
New South Wales Auditor-General's Report
Performance Audit

**Performance frameworks in custodial centre
operations**

Department of Justice
Corrective Services NSW



The role of the Auditor-General

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the *Public Finance and Audit Act 1983*.

Our major responsibility is to conduct financial or 'attest' audits of State public sector agencies' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to agencies to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to agencies and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on agency compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an agency is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an agency's operations, or consider particular issues across a number of agencies.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

audit.nsw.gov.au



© Copyright reserved by the Audit Office of New South Wales. All rights reserved. No part of this publication may be reproduced without prior consent of the Audit Office of New South Wales.

The Audit Office does not accept responsibility for loss or damage suffered by any person acting on or refraining from action as a result of any of this material.



GPO Box 12
Sydney NSW 2001

The Legislative Assembly
Parliament House
Sydney NSW 2000

The Legislative Council
Parliament House
Sydney NSW 2000

In accordance with section 38E of the *Public Finance and Audit Act 1983*, I present a report titled **Performance frameworks in custodial centre operations: Department of Justice, Corrective Services NSW**.

A handwritten signature in black ink, appearing to read 'A. T. Whitfield'.

A T Whitfield PSM
Acting Auditor-General
3 March 2016

Contents

Contents	1
Executive summary	2
Conclusion	2
Recommendations	4
Introduction	5
Key findings	9
1. Are key performance requirements specified and targets set?	9
1.1 Organisational Key Performance Indicators	10
1.2 Public correctional centre Key Performance Indicators	12
1.3 Public correctional centre standards	14
1.4 Private correctional centres performance requirements	15
2. Are performance requirements monitored and met?	17
2.1 Organisational key performance indicators	17
2.2 Public correctional centre Key Performance Indicators	20
2.3 Public correctional centre standards	22
2.4 Private correctional centre performance requirements	24
3. Are actions taken to respond to variations in performance?	26
3.1 Responses to Key Performance Indicator variations	26
3.2 Constraints to managing performance variation in public correctional centres	28
3.3 Responses to public operating standards performance variation	29
3.4 Responses to private correctional centre performance requirements	30
Appendices	31
Appendix 1: Response from CSNSW	31
Appendix 2: Characteristics of a best practice performance framework	32
Appendix 3: New South Wales Correctional Centres	34
Appendix 4: Parklea performance framework	35
Appendix 5: List of completed reviews	39
Appendix 6: Performance reporting by Acacia prison	40
Appendix 7: About the audit	41

Executive summary

This audit assesses the effectiveness of the performance framework Corrective Services NSW (CSNSW) has in place to deliver custodial services. The primary role of CSNSW is to reduce reoffending and enhance community safety. It is important that its performance framework supports the achievement of these goals.

CSNSW's performance framework consists of three key elements:

- Financial Performance and Reporting
- Key Performance Indicators (KPIs) – quantitative performance requirements linked to organisational objectives and government outcomes
- operating standards (public correctional centres) and specifications (private correctional centres) – legislative and national guideline requirements to minimise risk and provide a safe work environment
- Performance Linked Fees (PLFs) – used in private correctional centres to incentivise good performance by linking financial payments to performance.

Conclusion

The effectiveness of CSNSW's performance framework is limited because organisational KPIs do not cascade to the public correctional centre level.

CSNSW's performance framework specifies organisational KPIs, for which most have targets set, however, CSNSW did not specify KPIs or benchmarks for individual public correctional centres. As a result, CSNSW could not assess the performance of these centres. CSNSW's commissioning and contestability project is designed to address this issue.

In 2014–15, CSNSW met five of twelve organisational targets. Targets that were not met include nil prisoner-on-prisoner assaults and eight hours' time out of cells for inmates in secure facilities. CSNSW advised that these targets reflect government policy and can be difficult to consistently achieve in a high risk corrective services environment.

Operating standards were set for public correctional centres. Most of these standards were met. PLFs and operating specifications were set for private correctional centres. All but one PLF and one operating specification was met in the 2014–15 contract year.

CSNSW put processes in place to set and manage actions in response to variations in performance against operating standards, private correctional centre PLFs and specifications.

Key Performance Indicators

CSNSW did not meet all of its organisational targets

CSNSW has specified organisational KPIs, for which most have targets set. In 2014–15, CSNSW met five of 12 organisational targets. Targets that were not met include nil prisoner-on-prisoner assaults and eight hours' time out of cells for inmates in secure facilities. CSNSW advised that these targets reflect government policy and can be difficult to consistently achieve in a high risk corrective services environment.

CSNSW's low cost, low time out of cells system increases risk

Compared to other jurisdictions, CSNSW operates a low cost, low time out of cell system. In order to meet budget and staff-related KPIs, we found that General Managers reallocated staff and changed inmate routines to limit overtime expenses. On some days, this resulted in lockdowns and reduced time out of cells for inmates. While this approach reduces costs, it also presents additional risk to the system. For example, reduced time out of cells can reduce inmate welfare and increase the risk of inmate self-harm.

Individual public correctional centre performance could not be determined as correctional centre KPIs and benchmarks were not clearly set

CSNSW did not set clear KPIs or targets for public correctional centre General Managers. As a result, General Managers were unclear about centre KPI expectations, individual centre performance could not be assessed, and it is difficult to vary performance expectations in response to changing operating environments.

CSNSW's commissioning and contestability project is designed to address these issues. Under a commissioning approach, performance requirements are established and then used to inform Service Level Agreements (SLAs) and contracts. A SLA is a formal agreement between the agency and individual centres which establishes clear performance expectations and holds each party to account.

The NSW Government has also requested that CSNSW develop a process to benchmark the performance of correctional centres. A 'balanced scorecard' ranking system may assist performance assessment once benchmarking is complete.

Correctional centre performance reporting is duplicated

We found that the Trends of Operations Report and the Custodial Corrections Quarterly Performance Report (QPR) duplicate reporting for many KPIs. As a result, data discrepancies between reports exist, performance expectations are unclear and there is an administrative burden associated with preparing duplicated reports.

The transparency of performance reporting could be improved

We found no public information on public correctional centre performance and only limited information for private centres, which limits transparency and accountability.

There are barriers to addressing performance variations in public centres

We found that CSNSW set remedial actions in response to KPI variation. However, due to limitations of the CSNSW's Performance Management System (PMS) and lack of employee performance agreements, General Managers found it difficult to deal with underperformance. This impacted the effectiveness of remedial action and centre performance.

Further, we found that General Managers were, at times, reluctant to implement remedial action, such as significant changes in rostering to improve staff allocation, where there was a risk of an industrial dispute.

Operating standards and specifications

Operating standards and specifications were well defined, reported on and corrective action taken

CSNSW has developed a comprehensive suite of standards and specifications to assess correctional centres against international best practice. Compliance with operating standards is important to manage operational risk, particularly with increasing inmate numbers in all correctional centres. However, given the prioritisation of higher security centres, lower security correctional centres have not been subject to review. Reviewed public centres met most operating standard requirements. Private centres met all but one operating specification for the 2014–15 contract year.

Actions to address variations were developed and managed through a defined process.

Performance Linked Fees

Performance Linked Fees were defined, reported on and corrective action taken

A CSNSW Monitor reports quarterly on the performance of private providers against PLFs. Junee Correctional Centre met all of its PLFs and Parklea Correctional Centre met all but one of its PLFs for the 2014–15 contract year. We found that the link between PLFs and outcomes could be strengthened by applying greater weight to outcomes-focused KPIs.

Actions to address variations were developed and managed through a defined process.

Recommendations

By December 2016, the Department of Justice (Corrective Services NSW) should:

1. adopt a commissioning approach for the delivery of custodial services. This should include:
 - consulting with service providers, including private and public providers on outcomes, output and performance requirements
 - publishing Commissioning Intentions which define strategic and service level outcomes and a balanced set of KPIs, including time out of cells
 - establishing Service Level Agreements for public correctional centres which set and align KPIs with the Commissioning Intentions, and set centre-specific KPIs and benchmarks appropriate for the purpose of the centre
 - establishing contracts for new services or renewed tenders which set and align KPIs with the Commissioning Intentions, set targets informed by benchmarking, and set centre-specific KPIs and benchmarks appropriate for the purpose of the centre
 - report on prisoner-to-staff ratios once its benchmarking program is complete
2. complete its benchmarking exercise on public correctional centre performance
3. use a 'balanced scorecard' ranking system to assess public and private correctional centre performance
4. publish Service Level Agreements and public correctional centre performance reporting public
5. strengthen the link between Performance Linked Fees (PLFs) and outcomes.

By June 2016, the Department of Justice (Corrective Services NSW) should:

6. report on design correctional capacity (augmented for expansions and renovations consistent with standards)
7. discontinue duplicated elements of Trends of Operations KPI reporting but maintain financial reporting aspects
8. provide General Managers with the Custodial Corrections Quarterly Performance Report and offer guidance on its interpretation
9. investigate alternative methods of operating standards review for lower security centres
10. provide greater detail of private correctional centre performance in annual reports
11. document the process for managing and setting actions in response to organisational and public prison KPI variation
12. roll out the Department of Justice's performance management framework, including the adoption of employee performance agreements
13. establish an Operations Oversight Committee to monitor the effectiveness of remedial action.

Introduction

Performance frameworks in custodial corrections

A performance framework can be broadly defined as the arrangements organisations use to get the ‘right things’ done successfully. More specifically, it relates to the use of interrelated strategies and activities to improve the performance of individuals, teams and organisations. The purpose of a performance framework is to enhance the achievement of organisational goals and outcomes for the government.

