Auditor-General’s Report

Performance Audit

Managing Sick Leave

NSW Police

and

Department of Corrective Services
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Foreword

Many studies have shown that effective management of sick leave can reduce the extent of leave taken. As well as reflecting better employee health, reduced sick leave can boost organisations’ productivity.

In the public sector, reduced sick leave costs can lead to better services to the public and better value for the taxpayer’s dollar. Our first report on this topic, tabled in Parliament in August 1998, estimated the direct cost of sick leave in the NSW public sector to be $368 million in 1996-97.

For management of sick leave to be effective, it is essential to have clearly articulated policies, well-developed and reliable information systems and clearly assigned responsibilities. Employees should be aware of the policy and their own responsibilities, and management should be held accountable for implementing that policy.

While this audit reviewed the management of sickness within the Police Service and the Department of Corrective Services, the report’s comments, observations and recommendations could well apply to other agencies. Accordingly, I commend the report for the attention of all agencies.

R J Sendt
Auditor-General
July 2002
Executive Summary
Executive Summary

The Audit

The audit examined how the NSW Police and the Department of Corrective Services (DCS) manage sick leave.

Sick Leave

Policing and correctional work are characterised by stress, exposure to assault and disease, working with difficult people and shift work. These factors can cause increased levels of sick leave. Nonetheless research indicates that proactive management of absence from the workplace can reduce the level of sick leave.

Audit Opinion

The NSW Police and DCS have committed to improve performance and productivity in their organisations. Both agencies have introduced several initiatives to promote the health, safety and welfare of their personnel. In addition the DCS policy provides for acknowledgements and sanctions based on the amount of medically uncertified leave taken by the employee.

There are additional steps that could be taken to improve the management of sick leave.

Both agencies have devolved the management of sick leave to the local level, although DCS has retained a more extensive central role in monitoring the impact of sick leave than the NSW Police. The Audit Office considers that Executives should retain the means to oversee matters for which they are responsible. Accountability cannot be delegated.

The Sick Leave Policies of the agencies address the individual responsibilities of the supervisor and the employee. The policies, however, do not address the responsibility of the Executive to manage systemic issues affecting sick leave. In our opinion that should be rectified.

We also found that the agencies’ information systems have not adequately assisted managers to manage sick leave at either the corporate or local level. The agencies have partially filled this gap by producing information manually. NSW Police and DCS are currently working to overcome the difficulties encountered with their information systems.
A broader issue is that agencies are implementing complex human resource software without the necessary expertise. Very often they need to solve the same or similar problems that other agencies have faced and worked through. There seems to be no central government assistance with the implementation of these projects.

The Audit Office considers that there is a need for some forum or facility for agencies to exchange views and experiences relating to the implementation of large and complex IT projects.

Overview

Sick leave imposes significant costs upon agencies. Research indicates that one of the most effective ways to manage sick leave is to support employees who are ill or injured to return to work.

In the last three years the NSW Police and the Department of Corrective Services have sought to better support the welfare of personnel with initiatives including:

- trauma support services to assist those exposed to critical incidents
- decentralised early intervention strategies to help ill and injured officers return to work
- healthy lifestyle programs
- independent and professional counselling for personnel facing stress.

**Government Policy**

Premier’s Department *Circular No. 2000-16* sets certain minimum standards for the management of sickness absence:

- senior management must be committed to effectively managing attendance
- a management information system should be in place to assist in absence reporting and review
- managers and employees should be provided with training and guidance to help them understand, implement and adhere to the strategy.

**Agency Policy**

The *Sick Leave Policies* of both agencies are framed in terms of the individual responsibilities of the supervisor and employee in respect of sick leave.
Executive Summary

The policies focus on managing inappropriate levels of sick leave through counselling and sanctions. Less emphasis is given to encouraging attendance at work by improving the working environment.

The policies do not address the accountability of the Executive to monitor sick leave, to address systemic problems and promote attendance at work.

Both agencies advise that Executive accountability is to be tightened.

NSW Police

NSW Police is seeking to increase the number of police officers deployed on policing duties. The rising incidence of sick leave tends to under-cut those initiatives.

The level of sick leave taken by NSW Police employees (including civilian staff) has increased by 16% over the last three years. In 2000-01 NSW Police employees took 1.3 million hours of sick leave. The approximate salary cost attributable to that leave was $38.8 million.

On an average day:

- 1,137 officers (or 9% of all officers) could not carry out policing duties because of health-related issues
- The actual police on duty are reduced from an authorised strength of 13,854 to 12,030, after sick leave, workers’ compensation and vacancies are taken into account.

Officers who joined NSW Police before 1988 take a disproportionate and increasing level of sick leave. Pre-1988 officers took an average of 127.5 hours sick leave in 2000-01 compared to an average 62.1 hours sick leave taken by post-1988 officers.

Over 43% of all sick leave taken by police officers in 2000-01 was taken by 595 pre-1988 officers. These 595 officers represent 4.2% of all police officers.

Our audit noted that there are different entitlements for ill and injured police officers depending on whether they joined the NSW Police before or after 1 April 1988. These arrangements are prescribed by legislation.
Executive Summary

**Department of Corrective Services**

DCS employees took 47,802 days of sick leave in the twelve months to August 2001 at a direct cost of $8.7 million. This is an average of 10.83 days sick leave for each DCS employee.

Although the data are not adequate to identify overall trends, recent DCS information indicates that the amount of sick leave taken by custodial and industrial officers in Correctional Centres has increased by 8% in the eight months to May 2002.

Sickness absence also means other DCS employees have to work overtime to ensure the effective operation of the agency. Whilst DCS is committed to manage its overtime, in 2000-01 the total cost of overtime was $23.7 million or 6% of employee-related expenditure.

Internal DCS reports indicate that approximately 30% of overtime is worked to fill absences due to sick leave, but this figure includes some sick leave which is later reclassified as workers’ compensation or carers’ leave.

**Information Systems**

NSW Police and DCS acquired integrated management information systems in 1999 through a whole-of-government program designed to improve the economy and efficiency of Information Technology (IT) procurement.

Both agencies have experienced difficulties and delays in implementing their information systems.

The agencies did not have the skills to customise the applications in an efficient and effective way. There are no arrangements public-sector-wide to assist agencies in the task of implementing new and complex technologies to meet their specific business needs.

It has been necessary for both agencies to pay the system vendors significant sums to modify and configure these information systems to meet agency needs and public sector awards and conditions.

**Management Information**

As a result of the difficulties encountered with the information systems, NSW Police and DCS had difficulties in obtaining:

- reliable, timely and usable information to manage sick leave
- sick leave trend data
- analysis of data to assist the identification and management of systemic causes of sick leave.
### Executive Summary

**Targets**

NSW Police does not have targets, at either the corporate or local level, to measure performance in managing sick leave.

DCS has a corporate target for sick leave but the target does not cascade down to supervisors in regions and centres to measure performance in managing sick leave.

**Data Quality**

Inaccurate data has compounded the difficulties experienced in implementing the information systems. The accuracy of data has been affected by a lack of knowledge of, and training in, the new and complex integrated systems. In other cases the reliability of data has been affected by a failure to comply with established record-keeping procedures.
Recommendations

The Audit Office recommends that

- The Government consider whether the whole-of-government approach to IT procurement should be extended to support IT implementation.
- NSW Police review ways and means to better manage the impact of sick leave particularly for pre-1988 officers.

We also recommend that ALL agencies should:

<table>
<thead>
<tr>
<th>Roles and Responsibilities</th>
<th>hold senior management accountable for managing sick leave</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>provide training and guides to managers and supervisors on how to manage sick leave</td>
</tr>
<tr>
<td>Targets</td>
<td>establish targets and benchmarks to manage sick leave better</td>
</tr>
<tr>
<td>Management Information</td>
<td>ensure that the management information systems meet the needs of users in supporting the management of sick leave</td>
</tr>
<tr>
<td>Coordination of Policy</td>
<td>coordinate sick leave policy with other human resource initiatives to promote staff welfare and attendance.</td>
</tr>
</tbody>
</table>
1. NSW Police
1. NSW Police

1.1 Introduction

One of the many challenges facing police forces, including NSW Police, is to manage better employee health in order to improve the efficiency and effectiveness of the workforce.

Police officers all over the world work under difficult and often dangerous situations. Such conditions can place stress on individual officers, which, if not managed, can place strain on the whole police force.

