

AUDITOR-GENERAL'S REPORT

PERFORMANCE AUDIT

NSW Police

The Police Assistance Line

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Contents

Foreword

Executive summary	1
Summary of recommendations	5
1. Introduction	7
1.1 Call centres	8
1.2 The Police Assistance Line	8
2. PAL and customer service	11
2.1 Factors affecting customer service	12
2.2 Results for key indicators	12
2.3 Quality assurance	16
2.4 Customer satisfaction	17
3. The cost of a call	19
3.1 Introduction	20
3.2 Measuring efficiency gains	20
3.3 Maximising the benefits	21
3.4 Paying for PAL	22
Appendices	23
Appendix 1: Audit scope and objectives	24
Appendix 2: NSW Police's Response to Recommendations	26
Performance audits by the Audit Office of New South Wales	29

Foreword

Call centres are widely used by the private sector as a cost-effective means of managing customer contact. They are also playing an increasingly important role in the public sector, with more than 40 government-run call centres already operating in New South Wales.

The advantages that call centres can offer include:

- allowing front-line staff to spend more time on delivering core services
- providing easier and more equitable access for non-metropolitan callers
- achieving cost savings through automation and by using lower paid call-centre staff rather than higher-paid agency officers.

However, call centres - both in the private and public sectors - are not without their disadvantages and critics. By concentrating calls into one centre, peak workloads may cause problems and any temporary system failure can have major impacts. Call centre staff may also not have the breadth or depth of knowledge of the organisation's functions that callers expect.

Clearly, organisations need to ensure that their call centres meet or exceed the public's expectations while achieving the efficiency gains.

The Police Assistance Line (PAL) is one of largest government call centres in the State. It operates 24 hours, 7 days a week handling reports of minor crime and other non-urgent incidents that do not require immediate police assistance.

PAL is the first in a series of performance audits we will conduct on government call centres.

R J Sendt
Auditor-General

June 2003

Executive summary

Executive summary

The Police Assistance Line (PAL) is a 24-hour, seven day a week call centre established by NSW Police for the reporting of minor crimes and non-urgent incidents.

Minor crimes are those that do not require a police officer to be present at the scene. Examples are malicious damage, stealing, break and enter, and minor traffic incidents.

Established in 1999-2000 at an approximate cost of \$7.2 million, PAL handles around 1,500 calls each day from the public.

PAL was intended to release more police to operational activities and to deliver efficiency savings through civilianisation of call taking and better use of technology.

The audit examines whether PAL has delivered benefits to NSW Police.

Audit opinion

We are of the opinion that overall, PAL has contributed to improving the efficiency and effectiveness of NSW Police.

Through civilianisation of call taking, NSW Police reports that the cost of handling a minor crime report has been reduced by 65 per cent, to around \$21 per call. It is also estimated that PAL has contributed to the release of over 200 police to operational duties.

There has also been an improvement in customer service since PAL commenced, with the average time taken to answer a call reduced from over two minutes to 42 seconds. However, performance is still outside NSW Police's goal of answering 80 per cent of calls within 27 seconds. In addition, waiting time increased over the last six months of 2002.

At present, PAL captures about 46 per cent of crime reports relating to PAL criteria. Most people who call PAL have already used the service or been referred by another source.

There are opportunities to improve efficiency and customer satisfaction through greater public awareness and use of PAL. At an estimated cost of \$21 to report a crime to PAL, compared to \$60 to report the same crime to a police officer, PAL could deliver further savings to NSW Police through capturing a larger proportion of its market as well as releasing more police to operational duties.

However, there would be a need to ensure that an increase in call volume would not cause service levels to decline further.

The goal of answering 80 per cent of calls within 27 seconds has not been consistently met. In addition, there are no minimum service standards for PAL. Under current arrangements, any increase in call volume or duration may result in further access problems for customers.

NSW Police needs to establish appropriate minimum service standards for PAL based on customer feedback. In addition, NSW Police should resource PAL to meet these agreed service standards, bearing in mind the need to maximise cost-effectiveness.

There is also a proposal for PAL to establish itself as a provider of call centre services to other government agencies as a means of enhancing revenue.

It is our opinion that running PAL as a business providing call centre services to others is inconsistent with the role of NSW Police. As indicated above, greater benefit would be derived from PAL capturing more of its potential market than from seeking new business.

Other findings

Monitoring performance

A suite of key performance indicators is now used to monitor PAL performance. Customer service levels have improved since 2000, with average call waiting time reduced from over two minutes to 42 seconds.

However, this result is still outside NSW Police's target of answering 80 per cent of calls within 27 seconds. The rate of abandoned calls is also high, at over six per cent, or 37,000 calls per year. Other call centres achieve an average of five per cent.

NSW Police suggests two reasons for the recent decline in performance: an overall reduction in staff available to take calls and increased call duration due to changes in police procedures.

Cost effectiveness PAL has recently calculated the cost of a call at \$21. However, PAL has not previously monitored its cost per call or the cost of reporting a crime by category, making it impossible to determine changes in PAL's cost effectiveness over time.