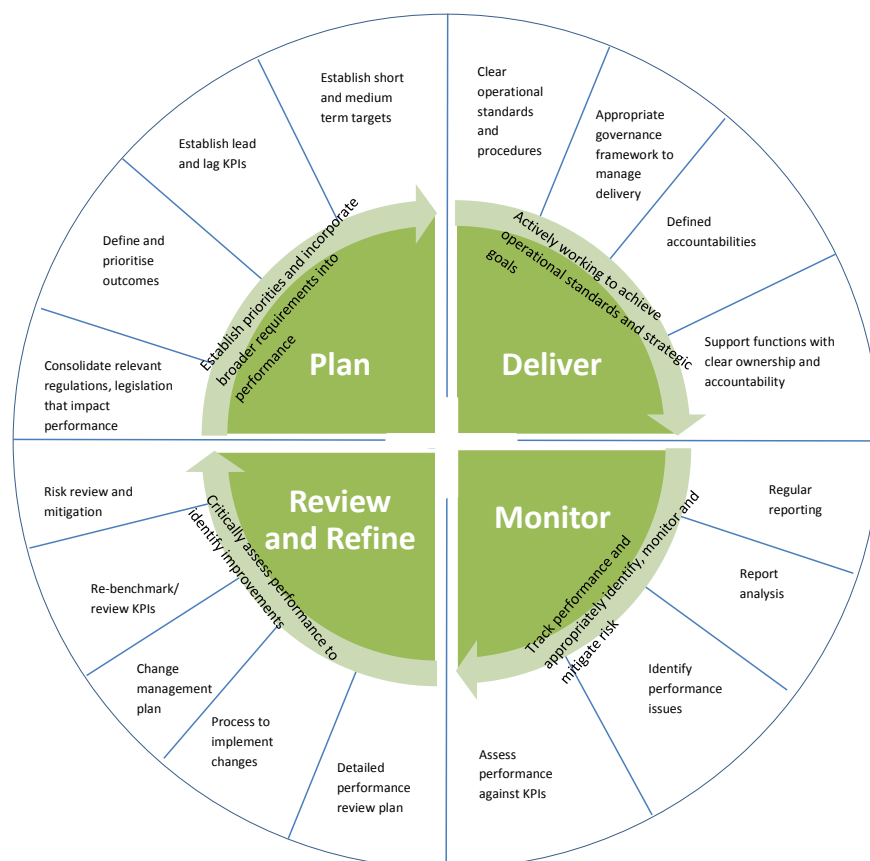
There are four key elements of a best practice performance management framework:

1. Plan – establishing organisational priorities and integrating broader requirements, such as legislation and policy, into performance
2. Deliver – implementing the right practices and structures for effective delivery
3. Monitor – assessing delivery of outcomes by tracking ongoing performance
4. Review and refine – assessing performance to identify improvements, implement change and review and re-benchmark of key performance indicators.

The Audit Office of New South Wales commissioned a consultant to research better practice principles in relation to these four elements. These principles were informed by approaches adopted in other jurisdictions and academic research.

Our intention was to develop a best practice performance framework that could be applied to any corrective services environment. We have used this framework as the standard against which to assess Corrective Services NSW’s (CSNSW) current performance framework and identify areas for improvement. Exhibit 1 gives an example of some of these principles. Appendix 2 gives the full list of principles against which we have assessed CSNSW.

Exhibit 1: Key elements of a best practice performance management framework and key components of each phase



Source: Audit Office analysis, best practice performance management framework.

Custodial corrections

Corrective Services NSW's role and responsibilities

CSNSW is a division of the Department of Justice. Its primary role is to reduce re-offending and enhance community safety by delivering professional correctional services. It is responsible for both custodial and community corrections. Custodial Corrections, the focus of this audit, administers remand and sentenced offenders operations.

As stated in its 2015–16 Business Plan, CSNSW's key outcomes include:

- enhanced community safety
- reduced risk of re-offending through effective program provision
- increased confidence in the criminal justice system
- safe, secure and humane management of offenders
- efficient, effective and best practice corrective services operations and functions
- compliance with established performance standards and indicators.

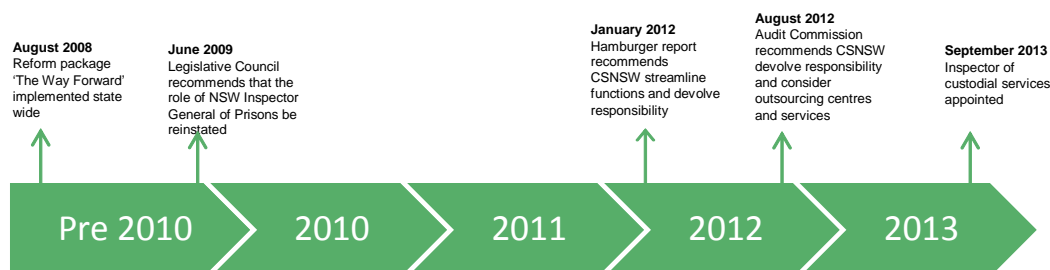
NSW correctional centres

In New South Wales, there are 33 correctional centres; 31 public and two privately operated. Three centres are exclusively for women and 13 are exclusively maximum-security environments or host a maximum-security unit. A summary of correctional centres in New South Wales is in Appendix 3.

The changing landscape of Corrective Services NSW

CSNSW has undergone significant structural reforms in recent years. These changes have been driven by a number of reviews (Exhibit 2).

Exhibit 2: Timeline of key reforms in CSNSW



Source: Audit Office analysis.

The Way Forward

The 2008 Way Forward reform package aimed to improve the safety, security and cost effectiveness of correctional centres. It resulted in a number of operational changes, including new management plans, a leaner staff to inmate ratio, and closure and refurbishment of a number of centres. Initially the reform was implemented in two centres, Mid North Coast and Dillwynia Correctional Centre. In 2008, the reforms were rolled out to the Wellington Correctional Centre following findings from the Public Accounts Committee's 2005 Inquiry into the Value for Money from NSW Correctional Centres.

Hamburger Review

The 2012 Independent Review of CSNSW Organisational Management Structure (Hamburger Review) aimed to identify the most appropriate organisational management structure for CSNSW to meet the NSW Government's policy objectives.

The Hamburger Review’s recommendations aimed to ‘let the leaders lead’ by devolving operational, financial and administrative responsibility to General Managers and Community Offender Managers, similar to those exercised by private correctional providers.

NSW Commission of Audit

The 2012 NSW Commission of Audit Final Report: Government Expenditure (the Commission of Audit) identified opportunities for departments to deliver improved services more efficiently and effectively. Similar to the Hamburger Review, the devolution of authority from central to more local units was a key theme. The Commission of Audit specifically recommended that CSNSW develop flexibility in workforce deployment and explore opportunities to outsource correctional facilities, prisoner transportation and escort services.

Inspector of Custodial Services

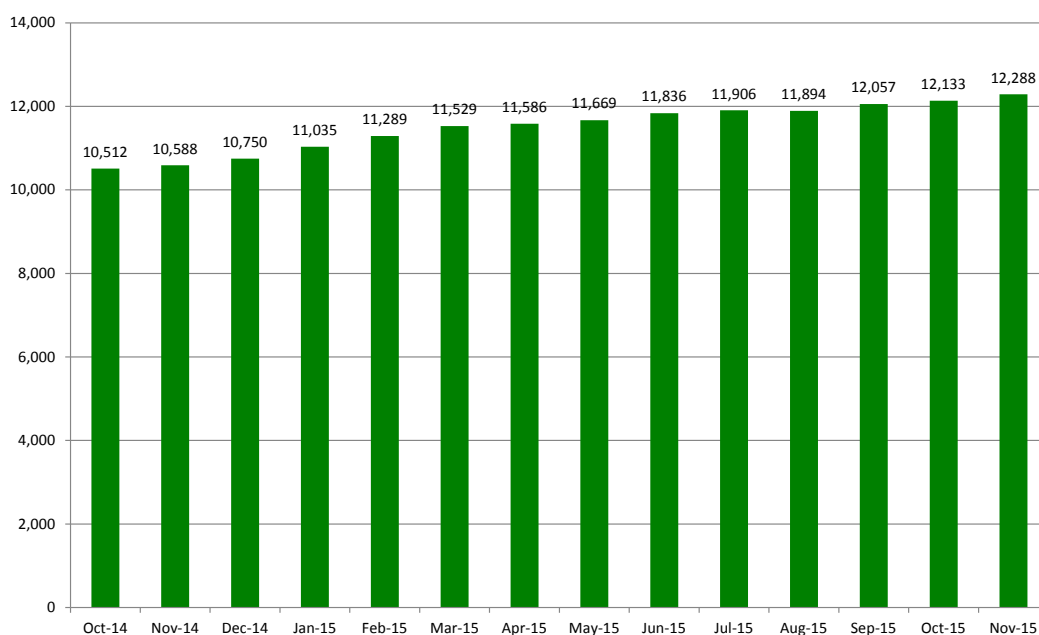
In 2013, the Inspector of Custodial Services (the Inspector) was appointed to provide independent scrutiny of the conditions, treatment and outcomes for adults and young people in custody and to promote excellence in staff professional practice. The Inspector’s remit includes private correctional centres.

Current state of corrections in New South Wales

Strained resources due to increases in inmate population and budget constraints

Recently, New South Wales has experienced significant growth in its inmate population. Between October 2014 and November 2015, the adult correctional centre population increased by 17 per cent, reaching a record high in November 2015 of 12,288 (see Exhibit 3). Over the last two years the total increase in the inmate population has been 20 per cent.

Exhibit 3: Number of inmates – October 2014 to November 2015



Source: Corrective Services NSW, Governance and Continuous Improvement Division.