The Corporate Plan of NSW Police recognises that the retention of employees and the management of sick leave are key measures of performance.¹

In this regard, NSW Police has taken steps to improve employee welfare and reduce the level of sick leave. These steps include:

- a full time Rehabilitation Co-ordinator employed in each NSW Police Region to manage early intervention strategies for police officers on sick leave
- an external Employee Assistance Program (EAP) that offers 24-hour, seven-day a week confidential counselling to all employees. The EAP has proved popular and it is estimated that 8.9% of employees will access the program during 2001-02
- trauma support counsellors on 24-hour call to assist police officers involved in critical incidents
- the Police Psychology Service that supports officers involved in police operations which result in a fatality or serious injury
- stress and lifestyle workshops that are attended by approximately 2,500 employees each year
- the change of job descriptions to make all supervisors, commanders and managers responsible for monitoring the psychological well being of personnel under their control. Guidelines to assist supervisors in this regard are accessible to all staff on the NSW Police Intranet.

These initiatives, particularly the Rehabilitation Co-ordinators and the EAP, have been well received by staff.

¹ The 1998-2001 Corporate Plan is still in use pending the approval of a new plan.
However, NSW Police needs to improve:

- coordination between managers and support personnel, who are responsible for rosters, supervision and human resources
- the training provided to managers to ensure that strategies to manage sickness absence are applied fairly and in a sensitive and supportive way
- the level of resources provided to support employee welfare. In 2000-01, the proportion of NSW Police employees in a human resources role was 40% less than the average proportion so employed by Australasian police agencies.

In addition there are obstacles that need to be overcome to improve the management of sick leave. These obstacles relate to:

- the Sick Leave Policy
- information management systems
- the way sick leave is managed.

1.2 The Sick Leave Policy

The Sick Leave Policy of NSW Police was introduced in 1996 and applies to all employees. The policy reflects better practice by requiring the:

- employee to maintain personal health and to promptly inform his or her supervisor if unable to report for duty
- manager to contact and offer support to personnel who are sick or injured
- manager to monitor attendance
- manager to intervene and counsel staff who are absent on more than four occasions, whether medically certified or not, during any 12 month period.

The policy does not address the responsibility of the Executive to monitor and manage sick leave across NSW Police. The policy does not address the accountability for managing systemic issues that relate to sick leave across the agency.

NSW Police advises that the performance agreements of Deputy Commissioners are to be redrafted to include responsibility for the management of sick leave.

The Sick Leave Policy of NSW Police is generally complied with, although there are some deviations. For example, the policy requires a medical certificate to support a sick leave absence of more than three days duration. Over four per cent of such leave in 2000-01 was not medically certified.
1.3 Information Systems

Good information is essential to good management.

In 2000, the then Commissioner of Police foreshadowed (NSW Police Future Directions 2001-2005) that new technologies would provide NSW Police with the information it needed to manage its personnel efficiently and effectively.

The following is an extract from that document.

Solution for Technological Administration of Resources (Star)

Star will improve the management of human and financial resources and associated processes.

One integrated enterprise resource planning solution will replace the existing financial and human resources mainframe systems, numerous disparate local databases, the payroll systems and local personal computer (PC) based roster systems. Specifically, the Star project will (amongst other things):

- distribute corporate HR and financial data across the organisation and equip local personnel with a user friendly and powerful technology tool to apply knowledge and information to management processes
- re-engineer HR and financial management processes with a view to streamlining processes, reduce processing times, remove or reduce central office involvement, automate processes through electronic workflow and contribute to a fingertip information and knowledge environment
- produce productivity benefits.

The Star project is based upon SAP, which is enterprise resource planning software. SAP is an approved product under the Government Selected Application Systems (GSAS).

The GSAS initiative is administered by the Department of Public Works and Services to provide a cost-effective whole-of-government approach to major technological procurements.

NSW Police purchased the standard application in 1999 and was responsible for the complex, sophisticated and expensive process of customising SAP to meet its specific needs.
Audit Observations

To date Star has not been a success in supporting the effective management of sick leave.

NSW Police recognises the current difficulties with the information system, data quality and the reporting of usable information for management purposes.

The agency enhanced Star in December 2001 with the launch of the payroll module and an upgrading of the systems to manage leave. These initiatives, which should improve the ability of NSW Police to manage sick leave have not been evaluated in this audit.

Principally, the problems are due to four factors.

Firstly, NSW Police did not have access to the resources needed to customise SAP in an efficient and effective way. In addition there are no arrangements public-sector-wide to assist agencies in the task of customising new and complex technologies.

Secondly, there is not an efficient exchange of information between the computer systems used to manage leave (that is Star and a separate rostering application called Smartroster).

The two systems have different definitions, fields and business rules for recording and reporting leave.

Consequently it is necessary to enter records into Smartroster, re-enter often amended records into Star and then conduct additional checks and reconciliation processes. Delays of up to four weeks between the taking of leave and its entry into Star were observed during the audit.

The decision of the vendor of Smartroster to cease product development has frustrated the resolution of these difficulties. NSW Police is considering its response to the vendor’s decision.

Thirdly, inadequate data quality restricts management’s use of information. The accuracy of sick leave records is affected because:

- there is not a consistent approach to leave and data management at the local level across NSW Police
- of a failure to complete and update leave records
- data errors of omission and duplication.

The scale of the problem is illustrated by sick leave pending workers’ compensation.
NSW Police leave records for 1998-1999, for example, continue to show 92,886 hours of sick leave pending workers’ compensation. Such leave should have been assessed as either sick leave or workers’ compensation within weeks of the employee illness/injury and the leave record adjusted accordingly.

This situation has a significant effect on the accuracy of leave records and in turn, the potential to manage absences.

Fourthly, and apart from the accuracy of data discussed above, Star has yet to produce timely and usable reports to support adequately the management of sick leave.

The Star finance and human resource IT modules were launched in July 2000. The modules have not produced corporate reports on the incidence, cost or management of sick leave to enable NSW Police to:

- identify and manage systemic factors that increase sick leave
- develop realistic and appropriate sick leave targets.

Senior managers in NSW Police advised the Audit Office that sick leave is to be managed at the local level.

Star does not provide timely and effective support to Local Area Commands to manage sick leave. Reports do not, for example, identify:

- the cost of sick leave
- the amount of sick leave and workers’ compensation taken in say, the previous fortnight
- the number of staff currently fit and available for duty
- the amount of time spent undergoing rehabilitation
- the number of staff on restricted duties, long term sick leave or on leave pending medical retirement.

NSW Police has advised the Audit Office that corporate reporting on sick leave will resume as soon as the information can be retrieved from Star and that the reporting capacity of Star will be enhanced once other priorities are addressed. These priorities include the processing of the police payroll (by Star).
1.4 Managing Sick Leave

Sick Leave Entitlements

All NSW Police employees are entitled to 15 days sick leave each year. Untaken sick leave is accrued.

The Commissioner of Police may grant *Special Sick Leave* to police officers when sick and other leave entitlements have been exhausted.

The circumstances in which Special Sick Leave may be granted include when an officer:
- has a life threatening illness
- is awaiting a decision on medical retirement
- is co-operating with a rehabilitation program.

There is no cap on the amount of special sick leave which can be granted to an individual police officer.

Two different schemes govern the invalidity benefits available to NSW Police employees.

The *Workers Compensation Act 1987* covers police officers recruited after 1 April 1988 and civilian employees.

The *Police Regulation (Superannuation) Act 1906* covers officers who joined NSW Police before 1 April 1988. Some of the provisions/entitlements applying to pre-1988 officers are that:

- where an officer requests a medical discharge from the NSW Police on the grounds of being unable to perform his or her duties, eligibility (for a discharge) does not require the officer to be unable to do other work
- An officer not able to perform general policing duties because of a psychological condition may be medically retired, even though that officer may be able to work as a security officer
- officers who are medically retired because of injury or illness related to their duties are entitled to an indexed pension of between 72.5% and 100% of their salary
- officers with a minimum of 20 years service can be medically retired on an indexed pension of at least 48.5% of their salary even though the injury or illness is neither work-related nor a workers’ compensation matter.
The 1906 Act does not address the rehabilitation of injured officers. There is no obligation on pre-1988 officers to participate in rehabilitation services or on NSW Police to offer such services. Nevertheless, NSW Police advises that rehabilitation services were offered to, and used by, the majority of pre-1988 officers who lodged injury claims in 2000-01.

Analysis of Sick Leave

The Audit Office analysed leave data provided by NSW Police for the period 1998-2001.