Quality services PAL has a quality assurance program to check the accuracy and appropriateness of information provided to callers. Currently, PAL does not assess customer satisfaction with its services or obtain feedback from customers on performance expectations, although it plans to run customer focus groups in 2003 to address this.

Opportunities for improvement PAL currently allows public schools to make reports of vandalism by email, but this service is not available to other groups. There are opportunities for NSW Police to achieve further efficiency gains through the use of automated, self-service technologies such as email and internet services.

Summary of recommendations

It is recommended that NSW Police should:

Improve PAL services by:

- establishing, maintaining and monitoring defined standards of customer service for the resources invested
- outlining service standards and resources in a PAL service level agreement
- obtaining more specific feedback on customer needs and satisfaction by:
 - pursuing its plan to hold focus groups to clarify customer expectations
 - arranging for periodic (six-monthly or annual) customer satisfaction surveys to be conducted
- complying with the Privacy Act by advising all callers that their calls may be recorded.

Maximise the benefits of PAL by:

- examining opportunities to further civilianise PAL staff
- increasing, monitoring and maintaining public awareness of PAL services
- expanding automated, self-service technologies such as email and internet services as a means of achieving further efficiency gains
- monitoring the cost per call (by service type) and the cost of reporting a crime by category.

Response from NSW Police

I write in response to your request for comment on the Performance Audit Report on the Police Assistance Line.

Please find attached the NSW Police response to each of the recommendations made in the Report as well as an initial indication of the action being taken, or intended to be taken, in respect of each matter.

NSW Police will be giving further consideration to these matters, including identifying timeframes for implementation of each recommendation.

*(signed)
A P Scipione
A/Commissioner*

Dated: 29 May 2003

Refer to Appendix 2 for NSW Police's Response to Recommendations.

1. Introduction

1.1 Call centres

Call centres are structured environments where incoming and outgoing calls are handled by call centre operators.

For most people, the telephone is an easily accessible and efficient way to contact a business or government agency. A call centre often provides the most cost effective way to meet a customer's requirements.

Government call centres

The NSW Government delivers services through more than 40 call centres employing over 1,100 operators.¹ In addition, there are around 150 telephone information or enquiry services provided by various government agencies.

Examples of the types of services provided by government call centres are consumer and business advice, licensing transactions, hotlines for requesting urgent building repairs, and reporting minor crimes.

1.2 The Police Assistance Line

The Police Assistance Line (PAL) is a 24-hour, seven day a week call centre established by NSW Police for reporting minor crimes and non-urgent incidents.

Minor crimes are those that do not require a police officer to be present at the scene. Examples of minor crimes are malicious damage; stealing; break and enter; stolen or lost property; and minor traffic accidents. Since November 2002, PAL has also handled calls to Crime Stoppers.

Before PAL, reports of minor crimes were made to police at local stations.

PAL became fully operational in January 2000. PAL operates from two sites, consists of around 112 seats, and cost approximately \$7.2 million to set up.

Calls to PAL are answered by civilian operators. Report details are then recorded in the NSW Police's Computerised Operational Policing System (COPS). Callers are provided with an event number that can also be used to support insurance claims.

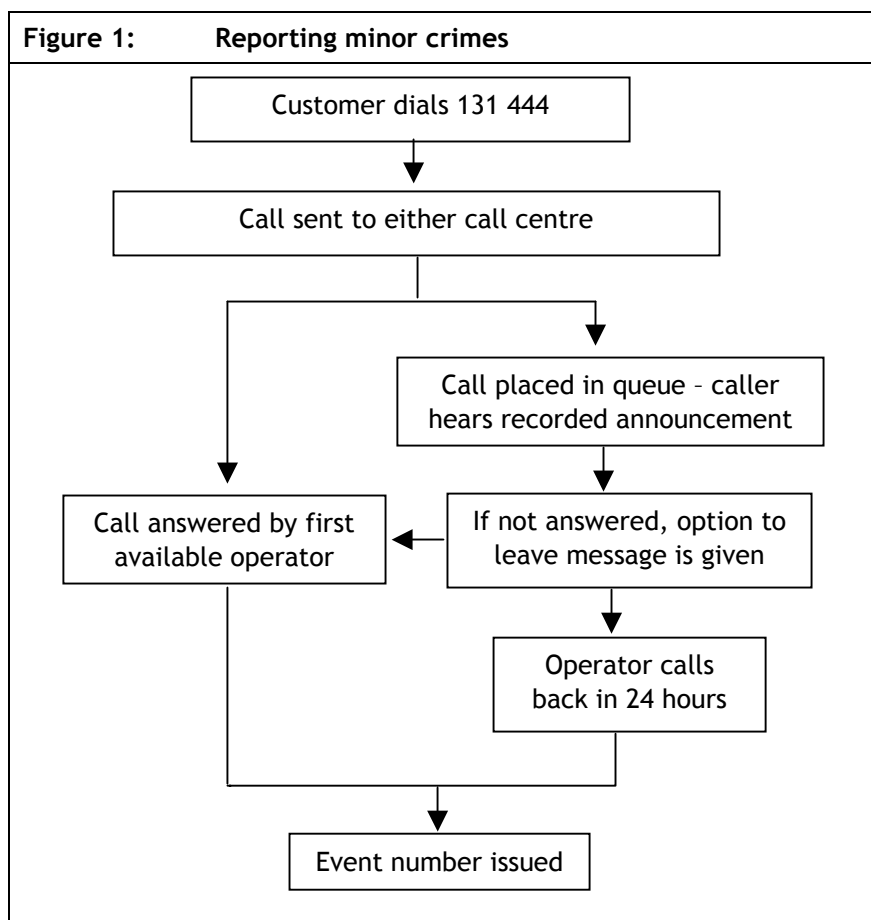
¹ NSW Premier's Department, Circular No. 2001-41, August 2001