In 2015, the NSW Bureau of Crime Statistics and Research published an issues paper on correctional centre population forecasts. This paper reported that if nothing is done to alter the factors that influence prisoner numbers, the size of the correctional centre population in the short, medium and long-term will significantly increase.

Forecasted growth in correctional centre population adds to the pressure already on New South Wales correctional centre infrastructure and resources. As highlighted in the Inspector’s second report Full House: The growth of the inmate population in NSW, current facilities and resources are inadequate to support the current correctional population. The

Inspector found that the situation faced by CSNSW today has mainly developed through inadequate capital asset planning and inappropriate geographic distribution of correctional centres over the past two decades. The effects of these factors are magnified by budget constraints.

What is the audit about?

This audit assessed the effectiveness of the performance frameworks CSNSW has in place to deliver its services. The audit answered the following questions:

- are key performance requirements specified and targets set?
- are performance requirements monitored and met?
- are actions taken to respond to variations in performance, both at individual correctional centres and by the monitoring authority?

The audit did not examine the following areas:

- non-custodial functions, such as community corrections
- juvenile inmates
- inmate management and services.

Information on the audit scope, focus and criteria is in Appendix 7.

Key findings

1. Are key performance requirements specified and targets set?

In this section, we assess whether CSNSW's performance framework met best practice principles for planning. Specifically, we assess whether CSNSW set key performance requirements and targets.

CSNSW specified organisational Key Performance Indicators (KPIs), for which most have set targets. Operating standards were set for public correctional centres, and Performance Linked Fees (PLFs) and operating specifications were set for private centres. CSNSW did not specify KPIs or benchmarks for individual public correctional centres.

KPIs reported by CSNSW largely met best practice principles.

CSNSW did not set KPIs and benchmarks for individual public correctional centres. As a result, General Managers were unclear about centre KPI performance expectations, individual centre performance could not be assessed, and it is difficult to vary performance expectations in response to changing operating environments.

CSNSW's commissioning and contestability project is designed to address these issues. Under a commissioning approach, performance requirements are established and then used to inform Service Level Agreements (SLAs) and contracts. An SLA is a formal agreement between the agency and individual centres which establishes clear performance expectations and holds each party to account. The NSW Government has requested CSNSW to benchmark all correctional centres as part of this project.

Performance requirements (Performance Linked Fees and operating specifications) for private centres and operating standards for public centres were specified.

Recommendations

By December 2016, the Department of Justice (Corrective Services NSW) should adopt a commissioning approach for the delivery of custodial services. This should include:

- consulting with service providers, including private and public providers, on outcomes, output and performance requirements
- publishing Commissioning Intentions which define strategic and service level outcomes and a balanced set of KPIs, including time out of cells
- establishing Service Level Agreements for public correctional centres which set and align KPIs with the Commissioning Intentions, and set centre specific KPIs and benchmarks appropriate for the purpose of the centre
- establishing contracts for new services or renewed tenders which set and align KPIs with the Commissioning Intentions, set targets informed by benchmarking, and set centre specific KPIs and benchmarks appropriate for the purpose of the centre
- reporting on prisoner-to-staff ratios once its benchmarking program is complete.

By June 2016, Corrective Services NSW should consider reporting on design correctional centre capacity (augmented for expansions and renovations consistent with standards).

1.1 Organisational Key Performance Indicators

CSNSW operates under a tiered performance management system

The alignment of Key Performance Indicators (KPIs) is important to ensure that service providers are clear about, and work to, the objectives the organisation wants to achieve. Without well-aligned KPIs, correctional centres may not arrange their operations in a way that supports the achievement of organisational outcomes. CSNSW advised that it operates under a tiered approach to performance management, comprising:

- Tier 1 – Report on Government Services (ROGS)
- Tier 2 – NSW 2021 and Premier’s priorities
- Tier 3 – Department business plan/performance reporting
- Tier 4 – CSNSW Quarterly Performance Report (QPR)
- Tier 5 – CSNSW Divisional Quarterly Performance Report
- Tier 6 – CSNSW management reporting (including budget, human resources, and Workplace Health and Safety reporting to CSNSW Executive Committee and management).

General Managers were unclear about which KPIs the agency uses to assess correctional centre performance

We found that General Managers were unclear about which KPIs the agency used to assess correctional centre performance. General Managers’ expectations for performance requirements were usually set through the Trends of Operations Report (TOR). However, these were not aligned to all tiers. For example, time out of cells was not recorded in the TOR and therefore would likely be overlooked.

It is important to set clear KPI expectations for General Managers because:

- local level (divisional and correctional centre level) KPIs may be directly linked to organisational KPIs. For example, the escape rate at a correctional centre level directly impacts on the whole-of-organisation figure
- local level KPIs may also represent ‘intermediate’ KPIs which contribute to the organisational KPIs. For example, targeting minor prisoner-on-officer assaults will likely reduce the risk of serious prisoner-on-officer assault
- priorities may differ across correctional centres. For example, a correctional centre with a relatively stable population may prioritise program attendance, whereas a reception centre – which receives a large number of new inmates – may prioritise the completion of inmate risk assessments.

We found that the TOR did not account for these factors.

Service Level Agreements (SLAs) may clarify performance requirements for both the agency and General Managers by establishing a formal understanding of requirements. An SLA is a formal agreement which establishes clear performance expectations and holds each party to account.

Targets are set for most organisational indicators

We found that targets were set for 13 of the 17 QPR indicators. Targets for safety and security KPIs were set at zero in accordance with NSW Government policy. For example, escapes and serious prisoner-on-officer assaults were set at zero.

CSNSW largely meets best practice principles

Best practice KPIs have the following characteristics:

- small number
- consistency and relative ease of collection, measurement and reporting
- simplicity in KPI definition and reporting

- a balance of measures across:
 - divisions such as custodial corrections and community corrections
 - leading and lagging indicators
 - strategic and operational indicators
 - key success criteria of effectiveness and efficiency
 - priority outcomes, such as efficient and effective operations and safety and security.

Exhibit 4 shows a mapping of best practice KPIs against CSNSW's internal reporting.

Exhibit 4: Mapping of best practice KPIs to CS NSW reporting

Best practice KPI	Quarterly Performance Report (QPR)	Custodial Corrections QPR	Other	Comments
Ensure health and wellbeing				
Inmate visits	✓			
Urinalysis – random and program	✓			
Average time out of cells	✓			
Minimise risk of harm				
Prisoner-on-prisoner assault	✓			
Prisoner-on-staff assault	✓			
Threats and incidents of self-harm		✓		
Unnatural deaths	✓	✓		
Complaints	✓	✓		
Deliver efficient and effective operations				
Cost per prisoner per day		✓		
Prisoner-to staff-ratio				Not reported
Budget performance			✓	CS NSW has a number of budget reports
Staff sick leave		✓		
Staff training programs		✓		
WHS compliance and lost time injury rate	✓	✓		
Capacity utilisation			✓	Reported in daily population reports
Safety and security				
Security audit of prison			✓	Daily Security Reports
Escape rate	✓	✓		
Disciplinary hearings		✓		

Source: Corrective Services NSW.

Note: We did not assess headline indicators relating to programs and services or community corrections.

CSNSW reports on all but one best practice KPI – prisoner-to-staff ratio. CSNSW advise that there is no utility in reporting prisoner-to-staff ratios until its benchmarking program is complete (see below). Once this benchmarking is complete, CSNSW should report on prisoner-to-staff ratios.

Operational capacity is reported in CSNSW's Daily Midnight State report, which is used for the day-to-day allocation of inmates to beds. While suitable for operational purposes, operational capacity measures can be a misleading indicator of true utilisation (Exhibit 5). CSNSW should report on design correctional centre capacity (augmented for expansions and renovations consistent with standards). In doing so, CSNSW should provide a clear

definition of how this figure is calculated. This will improve the transparency and understanding of true utilisation.

Exhibit 5: Definitions of centre capacity

In our Financial Auditor-General's Report to Parliament 2015 Volume Seven, we noted that there were two definitions of capacity which impacts measured utilisation:

- design capacity – number of beds or inmates that centres were originally built to hold
- operational capacity – number of beds that can be accommodated while maintaining programs and services.

Both the Inspector of Custodial Services and the Inquiry into the Efficiency and Effectiveness of Western Australian Correctional Centres are critical of measures other than design capacity because true capacity may not be reflected accurately – through, for example, the 'double bunking' of cells that may not be designed to house more than one prisoner. The WA Inquiry notes that design capacity is the best measure to use but could also be improved by adjusting for prison expansions and renovations that are consistent with standards.

Source: Inquiry into the Efficiency and Effectiveness of Western Australian Correctional centres, p. 155-56.

1.2 Public correctional centre Key Performance Indicators

Benchmarks are not set for public correctional centres

Lack of clarity around KPIs is compounded by the absence of benchmarks for correctional centres. We were advised by multiple stakeholders that performance comparisons without benchmarks are meaningless due to the unique characteristics of each centre, including:

- purpose and function – for example, due to the volatility of new inmates, remand centres are more likely to have a higher assault rate than non-remand centres
- classification – for example, maximum security centres are more likely to have higher assault rates than minimum security centres
- age – older centres are more likely to have a higher operating cost than newer centres
- location – remote and regional centres are more likely to have a higher operating cost than metropolitan locations.

The recent 'Inquiry into the Efficiency and Performance of Western Australian correctional centres' (WA Inquiry) investigated possible methods for benchmarking centre performance (Exhibit 6 below).

CSNSW advised that it has been requested to benchmark all correctional centres as part of its commissioning and contestability project.