NSW Police employees took 1.3 million hours of sick leave. The approximate salary cost attributable to that leave was $38.8 million. This figure does not include workers’ compensation or indirect costs such as overtime to cover absences.

… sick leave is on the increase

The analysis indicates that the average sick leave for all employees of NSW Police increased by 16% over the last three years (this calculation is based on the number of effective full time employees, EFT).

Different groups of employees had different patterns of sick leave. On average, and for the year 2000-01:

- pre-1988 officers took 127.5 hours sick leave, an increase of 35% on 1998-99
- post-1988 officers took 62.1 hours sick leave, an increase of 15% on 1998-99
- civilian employees (of NSW Police) took 70.7 hours sick leave, which is 30% higher than the average for the NSW public sector. The level of sick leave taken by civilians has remained the same over the last three years.

The analysis also shows that on an average day in 2000-01 1,227, or 9% of officers, could not carry out normal policing duties because of health-related issues:

- six hundred and eighty-nine officers, or 5.2%, were on sick leave
- four hundred and forty eight officers were on other forms of leave (for example, workers’ compensation) pending retirement or return to work
- over ninety officers were on permanent light duties which preclude from normal police duties such as dealing with the public.

The following exhibit shows the number of officers available for duty on a typical day in 2000-01.
1. NSW Police

Exhibit 1: Police Numbers in 2000-01

<table>
<thead>
<tr>
<th>Authorised Police</th>
<th>Vacancies: 687</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sick Leave (SL): 689</td>
</tr>
<tr>
<td></td>
<td>Workers’ Compensation (WC) &amp; SL Pending WC: 448</td>
</tr>
<tr>
<td></td>
<td>Light Duties: 90</td>
</tr>
<tr>
<td></td>
<td>Actual Policing: 11,940</td>
</tr>
</tbody>
</table>

Source: Based on information provided by NSW Police.

Sick Leave by Cost Centre

There is also a wide variance in the level of sickness taken across cost centres of NSW Police.

Exhibit 2: Variation on Sick Leave levels Across NSW Police

Source: Analysis by the Audit Office of leave records of 423 NSW Police cost centres for 2000-01.

Internal NSW Police analysis of sick leave between 1998 and 2000 indicated that higher levels of sick leave were associated with a history of unfilled or temporary appointments to Commander and other management positions.
Since July 2000, NSW Police has ceased to monitor or analyse such sick leave trends. Currently there are no targets or measures to evaluate performance in managing sick leave.

**Pre-1988 Officers**

Officers who joined NSW Police before 1988 have a profile of sick leave different to officers who joined after 1988. Pre-1988 officers:

- represent 44.8% of NSW police officers
- account for 63.2% of sick leave taken by NSW police officers
- have fewer *occasions* of sick leave
- take sick leave for longer periods than other NSW police officers.

Five hundred and ninety-five pre-1988 officers, who represent 4.2% of police officers, take 43.1% of all sick leave (taken by) police officers.

Of this group, 44% of sick leave is taken because of a psychological condition.

As indicated in exhibit 3, the average amount of sick leave taken by pre-1988 officers continues to grow, even as the number of pre-1988 officers is in decline.

<table>
<thead>
<tr>
<th>Exhibit 3: Mean and Trend of Sick Leave Taken by Pre-1998 Officers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sworn Officers</strong></td>
</tr>
<tr>
<td><strong>Working Hours Lost</strong></td>
</tr>
<tr>
<td>1998-1999: 8,000</td>
</tr>
<tr>
<td>1999-2000: 6,000</td>
</tr>
<tr>
<td>2000-2001: 4,000</td>
</tr>
<tr>
<td><strong>Sickness Absence (Mean)</strong></td>
</tr>
<tr>
<td>1998-1999: 160</td>
</tr>
<tr>
<td>1999-2000: 140</td>
</tr>
<tr>
<td>2000-2001: 120</td>
</tr>
</tbody>
</table>

\[\text{Sickness Absence (Mean) \quad \text{Pre 01/04/1988 Officers (EFT)}\]
Long Term Absences

In the absence of reports from *Star*, the NSW Police Health Services Directorate prepares a monthly report on the number of officers who are not available for general policing duties because of long standing health issues.

This report uses information which is collected manually from duty rosters by Local Area and Regional Commands.

An extract of the report is provided in Exhibit 4. This indicates that over one in twenty police officers were not available for general policing duties for extended periods at the end of 2001. It includes officers who are:
- on permanent restricted duties and are unable to carry out general policing duties
- are on long term sick leave (sick leave of more than 45 days duration)
- are on leave, including worker’s compensation, pending medical discharge.

Over 85% of the 721 non-operational officers joined NSW Police before 1988.

<table>
<thead>
<tr>
<th>Region</th>
<th>Permanent Restricted Duties</th>
<th>Long Term Sick Leave</th>
<th>Pending Medical Discharge</th>
<th>Total Non-operational Police</th>
<th>Actual Police Strength</th>
<th>Percentage of Police that are Non-operational</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern</td>
<td>8</td>
<td>20</td>
<td>55</td>
<td><strong>83</strong></td>
<td>895</td>
<td>9.3%</td>
</tr>
<tr>
<td>Hunter</td>
<td>5</td>
<td>23</td>
<td>41</td>
<td><strong>69</strong></td>
<td>868</td>
<td>7.9%</td>
</tr>
<tr>
<td>North Metro</td>
<td>4</td>
<td>42</td>
<td>39</td>
<td><strong>85</strong></td>
<td>1,149</td>
<td>7.4%</td>
</tr>
<tr>
<td>Macquarie</td>
<td>18</td>
<td>25</td>
<td>31</td>
<td><strong>74</strong></td>
<td>1,130</td>
<td>6.5%</td>
</tr>
<tr>
<td>South Eastern</td>
<td>12</td>
<td>19</td>
<td>11</td>
<td><strong>42</strong></td>
<td>748</td>
<td>5.6%</td>
</tr>
<tr>
<td>Specialist Operations</td>
<td>22</td>
<td>25</td>
<td>75</td>
<td><strong>122</strong></td>
<td>2,275</td>
<td>5.4%</td>
</tr>
<tr>
<td>Southern Rivers</td>
<td>6</td>
<td>13</td>
<td>16</td>
<td><strong>35</strong></td>
<td>706</td>
<td>5.0%</td>
</tr>
<tr>
<td>Georges River</td>
<td>7</td>
<td>19</td>
<td>28</td>
<td><strong>54</strong></td>
<td>1,115</td>
<td>4.8%</td>
</tr>
<tr>
<td>Western</td>
<td>4</td>
<td>15</td>
<td>14</td>
<td><strong>33</strong></td>
<td>791</td>
<td>4.2%</td>
</tr>
<tr>
<td>Greater Hume</td>
<td>4</td>
<td>22</td>
<td>19</td>
<td><strong>45</strong></td>
<td>1,314</td>
<td>3.4%</td>
</tr>
<tr>
<td>City East</td>
<td>5</td>
<td>17</td>
<td>21</td>
<td><strong>43</strong></td>
<td>1,363</td>
<td>3.2%</td>
</tr>
<tr>
<td>Endeavour</td>
<td>3</td>
<td>6</td>
<td>27</td>
<td><strong>36</strong></td>
<td>1,128</td>
<td>3.2%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>98</strong></td>
<td><strong>246</strong></td>
<td><strong>377</strong></td>
<td><strong>721</strong></td>
<td><strong>13,482</strong></td>
<td><strong>5.2%</strong></td>
</tr>
</tbody>
</table>

Source: Internal NSW Police report: *Non-operational Police* NSW Police website Calculated field

Note: This table uses head-counts of individuals, not full time employee equivalents.
The issue has greatest impact at the following Local Area Commands where over 10% of officers are not able to carry out routine policing duties.