PAL objectives The primary objective of PAL is to maximise police presence on the street by providing the community with an alternative point of contact for reporting minor crimes.

PAL was also intended to deliver benefits to customers through more convenient and speedy access to police and by providing accurate, consistent and appropriate policing advice.

PAL's purpose, mission, and goals were well-defined in its Business Case. Planning included identifying the need for a call centre and examining options for implementation. Consideration was given to internal versus external operation, location, supervision, training, rostering shifts, and marketing issues. An economic appraisal was also completed in compliance with NSW Treasury requirements.

How PAL works Both sites operate as a single, virtual call centre. Callers contact PAL using the 131 444 number for the cost of a local call from anywhere in NSW.



Source: The Audit Office

In addition to handling crime reports, operators also answer calls to Crime Stoppers, the Graffiti Line, the NSW Police customer assistance unit, and Pet Find (on behalf of local government). PAL also has overflow capacity (spare seats) for hotlines including anti-terrorism, bush fire reports and updates, and special campaigns.

Call volume PAL handles about 1,500 calls per day and over 500,000 calls annually. Calls to PAL have increased by around 30 per cent over the past three years, from 443,700 in 1999-2000 to 578,170 in 2001-02.

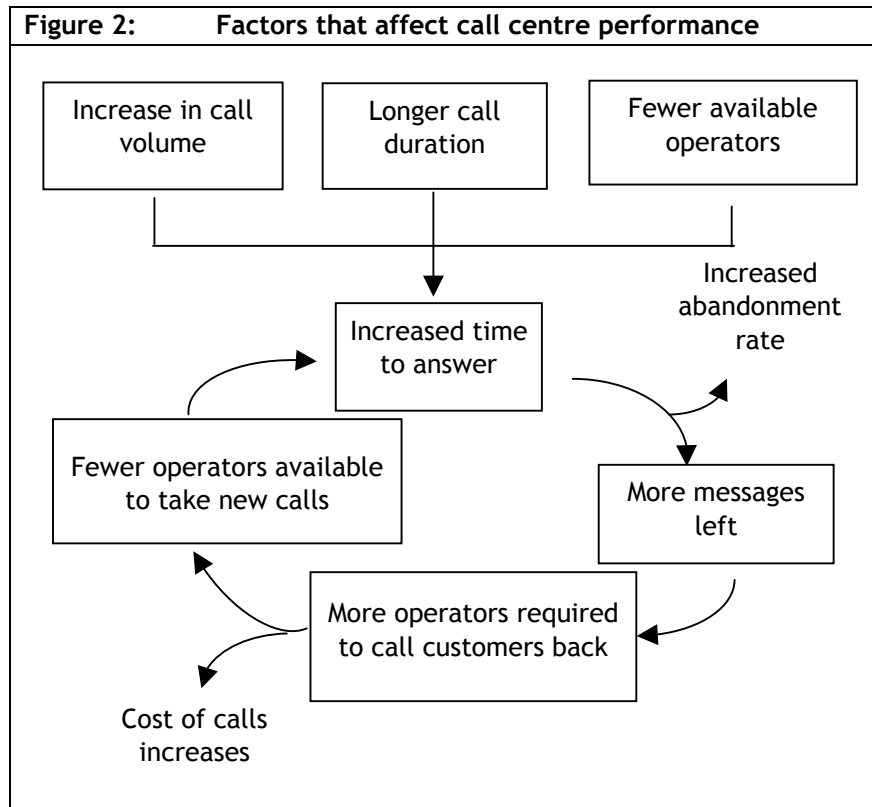
Staffing and costs PAL employs 205 civilians as call centre operators, around half of whom work part-time.

PAL expenditures were \$13.2 million in 2001-02. Eighty per cent of operating costs is for labour; the remaining twenty per cent is made up of telephone charges, accommodation and administration costs.

2. PAL and customer service

2.1 Factors affecting customer service

A number of interrelated factors can affect the overall performance of PAL and its level of customer service.



Source: The Audit Office

2.2 Results for key indicators

Although PAL became operational in 2000, NSW Police only introduced a comprehensive suite of indicators to monitor PAL performance in September 2001.

