

# Report on the Operations of the Office of Evaluation and Audit (Indigenous Programs) for 2008–09



OEA



**Australian Government**  
**Department of Finance and Deregulation**

Dr I J Watt AO  
Secretary  
Department of Finance and Deregulation  
John Gorton Building  
King Edward Terrace  
PARKES ACT 2600

Dear Dr Watt

In accordance with section 193ZA(4) of the *Aboriginal and Torres Strait Islander Act 2005* I am pleased to provide a report on the operations of the Office of Evaluation and Audit (Indigenous Programs) for the period 1 July 2008 to 30 June 2009.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Pope', written in a cursive style.

Andrew Pope  
Acting Director of Evaluation and Audit  
Office of Evaluation and Audit (Indigenous Programs)  
20 August 2009

## Overview

During 2008-09, the Office of Evaluation and Audit (Indigenous Programs) [the Office] completed eleven evaluations and audits from its Work Program. Five of these had been commenced in 2008-09 while the others had been commenced prior to 2008-09. There were twelve evaluations and audits in progress as at 30 June 2009; six of these will be completed in the first quarter of 2009-10.

Compiling a Work Program that reflects the priorities of government is an important activity for the Office. The Northern Territory Emergency Response (NTER) meant a major change in Indigenous program delivery in 2007-08 and was an area of significant expenditure commitments. The government has identified 'Closing the Gap' as its priority for Indigenous Affairs and 2008-09 saw further reforms to delivery arrangements with the development of a range of agreements and partnerships under the Council of Australian Governments (COAG) framework to achieve the Closing the Gap targets.

The Office's Work Program has been developed to reflect these priorities. During 2008-09 the Office completed a performance audit of the NTER School Nutrition Program and commenced work on a performance audit of Government Business Managers, a key element of the NTER. The 2009-2012 Work Program has been designed around the COAG agreed Building Blocks and reflects a primary emphasis on early childhood, schooling and housing, which are critical areas in achieving the Closing the Gap targets.

Over the year, the Minister for Finance and Deregulation published six evaluation and audit reports. The Minister also tabled two audit reports. These reports are available on Finance's website.

## Introduction

The Office was established in the Department of Finance and Deregulation (Finance) by section 193W(1) of the *Aboriginal and Torres Strait Islander Act 2005* (the Act). The Office is a division of the Financial Management Group.

Under the Act, the Office reports on its evaluations and audits to the Minister for Finance and Deregulation (the Minister).

The head of the Office is the Director of Evaluation and Audit (the Director). Section 193ZA(2) of the Act provides that the Director is to be engaged under the *Public Service Act 1999* and appointed by the Minister. Section 193ZB(2) provides that the term of the Director's appointment must not exceed five years. At 30 June 2009, the acting Director was Andrew Pope. The previous Director, Colin Plowman, resigned from the position on 25 February 2009.

Section 193ZA(4) of the Act requires that the Director provide the Secretary of Finance with a report on the operations of the Office each year for inclusion in the department's Annual Report.

## Role of the Office of Evaluation and Audit (Indigenous Programs)

The Office provides objective advice to the Australian Government about the management and performance of its programs for Aboriginal and Torres Strait Islander people. It makes recommendations about how relevant programs can be improved, and how the Australian Government can deliver better outcomes for Aboriginal and Torres Strait Islander people.

The Office's reports can be tabled in the Parliament or published, at the discretion of the Minister, increasing the accountability of Australian Government bodies delivering relevant programs. Six evaluation and audit reports were published during 2008-09 and two reports were tabled in the Parliament.

Section 193W(2) of the Act provides that the purposes of the Office are to:

- (a) evaluate or audit relevant programs<sup>1</sup> administered by Australian Government bodies
- (b) evaluate or audit the activities of any individual or organisation that has received funding under any relevant program
- (c) report to the Minister on those evaluations or audits and to report to other Ministers in accordance with the directions of the Minister.

Section 193ZG of the Act provides that the Director may, for the purposes of a particular evaluation or audit, examine documents relating to the government agency, organisation or individual that is being evaluated or audited. The Director is entitled to full and free access to such documents and may take copies or extracts from such documents. The Director may also, by notice in writing, require a person to answer questions or produce documents for the purposes of an evaluation or audit.