### Exhibit 5: Local Area Commands Non-operational Officers at 31 December 2001

<table>
<thead>
<tr>
<th>Region</th>
<th>Local Area Command</th>
<th>Non-operational Officers due to Ill-health</th>
<th>Actual Strength</th>
<th>Percentage of Non-operational Officers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hunter</td>
<td>Manning Great Lakes</td>
<td>17</td>
<td>99</td>
<td>17.2%</td>
</tr>
<tr>
<td>Northern</td>
<td>Richmond</td>
<td>24</td>
<td>180</td>
<td>13.3%</td>
</tr>
<tr>
<td>Macquarie</td>
<td>Blue Mountains</td>
<td>14</td>
<td>113</td>
<td>12.4%</td>
</tr>
<tr>
<td>North Metropolitan</td>
<td>Brisbane Waters</td>
<td>24</td>
<td>193</td>
<td>12.4%</td>
</tr>
<tr>
<td>Western</td>
<td>Mudgee</td>
<td>8</td>
<td>65</td>
<td>12.3%</td>
</tr>
<tr>
<td>North Metropolitan</td>
<td>Northern Beaches</td>
<td>15</td>
<td>130</td>
<td>11.5%</td>
</tr>
<tr>
<td>Western</td>
<td>Lachlan</td>
<td>8</td>
<td>78</td>
<td>10.9%</td>
</tr>
</tbody>
</table>

**Source:**
- Internal NSW Police Report: Non-operational Police
- NSW Police Website
- Calculated Field

### Audit Observations

Exhibits 4 and 5 indicate that there is a need to improve the management of sick leave particularly, in relation to pre-1988 officers.

Pre-1988 officers are, on average, older than post-1988 officers. It might be expected that they would take more sick leave because of this. However the substantial differences in sick leave taken cannot be explained by age differences.

A number of senior managers informed the Audit Office that the most important sick leave issues facing the agency are long-term sick leave and medical retirements among pre-1988 officers.

The procedure for the discharge of police officers was streamlined in 2001 and, on average, approximately thirty medical retirements are now finalised each month. However, the number of officers waiting to be discharged on medical grounds continues to grow.

As such, there is a need for a more concentrated and sustained effort to resolve the problem.
Response from the NSW Police

I have made a commitment to seriously address all the human resource issues presently before NSW Police. It is my strong view that effective people management is the key to success in the fundamental task of driving down crime.

Managing sick leave is an important issue for any agency, but particularly where the role and services provided are so important to the community. This performance audit is therefore timely.

I feel that I should respond to the statement in the Report: “on an average day in 2000-01 1,227 or 9% of officers could not carry out normal policing duties because of health-related issues” (p.16). As would be the case in any organisation, allowance is made for recreation leave, sick leave and other types of leave in allocating numbers of police to Local Area Commands and in setting rosters.

In general, I accept the Report’s recommendations and will continue to progress initiatives that NSW Police is undertaking along those lines, as well as implementing any that have not been addressed so far.

I fully support the general recommendation that the Government consider whether the whole-of-government approach to IT procurement should be extended to support IT implementation.

In relation to the other recommendations I make the following comments:

**NSW Police review ways and means to better manage the impact of sick leave particularly for pre-1988 officers.**

The Report acknowledges the range of initiatives NSW Police has introduced recently to improve employee welfare and reduce the level of sick leave.

However, it also highlights the extent to which long-term sick leave by pre-1 April 1988 officers contributes to the overall high level of sick leave. As identified in the Report, 595 pre-1 April 1988 officers, who represent only 4.2% of all police officers, took over 43% of all sick leave by police officers.
As noted in the Report, legislation provides for different entitlements for ill and injured police officers depending on whether they joined the NSW Police before or after 1 April 1988.

The practical effect of these different arrangements is to provide significant incentives for pre-1 April 1988 police officers to seek medical retirement. A majority of the 595 police officers referred to above are on long-term sick leave pending medical discharge. At the present time, there are approximately 400 medical discharge applications awaiting consideration by the Police Superannuation Advisory Committee (PSAC).

It is relevant to note that PSAC is an external body constituted under Section 2H of the Police Regulation (Superannuation) Act 1906 under the auspices of the SAS Trustee Corporation, a separate statutory body representing the Crown. As such, the processing of applications is outside the control of NSW Police.

A Ministerial inquiry into Long Term Sick Leave has been established under section 217 of the Police Service Act 1990 to examine options and make recommendations for reducing the number of police officers on long-term sick leave. The first meeting of this committee was held on 27 June 2002.

The inquiry will be wide-ranging and will include examination of internal Police management practices and all aspects of processing medical discharge including the role of the PSAC.

A Working Party of senior officers has also been established in NSW Police to examine means of further streamlining the Hurt On Duty (HOD) claims determination system. The Working Party has set itself a goal of finalising its work within three months.

Notwithstanding the unique constraints upon management of pre-1988 long-term sick officers, it is worth noting that, according to the Australasian Police Agencies HR Benchmarking Report 1 July 2000 to 30 June 2001 comparing all Australasian police jurisdictions prepared by the WA Police Service, sick leave taken by NSW police is equal to that of the Australian Federal Police and well under the New Zealand and South Australian averages.
Police Officers who joined after 1988 have half the sick leave hours of pre-1988 officers. This in part reflects the absence of incentives for medical discharge for the post-1988 group. There are other factors too, one of which is the fact that the pre-1988 group have up to 14 years more service, with the associated risks of injury and illness.

Another relevant point is the different way in which absences are recorded for the pre-1988 group of Police Officers. HOD absences for this group are recorded as sick leave, while similar absences for post-1988 officers are recorded as workers’ compensation.

In relation to police sick leave generally, it should be noted that most police officers work on a 12-hour shift basis. This means that for post-1988 officers, with an average sick leave of 62.1 hours, the equivalent in days lost is slightly in excess of 5 days.

As agreed by representatives of the Audit Office in a meeting held with NSW Police on 22 May 2002, this is not an excessive rate of sick leave, given the nature and difficulty of the work undertaken by Police Officers.

I believe it is important to keep in mind the distinction between “normal” sick leave and the more problematic long-term sick leave pending medical discharge under the provisions applying to pre-1988 officers.

In respect of administrative officers, it is noted that the average sick leave taken has remained static for the last three years at 70.7 hours per employee. The Report cites this average as being 30% higher than the public sector average for this group.

The WA Police Service Benchmarking Report referred to above shows of all Australasian police jurisdictions, only South Australia and Western Australia have lower levels of sick leave for administrative officers.

It is worth noting that NSW Police administrative staff include a large number of shift workers, which is not the case in many other public sector agencies.

In addition, the average sick leave taken figure does not distinguish between sick leave taken due to personal illness and sick (carer’s) leave which is able to be taken to care for a sick family member.
Hold senior management accountable for managing sick leave

I fully support this recommendation. The performance agreement I have entered into with the Minister for Police up to 30 June 2003 includes a significant component on improving people management practices, including sick leave issues.

The agreed priorities I will achieve relate to the development of strategies to address long-term sick leave and to improve sick leave management. These priorities are being reflected in the performance agreements I have with members of my senior management team.

Provide training and guides to managers and supervisors on how to manage sick leave

Training and development issues to assist managers and supervisors to manage sick leave are being reviewed and revised through the Sick Leave Absence Working Party project.

Extensive external research into the issue of sick leave absence, both internationally and nationally is being undertaken and the project is due to be completed by 30 September 2002.

While the existing Sick Leave Policy is broadly modelled on the Premier’s Department sector-wide approach to managing sick leave, this work will enable a greater emphasis in a new policy on the issues highlighted in the Report about managing sick leave in NSW Police.

Establish targets and benchmarks in order to manage sick leave better

Our participation in the WA Benchmarking Report referred to earlier is a process already in place to provide a useful comparison in a like industry against which the performance of NSW Police can be measured.

In addition, corporate reporting requirements for sick leave management have also been developed. This includes a prototype Police EFT Leave Report which looks at all leave records for the nominated business unit over a specified period. Data may be displayed for the total business unit, or for each Local Area Command/Unit within the business unit. This will allow corporate performance benchmarks to be established against key indicators.
Ensure that the management information systems meet the needs of users in supporting the management of sick leave

In 1997, the Police Royal Commission recommended that NSW Police introduce, as a priority, a co-ordinated and user-friendly agency-wide information management system. This related to both administrative/management systems and operational systems.

To this end, NSW Police has implemented the most contemporary, functionally rich integrated finance and human resources system within any Police Force in Australasia.

Leave functionality in the system was implemented from 23 November 2001 and reporting functionality is in place and is being utilised at Command level to manage sick leave.

I appreciate the difficulties encountered in a project of this magnitude. In recognition of the complexity of the system, NSW Police did in fact engage external specialist expertise to assist in the implementation process. Considerable efforts continue to be made to ensure that the system meets the needs of users in managing sick leave for the future.