Overall, PAL customer service levels have improved since 2000, although there have been recent declines in performance in some areas.

Indicator	Definition	Performance in 2002
Call volume	Total number of calls received in a given period	Stable
Timeliness	How fast calls are answered by an operator	Calls took longer to be answered
Grade of service	Percentage of calls answered within a target of 27 seconds	Fewer calls answered within target
Call duration	Total call duration, including after-call work such as recording crime details	Call duration increased
Abandoned calls	Percentage of callers who hang up before speaking to an operator	Stable
Voicemail messages	Number of messages left by customers who choose not to wait to speak to an operator	Messages increased
Customer satisfaction	Client feedback on satisfaction with customer service levels and performance	No comparable data available

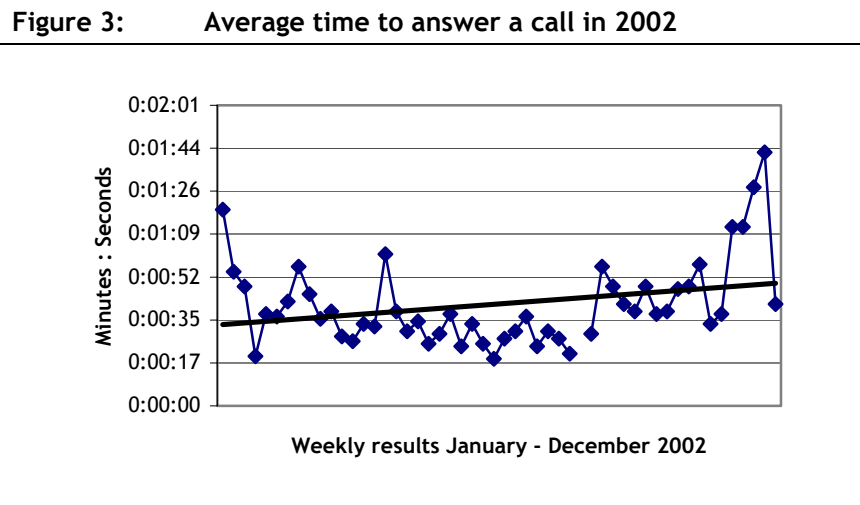
Source: NSW Police. Data for January to December 2002

Timeliness

NSW Police's original goal was to answer all calls to PAL within 12 seconds.² This ambitious target was later revised to 80 per cent of calls within 27 seconds, in line with that used by operators who answer emergency '000' calls - despite the fact that calls to PAL are non-urgent in nature.

Since 2000, the average time to answer a call has decreased by over 60 per cent, from over two minutes to 42 seconds. This is still well outside the target of 27 seconds and recent data indicates that the average time taken to answer a call is increasing.

² NSW Police, PAL Business Case, 1998



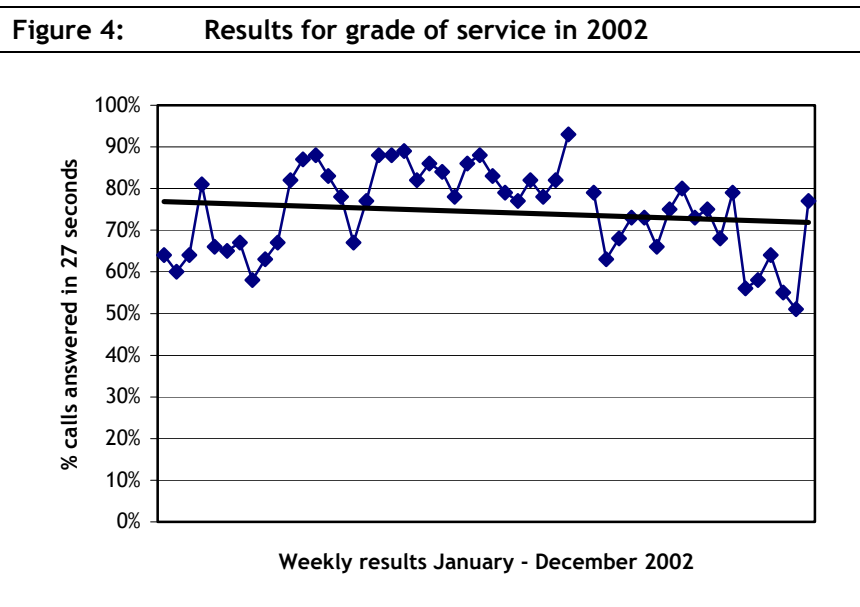
Note: Data not available for week ending 24 August 2002.
 Source: NSW Police

The longest wait time can be up to half an hour.

Grade of service

Grade of service refers to the target set for answering a percentage of calls within a defined time period. For PAL, the target is to answer 80 per cent of calls within 27 seconds. Most call centres try to answer 80 per cent of calls within 20 seconds.³

PAL's performance against this target is monitored on a daily basis. As with other customer service indices, performance has recently declined.