## The Work Program

Section 193Y of the Act provides that before 1 July each year, the Director must develop an evaluation or audit program (Work Program). The Work Program covers a three year period and includes:

- relevant programs administered by Australian Government bodies
- particular aspects of the operations of Australian Government bodies as they concern the administration of relevant programs.

In June 2009, the Office finalised its Work Program for the period 1 July 2009 to 30 June 2012. In undertaking the development of the Work Program, the Office consulted with the Minister as well as the Minister with primary responsibility for Indigenous Affairs (as required by the Act). The Office consulted with the Australian National Audit Office, relevant Australian Government departments, and hosted a round table of officers from relevant Australian Government agencies to discuss the draft Work Program.

The Office's process for developing, implementing and monitoring the Work Program was the subject of a departmental internal audit between July and November 2008. The audit concluded that the OEA has sound procedures in place for developing, implementing and monitoring the Work Program.

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<sup>1</sup> The Act defines a relevant program as a program, or program component, under which money is provided, including on loan, or a guarantee is given, or an interest in land or other property is transferred, for the purpose of furthering the social, economic or cultural development of Aboriginal persons or Torres Strait Islanders.

## Performance of the Office

The performance of the Office is assessed against the Key Performance Indicators established in Finance's Portfolio Budget Statements.

**Table 1: Performance information and level of achievement – 2008-09**

Key Performance Indicators	2008-09 Target	Result
Government satisfied with the quality and value of evaluations and audits.	Formal responses indicate that reports are comprehensive and evidence-based in establishing recommendations.	Achieved.  OEA has received positive feedback in the formal responses from agencies on evaluation and audit reports completed during 2008-09.
Recommendations of evaluations and audits are agreed by agencies and implemented by program managers.	Over 80 per cent of evaluation and audit recommendations agreed by agencies in reports and followed up within 12 months.	Achieved.  OEA made 76 recommendations in evaluation and audit reports completed in 2008-09. Ninety-seven per cent of these were accepted by agencies.  During 2008-09 OEA followed up the status of all 51 recommendations made in the six evaluation and audit reports completed in 2007-08.
Timeliness of evaluations and audits.	Over 85 per cent of audits and evaluations are commenced in the period specified in the Work Program and reported to agencies within 12 months.	a) Achieved.  OEA commenced ten out of 11 evaluations and audits (90 per cent). Of these, five were reported to agencies within 12 months of commencing and five were ongoing at the end of the financial year.  b) Mostly achieved.  OEA expects to report four of the remaining five ongoing evaluations and audits (80 per cent) to agencies within 12 months of commencing.

## Cost of the OEA

Total revenue in 2008-09 was \$5.3 million. Total expense in 2008-09 was \$5.3 million.

## Evaluations and Audits in 2008-09

In 2008-09, the Office completed three evaluations and eight performance audits. Summaries of the findings of completed reports can be found at Attachment A. At 30 June 2009, work continued on a further five evaluations and seven performance audits. Details of all of these evaluations and audits are provided in Tables 2-5, below.

**Table 2: Evaluations completed in 2008-09**

Program	Portfolio
Legal Aid for Indigenous Australians Program	Attorney-General's
Service Delivery in Remote Indigenous Communities	Cross Portfolio
Law and Justice Advocacy Development Program	Attorney-General's

**Table 3: Evaluations in progress at 30 June 2009**

Program	Portfolio	Status at 30 June 2009
National Arts and Crafts Industry Support Program	Environment, Water, Heritage and the Arts	Finalising report
Capacity Building Program	Office of the Registrar of Indigenous Corporations (Families, Housing, Community Services and Indigenous Affairs)	Finalising report
Community Development Employment Projects Program	Families, Housing, Community Services and Indigenous Affairs	Discussion paper
Primary Health Care Funding for Aboriginal and Torres Strait Islander People	Health and Ageing	Finalising report
Indigenous Youth Mobility Program	Education, Employment and Workplace Relations	Fieldwork