Coordinate sick leave policy with other human resource initiatives to promote staff welfare and attendance

The Report acknowledges the range of initiatives NSW Police has introduced recently to improve employee welfare and to reduce the level of sick leave (p. 10). Other relevant initiatives to note include:

- agreement to pay, on a “without prejudice” basis, the reasonable medical costs of officers experiencing injuries or periods of ill health, pending the outcome of Hurt on Duty (HOD) claims. This initiative has been designed to ensure that officers are not unnecessarily delayed in obtaining medical treatment, rehabilitation and return to work;
- negotiation of a new Rehabilitation and Return to Work Policy with both the Police Association and the Public Service Association;
- significantly streamlined HOD and medical discharge procedures and publishing these on the NSW Police intranet and the Police Weekly;
- development and conduct of workshops for all Local Area Commanders, Local Area Managers, Duty Officers and Staff Administration Officers to ensure that all relevant staff are aware of the new protocols; and

- development of a learning package of material on a range of issues, including sick leave. This will form part of the Mandatory Continuing Police Education (MCPE) program for Police Officers in 2002-2003 and also a compulsory competency for all administrative officers.

Further, my performance agreement with the Minister, referred to above also includes a significant component on improving people management practices, with a focus on front line and support personnel.

People management issues to be addressed, in addition to sick leave, include occupational health and safety; welfare and rehabilitation; management of complaints; and the development of an effective promotion system.

(signed)

K E Moroney
Commissioner

Dated: 4 July 2002
2. Department of Corrective Services
2. Department of Corrective Services

2.1 Introduction

The Department of Corrective Services (DCS) is responsible for the day-to-day care and supervision of inmates, many of whom are violent and unpredictable and have a range of health problems. For example:

- 13% of inmates have an intellectual disability
- 40% meet the diagnosis of having a personality disorder
- 75% have an alcohol or drug problem
- 35% are Hepatitis B or C positive
- 21% have attempted suicide.\(^2\)

Consequently correctional work carries risks (including exposure to assault and disease and shift work), which can result in higher levels of sick leave compared to many other professions. Research indicates that effective management of these risk factors can reduce their impact upon the level of sick leave.

**The Impact of Sick Leave**  
Sick leave by DCS staff disrupts the function of Correctional Centres. It also increases the cost of inmate management.

DCS advised that its employees took 47,802 days sick leave in the twelve months to August 2001 at a direct cost of $8.7 million.

Comparisons of overall sick leave levels over time are constrained by the quality of historical data and changes in the way that sick leave is defined and counted.

There is evidence that the level of sick leave is rising. For example, the average sick leave taken in the preceding twelve months by custodial and industrial officers in Correctional Centres increased from 11.98 to 12.99 days between August 2001 and May 2002. This amounts to an increase of 8.4%.

Sick leave also contributes to the need for other DCS employees to work overtime to ensure the effective operation of the agency.

\(^2\) DCS 2000-01 Annual Report p.7
In 2000-01 $23.7 million, or 6% of all employee-related expenditure, was spent on overtime. Some DCS reports indicate that approximately 30% of overtime is worked to back-fill absences due to sick leave, but this figure includes sick leave which may be later reclassified as workers’ compensation or carers’ leave.

**Initiatives by DCS**

The Executive of DCS recognises that:

- managing sick leave is important. Trends in staff attendance and occupational health and safety are key performance measures in the 2001-2004 Corporate Plan
- sick leave is one of the business risks that is driving overtime expense. DCS has committed to reducing its overtime expenditure in 2001-02.

Over the last three years DCS has reduced the level of workers’ compensation claims and costs (*Source: DCS 2000-01 Annual Report page 24*).

This has been achieved despite an increase in the number of Correctional Centres, inmates and employees.

The improvements are attributed, in part, to:

- conciliation conferencing to finalise workers’ compensation claims
- improved systems for managing the rehabilitation and return to work of injured employees
- the engagement of more professional legal, medical, rehabilitation and occupational health providers
- a reduction in the incidence of mental disorder claims and a stabilisation of the incidence of assaults on custodial officers by inmates (*Source: DCS Workers’ Compensation Snapshot, 15 May 2002*).

Further improvements are expected to flow from the Employee Health and Safety Unit established in 2000. The Unit coordinates services related to the well-being of employees including:

- new occupational health and safety arrangements
- healthy life style programs
- employee support services including the Employee Assistance Program (EAP)
- timely support to employees exposed to critical incidents
- creation of an Executive Support Officer role.
The EAP provides prompt intervention to those employees:
- having difficulty coping at work or
- whose work is being affected by personal or work-related issues.

Managers that are concerned that sick leave may be masking an underlying problem may refer an employee to the EAP or a staff psychologist.

In addition, DCS advised that it is establishing a medical provider’s network. Under the network DCS will retain a panel of medical professionals to:
- provide high quality medical and related services to employees
- consult with and verify the opinions of doctors privately consulted by employees.

2.2 The Sick Leave Policy

DCS’s Sick Leave Policy (the policy) was introduced in 1994 and applies to all employees.

The policy seeks to reduce the incidence of sick leave in a manner that does not penalise officers who are genuinely ill.

Under the policy, employees are classified into four categories depending upon the amount and frequency of medically uncertified sick leave taken. Based upon their sick leave category employees can receive a letter of acknowledgement, be placed on special requirements (such as not granting sick leave without a doctor’s certificate) or have sanctions imposed.

The policy:
- requires the Deputy Governor to interview staff who have taken eleven days or six occasions, or more, of uncertified sick leave and,
- provides that sanctions are to be imposed upon employees who continue to take excessive uncertified sick leave.

These sanctions include:
- removal of the opportunity to work overtime
- non-recommendation for transfer
- extension of probation and deferral of incremental payments.

DCS procedures also provide that an employee’s attendance record is considered when determining a promotion (for that employee).
Audit Observations

The policy does not address the responsibility of the Executive to monitor and manage sick leave across DCS, including the systemic causes of sick leave.

The policy emphasises the individual responsibilities of the manager, supervisor and employee.

DCS advises that a new Sick Leave Policy is currently being developed which will emphasise the responsibilities of Executive Management and staff.

Local Supervisors

The policy requires local supervisors, such as Area Managers in charge of a section of a Correctional Centre, to undertake the initial monitoring and management of sick leave.

At a number of Correctional Centres this component of the policy was not complied with. Contributing factors appear to be that many Area Managers:

- do not receive reports of employee absences
- generally lack adequate training to manage absence and promote attendance at work
- may be reluctant to manage absenteeism.

As a consequence, intervention tends not to occur until an employee’s sick leave reaches a level that triggers management at the next layer to intervene.

Deputy Governors

Compliance with the policy by Deputy Governors varied at the six Correctional Centres visited by the Audit Office.

Twenty-two (or 44%) of the fifty employees who worked the most overtime across DCS, have taken more than eleven days sick leave in the last twelve months. It is not clear how much of this sick leave was certified by a medical practitioner.

At Long Bay Hospital (LBH) officers, on average, take 14.47 days sick leave each year (the maximum entitlement is 15 days per annum). Because of staff shortages, LBH sometimes requests officers who have taken more than eleven days uncertified sick leave to work overtime.

Some Correctional Centres have also experienced difficulty in compelling employees to produce medical certificates in accordance with the policy.
2. Department of Corrective Services

In contrast, the Deputy-Governor at Goulburn Correctional Centre actively manages the Sick Leave Policy with the support of a relatively stable management team, including the Staff Officer, peer support network and regional resources. As a result:

- sick leave at the Centre is generally supported by medical certificates
- no member of the custodial staff has taken more than eleven days or six occasions of uncertified leave
- all 230 custodial staff are eligible to work overtime.

DCS advises that arrangements are being made to give the Staff Officer a greater role in monitoring sick leave.

### 2.3 Sick Leave Entitlements

Consistent with public service conditions, DCS employees are eligible to take 15 days sick leave each year. Sick leave not taken is accrued.

An employee may also be eligible for special sick leave where he or she:

- has more than 10 years service
- has exhausted all other sick leave entitlements
- is absent for more than three months.

Special sick leave is capped at 22 working days for every 10 years of service.

### 2.4 Information Systems

In 1999 DCS acquired an integrated system, known as MIMS, to address its information management needs including the computer programming risks of the Year 2000 (the ‘Y2K bug’).

The system was recommended by the Department of Public Works and Services as an approved product under Government Selected Application Systems.

DCS has experienced difficulties in establishing MIMS to support adequately the effective management of sick leave.