Note: Data not available for week ending 24 August 2002.
 Source: NSW Police

³ ACA Research Pty Ltd, The 2002 Australian Call Centre Industry Benchmark Study

On average, PAL answers only 52 per cent of calls within 27 seconds. The remaining calls (nearly 280,000 per year) take longer than 27 seconds to answer or are abandoned.

Call duration

Call duration can be used as an indicator of efficiency and impacts on the cost of a call.

Based on data reported by PAL, the call centre has significantly improved (i.e., reduced) its call duration since its establishment, with average duration decreasing from a reported 13 minutes in 2000 to nine minutes in 2002.

Abandoned calls

Abandonment rate refers to the percentage of callers who hang up while queuing to be served. Call centres typically aim to keep this at four per cent.⁴

It appears that as a consequence of longer wait times for PAL (see figure 3), more calls are abandoned. The average abandonment rate for PAL in 2002 was 6.4 per cent, or 37,000 calls.

Voicemail messages

Customers are given an option to wait in the queue to speak to an operator or leave a message and have their call returned. The number of voicemail messages has been increasing, to an average of 286 messages per week during the last six months of 2002.

Access options

Customers seeking speedy access to services are driving call centres to provide automated services through email and the internet.

PAL currently allows public schools to report vandalism by email. This service has not been extended to any other group.

Determining appropriate service standards

NSW Police reports the causes of recent declines in performance as due to:

- fewer operators available to answer calls as a result of wage increases and organisational restructures
- changes in procedures which have increased the duration of some calls.

If PAL is unable to achieve further efficiencies, customers will have to wait longer to report a crime to PAL. Any increase in call volume or duration will result in further access problems for customers.

⁴ ACA Research Pty Ltd, The 2002 Australian Call Centre Industry Benchmark Study

NSW Police has not defined minimum service standards for PAL.⁵

In addition, it is not possible to determine what level of access is required by PAL customers, as there are no formal mechanisms for gathering feedback from customers on performance expectations or levels of satisfaction.

- Recommendation** **It is recommended that NSW Police should:**
- **establish, maintain and monitor defined standards of customer service that reflect customer needs and include timeliness and abandonment rates**
 - **outline service standards and resources in a PAL service level agreement**
 - **examine the use of automated, self-service technologies such as email and web services as a means of achieving further efficiency gains.**

2.3 Quality assurance

PAL has a quality assurance program in place to check the accuracy and appropriateness of information provided to callers.⁶

- Obligations under the Privacy Act 1998** PAL has an obligation to advise customers that their calls may be recorded for quality assurance and coaching purposes. Yet only those callers who remain in the queue for more than 12 seconds hear the recorded message advising them of this.

This should be addressed with the proposed upgrade of PAL's Interactive Voice Response (IVR) system in 2003-04. Customers will automatically be provided a menu option when their calls are answered so that they can self select the type of service required. As part of the upgrade, callers will hear an announcement regarding the recording of calls.

- Recommendation** **It is recommended that, in order to comply with the Privacy Act, all callers be advised that their calls may be recorded for the purposes of quality assurance and coaching until the upgrade of the IVR system is complete.**

⁵ Although performance targets, or goals, have been established for PAL for average time to answer and grade of service, these are not minimum service standards for the call centre.

⁶ Quality assurance practices do not apply to calls received on the Crime Stoppers Line. Calls to Crime Stoppers are made anonymously and NSW Police consider any action to record details could deter people from using the service.

2.4 Customer satisfaction

PAL does not undertake any direct assessment of customer satisfaction with its service or the information provided by operators. Rather, PAL relies on complaints, its own quality assurance program, and the results of a NSW government benchmark survey to judge customer satisfaction.⁷

PAL has participated in a government call centre benchmarking study, part of which included a generic customer satisfaction survey. However, the results do not accurately measure customer satisfaction with PAL or provide sufficient information on customer needs.

Focus groups	In its latest business plan PAL has indicated it will hold customer focus groups to obtain feedback on wait times, service levels, and to identify customer needs.
Recommendation	<p>It is recommended that NSW Police should:</p> <ul style="list-style-type: none">▪ continue participating in the annual benchmarking study▪ pursue its plan to hold customer focus groups to obtain specific feedback on customer needs and the level of service▪ arrange for periodic (six-monthly or annual) customer satisfaction surveys to be conducted.

⁷ Department of Information Technology and Management, NSW Government Telephone Call Centre Management Benchmarking Network, June 2002

3. The cost of a call

3.1 Introduction

PAL was intended not only to release more police to operational activities but also to deliver efficiency savings through civilianisation of call taking and better use of technology.

3.2 Measuring efficiency gains

NSW Police estimated in 1998 that handling a report of minor crime by local police cost around \$60.

At the same time, NSW Police estimated that the same type of crime reported to a civilian working in a call centre would cost around \$10 to process, representing a savings of \$50 per call.

It is not possible to determine actual savings, as the estimate of \$60 to process a call to police in 1998 was never confirmed. In addition, there was no analysis on the cost of a call to PAL when the program began in 2000.

The cost per call has recently been estimated at \$21.