**Table 4: Performance audits completed in 2008-09**

Performance Audit	Portfolio
Aboriginals Benefit Account	Families, Housing, Community Services and Indigenous Affairs
English as a Second Language – Indigenous Language Speaking Students	Education, Employment and Workplace Relations
Indigenous Land Corporation – Follow-up Audit of Aspects of the ILC's National Indigenous Development Centre	Families, Housing, Community Services and Indigenous Affairs
Australian Hearing Special Program for Indigenous Australians	Families, Housing, Community Services and Indigenous Affairs; and Health and Ageing, and; Human Services
Centrelink Community Agents Program	Human Services
Indigenous Professional Support Units	Education, Employment and Workplace Relations
Indigenous Community Volunteers	Families, Housing, Community Services and Indigenous Affairs
School Nutrition Program	Education, Employment and Workplace Relations

**Table 5: Performance audits in progress at 30 June 2009**

Performance audit	Portfolio	Status at 30 June 2009
Indigenous Money Management Services Strategies	Families, Housing, Community Services and Indigenous Affairs	Finalising report
Indigenous Heritage Program	Environment, Water, Heritage and the Arts	Fieldwork
International Repatriation Program	Families, Housing, Community Services and Indigenous Affairs	Fieldwork
Residential Aged Care for Indigenous Australians	Health and Ageing	Finalising report
Indigenous Leadership Program	Families, Housing, Community Services and Indigenous Affairs	Fieldwork
Government Business Managers	Families, Housing, Community Services and Indigenous Affairs	Planning
Sporting Chance	Education, Employment and Workplace Relations	Finalising report

## Ministerial Requests

The Minister can request the Office to evaluate or audit funded organisations under section 193X(1)(b) of the Act. In addition, section 193X(1)(ca) enables the Minister to request evaluations or audits of the activities and operations of land councils in the Northern Territory. Ministerial requests are not included in the Work Program.

The Office finalised two Ministerial requests in 2008-09. The OEA finalised its audit of the Centrecorp Aboriginal Investment Corporation in November 2008 and the report was tabled in Parliament on 11 March 2009. The Office was also requested to undertake an audit of the Northern Land Council. This was implemented in two stages covering a financial management component (finalised in July 2008) and a governance component (finalised in December 2008). The Minister tabled a report on the recommendations of the governance component on 24 June 2009. There were no Ministerial requests in progress as at 30 June 2009.

## Future Initiatives and Challenges

As part of the 2009-2012 Work Program, the Office will increase its focus on programs in the area of early childhood, schooling and housing – as these are critical to progress in Closing the Gap. The Office will also retain a focus on NTER activities, through audits of Government Business Managers, Income Management, Northern Territory Night Patrols and the deployment of additional teachers in the Northern Territory.

Building internal capacity is a continuing ambition for the Office. During 2008-09 the Office focused on on-the-job training as a mechanism to build its capacity. A key initiative in this respect has been to partner the Office's staff with experienced evaluators and auditors to provide for skills transfer, mentoring and the development of practical experience.

## Human Resources

### Staff

At 30 June 2009, the Office employed 23 staff. Twelve staff members were female and eleven were male.

**Table 6: Staff movements 2008-09**

Appointments	7
Promotions in	1
Internal promotions	4
Permanent transfers in	1
Temporary transfers in	0
Temporary staff engaged	2
Temporary staff cessations	1
Promotions out	1
Permanent transfers out	2
Resignations	1
Retirements	0

### Consultants and Contractors

Following an open tender process the Office appointed a new panel of consultants in December 2008. The panel includes a core group of consultants to undertake or assist with evaluations and audits. It also includes a sub-panel of consultants able to assist with building the evaluation and audit capacity of the Office. During 2008-09, the Office spent \$1.2 million on consultancies and contractors to deliver evaluations and audits, or to provide support to the Office in its delivery of evaluations and audits.

## Attachment A: Summaries of Work Program evaluations and audits completed in 2008-09

### Evaluations

<b>Program:</b>	<b>Legal Aid for Indigenous Australians (LEGA) program</b>
<b>Agency:</b>	Attorney-General's Department (AGD)
<b>Value:</b>	\$58.0 million in 2007-08
<b>Program objective:</b>	To better prioritise and target available resources to ensure that Legal Aid services are responsive to established policy priorities and community needs, and to provide the best possible quality of service to individual clients.
<b>Evaluation objective:</b>	To assess the efficiency, effectiveness and economy of the management and operations of the LEGA Program.