Significant problems were outstanding for several years following the introduction of MIMS. In November 2001, for example, there were eighteen issues associated with the processing of leave that were awaiting further action by the vendor of MIMS.
Considerable progress has been made in recent months in resolving these issues. As at May 2002 the main outstanding technical issues relate to:

- the processing of leave for part-time staff
- the consistency of the way records are displayed on screen.

The difficulties with the information systems have been threefold.

Firstly, MIMS is not able to maintain certain data critical to the management of sick leave. Examples are:

- MIMS cannot differentiate between a five-day absence and five one-day absences. This means MIMS does not support the Government and DCS policy that managers should monitor how often employees take sick leave
- MIMS has limited ability to record the reasons for leave. This restricts the analysis of data that can be undertaken by DCS. In contrast, other management information systems can inform the response of management to common causes of sick leave such as stress, muscular-skeletal injury, and influenza.

Secondly, the way MIMS was initially configured did not meet the needs of DCS. It was not until April 2002 that the linkage between the various modules in MIMS (that support employee scheduling, workers’ compensation and leave) became adequate.

Consequently DCS used alternate methods to enter and maintain leave records in MIMS prior to April 2002.

However, these methods were labour-intensive, prone to higher error rates and lacked adequate internal controls to govern the processing of information.

As a result the leave records of employees contain data entry errors. The difficulties are compounded by other factors such as the recovery of unrecorded pre-1999 leave, which is discussed at page 35.
Thirdly, MIMS has not, until recently, provided reliable reports at the corporate, unit or employee level.

The DCS Executive, for example, did not receive regular reports on sick leave incurred across the organisation. The last such report was run in August 2001.

Specific reports have been provided since 2001 for particular elements of DCS, particularly custodial and industrial officers working in Correctional Centres. However, there appears to have been no global sick leave reporting that includes other employees such as administrative, educational, clinical staff and officers working outside of Correctional Centres.

Since the beginning of 2002, the reports available to managers at the local and regional level have improved. The reports inform:

- managers of the amount of leave taken and whether it is certified by a medical practitioner
- further analysis of employee leave records to determine whether there are patterns of absence that need to be addressed.

There are still gaps in the reports currently available and managers need to rely on screen enquiries to, for example, monitor the occasions of sick leave as required by the policy.
Past Breakdowns – Current Problems

During 1999 DCS identified systemic irregularities in respect of leave at Lithgow Correctional Centre. In response, DCS established a Leave Taskforce to investigate leave transactions at selected Centres.

By April 2002 the Taskforce had identified 10,161.46 days leave that had been taken by staff but not recorded by DCS. Sick leave accounted for over one third of this unrecorded leave.

The Taskforce has now been running for almost three years. DCS has advised that the Taskforce should complete its work by September 2002. The investigation has been extended because:

- the lack of consistent computer records has precluded exception reporting and required the recreation of leave records from rosters and time sheets going back as far as 1991
- sampling at other locations has detected similar patterns to those at Lithgow. The Taskforce is now recreating leave records for all cost centres
- the investigation has been complemented by a parallel process of consultation and negotiation with existing employees and their unions to arrange for the recovery of leave.

A number of other issues relating to the recovery of pre-1999 sick leave are not resolved. DCS has not:

- determined a consistent method of valuing the leave to be recovered
- determined what should be done to recover unrecorded leave from ex-employees. No progress has been made on this issue since early 2000 when the State Debt Recovery Office ceased providing general debt recovery services to government agencies.

The approach taken by DCS towards adjusting leave records has added to the complexity of the agency’s information and reporting systems:

- the review of an individual’s sick leave history requires the interrogation of multiple sources: the pre-2000 database, the MIMS database and the physical files
- the use of bulk entries to process adjustments limit the usefulness of the data for analysis of trends and systemic issues.

Note: The collapse of management controls was reported in Auditor-General’s Reports to Parliament, Volume 2 1999, Volume 5 2000, and Volume 5 2001.
The Audit Office examined three years of sick leave data from MIMS and the pre-2000 system.

The Audit Office concluded that the data were not comparable and information could not be analysed efficiently.

### 2.5 Management Information

Due to past difficulties with management information, DCS continues to enhance MIMS and to develop supporting systems to manage sick leave in an efficient and effective manner.

DCS has a corporate target of ten days sick leave per year. DCS employees are eligible for fifteen days sick leave per annum.

**Audit Observations**

Better practice suggests that an organisational target should be communicated throughout the organisation. DCS has yet to develop local targets to evaluate trends in sick leave or performance in the management of sick leave.

The limited nature of usable information has meant that managers, until recently, have not been well equipped to address systemic issues that cause sick leave.

The following exhibit of sick leave taken by custodial and industrial staff working in Correctional Centres shows that the incidence of sick leave varies significantly across DCS.

The variations are not primarily associated, as might be expected, with the security classification of the facility, but with other factors including geographic location.
Exhibit 7: Sick Leave Taken by Custodial & Industrial Staff Working in Correctional Centres in the 12 Months to 5 May 2002

Dissected by Security Level

Dissected by Location

Notes:
The above exhibits are based upon DCS reports that exclude sick leave pending workers’ compensation and officers with less than 12 months service.

The average number of sick leave days taken by custodial and industrial officers in Correctional Centres is 12.99.

DCS reports from May 2002 also indicate that, on average, commissioned custodial and industrial officers take more sick leave (15.06 days) than non-commissioned officers (12.69 days).
2.6 Managing Sick Leave

DCS currently manages sick leave in the context of its commitment to minimise its expenditure on overtime in 2001-02.

DCS uses a variety of strategies at the local and Regional levels to monitor and manage variability in staff attendance.

At a minimum, Correctional Centres provide fortnightly roster and overtime reports to the Region. These inform the Regional Commander of the changes to the roster, variations in staffing and the contribution of sick leave to the incidence of overtime.

Some Regional Commanders review sick leave and overtime levels more regularly and call for information on employees who are taking sick leave on a regular basis.

Apart from approving overtime, Regional Commanders address the variability in staff numbers through measures including:

- procedures to restrict the movement and activities of inmates in Correctional Centres through lock-downs. Lock-downs of particular security posts allow fewer officers to maintain secure custody.

  The impact on inmates’ employment and programs is minimised through the use of partial or incremental lock-downs rotated through different areas of a Correctional Centre. Regular use of full lock-downs carries the risk of increased tension within Correctional Centres that may result in disturbances, illness and injury to officers.

  DCS advises that full lock-downs are not commonly used to manage staff shortages. Full lock-downs may be used for operational reasons including deaths in custody, searches of Correctional Centres and serious incidents, interventions to promote employee health including the provision of vaccinations

- the use of a peer support network to identify those employees experiencing difficulties. In this way support services can be provided from the resources of Correctional Centres and Regions

- the identification and modification of rostered activities, duties, and shifts which, historically, are prone to higher levels of sick leave.
The literature cited in Appendix 5 suggests that stable leadership that takes responsibility for attendance and employee morale and welfare has a positive effect on the occasions of sick leave.

DCS is training its managers and other employees to:
- understand and implement the *Sick Leave Policy* and related procedures in a fair, sensitive and supportive way
- manage the causes of absences. The Employee Health and Safety Unit, for example, is coordinating training in occupational health and safety, healthy life styles, safe work practices and employee support.

However, more should to be done to enhance people management in DCS. In particular middle managers would benefit from further skills development in managing sick leave and promoting attendance at work.

The *Sick Leave Policy* provides that managers may rely on medical certificates to validate absences due to sick leave. This means that sick leave that is supported by a certificate from a medical practitioner, is not monitored.

Research from the United Kingdom indicates that reliance upon medical certificates tends to:
- discourage dialogue with doctors to resolve employee problems
- preclude effective management of factors that are contributing to absenteeism.\(^3\)

The *Sick Leave Policy* also provides that managers may arrange an independent medical examination where there is a concern that:
- an officer is not fit for duty
- the officer’s pattern of sick leave warrants further investigation.

This procedure has not been effective in situations where:
- the Government Medical Officer (HeathQuest) examines the officer and finds him or her fit for duty, but
- the officer continues to take sick leave on being certified as unfit for duty by his or her doctor.

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Audit Observations

Some managers have intervened effectively in the existing framework for managing sick leave:

- A Deputy Governor managed the case of an officer who was regularly sick on the day after pay day, by calling his doctor to express concern that perhaps an underlying condition was not being adequately addressed.