Exhibit 6: Methods for benchmarking correctional centre performance

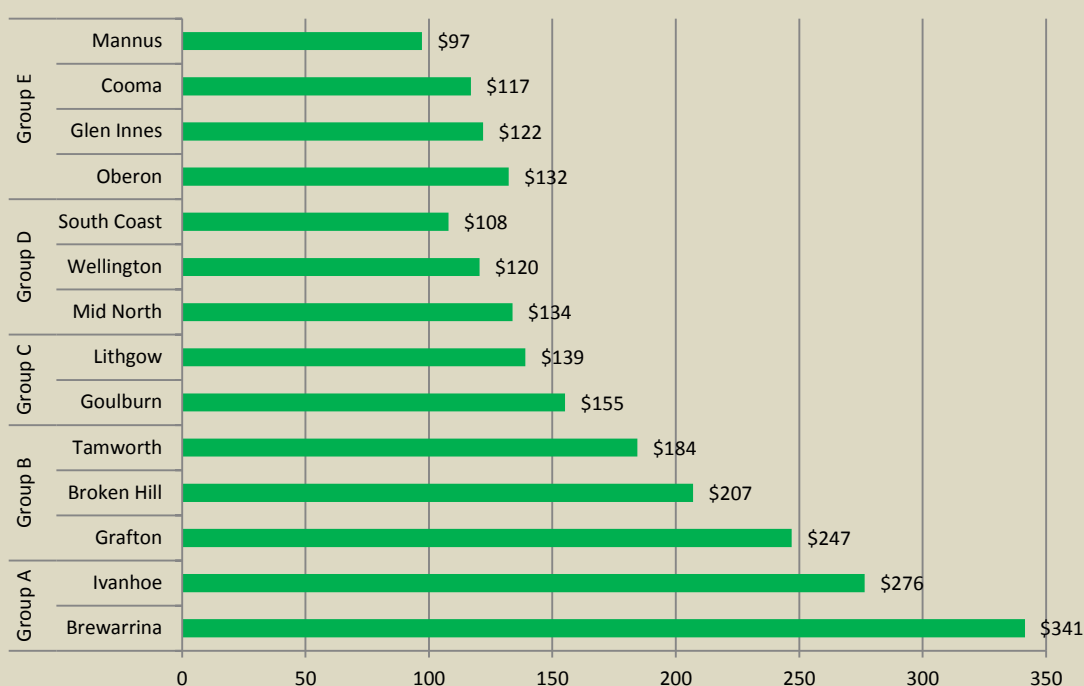
Over time

Benchmarks may be informed by past performance. The WA Inquiry found this method to be inadequate because poor performing centres are favoured over well-performing ones. Based on past performance, a well-performing centre will be set a higher benchmark than a poorly performing centre. As a result, centres may not meet their benchmark even though their performance is superior to other centres.

Grouping correctional centres with similar characteristics

The WA Inquiry proposed that benchmarks could be set based on an average of comparable centres. The graph below shows groups of New South Wales centres with similar traits.

Average cost per inmate per day – selected correctional centres



Source: Audit Office analysis; Trends of operations report June 2014 to July 2015.

Note: Group A – Minimum, male, small, old, public, remote centres; Group B – Medium, male, small, old, public, regional centres; Group C – Maximum, male, large, old, public, regional centres; Group D – Maximum, male, large, new, public, regional centres; Group E – Minimum, male, small, old, public, regional centres.

Cooma has maximum security inmates, however, due to its purpose of accommodating mainly protected inmates, we were advised that comparisons to Mannus is more appropriate.

An analysis of this type is limited because many correctional centres have no appropriate comparator.

Population-adjusted approach

The WA Inquiry's preferred method of setting benchmarks was based on a population-adjusted method. Under this method, benchmarks are set on the composition of a centre's population and the average centre performance for cohorts across the system. This approach is based on the assumption that the different behaviour of cohorts of inmates impact on the ability for correctional centres to achieve its benchmarks.

Source: Inquiry into the Efficiency and Effectiveness of Western Australian Correctional centres.

Correctional centre performance expectations did not vary with changing operating environments

Correctional centre performance expectations did not vary with changing operating environments, often resulting in unachievable expectations. For example, the targeted total hours of overtime worked of 83,641 per quarter remained constant despite increasing inmate numbers requiring additional overtime hours. Ideally, the hours of overtime worked target would fluctuate in response to changing inmate numbers.

Commissioning approaches could improve the setting of performance requirements for public correctional centres

Commissioning is a relatively new concept to the NSW Government sector. Commissioning can be broadly defined as the set of linked activities which covers the following components:

- assess the needs of a population
- set priorities and allocate resources to meet those needs in line with local and national targets
- secure services to meet those needs and targets
- monitor and evaluate the outcomes.

The National Offender Management Service, which is responsible for commissioning adult custodial services for the UK Ministry of Justice, sets Commissioning Intentions which outline the priorities of the commissioning authority in respect of the services it wishes to secure, including KPIs. These then inform SLAs and tenders. An approach of this type supports setting clear and consistent performance requirements that are understood by providers and commissioners of services.

1.3 Public correctional centre standards

Corrective Services NSW has comprehensive operating standards for public correctional centres

The development and review of performance against correctional centre operating standards is a key part of CSNSW's performance framework. Operating standards are used to assess compliance with performance requirements and enhance qualitative performance of correctional centre operations.

The standards are informed by the following:

- legislation – the *Crimes (Administration of Sentences) Act 1999* and the *Crimes (Administration of Sentences) Regulation 2008* provide the legislative basis for the operations of correctional centres in New South Wales
- National Standard Guidelines for Corrections in Australia – outlines outcomes or goals to be achieved by correctional services rather than absolute standards or laws
- UK Healthy Prison Test and Expectations (Healthy Prison Expectations) – focuses on the rights of prisoners and are underpinned by human rights conventions
- other sources such as the Independent Commission Against Corruption (ICAC) and NSW Ombudsman recommendations.

CSNSW's Governance and Continuous Improvement Division (G&CI) reviews public centres against these standards by assessing whether they operate in accordance with the CSNSW Operations Procedures Manual (OPM). This manual sets processes and procedures that correctional centres must follow.

1.4 Private correctional centres performance requirements

Private correctional centre contracts have clearer performance requirements

Parklea and Junee correctional centres are currently operated by a private provider, GEO Group Australia (GEO). The following performance requirements for private correctional centres are established through contracts:

- Performance Linked Fees (PLFs) – up to two and a half per cent of the contract fee is withheld pending satisfactory performance against PLFs. The private provider submits a comprehensive suite of documentary evidence monthly that is reviewed and validated by CSNSW contract monitoring staff to assess performance against each PLF. A sample of PLFs can be found in Appendix 4. In addition, the private provider may also have its fee reduced for failing to meet the required performance specifications. A list of possible penalties can be found in Appendix 4
- operating specifications – private correctional centres are assessed on their compliance with operating specifications – 76 for Junee and 74 for Parklea
- monthly progress reports on KPIs and PLFs – in addition to the provision of monthly documentary evidence for the assessment of PLFs, private centres must report 117 KPIs monthly, including escapes, unnatural death, and cost per prisoner per day. This report is statistically focused and is utilised by CSNSW staff to continuously monitor GEO's progress in meeting the performance requirements. The list of KPIs can be found in Appendix 4.

Unlike public correctional centres, contractual obligations ensure that performance requirements are better defined and understood by both the agency and private operator.

Private correctional centre performance requirements could be better set

Despite being clearer than public requirements, private centre performance requirements could also be better set. We found that following the contracting of Parklea Correctional Centre operations to GEO in 2009, variations were submitted and approved by CSNSW.

Under the Operating Agreement for Parklea Correctional Centre, the Commissioner may vary:

- the services delivered by the private provider
- KPIs to reflect any change in the government's and CSNSW's policies or the operators' performance.

In both situations, contract fees may change to account for any change in cost.

Contract flexibility is crucial to allow services to change in response to changing operating environments. We found that CSNSW was diligent in its assessment of variations proposals. CSNSW and GEO also work in a collaborative manner to ensure variations support the sustainability of operations for both parties.

However, variations should be minimised to ensure that winning bidders do not benefit from unnecessary concessions. Setting clear performance expectations should minimise the need for variations.

Commissioning approaches could improve the setting of performance requirements for private correctional centres

Private correctional centre performance requirements could also be improved through commissioning approaches. An important principle of good commissioning is consulting potential providers, including those from non-government organisations and local experts, well in advance of commissioning new services, and working with them to set priority outcomes for that service. Under such an approach, private providers would have greater involvement in setting performance expectations with the aim of improving clarity and understanding of what is required.

The UK National Offender Management Service (NOMS) has continued to move to commissioning for outcomes and away from specifying how a service should be delivered. An outcomes-based approach may also reduce variations required to meet prescriptive requirements by allowing more flexibility in how a service is delivered. It may also simplify the number of private correctional centre KPIs set. For example, NOMS stated that the number of performance indicators for probation fell from 42 in 2010–11 to 13 in 2011–12.

2. Are performance requirements monitored and met?

In this section we assess whether CSNSW's performance framework met best practice principles for monitoring. Specifically, we assess whether CSNSW monitored and met performance requirements.

In 2014–15, CSNSW did not meet all of its organisational targets. CSNSW did not specify KPIs or benchmarks for individual public correctional centres and therefore did not know if public correctional centres met KPI requirements. CSNSW's commissioning and contestability project is designed to address these issues.

In 2014–15, CSNSW met five of 12 organisational targets. Targets that were not met include nil prisoner-on-prisoner assaults and eight hours' time out of cells for inmates in secure facilities. CSNSW advises that these targets reflect government policy and can be difficult to consistently achieve in a high risk corrective services environment.