Even though the original 1998 estimates were never confirmed, at \$21 per call PAL still appears to represent a significant savings to NSW Police. As the intent of PAL was to release police to other duties, all gains in this regard should be reflected as increases in operational police numbers, not actual budget savings (see also section 3.3).

Monitoring the cost of reporting particular crime categories and the cost of specific services, such as Crime Stoppers, would highlight changes in cost effectiveness and may also identify ways to provide more efficient service.

Recommendation It is recommended that NSW Police consider monitoring and reporting the cost effectiveness of PAL using trend data on the cost per call by service type and the cost of reporting a crime by category.

3.3 Maximising the benefits

Based on 1998 call volume estimates, it was predicted that PAL would release the equivalent of more than 300 police per annum.

Lower than predicted call volumes, coupled with procedural changes that require police to attend the scene of some minor crimes, has meant that NSW Police adjusted this estimate downwards, to around 232 police per annum.

PAL itself has also undergone a number of changes since it was first established, with further civilianisation of positions reducing officer numbers at the two call centres from 35 to 20.

Recommendation It is recommended that NSW Police should maximise the benefits of PAL by examining opportunities to further civilianise PAL staff.

Increasing public awareness A state wide public awareness campaign was used to launch PAL in 1999. Since then, NSW Police have run awareness campaigns targeted at rural and ethnic communities (where calls to PAL are lower than elsewhere in the state).

Despite receiving around 1,500 calls a day, PAL still handles fewer than half of the minor crimes reported to NSW Police, although this has increased from 31 per cent in 1999-2000.⁸

Crime category	Total crimes reported	Crimes reported to PAL	Per cent
Lost property	75,274	57,892	77%
Minor traffic accident	60,101	38,964	65%
Stolen vehicle/vessel	57,745	36,001	62%
Stealing	223,465	117,210	52%
Break and enter	122,118	55,417	45%
Malicious damage	95,066	39,779	42%
Located property	48,696	9,797	20%
Fire	12,594	1,232	10%
Fraud	35,170	1,147	3%
Located vehicle/vessel	50,054	1,215	2%
Total	780,000	358,653	46%

Source: NSW Police

⁸ IAB Management Services, Review of Police Assistance Line, June 2001

Although the public was always intended to have the option of reporting a crime to a police officer rather than PAL, NSW Police expected the majority of events listed in Table 2 would be reported to PAL.

The only data on public awareness of PAL has been collected by PAL itself, based on a sample of 18,095 callers in the last two weeks in April 2002. Callers were asked when and how they learned of PAL's existence.

Results indicated that nearly half of callers (48 per cent) reached PAL without assistance or referral, and most of those (65 per cent) had previously called PAL. Other callers were referred to PAL either by the police (46 per cent), insurance companies (five per cent), or '000' operators (one per cent).

There is still room for NSW Police to realise further savings by capturing a larger proportion of PAL's market as well as releasing more police to operational duties.

Recommendation It is recommended that NSW Police should maximise the benefits of PAL by increasing, monitoring and maintaining public awareness of PAL services.

3.4 Paying for PAL

Initially, NSW Police estimated that PAL would generate around \$14 million in fees for call centre services and that PAL would be self-funding.⁹

However, PAL will receive around \$50,000 during 2002-03, primarily from government grants.

Under the circumstances, it seems unlikely that PAL will become fully self funding. However, NSW Police still intends to pursue other government call centre business on a 'user pays' basis as a means of enhancing revenue.¹⁰

It is our opinion that running PAL as a business providing call centre services to others is inconsistent with the role of NSW Police as specified in the Police Act 1990. As indicated earlier, greater benefit would be derived from PAL capturing more of its potential market than from seeking new business.

⁹ Examples of proposed PAL call centre services were: services to the Tow Truck Authority for the Job Allocation Scheme, NSW Fisheries, and the State Debt Recovery Office. PAL also sells reports to insurance companies. Cabinet approval to establish PAL was provided on 27 October 1998 subject to deferral of the tow truck allocation component of the funding strategy.

¹⁰ PAL Business Plan 2002-2005

Appendices

Appendix 1: Audit scope and objectives

This audit examines the efficiency and effectiveness of the Police Assistance Line (PAL) and whether PAL achieved its intended benefits.

Criteria

1. Planning for PAL

Hypothesis: That planning for PAL was adequate to ensure its successful operation.

Issues examined:

- the adequacy of the PAL business case
- compliance with NSW Treasury guidelines.

2. PAL management

Hypothesis: That PAL is managed efficiently and effectively.

Issues examined:

- rostering practices
- staff mix (police and civilians)
- monitoring and reporting performance.

3. PAL benefits

Hypothesis: That PAL has been effective in releasing police to operational duties.

Issues examined:

- cost effectiveness of PAL
- service access, timeliness, and quality
- the use of customer service standards
- collection and use of customer feedback.

4. The future of PAL

Hypothesis: That opportunities to improve PAL have been identified and pursued.

Issues examined:

- appropriateness of plans for PAL
- opportunities for further efficiency gains.