- Some Correctional Centres have provided tours of their facilities for medical practitioners who were providing a disproportionate number of certificates for stress. The tour was designed to provide medical practitioners with a better understanding of the duties of the officers.

- Long Bay and Silverwater have made arrangements for local medical centres to provide employees with prompt medical attention. Similar arrangements exist in regard to counselling, therapy and other support services for employees.

Coordination

DCS is seeking to improve the coordination of the Sick Leave Policy with other Human Resources initiatives. The agency recognises that patterns of absenteeism may mask serious health, interpersonal or workplace issues.

More recently DCS has referred officers with problematic attendance to occupational psychologists. This assists the management of interpersonal issues by DCS and subsequent referrals to HealthQuest.

DCS has found that referrals to HealthQuest are more effective when the DCS:

- asks HealthQuest for an assessment of specific issues in relation to the employee’s fitness for work

- provides HealthQuest with relevant information including records of sick leave and independent psychological examinations.
Response from Department of Corrective Services

I refer to your letter in relation to the above matter.

As you are aware, senior officers of the Department of Corrective Services have had the opportunity to review a draft of the Performance Audit report.

The final report incorporates most of the matters raised during discussions since the draft report became available.

The recommendations contained in the report are supported and it should be noted that the Department is incorporating the relevant recommendations in its policy and procedures relating to sick leave management.

In regard to overtime expenditure, the Department will continue to monitor causes of overtime and develop and implement strategies aimed at minimising expenditure in this area.

(signed)

Richard Amery
Minister for Corrective Services
Minister for Agriculture

Dated: 9 July 2002
Appendices
## Appendix 1 Terms Used in this Report

### NSW Police

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>average sick leave</td>
<td>Average sick leave taken per employee is calculated as:</td>
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<tr>
<td></td>
<td>number of days sick leave taken in the last twelve months</td>
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<td></td>
<td>number of employees.</td>
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<tr>
<td>Commissioner</td>
<td>The Chief Executive of the NSW Police.</td>
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<tr>
<td>EAP</td>
<td>The Employee Assistance Program of NSW Police consists primarily of externally contracted consultants available to employees on 24-hour call.</td>
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<tr>
<td>LAC</td>
<td>Local Area Command. An administrative police unit responsible for policing in a defined geographical area. A LAC includes one or more police stations and is headed by a Commander. There are 80 LACs.</td>
</tr>
<tr>
<td>Long Term Absences</td>
<td>It includes officers who are:</td>
</tr>
<tr>
<td></td>
<td>▪ on permanent restricted duties and are unable to carry out general policing duties</td>
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<tr>
<td></td>
<td>▪ are on long term sick leave, that is sick leave of more than 45 days duration</td>
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<tr>
<td></td>
<td>▪ are on leave pending medical discharge.</td>
</tr>
<tr>
<td>occasion of sick leave</td>
<td>An occasion or incident of sick leave is any period of absence from employment for which a sick leave entitlement is used. The distinction between a day and an occasion of sick leave is demonstrated in the following example: an employee takes five consecutive days sick leave. This absence equates to:</td>
</tr>
<tr>
<td></td>
<td>▪ five sickness absence days</td>
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<td></td>
<td>▪ one sickness absence occasion.</td>
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<tr>
<td>pattern of absenteeism</td>
<td>A history of repeated absence at particular times, such as:</td>
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<td></td>
<td>▪ before or after rostered days off, holidays or other authorised absences</td>
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<td></td>
<td>▪ to consistently avoid specific duties or shifts</td>
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<td></td>
<td>▪ on the same day of each week, fortnight or month</td>
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<tr>
<td></td>
<td>▪ on shifts that were requested off, but not approved.</td>
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<tr>
<td></td>
<td>Such patterns may indicate that factors other than sickness may be contributing to the absence.</td>
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<tr>
<td>Term</td>
<td>Definition</td>
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<tr>
<td>Peer Support</td>
<td>A program operated by the NSW Police to support employees and their families during times of stress. The program provides training and support to volunteer Peer Support Officers.</td>
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<tr>
<td>police officer</td>
<td>An officer attested with powers to act as a police officer. The term is used to distinguish police officers from the civilian or auxiliary employees of NSW Police.</td>
</tr>
<tr>
<td>Police Regulation (Superannuation) Act 1906</td>
<td>Legislation that governs the superannuation and invalidity entitlements of police officers who were attested (enlisted) prior to 1 April 1988.</td>
</tr>
<tr>
<td>pre-1988 officers</td>
<td>Police officers who were attested (enlisted) before April 1 1988, and whose entitlements are governed by the Police Regulation (Superannuation) Act 1906.</td>
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<tr>
<td>Region</td>
<td>An administrative layer co-ordinating LACs and reporting to the Deputy Commissioner Field Operations.</td>
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<tr>
<td>roster clerks</td>
<td>Roster clerks are uniformed police officers who administer Smartroster, the NSW Police employee scheduling system.</td>
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<tr>
<td>rostering</td>
<td>The process of allocating staff to particular shifts and duties, and maintaining the associated records.</td>
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<tr>
<td>sick leave</td>
<td>Sick leave provides employees with income protection when they are unable to attend work because of illness or injury. Where the cause of illness or injury is work-related, the employee may also have other entitlements including workers’ compensation.</td>
</tr>
<tr>
<td>Smartroster</td>
<td>Smart Rostering System, the proprietary name of a rostering application in which leave is initially recorded.</td>
</tr>
<tr>
<td>Star</td>
<td>Solution for Technological Administration of Resources, the propriety name for the integrated management information system approved under the Government Selected Applications Systems program.</td>
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<tr>
<td>The Sick Leave Policy</td>
<td>The Sick Leave Policy introduced in 1996 to apply to all NSW Police employees.</td>
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</table>
### Appendix 2 Terms Used in this Report

**The Department of Corrective Services**

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tr>
<td>Area Manager</td>
<td>The line supervisor in charge of a part of a Correctional Centre.</td>
</tr>
<tr>
<td>average sick leave</td>
<td>see NSW Police glossary- Appendix 1.</td>
</tr>
<tr>
<td>Category</td>
<td>One of the four categories under DCS <em>Sick Leave Policy</em>. Employees are classified into a Category according to the amount of uncertified leave taken in the last twelve months. The Categories are used as the basis for managing sick leave, interviewing staff and imposing sanctions and rewards.</td>
</tr>
<tr>
<td>Commissioner</td>
<td>The Chief Executive of DCS.</td>
</tr>
<tr>
<td>Correctional Centre</td>
<td>One of twenty-six security installations or prisons for holding inmates in custody.</td>
</tr>
<tr>
<td>custodial officer</td>
<td>A uniformed custodial officer employed by DCS. The term is used to distinguish custodial officers from civilian or auxiliary employees of DCS. A non-commissioned officer refers to a correctional officer at or below the rank of Senior Correctional Officer. A commissioned officer refers to officers at or between the ranks of Assistant Superintendent and Governor/ Superintendent.</td>
</tr>
<tr>
<td>DCS</td>
<td>The Department of Corrective Services.</td>
</tr>
<tr>
<td>Deputy Governor</td>
<td>The second-in-charge of a Correctional Centre.</td>
</tr>
<tr>
<td>EAP</td>
<td>The Employee Assistance Program which consists of a range of services for employees including:</td>
</tr>
<tr>
<td></td>
<td>• externally contracted consultants</td>
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<tr>
<td></td>
<td>• staff psychologists employed in the Regional Offices</td>
</tr>
<tr>
<td></td>
<td>• Peer Support Teams.</td>
</tr>
<tr>
<td>Governor</td>
<td>The senior officer responsible for a Correctional Centre.</td>
</tr>
<tr>
<td>Injury/Illness Policy (I&amp;IP)</td>
<td>The I&amp;IP implements DCS’s intention to commence the process of occupational rehabilitation as soon as possible after an illness or injury occurs, consistent with good medical judgement. The I&amp;IP complements the <em>Sick Leave Policy</em> by allowing employees with excessive sick leave to be managed on a rehabilitation rather than a disciplinary basis.</td>
</tr>
<tr>
<td>Term</td>
<td>Description</td>
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</tr>
<tr>
<td>‘lock-down’</td>
<td>A ‘lock-down’ is used to refer to the non-staffing of a security post in a Correctional Centre. Many posts are locked down as a matter of course during quieter periods such as night time when inmates are confined to their cells. Lock downs may also be used to ensure secure custody when too few staff are available for work. By keeping inmates confined to their cells, the Centre can reduce its staffing needs.</td>
</tr>
<tr>
<td>MIMS</td>
<td>A proprietary management information system approved under the Government Selected Applications Systems program. MIMS was adopted by DCS in 1999.</td>
</tr>
<tr>
<td>occasion of sick leave</td>
<td>see NSW Police glossary- Appendix 1. <em>The Sick Leave Policy</em> of DCS differentiates between a day and an occasion of sick leave but DCS management information system does not.</td>
</tr>
<tr>
<td>pattern of absenteeism</td>
<td>see NSW Police glossary- Appendix 1.</td>
</tr>
<tr>
<td>Peer Support</td>
<td>A program operated by DCS to support employees and their families during times of stress. The program provides training and support to volunteer Peer Support Officers, who operate in teams for each Correctional Centre.</td>
</tr>
<tr>
<td>roster clerks</td>
<td>Roster clerks are uniformed custodial officers who administer the Correctional Centres employees scheduling system. They report directly to the Deputy-Governor.</td>
</tr>
<tr>
<td>rostering</td>
<td>see NSW Police glossary- Appendix 1.</td>
</tr>
<tr>
<td>sick leave</td>
<td>Sick leave provides employees with income protection when they are unable to attend work because of illness or injury. Where the cause of illness or injury is work-related, the employee may also have other entitlements including workers’ compensation.</td>
</tr>
<tr>
<td>special circumstances</td>
<td>The <em>Sick Leave Policy</em> provides that special circumstance absences are excluded from determining an employee’s sick leave category. Special circumstances must be covered by appropriate medical certificates and training materials stress that managers need to ensure that “all absences covered by medical certificate are regarded as special absences”.</td>
</tr>
<tr>
<td>The <em>Sick Leave Policy</em></td>
<td>The <em>Sick Leave Policy</em> was introduced in 1994 to apply to all DCS employees.</td>
</tr>
</tbody>
</table>
Appendices