CSNSW operates a low cost, low time out of cell system. Given the level of crowding, this presents significant risks to the correctional system. Reviews of operating standards assist to mitigate these risks – 12 reviews have been completed at high security public correctional centres with reasonable results. However, low security correctional centres have not been reviewed.

CSNSW could not determine the performance of individual correctional centres against KPIs because performance is not benchmarked. CSNSW's commissioning and contestability project and the adoption of a ranking system will assist CSNSW determine individual centre performance. Where security is not compromised, CSNSW should publish performance results to improve accountability and encourage innovation.

Junee Correctional Centre met all of its Performance Linked Fees (PLFs) and all 20 operating specifications assessed for the 2014–15 contract year. Parklea Correctional Centre met all but one PLF and met all but one of the 12 operating specifications assessed for the 2014–15 contract year.

Recommendations

By June 2016, the Department of Justice (Corrective Services NSW) should:

- discontinue duplicated elements of Trends of Operations KPI reporting but maintain financial reporting aspects
- provide General Managers with the Custodial Corrections QPR report and offer guidance on its interpretation
- investigate alternative methods of operating standards review for lower security centres
- provide greater detail of private correctional centre performance in Annual Reports.

By December 2016, the Department of Justice (Corrective Services NSW) should:

- complete its benchmarking exercise on public correctional centre performance
- use a 'balanced scorecard' ranking system to assess public and private correctional centre performance
- make Service Level Agreements and public centre performance reporting public
- strengthen the link between PLFs and outcomes.

2.1 Organisational key performance indicators

CSNSW advised that it has a tiered approach to performance management. Key organisational performance reporting is as follows:

- Tier 1 – Report on Government Services (ROGS)
- Tier 3 – Business Plan/Performance Reporting

- Tier 4 – Quarterly Performance Report (QPR) – summary of headline indicators for all CSNSW operations.¹

We used this information to assess CSNSW's performance (Exhibit 7).

Exhibit 7: Analysis of CSNSW performance against key performance indicators

	Target	Rate	Target met	Comment
Tier 1 – ROGS (2014-15)				
Cost per prisoner per day – secure custody (\$)	Not specified	190.29	?	
Time out of cells – secure custody (average hours per day)	8	6.7	✘	
Prison utilisation – all prisons (%)	Not specified	112	?	CSNSW advised that it has limited control over utilisation rates and does not set targets
Tier 3 – 2015–16 Business Plan (Q4, 2014–15) – key indicators of success				
Occupancy levels and vacancy rates of beds at each correctional centre (operational vacancy rate) (%)		4.1	?	CSNSW advised that it has limited control over vacancy rates. It does aim to have a five to ten per cent vacancy buffer but this is not an official target
Smoke-free centres	Total compliance	Smoke free as of 10 August 2015	✓	
Serious assault – prisoner-on-staff (rate per 100 inmates)	Nil	-	✓	
Escape rate – secure (rate per 100 inmates)	Nil	-	✓	
Tier 4 – Quarterly Performance Report (Q4, 2014-15) - headline indicators				
Serious assaults – prisoner-on-prisoner (rate per 100 inmates)	Nil	0.27	✘	All States recorded assaults
Rate of unnatural deaths in custody (rate per 100 inmates)	Nil	0.03	✘	All States except for the Northern Territory and ACT recorded unnatural deaths in 2014–15
Rate of apparent Aboriginal and Torres Strait Islander unnatural deaths in custody (rate per 100 inmates)	Nil	-	✓	
Positive urinalysis – targeted (% of samples)	Not specified	43.6	?	
Positive urinalysis – program (% of samples)	Not specified	4	?	
Number of complaints related to inmate management and visits to correctional centres	Not specified	432	?	
Total hours of overtime worked in correctional centres	83,641	139,418	✘	
Number of hours worked by casual in correctional centres	55,727	83,464	✘	
Number of staff with excess recreational leave	2,439	2,196	✓	
Total cost of leave liability (\$'000)	182,940	203,655	✘	
Number of industrial disputes	4	5	✘	

Sources: ROGS 2016; Quarterly Performance Report (Q1, 2015–16).

¹ Note: we have omitted Tier 2 – Premier's priorities because they relate to reoffending only. Tiers 5 and 6 have been omitted because they relate to lower level reporting.

CSNSW did not meet the ROGS KPI that had a target set – time out of cells in secure custody

CSNSW advised that the ROGS constitutes Tier 1 of its performance management. This report includes cost per prisoner per day, time out of cells and prison utilisation.

Cost per prisoner per day in secure custody

Cost per prisoner per day performance could not be assessed because a target was not set. In 2014–15, CSNSW's cost per prisoner per day for secure centres was \$190.29, 21 per cent lower than the national average for cost per prisoner per day. This was the lowest of all Australian jurisdictions.

Time out of cells in secure custody

CSNSW did not meet its target of an average of eight hours time out of cell in secure custody. In 2014–15, time out of cells in secure custody was 6.7 hours. This was 36 per cent lower than the national average for time out of cells – the lowest of all Australian jurisdictions.

Utilisation rate

As discussed in Exhibit 5 above, a true and accurate utilisation rate is difficult to obtain because of the varying definitions of centre capacity.

In 2014–15, the utilisation rate based on design capacity was 112 per cent – the average daily number of adult inmates was 11,011 while design capacity was for 9,829 inmates.

At 30 June 2015, the utilisation rate based on operational capacity was 95.9 per cent.

CSNSW reported that, as a downstream agency, it is unable to directly control the number of inmates entering or leaving the prison system. Therefore, utilisation is mostly outside its control and no target is set.

CSNSW met all business plan KPIs that had targets set

CSNSW advised that its Business Plan constitutes Tier 3 of its performance management framework. We found CSNSW met three of the four KPIs in its 2015–16 Business Plan. In the QPR for the fourth quarter of 2014–15 all centres were smoke-free, there were nil escapes from correctional centres, and nil serious prisoner on staff assaults.

CSNSW advised that it aims to keep a five to ten per cent vacancy rate of beds at each correctional centre, however, this is not an official target. A utilisation rate of 95.9 per cent (based on operational capacity) equates to a vacancy rate of 4.1 per cent. This is lower than the five per cent needed for the efficient and effective management of the inmate population.

CSNSW met two of eight QPR headline correctional indicators that had targets

CSNSW advised that its QPR constitutes Tier 4 of its performance management framework.

CSNSW met the following QPR targets:

- nil Aboriginal and Torres Strait Islander unnatural deaths in custody
- number of staff with excess recreational leave.

CSNSW did not meet its targets for:

- serious prisoner-on-prisoner assaults
- unnatural deaths in custody
- overtime worked
- hours worked by casuals
- leave liability
- number of industrial disputes.

Some of CSNSW's targets are difficult to consistently meet

CSNSW advised that some of its targets reflect government policy, for example, a zero tolerance approach to violence in custody. These targets may not be consistently achievable. For example, nil prisoner-on-prisoner assaults may be difficult to achieve given the high-risk nature of a correctional services environment. In 2014–15, no Australian jurisdiction achieved nil prisoner-on-prisoner assaults.

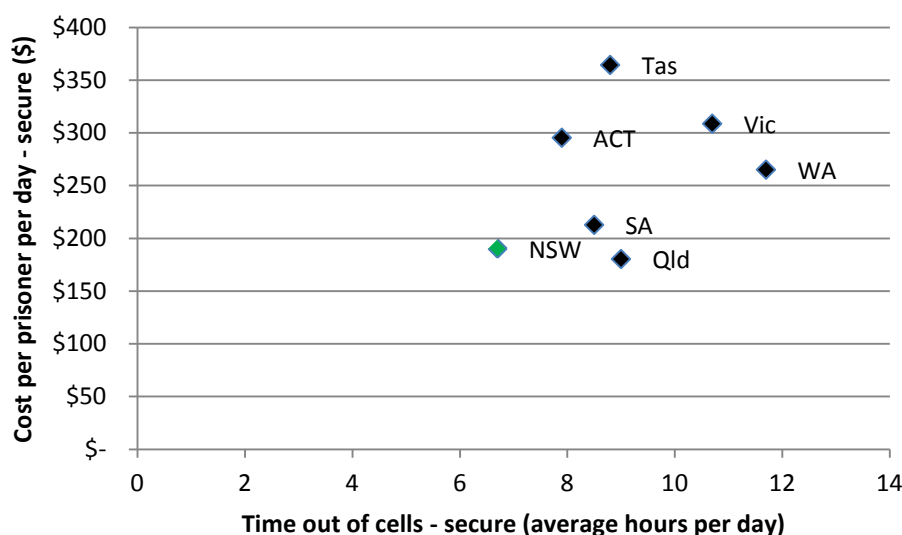
Counting rules are well defined

CSNSW has a comprehensive data dictionary and set of counting rules for the QPR and Custodial Corrections Division QPR. The rules are well defined and allow comparison between the two reports and over time. Defining counting rules ensures consistency of data collection, interpretation and, if rules are the same, allows for comparison with other Australian jurisdictions.

CSNSW operates a low cost, low time out of cell system

Compared to other Australian jurisdictions, CSNSW operates a relatively low cost, low time out of cell system (Exhibit 8). Generally, there is a negative relationship between cost and time out of cells. Increased time out of cells requires increased supervision and hence incurs additional cost.

Exhibit 8: Time out of cells versus cost per prisoner per day in secure centres – 2014–15



Source: Audit Office analysis; Report on Government Services 2016.