- Cost of the audit** The cost of the audit was \$129,200. This figure includes the estimated cost of printing the report (\$6,000).
- Acknowledgement** We wish to express our appreciation for the cooperation and assistance extended by staff of the Police Assistance Line and NSW Police.
- Audit team** Rachel Hatt and Jane Tebbatt

Appendix 2: NSW Police's response to recommendations

Recommendations	Supported/ Not supported	Additional Comments
<p>1. NSW Police should:</p> <ul style="list-style-type: none"> Establish, maintain and monitor defined standards of customer service that reflects the needs and include timeliness and abandonment rates 	Supported	<p>NSW Police introduced a suite of indicators in September 2001. In March 2002, grade of service (GOS) indicators, including trend information were made available for public viewing through the NSW Police Internet site.</p> <p>NSW Police accepts the audit finding that the GOS target of 80% of calls answered within 27 seconds was an ambitious target, particularly as PAL business processes have since changed to better support policing. NSW Police will review these standards, establishing a defined set of standards that meets both the organisation and community needs.</p>
<p>2. NSW Police should:</p> <ul style="list-style-type: none"> Outline service standards and resources in a PAL service level agreement 	Supported	As with recommendation 1, NSW Police will develop a set of defined standards that meets both the organisation and community needs.
<p>3. NSW Police should:</p> <ul style="list-style-type: none"> Examine the use of automated, self-service technologies such as email and web services as a means of achieving further efficiency gains. 	Supported	In 2002, NSW Police developed a PAL IT business plan focusing on multi media technology, including the use of a customer relationship management environment as a single point of entry. This is being considered as part of the COPs2 strategy.
<p>4. NSW Police should:</p> <ul style="list-style-type: none"> Advise all callers that their calls may be recorded for the purposes of quality assurance and coaching until the upgrade of the IVR system is complete to comply with the Privacy Act. 	Supported	Following the introduction of call monitoring for coaching and training purposes, NSW Police introduced a queue message within the PAL IVR to inform callers that their call may be recorded. PAL became aware that some callers may not have received this message. PAL is now undertaking an upgrade of their Genesys CTI system, which will ensure all customers receive this message.
<p>5. NSW Police should:</p> <ul style="list-style-type: none"> Continue participating in the annual benchmarking study 	Supported	

Recommendations	Supported/ Not supported	Additional Comments
<p>6. NSW Police should:</p> <ul style="list-style-type: none"> Pursue its plan to hold customer focus groups to obtain specific feedback on customer needs and the level of service. 	Supported	
<p>7. NSW Police should:</p> <ul style="list-style-type: none"> Arrange for periodic (i.e. 6 monthly or annual) customer satisfaction surveys to be conducted. 	Supported	NSW Police will engage the services of an external provider to develop and conduct these surveys.
<p>8. NSW Police should:</p> <ul style="list-style-type: none"> Consider monitoring and reporting the cost effectiveness of PAL using trend data on the cost per call by service type and the cost of reporting a crime by category. 	Consider	NSW Police will consider the possibility of developing a costing model that meets the Audit Office recommendations. Separating by category may prove difficult, due to the pooling nature of PAL business and the individual requirements of each victim reporting a crime. The resultant model may only relate to a 'total cost per call' for PAL.
<p>9. NSW Police should:</p> <ul style="list-style-type: none"> Maximise the benefits of PAL by examining opportunities to further civilianise PAL staff. 	Supported	NSW Police will, where appropriate and if funds are available, continue to examine opportunities to further civilianise PAL staff.
<p>10. NSW Police should:</p> <ul style="list-style-type: none"> Maximise the benefits of PAL by increasing, monitoring and maintaining public awareness of PAL services. 	Supported	

Audit comment: 3.4 Paying for PAL	NSW Police response:
<p>It is our opinion that running PAL as a business providing call centre service to others is inconsistent with the role of NSW Police as specified in the Police Act 1990. As indicated earlier, greater benefit would be derived from capturing more of its potential market than from seeking new business.</p>	<p>NSW Police will consider the comments made by The Audit Office. The original PAL Business case identified that PAL would generate revenue to enable PAL to become self-funding. It is clear that this is not a realistic outcome for PAL. NSW Police are utilising the services and expertise of PAL in areas outside of that identified in the original business case, maximising the opportunities to support policing.</p>

Performance audits by the Audit Office of New South Wales

Performance Auditing

What are performance audits?

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

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

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

Why do we conduct performance audits?

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

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

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

What is the legislative basis for Performance Audits?