The Australian Government has funded legal services for Indigenous people since 1971. The LEGA program, which is administered by the Attorney-General's Department, is delivered through nine contracted providers located in metropolitan, regional and remote locations across Australia. The evaluation found that overall the LEGA Program is meeting its primary objective of improving the access of Indigenous Australians to high-quality and culturally appropriate legal aid services, so that they can fully exercise their legal rights.

The Office made five recommendations for improvements in overall program management and in the management of arrangements and relationships with service providers, including provider contracts and improving the capacity of service providers.

<b>Program:</b>	<b>Service Delivery in Remote Indigenous Communities</b>
<b>Agency:</b>	Cross Portfolio
<b>Value:</b>	n/a
<b>Program objective:</b>	n/a
<b>Evaluation objective:</b>	To report on the efficiency, effectiveness and impact of Australian Government arrangements for the administration of Indigenous programs in remote communities.

This evaluation examined perspectives held by Indigenous community organisations on the Australian Government's arrangements for the delivery of Indigenous programs in remote areas. The evaluation focused on 52 remote communities in the Northern Territory, Western Australia, Queensland and South Australia and sought community organisations' perspectives on how well Australian Government departments are delivering services into these communities. Overall the evaluation found that organisations generally felt they had good relationships with Australian Government departments and that most programs were generally aligned to community needs. Organisations often were not able to readily distinguish between the different levels of government in terms of service delivery responsibilities and felt that further improvements could be made to stability and flexibility of funding and to the level of administrative burden associated with funding agreements.

The evaluation made eight recommendations covering issues relating to strengthening operational relationships between Australian Government departments and service providers and reducing the administrative burdens on providers.

<b>Program:</b>	<b>Law and Justice Advocacy Development Program (LJADP)</b>
<b>Agency:</b>	Attorney-General's Department
<b>Value:</b>	\$2.495 million in 2007-08
<b>Program objective:</b>	The LJADP aims 'to support Indigenous Australians in developing policy, law reform projects and delivering community legal education and information'.
<b>Evaluation objective:</b>	The objectives of the evaluation were to examine and assess: <ul style="list-style-type: none"> <li>• the efficiency of AGD's funding allocation process</li> <li>• the effectiveness of the LJADP and AGD's use of monitoring and evaluation to assess effectiveness</li> <li>• the impacts arising from the LJADP that contribute to changes in policy and practice.</li> </ul>

The LJADP aims to support Indigenous Australians in developing policy, law reform projects and delivering community legal education and information. The evaluation examined the effectiveness of the LJADP and the efficiency of the Attorney-General's Department's funding and monitoring arrangements. The evaluation found that there was lack of clarity about what outcomes the program seeks to achieve, how funded activities are intended to achieve program objectives, and how such progress will be measured. To improve the management of the LJADP, the report recommended that the Attorney-General's Department should review the program's funding arrangements, grants administration and performance management arrangements.

The evaluation made two recommendations to integrate the program into the Legal Aid for Indigenous Australians program and to improve the existing performance indicators.

## Performance Audits

<b>Program:</b>	<b>Aboriginals Benefit Account (ABA)</b>
<b>Agency:</b>	Department of Families, Housing, Community Services and Indigenous Affairs
<b>Value:</b>	\$96.2 million in 2008-09
<b>Program Objective:</b>	To contribute to the recognition and protection of land rights in the Northern Territory by the effective and efficient administration of those provisions in the <i>Aboriginal (Northern Territory) Land Rights Act 1976</i> (the Act) which provides for the operation of the ABA.
<b>Audit Objective:</b>	The objective of this audit was to examine and report on the efficiency, effectiveness and economy of the ABA, and its overall management. The audit examined the major functions of the ABA, particularly: <ul style="list-style-type: none"> <li>• receipt of royalty-equivalent monies and interest</li> <li>• payment of monies to land councils for administrative expenses</li> <li>• payment of monies to land councils for distribution to royalty associations</li> <li>• payments for the benefit of Aboriginal people living in the Northern Territory.</li> </ul>

The ABA is a Special Account of the Australian Government established for the receipt and distribution of statutory royalty-equivalent monies generated from mining on Aboriginal land in the Northern Territory. The audit found there were significant opportunities to improve the accountability frameworks for royalty-equivalent payments made from the ABA and for the grants made from the ABA for the benefit of Aboriginal people in the Northern Territory.

