas, on balance homelessness was considered the most suitable area for examination at that point of time.

Young people who are unable to live at home do have homes, but are unable to live in them either because they are being sexually and physically abused by their parents, guardians or others living with them, neglected by parents or guardians, are experiencing family conflict or domestic violence etc.

These young people are assessed by the responsible government department, the Department for Family & Children's Services (FCS) as being unable to live at home. The Department then assumes varying responsibility for the care of these children depending on whether they are categorised as wards or non-wards. International research has shown that the best interest of a child is within a family context.⁵ The Department's ultimate policy objective therefore is to reconcile young people with their families wherever possible and as quickly as possible.

ps. 106-119; Guthrie J & English L, *Guarding the Independence of the Victorian Auditor General and the Public Interest*, Australian Accounting Review, Vol. 7 No 1 1997, ps. 12-14.

⁴Those wishing to acquaint themselves more thoroughly with the contents of the examination may obtain a copy of the Report by contacting the office of the Auditor General, Western Australia.

⁵Parton, N (ed) *Child Protection and Family Support – Tensions, Contradictions and Possibilities*, Routledge, New York, 1997; Parton, N, Thorpe DG, Wattam C (ed) *Child Protection, Risks and Moral Order*, McMillan, Basingstone, 1997.

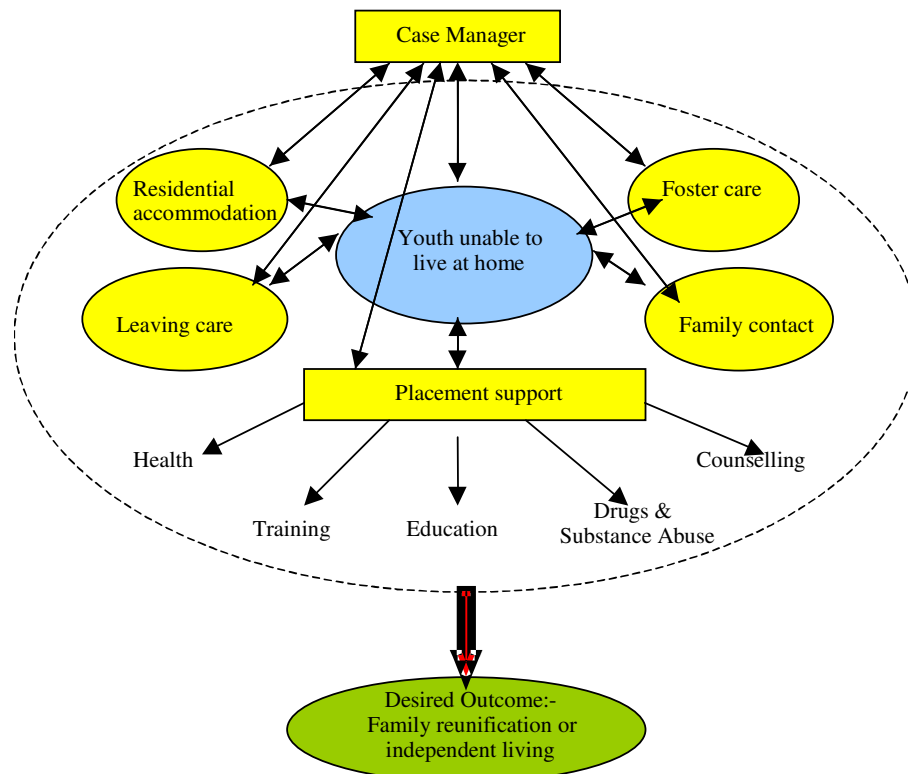


Figure 1. System of Care

The complexity surrounding this area is presented in Figure 1. While the issues confronting the young people are in themselves extremely complex, the number of service providers and other players involved exacerbates the complexity.

The major findings of the study were that the young people did not always receive the holistic services that would enable them to realise their potential. It is important to note that whilst FCS had primary responsibility for these young people, other departments were also responsible for providing services such as education, training, health etc to them. Although this paper focuses on OAG 's relationship with FCS as the primary agency responsible for the provision of services to these young people, lack of coordination between government departments was found to be one of the major reasons which prevented holistic and effective services being provided to young people. Other reasons included an uneven distribution of expenditure among young people, instability in placements (accommodation), inability of case managers to spend adequate time with the young people, administrative work load of case manager's and limited planning in relating to leaving care.

AN ADVERSARIAL RELATIONSHIP ?