It is likely that cost pressures and increasing inmate numbers have led to a reduction in time out of cells. As noted by the Inspector of Custodial Services, this presents significant risks to the correctional system:

NSW has the lowest number of hours out-of-cell each day for inmates, and this, combined with overcrowding, presents significant risks to the correctional system. Confining two or three inmates to cells designed for one or two for prolonged periods, where they shower, eat and defecate, inevitably raises tensions in an already volatile population. The experience in other jurisdictions has been that this potentially increases the risk of assault, self-harm and suicide and more general correctional centre disorder.

2.2 Public correctional centre Key Performance Indicators

Duplicated reporting exists at the correctional centre level

Every month each correctional centre is required to complete a Trends of Operations (TOR) report to support performance management. We found that the TOR duplicated some of the KPIs found in Custodial Corrections QPR report. General Managers advised that the TOR is their primary source of KPI reporting and they did not receive a copy of the Custodial Corrections QPR report. We found that there would be the following benefits from

rationalising reporting and providing General Managers with the Custodial Corrections QPR report:

- the Custodial Corrections QPR report is based on comprehensive counting rules
- data discrepancies can be minimised
- performance expectations can be better managed
- administrative burdens to prepare duplicated reports can be reduced.

As part of this rationalisation, CSNSW should also consider:

- continuing to report TOR KPIs not covered in the QPR but still relevant to specific correctional centres, such as lockdowns
- continuing to report on financial aspects of the TOR, as General Managers advised that this was the most beneficial aspect of the TOR
- populating more regular QPR Custodial Corrections reports, such as monthly or bi-monthly.

CSNSW cannot assess public centre performance against Key Performance Indicators

CSNSW cannot assess public centre performance against KPIs because a benchmarking regime does not exist. Despite reporting on a number of KPIs, CSNSW does not set KPI performance expectations for individual correctional centres and therefore cannot determine if results are positive or negative.

CSNSW advised that it has been asked by the NSW Government to establish benchmarks for all centres. This will assist to determine if each centre is operating at a reasonable level of efficiency.

A ranking system may assist performance assessment

Some jurisdictions, such as the United Kingdom and New Zealand, use a 'league table' or a 'rating system' to rank correctional centres in terms of their performance. Some stakeholders suggested that this could be adopted in New South Wales.

The WA Inquiry discussed the advantages and disadvantages of such a system (Exhibit 9).

Exhibit 9: Advantages and disadvantages of a ranking system

Advantages	Disadvantages
The agency can reflect its priorities and the different roles of centres within the system	Reduces the transparency of centre performance if only grades are published
Allows the performance of each centre to be assigned a grade	Weakens the link between staff behaviour and centre performance if the ranking system is not understood

Source: Final Report – Inquiry into the Efficiency and Effectiveness of Western Australian Correctional centres, p. 155.

The WA Inquiry found that, on the whole, the advantages of the ranking system outweigh the disadvantages and it proposed a model for ranking correctional centres (Exhibit 10).

Exhibit 10: Proposed correctional centre rating system

Weights are used to reflect the relative importance of performance measures and categories to a correctional centre's overall performance grade. Categories include safety and security, rehabilitation, prisoner quality of life, and centre management.

Each correctional centre is then assigned a performance grade that is based on the performance of the centre against targets for its performance measures and the weights assigned to those performance measures and the four performance categories.

Importantly, there is no limit on the number of correctional centres allocated to each performance grade, and the grade of one correctional centre is not affected by the grade of other correctional centres.

Source: Inquiry into the Efficiency and Effectiveness of Western Australian Correctional centres, p. 155–56.

CSNSW advised that the main obstacle to adopting a ranking system is the current inability to account for centre uniqueness using benchmarks. CSNSW's current project to benchmark correctional centres will enable CSNSW to adopt a ranking system.

Transparency of public correctional centre performance could be improved

Transparency and regular public reporting is important to foster greater accountability and enable an informed public debate about the performance of individual correctional centres and CSNSW.

We found that CSNSW publishes organisation-level KPIs in ROGS. However, it does not publish performance information for individual public correctional centres. CSNSW advised that it would consider publishing additional information where there is no impact on security, operations or the good order of a correctional centre.

2.3 Public correctional centre standards

Public correctional centres met most operational standard requirements

As discussed above, CSNSW's Governance and Continuous Improvement Division (G&CI) assesses performance against the operating standards. Actions may be classified as:

- no further action – met performance requirements
- recommendation – relates to evidence of a significant issue which impacts on service delivery or is contrary to policy, procedures and/or legislation
- housekeeping points – minor or low risk issues which require some improvement that can be immediately addresses by local action.

The reviews also identify good practice – for example, where expectations have been exceeded and could be implemented in other facilities.

An assessment of three reviews chosen at random shows that most operating standards were met (Exhibit 11).

Exhibit 11: Performance against operating standards

	Wellington	North Coast	Cessnock
Recommendation and housekeeping	24	26	13
Recommendation	21	12	40
Housekeeping	28	36	8
Met requirements	57	47	46
Total reviewed	130	121	107
Percentage of minor housekeeping or met assessment of total reviewed (%)	65	69	50

Source: Operational Performance Review Reports for Wellington, North Coast, and Cessnock.

Lower security correctional centres have yet to be reviewed

Given their detailed and evidenced-based nature, some reviews can take up to three months to complete. To manage its limited resources, CSNSW prioritises sites based on risk, resulting in the prioritisation of maximum security sites. Since June 2013, CSNSW's G&CI have conducted 12 reviews at high security correctional centres (see Appendix 5 for a list of completed reviews).

Due to the review length and resource limitations, we found that lower security correctional centres had not been subjected to a review.

The increasing risk in all correctional centres due to rapidly changing inmate profiles and increasing number of inmates warrants regular review in lower security correctional centres. General Managers that had not been subjected to a review also noted that the previous audit function – which performed a similar, if narrower, function – was valuable in identifying improvements.

CSNSW advised that the G&CI are currently not conducting reviews against the Public Correctional Centre Standards it developed due to its prioritising the review of the Operations Procedures Manual (OPM).

The OPM sets out the processes and procedures that correctional centres must follow. The Public Correctional Centre Standards are in part based upon the content of the OPM. There are several sections of the OPM that require update and enhancement including in response to recommendations from external agencies of scrutiny and law enforcement such as the NSW State Coroner. Once the OPM is updated, a full schedule of reviews will be implemented commencing in May 2016.

Rather than conducting a full review, CSNSW could investigate other review options suitable to the level of centre risk. This includes:

- thematic reviews – these reviews are shorter and can target high-risk standards across multiple centres
- self-assessment – where appropriate, correctional centres may be able to self-assess using documentation developed by the G&CI
- peer reviews – where appropriate, correctional centres may be able to review each other using documentation developed by the G&CI. Exhibit 12 below shows an example of peer reviewing undertaken by Corrective Service Industries.

Exhibit 12: Corrective Service Industries' (CSI) peer reviews

Corrective Services Industries currently uses a '500 Review' as a means of peer reviewing CSI business units. It gives an overall rating out of 500 through the assessment of the following performance areas:

- inmates
- staff
- customer services
- commercial performance
- operating performance
- accountability
- workplace, health and safety (WHS).

It also provides an action plan for any recommendations arising from the review.

Source: Corrective Services NSW.

2.4 Private correctional centre performance requirements

Private correctional centres met all but one PLF requirements

Under private prison Operating Agreements, the Commissioner appoints a CSNSW Monitor to assess and review the operation of centre, including PLFs and operating standards.

The Monitor formally reports against PLFs and operating standards that are scheduled for review during that period. For the review period of January to June 2015, there were 110 separate PLF reviews conducted against 34 PLFs for Junee correctional centre.

PLFs are assessed as being:

- compliant – meets base level compliance
- non-compliant – below base level compliance. In the case of non-compliance, penalties may be waived due to mitigating circumstances or external factors.

GEO met all of Parklea Correctional Centre's PLFs for the 2014–15 contract period (from November 2014 to October 2015), but failed to submit a Daily Security Report (DSR) to Corrective Services NSW in a timely manner. A penalty applied as a result.

GEO met all of Junee Correctional Centre's PLFs for the 2014–15 contract period (from April 2014 to March 2015).

PLFs could be better linked to outcomes

We found that PLFs could be improved by strengthening the link to outcomes. Currently, PLFs of the greatest weight relate to contractual obligations such as maintenance and the replacement of assets. However, a lesser weight is applied to PLFs relating to desired outcomes, for example the percentage of inmates returning a positive urinalysis. In Western Australia, PLFs related to outcomes are given the greatest weight (Exhibit 13).

Currently, failure to meet desired outcomes, such as repeated and unexplained serious assaults, may result in termination of an operator's contract. A stronger link between PLFs and outcomes could help to incentivise desired behaviours before the issues are escalated to contract termination.

Exhibit 13: Acacia prison (Western Australia) – PLF measures of greatest weight

Percentage of 5% contract value	Key performance indicator
9%	Number of serious assaults within each operational year
9%	Number of prisoners committing one or more acts of serious self-harm or attempted suicide within each operational year
9%	Percentage of prisoners identified as At Risk that are managed in accordance with the Department's At Risk Management System's (ARMS) Manual
9%	Percentage of random urine sample tests identified as Positive

Source: Acacia Prison Services Agreement, Annual Report 2014–15.

Private correctional centres met all but one operating specifications

CSNSW has developed a schedule for assessing private centre operating specifications (76 for Junee and 74 for Parklea). For Junee Correctional Centre's operating specifications:

- 20 are assessed once per contract period (every three years)
- 24 are assessed every two years
- 32 are assessed yearly.

Standards are assessed as being:

- non compliant – **no** specific service requirements are met
- partially compliant – a **minor** number of specific service requirement are met

- substantially compliant – **most but not all** specific service requirements are met
- fully compliant – **all** specific service requirements are met.