The audit made ten recommendations to improve the administration and transparency of the ABA and to improve its performance reporting.

<b>Program:</b>	<b>English as a Second Language – Indigenous Language Speaking Students (ELS-ILSS)</b>
<b>Agency:</b>	Department of Education, Employment and Workplace Relations (DEEWR)
<b>Value:</b>	\$7.2 million in 2006
<b>Program Objective:</b>	To facilitate the entry of eligible Indigenous students into education by providing intensive English language tuition to each eligible student.
<b>Audit Objective:</b>	The objectives of the audit were to: <ul style="list-style-type: none"> <li>• assess the effectiveness of DEEWR's management of ESL-ILSS including its program administration, monitoring and reporting arrangements</li> <li>• assess the appropriateness of existing funding and program design arrangements</li> <li>• identify and discuss opportunities for these arrangements to improve, including resourcing implications.</li> </ul>

The ESL-ILSS program is one element of the Indigenous Education Program funded under the *Indigenous Education (Targeted Assistance) Act 2000*. The ESL-ILSS aims to facilitate the entry of eligible Indigenous students into education by providing intensive English language tuition to each eligible student. The audit identified a number of opportunities to revise aspects of the ESL-ILSS program's design and performance monitoring and evaluation arrangements to help improve its effectiveness.

The audit made three recommendations covering program design, funding methodology and monitoring and reporting.

<b>Program:</b>	<b>Indigenous Land Corporation (ILC) Follow-Up Audit on Aspects of the ILC's National Indigenous Development Centre</b>
<b>Agency:</b>	Indigenous Land Corporation
<b>Value:</b>	n/a
<b>Program Objective:</b>	n/a
<b>Audit Objective:</b>	The objective of the audit was to assess the ILC's progress in implementing Recommendation No.3 of the February 2007 report, <i>Performance Audit of the Indigenous Land Corporation</i> . The audit also had regard to any changed circumstances, or new administrative issues, affecting implementation of the recommendation.

In February 2007, the Office completed an audit of the ILC. As part of that audit, the Office recommended that the ILC strengthen its approach to assessing strategic projects and that in particular more attention be given to the management arrangements of the National Indigenous Development Centre project. The follow-up audit found that the ILC has implemented this recommendation.

<b>Program:</b>	<b>Australian Hearing Special Program for Indigenous Australians (AHSPIA)</b>
<b>Agency:</b>	Department of Health and Ageing and Department of Human Services
<b>Value:</b>	\$4.75 million in 2007-08
<b>Program Objective:</b>	To improve Indigenous access to hearing health care programs and services for clients eligible under the Australian Government Hearing Services Program.
<b>Audit Objective:</b>	To assess the efficiency and effectiveness of Australian Hearing's management and delivery of AHSPIA to improve access to hearing services for Indigenous Australians.

AHSPIA is funded as a community services obligation and administered by the Office of Hearing Services within the Department of Health and Ageing. The program is delivered through 131 Outreach Sites, which are established across Australia to provide culturally appropriate hearing services to eligible Indigenous Australians. The audit found that AHSPIA is achieving its objective of providing a more flexible service delivery model but that further refinements to the program's administration could increase its effectiveness.

The audit made eight recommendations.

<b>Program:</b>	<b>Community Agents Program (CAP)</b>
<b>Agency:</b>	Centrelink
<b>Value:</b>	\$5.6 million in 2007-08
<b>Program Objective:</b>	To contract out basic Centrelink information provision services and application receipt services to community organisations to ensure that Indigenous people in remote communities are not disadvantaged by their remoteness from Centrelink offices.
<b>Audit Objective:</b>	To assess the efficiency, effectiveness and economy of the operation of the program and identify any areas where performance of the program can be improved.