Appendix 3  About the Audit

Audit Objective
The objective of the audit was to evaluate the efficiency and effectiveness of sickness absence management in the NSW Police and the Department of Corrective Services.

Audit Criteria
The Audit Office examined whether the agencies:

- respective senior managements are committed to improving the management of sick leave
- have effectively translated the sick leave policy into procedures to report and review sick leave against operational objectives, plans and targets.
- have procedures and practices in place to effectively supervise sick leave
- have an information framework and management systems that effectively support the management of sick leave.

Audit Scope
The audit examined the adequacy of arrangements to manage sick leave in DCS and NSW Police.

The audit did not examine systems to minimise the likelihood of harm to employees.

Audit Approach/Methodology
The audit methodology involved:

- research into literature on managing attendance
- discussions with representatives of the Public Sector Management Office of the Premier's Department
- review of agency documentation
- interviews with HR and line managers to gather qualitative data
- review and analysis of NSW Police sickness records from 1998 to 2001
- visits to 6 DCS Correctional Centres and 2 Regional Offices
- interviews of 2 NSW Police LACs and 1 Regional Office.
The Audit Office examined selected data from the:

- Flexipay payroll system [the system contains employment details, bases of remuneration and the salaries and allowances paid to employees of NSW Police]
- Police HR Millennium system [the system details employee absences on sick leave and special sick leave]. The HR Millennium was a legacy system that predated Star, but was not closed off until November 2001.

This data covered the financial years:
- 1998-99
- 1999-2000
- 2000-01.

The analysis followed the following sequential process.

Re-credits of sick leave, for example an absence being assessed/accepted as workers compensation, were excluded from the records.

This was done in order to have a gross record of all employee health related absences. The sick leave records where then broken down into sworn police officers and civilians, the latter are known/referred to in the NSW Police as General Establishment (GE) staff.

The sick leave was summarised based on employee serial number and combined with payroll information. The sick leave information was analysed specifically for such matters as extent to which absences were medically certified, whether absences should have been medically certified but were not so certified.

The payroll information was broken down into the two main occupational groupings, sworn police officers and GE staff.

The employees effective full time equivalent (EFTE) was determined and recorded based on employment commencement and termination dates. In addition, employee working hours were determined and recorded based upon an employee’s EFTE.

The payroll information, with the additional information recorded therein, was then analysed in terms of:
- the average hours of sick leave per EFTE employee
- the direct cost of sick leave
- levels of sick leave at locations etc.
The Audit Office examined selected data from Prism (the system used before 1999) and MIMS.

This data covered the financial years:
- 1998-99
- 1999-2000
- 2000-01.

The initial review of the data established that there were barriers to the efficient analysis of DCS data. Unlike NSW Police, which had a single data-base with leave information, DCS leave records were spread across two data-bases.

There were problems with combining and comparing data from the two different DCS information systems:
- the implementation of the MIMS employee scheduling module was staggered with sites ‘switching over’ from Prism to MIMS progressively between 1999 and 2000. There was no clear cut-off date between the two systems and staff who changed work locations, also changed leave systems
- the data fields, business rules and definitions used in the two systems were different.

In addition, there were anomalies and errors that undermined the integrity of the data for the purpose of analysis:
- journal adjustments were common and obscured leave patterns. An adjustment made by the Leave Task Force, might for example, debit an individual for 160 hours sick leave on 12 February 2001. However the 160 hours could relate to leave taken in 1997, outside the period under review
- a significant number of data entry errors were detected during the initial review. Erroneous occupational codes for example categorised psychologists as custodial staff.

Because of these difficulties it was not possible to subject DCS leave records for 1 July 1998 to 30 June 2001 to the same level of analysis as was done for the NSW Police records for the same period.

The Audit Office would like to thank the employees of DCS and NSW Police for their cooperation and assistance during the course of the audit.

The audit team comprised of Michael Johnston, Steve Sullivan and Denis Streater.

(estimate $179,000)
Appendices

Appendix 4 Lessons for the Future

The Audit Office recommends that the Government take a whole-of-government approach to support agencies implementing new technologies.

The body of research listed in Appendix 5 provides some guidance for the improvement of sick leave.

The effective management of sick leave requires reliable information.

The level of sick leave is affected by the quality of management, and in particular a stable leadership that accepts responsibility for attendance and employee morale and welfare.

Absence rates are lower when senior managers take primary responsibility for managing their people.

Senior managers need to:

- be responsive to levels of sick leave across the agency
- demonstrate a commitment to staff welfare
- support local managers when they have to deal with difficult issues relating to sick leave.

Agencies should manage sick leave against a measurable target:

- The agency target should cascade down to Regions and Centres and provide goals for which to aim and measure performance.
- The goals should not be static but should be supported by effective information systems and regularly revised in the light of internal and external changes.

Sick leave policies should clearly and concisely spell out the responsibilities of management and employees.

Policies should promote good attendance as well as impose sanctions for poor attendance.

- Good attendance can be proactively promoted by developing rewarding and supportive working environments and management styles
- Some sanctions, such as limiting the employee's eligibility for transfer and ‘swapping’ shifts to suit personal needs, have proven to be counter-productive as tend to increase stress and the incidence of unplanned absences
One of the best ways to manage sick leave is for the manager (with appropriate skills) to talk to the employee about the absence when he or she returns to work.

Such prompt intervention can be effective in:
- demonstrating concern for people
- alerting supervisors to issues that affect attendance. Work-related issues may be tackled proactively by the manager, while staff with personal problems can be offered referral to other support services
- providing a level of scrutiny that discourages employees from taking unnecessary absences.

A primary reliance upon doctors to validate sick leave is not an effective way to manage short-term sick leave.

Long-term and recurrent sick leave is most effectively addressed by employee assistance programs and the involvement of occupational health professionals.

English police forces are increasingly using Sickness Monitoring Groups to encourage the active management of sickness absence issues. The groups generally
- consist of managers and representatives from personnel, human resources and occupational health as well as staff representatives
- meet frequently (monthly or quarterly) to review employees with long term sick leave or who have e with a history of frequent absences, and determine suitable responses
- allow different parts of the agency to discuss common issues, share good practice, establish a consensus on solutions and maintain consistency of procedures.
Appendix 5 References


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.

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

If you wish to find out what performance audits are currently in progress just visit our website at www.audit@nsw.gov.au.

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, Monitoring and Reporting on Performance Audits Recommendations, is on the Internet at 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:

Tom Jambrich
Assistant Auditor-General
Performance Audit Branch
(02) 9285 0051
e-mail: tom.jambrich@audit.nsw.gov.au
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* Better Practice Guides

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