Snap-shot testing is a methodology used by the Monitors to determine whether the provider is on track to comply with the operating specifications. It involves onsite observation of work practices and gathering performance data over the relevant reporting period. This snap-shot testing allows CSNSW to assess the provider's progress in achieving the outcome of the operating specifications. The performance data from the snap-shot testing informs a comprehensive compliance review of the Operating Specifications that is made at the conclusion of the relevant reporting period.

For Parklea Correctional Centre, GEO met all but one of the 12 operating specifications assessed for the 2014–15 contract period (from November 2014 to October 2015).

For Junee Correctional Centre, GEO met all of the 20 operating specifications assessed for the 2014–15 contract period (from April 2014 to March 2015).

Public reporting of private correctional centre performance could be improved

The *Crimes (Administration of Sentences) Act 1999* requires the Monitor's report to form part of the next Department of Justice Annual Report. In 2013–14 the Department reported:

- an overarching statement on private correctional centre performance with operating standards
- the percentage of PLF paid.

Although this met the legislative requirement, more detail on the performance of private correctional centres would allow greater public scrutiny. Exhibit 14 gives an example of detailed reporting in Western Australia.

Exhibit 14: Acacia correctional centre Annual Report 2013–14

Acacia Correctional Centre is one of two privately operated correctional centres in Western Australia. The *Correctional Centres Act 1981(WA)* requires an annual report on the Acacia Correctional Centre Services Agreement to be submitted to the Western Australian Parliament. This report publishes the following information:

- contract payments and statement of financial performance
- industry payments
- performance against each PLF requirement (see Appendix 6 for a sample of this reporting)
- abatements
- notable initiatives
- system-wide learning initiatives.

Source: Acacia correctional centre Annual Report 2013–14.

The WA Inquiry notes that international standards of reporting are also more mature than standards in Australian jurisdictions. This is a missed opportunity because greater transparency can also serve to encourage innovation, new service delivery options, and investment.

3. Are actions taken to respond to variations in performance?

In this section we assess whether CSNSW's performance framework met best practice principles for reviewing and refining. Specifically, we assessed whether processes existed to set and manage actions to respond to performance variations.

CSNSW put processes in place to set and manage actions in response to variations in performance against operating standards and private correctional centre PLFs and operating specifications. Actions were also set for KPI variations, however, the process to set actions was not documented at the time of the audit.

CSNSW set actions for responding to KPI variation. However, the process for setting actions was not documented. Generally, actions were driven by Operational Procedure Manual (OPM) requirements rather than KPI variations. General Managers were focused on budget and staff-related KPIs and set actions to manage variation, such as through Variable Operating Routines (VORs).

A dynamic and high performing workforce is required to implement effective remedial action. However, we found that due to limitations of CSNSW's Performance Management System (PMS) and the lack of employee performance agreements, General Managers found it difficult to deal with underperformance. This limited the effectiveness of remedial action and impacted centre performance.

Further, we found that General Managers were, at times, reluctant to implement remedial action, such as significant changes in rostering to improve staff allocation, where there was a heightened risk of an industrial dispute.

Processes for managing variations in PLFs, and operating standards and specifications were well defined.

Recommendations

By June 2016, the Department of Justice (Corrective Services NSW) should:

- document the process for managing and setting actions in response to organisational and public prison KPI variation
- rollout the Department of Justice's performance management framework including the adoption of employee performance agreements
- establish an Operations Oversight Committee to monitor the effectiveness of remedial action.

3.1 Responses to Key Performance Indicator variations

CSNSW set actions in response to KPI variations but the process was not documented

Taking action in response to variations is important to support a proactive approach to performance management, rather than a reactive approach. We found that CSNSW set actions in response to KPI variations, however the process to do so was not documented at the time of the audit, which could lead to inconsistency and limit transparency. We found evidence of the following steps taking place:

1. performance issues identified in the QPR is presented to the CSNSW Executive Committee
2. performance issues are added to an action register which sets an owner, risk rating and corrective action.

For example, the QPR Q4 2014–15 report identified an increase in the rate of serious prisoner-on-prisoner assaults driven mainly by incidents at Cessnock, Bathurst, Goulburn, Dawn de Loas, Metro Special Purpose, and Metropolitan Remand and Reception centres. CSNSW noted that the unprecedented increase in inmate population was a contributing factor to this increase in assaults. The following actions were set to reduce the time inmates spent in heavily populated yards and increase officer supervision:

- additional staff proposals
- re-commissioning of Grafton Correctional Centre
- conversion of accommodation at Dawn De Loas Correctional Centre.

CSNSW advised that they intend to establish an Operations Oversight Committee to be chaired by the Assistant Commissioner, Governance and Continuous Improvement. This Committee will comprise CSNSW senior operational executives and will be responsible for monitoring the status and effectiveness of actions taken in response to variations in operational performance across CSNSW (including custodial corrections).

Actions were driven by Operational Procedures Manual requirements rather than KPIs

We found that corrective action was largely driven by processes prescribed by the OPM. For example, under the OPM the Manager of Security (MOS) must review all use of force incidents and recommend either No Further Action or Further Review Action to be taken. Although use of force is reported in the TOR, it is likely that any corrective action, if required, was already in place as a result of OPM requirements. We found that KPI-based action could play a greater role in performance management to complement OPM-based action. In the use of force example above, KPI trends may show signs of systemic issues that may not be apparent in dealing with individual cases. The importance placed on KPIs could be improved by documenting the KPI review process.

General Managers were responsive to budget and staff-related KPI variation

We found that General Managers focused on budget-related KPIs (for example, budget versus actuals and cost per inmate per day), and staff-related KPIs (for example, sick leave, excess recreational leave, and overtime cost) to manage their centre to budget. Some of the actions used by General Managers in response to these KPIs included:

- Variable Operating Routines (VORs)
- efficiency and savings initiatives.

Variable Operating Routines

VORs are used to efficiently manage a centre during operational difficulties due to staff shortages. Some of the strategies that may be used under a VOR include:

- leaving posts vacant
- redeploying staff or inmates
- employing casual Correctional Officers.

General Managers must consider the following guiding principles when deciding a strategy to employ:

- maintenance of safety and security of staff and inmates
- operational continuity
- adherence to budgetary parameters.

Exhibit 15 below is a case study of how VORs are currently used.

Exhibit 15: Use of VORs at the Metropolitan Remand and Reception Centre

We analysed the Metropolitan Remand and Reception Centre's daily VOR reports for the month of April 2015. It showed that VORs were used on most days to cover for the average daily number of officers reporting on sick leave – 14 officers or eight per cent of the 178 total daily shifts. After filling most vacancies with officers on overtime and casual officers, an average of three posts were left unmanned per day. Most of these unmanned posts occurred after 11 new posts were rostered to cope with the increased inmate state.

On seven days, additional lockdown hours were in place due to unmanned posts, training days or a combination of both. As a result, 1,515 inmates were in lockdown for an additional eight hours for those seven days.

Source: Corrective Services NSW.

General Managers set efficiency and savings initiatives

We found that General Managers actively use efficiency and savings initiatives in response to budget-related KPIs. Some initiatives included:

- monitoring food orders to reduce food wastage
- reducing the disposal of linen and boots
- increasing revenue through Corrective Services Industries (CSI)
- utilising CSI to perform routine maintenance.

3.2 Constraints to managing performance variation in public correctional centres

We found that there were a number of barriers which limited the effectiveness of actions to respond to variations. These included:

- an ineffective Performance Management System (PMS) and lack of employee performance agreements
- inflexible operations.

Ineffective Performance Management System and lack of employee performance agreements

A dynamic and high performing workforce is required to implement effective remedial action to address performance variation. However, we found that due to CSNSW's Performance Management System (PMS) and the lack of employee performance agreements General Managers found it difficult to deal with underperformance. This limited the effectiveness of remedial action and impacted centre performance.

An effective PMS is particularly important given the devolved people management authority to General Managers following the Hamburger Review. The *Government Sector Employment Act 2013* (GSE Act) should provide CSNSW with a greater capacity to manage individuals' performance. Under the GSE Act, an employee may be terminated if their performance is deemed to be unsatisfactory in accordance with the agency's PMS. Under the Department of Justice's Human Resource Delegations, General Managers have been given the authority to use this provision. However, use of this provision is restricted by the Department of Justice's current PMS.

CSNSW advised that it has a number of reforms targeted at improving its PMS, including:

- rolling out of a performance management framework being developed by the Department of Justice which will allow cascading frameworks through its operating divisions, including CSNSW
- pilot testing of performance agreements at Long Bay correctional centres.