CAP is designed to assist Indigenous people living in remote communities to gain access to Centrelink services. Delivering a support program like CAP in remote areas is challenging. The lack of adequate infrastructure and the ability to attract and retain suitable staff are key issues that affect the quality of service delivery. The Office considered that while the intent of the program is sound, Centrelink's administration of the program could be improved.

The audit made seven recommendations covering location, resourcing and support of CAP agents and reporting arrangements for the program.

<b>Program:</b>	<b>Indigenous Professional Support Units (IPSU)</b>
<b>Agency:</b>	Department of Education, Employment and Workplace Relations
<b>Value:</b>	\$6.2 million from November 2006 to November 2008
<b>Program Objective:</b>	The objectives of IPSUs are to: <ul style="list-style-type: none"> <li>• provide high quality, flexible and innovative professional advice, support and training to staff in eligible Indigenous-run child care services</li> <li>• work collaboratively and provide advice and support to Professional Support Coordinators and Inclusion Support Agencies on the needs of Indigenous child care workers and strategies for addressing these needs.</li> </ul>
<b>Audit Objective:</b>	The objectives of the performance audit were to: <ul style="list-style-type: none"> <li>• assess the effectiveness and efficiency of DEEWR's management and administration of the IPSU initiative</li> <li>• assess the effectiveness and efficiency of IPSUs' management of funding, including service delivery and performance management arrangements, and the processes in place to assess eligible services' support needs</li> <li>• work collaboratively and provide advice and support to Professional Support Coordinators and Inclusion Support Agencies to assist these agencies to provide culturally appropriate inclusion and professional support for Indigenous children.</li> </ul>

IPSUs provide professional development, advice and resources for eligible Indigenous childcare services. They are managed under the Professional Support Program, which is a component of a larger Inclusion and Professional Support Program that aims to support and enhance the inclusion and professional development needs of childcare services. The audit examined the management of IPSUs by DEEWR and service delivery arrangements. Overall, the audit found that IPSUs have been effective in assessing and addressing Indigenous childcare services' needs.

The audit made four recommendations covering program planning, design and performance monitoring and reporting arrangements to strengthen program management.

<b>Program:</b>	<b>Indigenous Community Volunteers (ICV)</b>
<b>Agency:</b>	Indigenous Community Volunteers
<b>Value:</b>	One-off grant of \$20 million in 2003-04
<b>Program Objective:</b>	To provide opportunities for Aboriginal and Torres Strait Islander people to develop community and human capacity in order to improve their quality of life, health, social and economic wellbeing and membership entitlement within Australian society.
<b>Audit Objective:</b>	The performance audit examined the efficiency and effectiveness of ICV in providing volunteer services and achieving skills transfer to Indigenous Australians in order to support social and economic development.

ICV is a not-for-profit organisation and the audit concluded that it has been successful in delivering volunteer projects. However, the impacts of these projects have not been measured, as ICV's project management processes and performance frameworks are not sufficiently developed to support the assessment of skills transfer outcomes at either the project or community levels.

The audit made ten recommendations to improve the operation of ICV and its ability to demonstrate the achievement of its outcomes.

<b>Program:</b>	<b>School Nutrition Program (SNP)</b>
<b>Agency:</b>	Department of Education, Employment and Workplace Relations
<b>Value:</b>	\$6.397 million in 2007-08
<b>Program Objective:</b>	<p>SNP aims to achieve two main policy goals:</p> <ul style="list-style-type: none"> <li>• to contribute to improved school attendance and engagement by providing breakfast and lunch to school aged children attending schools in prescribed communities</li> <li>• to provide employment opportunities for local Indigenous people.</li> </ul>
<b>Audit Objective:</b>	The objective of the performance audit was to assess whether the SNP is operating efficiently and effectively and is progressing towards its intended outcomes.

The SNP is an important aspect of the NTER aimed at improving school attendance. The audit concluded that the achievement of the program's objective of improving school attendance and engagement could not be solely, or significantly, attributed to the SNP. While the audit identified a number of positive practices and outcomes relating to program implementation, there are opportunities to improve program planning and design, governance arrangements, service delivery and performance management arrangements. There is also a need for DEEWR to address the program's subsidiary aims and the sustainability of the program.

The audit made seven recommendations including in the areas of program planning, overall sustainability of the program and strengthened performance reporting.