Performance examinations are just one component of the Auditor General's comprehensive audit mandate. This role is an integral part of the accountability framework provided by the *Financial Administration and Audit Act (FAAA) 1985*. The Auditor General (AG) undertakes performance examinations to provide information and assurance to Parliament and the public about the economy, efficiency and effectiveness of the performance of public sector agencies. The AG seeks to improve public sector performance by producing reports that specify where improvements can be made and the likely impacts of these improvements.

While examinations conducted by the Auditor General share many common characteristics with evaluations, there are major differences:

- there is parliamentary convention which precludes an Auditor General from being critical of policy;
- principal audience of an examination is Parliament while agencies are the main audiences of evaluations;
- the selection and control of an examination is outside the agency responsible for the evaluated/examined area ; and
- the broader focus of evaluations in that they may encompass policy dimensions.

In terms of the challenges confronted by examinations and evaluations they differ in the level of intensity they face. Examinations attract a higher profile than most evaluations in the public sector mainly because:

- they are conducted by the Auditor General who is independent and is very much perceived by the public to be independent and hence reliable,
- their findings are tabled in parliament;
- those called to account by an examinations are Ministers and Agency CEOs; and
- many examinations, particularly those with adverse findings get a high media profile.

At times however, as a result of the points made above, examinations can acquire a culture of their own and may generate an adversarial mind set even before an examination commences. This mind set is succinctly described in the paragraphs below by FCS's principal liaison to the examination in a post- examination evaluation, "*Performance audits (examinations) bring out an adversarial type of reaction. In the red corner there is the Agency. From (its) perspective a performance audit is a distraction from the main business of providing services. It operates outside of the agencies evaluation programs and reporting frameworks, and requires the Agency to commit resources to a review process in which the outcome has a fair measure of unpredictability. There is a sense that reviews are essentially fishing expeditions looking for faults and inefficiencies, which can be tabled in Parliament to the embarrassment of the CEO.*

In the blue corner there is the auditor moving into potentially hostile country. Not necessarily having a thorough understanding of the agency and its business but aware the scope of the review will require a thorough understanding of the agencies operation if the study is to be valid. Knowing how agencies may react there is a concern about getting the methodology and measures right so that the conclusions are unassailable. If they are not, then there will be hell to pay with the Agency CEO, Minister and Auditor General. You can almost hear the wheels turning. Leave no stone unturned, get it right and if nothing's obvious, they must be hiding something..⁶

Many examinations have been conducted with a great deal of goodwill and cooperation between the agencies involved, however there is an ever present risk of insecurity and suspicion throughout the course of an examination, but particularly at its commencement, as so clearly illustrated above. Countering this risk requires careful manoeuvring by OAG

⁶ Don Punch, unpublished paper presented to Performance Examination Staff Retreat, 10 December, 1998, Ps 1-2.

staff to ensure openness and fairness, the outcome of which is a level of trust conducive to cooperation and collaboration from the audited agency and its staff.

MAJOR ISSUES AND CHALLENGES

Decision to conduct an examination – the audited agency as the outsiders

Decisions to conduct program evaluations in the public sector are often made by an agency CEO, its Corporate Executive or a manager of the agency responsible for the program. As a result, they can define its purpose, direction and methodology, appoint the consultant or staff to undertake the evaluation, define the uses of its findings and identify the people who will receive the findings and even withhold utilising the findings for any purpose. In other words, even though there might be varying opinions of an issue relating to an evaluation within an agency, these differences are contained within the agency and it continues to retain general control throughout.

By comparison, decisions to conduct performance examinations are taken by the Auditor General acting on the basis of legislative authority through a process, the control of which is largely outside of the examined agency. Whilst this process ensures an Auditor General's independence which is fundamental to maintaining credibility with parliament, and the public, it does create potential for an agency and its staff to feel marginalised.

The Department of Family and Children's Services has been subject to several prior examinations by the Auditor General. However, this examination was particularly difficult for the Department for two reasons. Firstly, it was an examination of one of the Departments major output areas and secondly, it had the potential to be extremely explosive with regard to the media if not managed with care and sensitivity. At the commencement of the examination, the Department sought legal opinion to ensure that OAG was legally entitled to the files of individual young people. These files maintained detailed records of the young people whilst in care. Whilst the primary factors motivating this action were the Department's deep commitment to confidentiality and its own protection against possible legal action for breach of confidentiality, it also clearly had the potential to end the examination. The advice however was that the Auditor General had authority to examine the files and that he and his staff were bound by confidentiality requirements.