The legislative basis for performance audits is contained within the *Public Finance and Audit Act 1983, Part 3 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:

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Performance Audit Branch
(02) 9285 0051

email: tom.jambrich@audit.nsw.gov.au

Performance Audit Reports

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
64*	Key Performance Indicators	<i>Government-wide Framework Defining and Measuring Performance (Better Practice Principles) Legal Aid Commission Case Study</i>	31 August 1999
65	Attorney General's Department	<i>Management of Court Waiting Times</i>	3 September 1999
66	Office of the Protective Commissioner Office of the Public Guardian	<i>Complaints and Review Processes</i>	28 September 1999
67	University of Western Sydney	<i>Administrative Arrangements</i>	17 November 1999
68	NSW Police Service	<i>Enforcement of Street Parking</i>	24 November 1999
69	Roads and Traffic Authority of NSW	<i>Planning for Road Maintenance</i>	1 December 1999
70	NSW Police Service	<i>Staff Rostering, Tasking and Allocation</i>	31 January 2000
71*	Academics' Paid Outside Work	<i>Administrative Procedures Protection of Intellectual Property Minimum Standard Checklists Better Practice Examples</i>	7 February 2000
72	Hospital Emergency Departments	<i>Delivering Services to Patients</i>	15 March 2000
73	Department of Education and Training	<i>Using Computers in Schools for Teaching and Learning</i>	7 June 2000
74	Ageing and Disability Department	<i>Group Homes for People with Disabilities in NSW</i>	27 June 2000
75	NSW Department of Transport	<i>Management of Road Passenger Transport Regulation</i>	6 September 2000
76	Judging Performance from Annual Reports	<i>Review of Eight Agencies' Annual Reports</i>	29 November 2000
77*	Reporting Performance	<i>Better Practice Guide A guide to preparing performance information for annual reports</i>	29 November 2000
78	State Rail Authority (CityRail) State Transit Authority	<i>Fare Evasion on Public Transport</i>	6 December 2000
79	TAFE NSW	<i>Review of Administration</i>	6 February 2001
80	Ambulance Service of New South Wales	<i>Readiness to Respond</i>	7 March 2001
81	Department of Housing	<i>Maintenance of Public Housing</i>	11 April 2001

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
82	Environment Protection Authority	<i>Controlling and Reducing Pollution from Industry</i>	18 April 2001
83	Department of Corrective Services	<i>NSW Correctional Industries</i>	13 June 2001
84	Follow-up of Performance Audits	<i>Police Response to Calls for Assistance The Levying and Collection of Land Tax Coordination of Bushfire Fighting Activities</i>	20 June 2001
85*	Internal Financial Reporting	<i>Internal Financial Reporting including a Better Practice Guide</i>	27 June 2001
86	Follow-up of Performance Audits	<i>The School Accountability and Improvement Model (May 1999) The Management of Court Waiting Times (September 1999)</i>	14 September 2001
87	E-government	<i>Use of the Internet and Related Technologies to Improve Public Sector Performance</i>	19 September 2001
88*	E-government	<i>e-ready, e-steady, e-government: e-government readiness assessment guide</i>	19 September 2001
89	Intellectual Property	<i>Management of Intellectual Property</i>	17 October 2001
90*	Better Practice Guide	<i>Management of Intellectual Property</i>	17 October 2001
91	University of New South Wales	<i>Educational Testing Centre</i>	21 November 2001
92	Department of Urban Affairs and Planning	<i>Environmental Impact Assessment of Major Projects</i>	28 November 2001
93	Department of Information Technology and Management	<i>Government Property Register</i>	31 January 2002
94	State Debt Recovery Office	<i>Collecting Outstanding Fines and Penalties</i>	17 April 2002
95	Roads and Traffic Authority	<i>Managing Environmental Issues</i>	29 April 2002
96	NSW Agriculture	<i>Managing Animal Disease Emergencies</i>	8 May 2002
97	State Transit Authority Department of Transport	<i>Bus Maintenance and Bus Contracts</i>	29 May 2002
98	Risk Management	<i>Managing Risk in the NSW Public Sector</i>	19 June 2002
99	E-government	<i>User-friendliness of Websites</i>	26 June 2002
100	NSW Police Department of Corrective	<i>Managing Sick Leave</i>	23 July 2002

No.	Agency or Issue Examined	Title of Performance Audit Report or Publication	Date Tabled in Parliament or Published
Services			
101	Department of Land and Water Conservation	<i>Regulating the Clearing of Native Vegetation</i>	20 August 2002
102	E-government	<i>Electronic Procurement of Hospital Supplies</i>	25 September 2002
103	NSW Public Sector	<i>Outsourcing Information Technology</i>	23 October 2002
104	Ministry for the Arts Department of Community Services Department of Sport and Recreation	<i>Managing Grants</i>	4 December 2002
105	Department of Health Including Area Health Services and Hospitals	<i>Managing Hospital Waste</i>	10 December 2002
106	State Rail Authority	<i>CityRail Passenger Security</i>	12 February 2003
107	NSW Agriculture	<i>Implementing the Ovine Johne's Disease Program</i>	26 February 2003
108	Department of Sustainable Natural Resources Environment Protection Authority	<i>Protecting Our Rivers</i>	7 May 2003
109	Department of Education and Training	<i>Managing Teacher Performance</i>	14 May 2003
110	NSW Police	<i>The Police Assistance Line</i>	June 2003

* Better Practice Guides

Performance Audits on our website

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



THE AUDIT OFFICE MISSION

Assisting Parliament improve
the accountability and
performance of the State

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