Several measures were adopted by the OAG examination team to alleviate the Department's concerns. Some of these measures have been successfully adopted in other examinations while others were undertaken for the first time during the course of this examination. They included:

- Weekly, two hour information sessions with the CEOs nominated departmental contact. At these sessions OAG staff informed him of examination findings and found them to be a useful forum to discuss, debate and clarify issues;
- A formal meeting with the Department's Corporate Executive about a third of the way through the examination to inform them of the findings and to assure them that the Report will not contain material OAG has not first discussed with them;
- Lengthy interviews with all members of the Department's Corporate Executive to understand their perspective on relevant issues;

- An assurance to the CEO that the department's achievements and plans to address identified issues will be included in the Report. This is a practice which does not usually form part of an audit ethic;
- Providing summaries of findings to the CEOs nominated contact in draft form for purposes of reading only;
- Informally presenting the report to the CEO and members of the Department's Executive on a one to one basis to ensure that any issues and queries were clarified prior to the summary of findings being sent the Department by OAG;
- A carefully worded and extremely sensitive media statement by the Auditor General on tabling day which urged government departments to cooperate with each other to improve services, rather than apportion blame to any department. ; and
- Enabling the Department to provide feedback on the manner in which this examination was carried out by OAG staff.

These measures did significantly contribute to a spirit of cooperation and collaboration between the OAG and FCS. Unfortunately, this relationship was soured somewhat by the summary card that accompanied the report. In this case FCS felt that the complexities surrounding the issues and findings as explained in the Report were not reflected in the summary card, the result of which was some media sensationalism.

Defining and understanding the topic, and identifying the focus – the auditor as the potential outsider

A major factor that can contribute to an agency's discomfort and to an auditor's credibility, is the extent of the latter's knowledge and understanding of, and training in the area to be examined⁷

In this examination, the two OAG analysts had considerable research experience and an understanding of and some experience in the welfare sector. However, neither was a trained social worker or had worked in the area of care for children. To some extent a fresh eye provides a fresh view that is devoid of any baggage or bias. Nevertheless, it is unlikely that either would have been the Department's choice of researchers had they been selecting consultant's to evaluate this area! Although both officers researched the area extensively prior to commencing the examination, their lack of training was apparent from time to time.⁸

The first such occasion occurred at the initial meeting convened by OAG to brief the ten agencies that would be affected by the review. The meeting was called to discuss the objective and scope of the full examination which at the time was titled '*Accommodation and Support Services Provided to Homeless Young People*'. At the meeting FCS advised that in the welfare sector, homeless young people and young people unable to live at home conveyed two different meanings. In the Department's jargon only a small proportion of young people who were unable to live at home was homeless. Having considered the ramification for the project the title was changed from homeless young people, to young

⁷ Pat Barrett, op cit, 1996 states that '*There is a considerable advantage if auditors are able 'to stand in the shoes' of the auditees. It can be argued there is benefit, both in experience in the public sector and of part of that sector, to ensure a high level of credibility and effectiveness of a public sector audit office*'.

⁸ Barrett, Ibid, argues strongly that particularly in an era of public sector change, a major challenge is to develop the required expertise to be a credible performer. He states '*That is our insurance if we are to be a player in the game*'.

people unable to live at home. A person with the appropriate training would have avoided this pitfall.

Interestingly, the Department chose not to point out these definitional differences during the preliminary study that preceded the examination – FCS’ timing contributed to confusing the purpose of the meeting. In addition, other strategies had to be put in place thereafter to increase the priority given to the examination by other agencies.

The OAG analysts found that many of the issues in the young people’s files were complex and difficult to understand. Without expert advice it was likely that OAG staff would fall into many pitfalls regarding interpretation. An Auditor General’s margin of error is small and examinations such as this had the potential to cause irreparable damage to the credibility of the Auditor General. The Department’s major fear was that complex issues would receive simple interpretations. This aspect more than any other showed the necessity for collaboration and cooperation strategies between the two agencies.

In addition, the examination broke new ground from an audit perspective by establishing close links with the customer group, the young people themselves, through the Western Australian Association of Young People in Care (WAAYPIC). Through extensive consultation the analysts were able to appreciate their needs and the services required to address them. The young people were also given a voice in the Report.

Other strategies adopted to ensure informed and unbiased reporting included:

- Lengthy discussions with case managers and other service provision staff of the department. OAG was fortunate that they were extremely cooperative.
- Lengthy discussions to clarify issues with Policy and head office staff;
- AG Consultation with other relevant groups such as the Foster Carer’s Association, members of the Non-government sector and the academic community;
- Cross-referencing data from the various sources prior to forming interpretations.

A salutary lesson learnt involved the appointment by OAG of an expert consultant to read through the report and make comment prior to the summary of findings being circulated to the agencies. With hindsight it would have been better to appoint the consultant at the commencement of the examination, to enable the latter’s contribution to the examination’s quality and to minimise risk to the auditor general.

The appointment of expert consultants/reference groups can at times cause their own problems particularly if a Department is not favourably disposed towards individual consultants/members of reference groups. However, there is little doubt that they would improve the quality of an examination and minimise the risks to an Auditor General.

Issues relating to the choice of a methodology

The main feature of the examination methodology was the study and analyses of the case files of a stratified sample of young people aged between 12-17 years that were in care during the two-year examination period. This methodology constituted a departure from the more traditional audit methodology. Its adoption was based on the advice received from FCS that case study analysis would provide more useful information to the Department than a general analysis of general data. A statistically valid sample was randomly identified on

the basis of ID numbers of young people provided by FCS. Both agencies cooperated to ensure that the sample was randomly picked and was statistically valid. Ironically, the Department later criticised the sample size in the media on the basis that it was too small.

FCS provides an extremely high level of security and confidentiality over its case files. To alleviate FCS concern about the risk from OAG access to the files, OAG adopted a range of security precautions to ensure confidentiality of personal information and guarantee anonymity to the young people.

A more difficult task was the development of the data collection instrument. Various mechanisms including an access database were trailed at considerable cost and time delay before a successful instrument finally passed pilot testing. The main feature of the successful instrument was the flexibility it allowed in capturing and analysing relevant information from anywhere in the case files.

The FCS post-examination evaluation criticised the examination for a too heavy a use of quantitative data. It claimed that, *'without (qualitative) techniques, assessment of agencies such as FCS will be severely limited to a simple analysis of how many times do what we said we would as opposed to questions about did we make a difference at the end of the day. Qualitative methodologies require new ways of interpreting and reporting data qualified by explanation and assumption. It is the only way meaningful assessments of the work of agencies such as FCS can be arrived at'*.

This comment is partly justified. While the examination did incorporate a considerable volume of qualitative data, it did also heavily rely and give emphasis to quantitative data, an outcome of which was a lessening the impact of the important qualitative messages the examination's findings intended to convey.

EXAMINATION ACHIEVEMENTS

The completion of such an important, complex and high-risk examination was a major achievement for the OAG. However, it will be some time before any benefits from the examination flow through to service delivery and even then there is the difficulty of measuring their impact.

Without an appropriate methodology to assess the impact of an examination, the most an examination can claim is to have been one among a number of factors contributing to change and improvement. Nevertheless the earlier mentioned FCS evaluation of the examination stated that *"...we were able to deal with the pressure outlined at the beginning though they were never far away. It took considerable time, effort and goodwill on the part of both OAG and FCS, and in many ways we collaborated in arriving at positions and understandings which from FCS point of view has the potential to add to the Agencies own development as well as the development of the sector"*.

Another major achievement was the ability of OAG and FCS to build a process that culminated in the examination being undertaken in an atmosphere of cooperation with minimal adversity between the agencies. This is not to suggest that the Department agreed with all OAG findings and interpretations, or that OAG abandoned findings did not sit comfortably with the Department. Rather it generated an environment of openness

conducive to effective communication and healthy discussion and debate between the two agencies a matter of course.

The Department for its part provided easy access to all records and documentation requested by OAG and to its staff, in head office as well as the regions. OAG, for its part discussed all issues and findings with FCS prior to their inclusion in the report to ensure the Department's interpretation of the findings was given adequate consideration, and it had the opportunity to provide additional information that it might have to clarify issues. In addition, the Department was assured that the Report to Parliament would not contain an element of surprise.

CONCLUSION

There is little doubt that this examination formed part of the continuum of pushing the envelope. It signalled to Parliament and to government agencies the Auditor General's intention to embrace his statutory role of reviewing the efficiency and effectiveness of mainstream government programs.

On a broad evaluation level, the examination might be considered to have three key beneficial messages. Firstly, it encourages engagement with evaluations/examination that are complex, even though the risks can be high. Secondly, it highlighted the importance of open and effective communication between the parties to an evaluation/examination and for the OAG helped break down the myth that the independence of the Auditor General is best maintained through aloofness from the audited agency. Thirdly, it showed the usefulness of involving and providing a voice to the recipients of the services being evaluated/examined.