Inflexible operations

Flexible operations are important to address performance variation in response to changing conditions. Under the Crown Employees (Correctional Officers, Department of Attorney

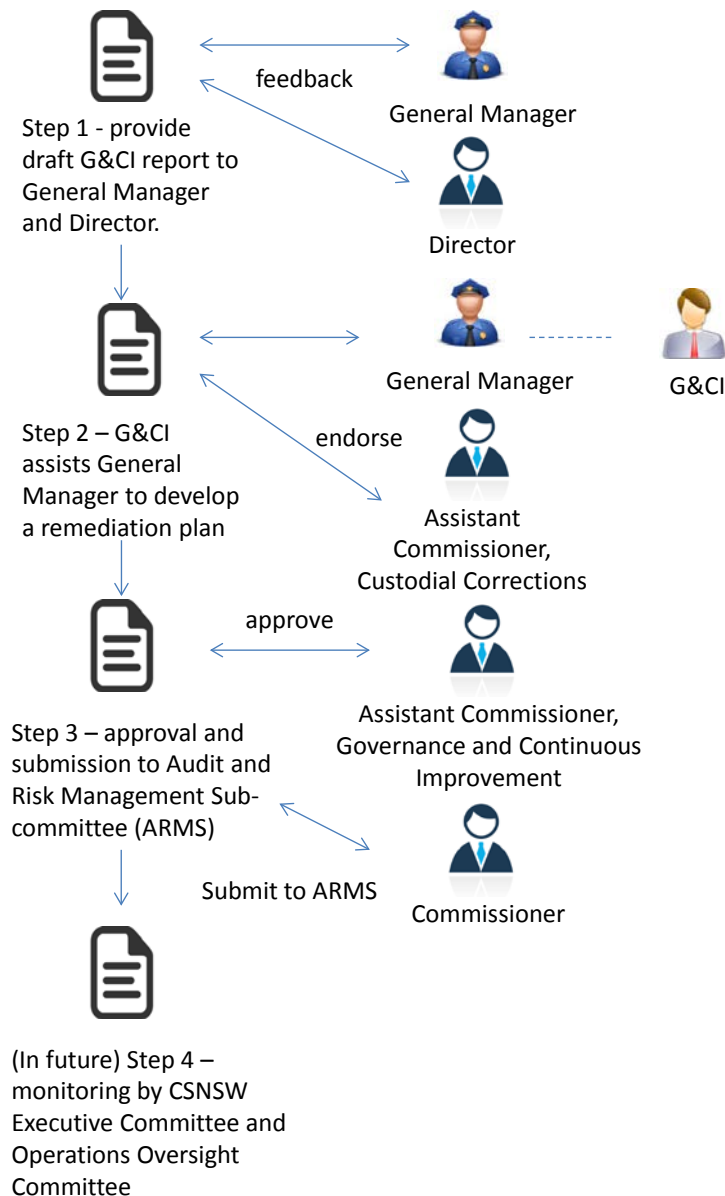
General and Justice – Corrective Services NSW) Award, General Managers shall endeavour to resolve any dispute or any resolution passed at a meeting of members of a sub-branch which may give rise to an industrial dispute – including changes to operations. In some cases, General Managers were reluctant to act on remedial action where there was a risk of industrial action.

3.3 Responses to public operating standards performance variation

CSNSW has a clear governance structure for managing variations in standards

CSNSW's G&CI has a clear governance structure for setting actions in response to performance variations identified in their reviews (Exhibit 16 below). The Operations Oversight Committee being established by CSNSW will help to improve this process.

Exhibit 16: Governance structure for G&CI Reviews



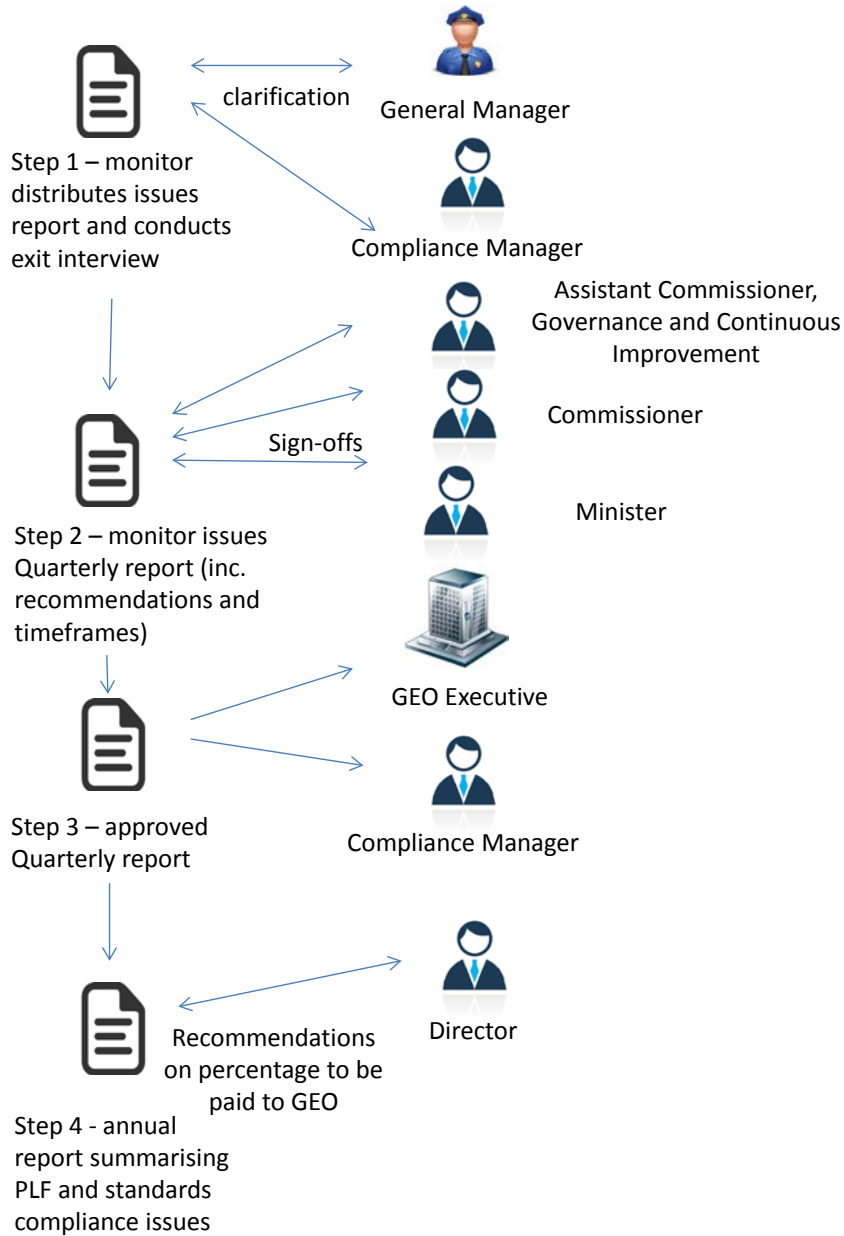
Source: Corrective Services NSW.

3.4 Responses to private correctional centre performance requirements

A clear process for managing variations in private centre PLFs and operating specifications exists

Private correctional centre monitoring guides set a clear process for managing variations in PLF and operating specification performance (see Exhibit 17 below).

Exhibit 17: Process for managing variation in PLFs and operating specifications



Source: Monitoring Guide Parklea Correctional Centre, p. 14.

Note: Some internal reviews have been omitted for simplicity.

Appendices

Appendix 1: Response from CSNSW



Office of the Secretary
Justice Precinct Offices
Locked Bag 5111
PARRAMATTA NSW 2124
Tel 02 8688 7777 | Fax 02 8688 7980
www.justice.nsw.gov.au

Your ref.: PA6546
Our ref.: D16/115782/DJ

Mr A.T. Whitfield PSM
Acting Auditor-General
Audit Office of NSW
GPO Box 12
SYDNEY NSW 2001

Dear Mr Whitfield

I refer to your letter of 3 February 2016 inviting a response to the final Performance Audit report entitled "*Performance frameworks in custodial centre operations—Department of Justice, Corrective Services NSW*".

The Department of Justice acknowledges the Performance Audit's findings regarding the effectiveness of the performance framework which Corrective Services NSW (CSNSW) has in place to deliver custodial services and our processes to monitor performance within custodial centre operations. I note the constructive suggestions made in the recommendations of the report to improve overall system accountability.

The Department of Justice is considering the report's recommendations and is actively improving processes to strengthen the CSNSW performance management framework. The Department of Justice is committed to strengthening accountability through continuous monitoring and reporting, including the careful consideration of the performance audit recommendations.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Andrew Cappie-Wood', written over a faint blue line.

Andrew Cappie-Wood
Secretary

26 FEB 2016

Appendix 2: Characteristics of a best practice performance framework

The points below outline the characteristics of a best practice performance framework for custodial centre operations. These formed the basis of our criteria and the standard against which we assessed CSNSW against.

Criteria 1 – Are key performance requirements specified and targets set?

- KPIs have the following characteristics:
 - small number
 - consistency and relative ease of collection, measurement and reporting
 - simplicity in KPI definition and reporting
 - a balance of measures across:
 - divisions such as custodial corrections and community corrections
 - leading and lagging indicators
 - strategic and operational indicators
 - key success criteria of effectiveness and efficiency
 - priority outcomes, such as efficient and effective operations and safety and security.
- KPIs incorporate national/department guidelines as well as address the wider organisation's strategy, vision and mission, in line with priority areas identified for Corrective Services
- KPI targets have the following characteristics:
 - Informed by inter and intra-jurisdictional benchmarking
 - Short and long term including savings requirements established with adequate lead times
- Establishment of counting rules, accountabilities and reporting structures for KPIs
- Appropriate KPIs are set at correctional centre, divisional, and corporate levels
- Contract for the privately operated correctional centres have KPIs and targets and are consistent with public correctional centre KPIs
- Methods and measures are used to compare KPIs across correctional centres and enable rankings
- CSNSW provides agreements, plans, policies and guidelines to staff on relevant KPIs
- CSNSW staff are aware of KPIs and targets.

Criteria 2 – Are performance requirements monitored and met?

- Regular reporting on performance between facilities
- Defined process for consistent data capture, with clear frequency (monthly) and minimal subjectivity
- Reporting is timely, reliable and consistent
- Clear process for identifying variation in performance that requires corrective action for both private and public correctional centres
- Team/committee setup for continuous review and analysis of performance and to propose solutions to variations
- Governance arrangements for reviewing reporting and identifying performance variation are clear
- Reports are understood by KPI owners
- The review process is followed by staff.

Criteria 3 – Are actions taken to respond to variations in performance both at individual correctional centres and the monitoring authority?

- Strategies established to address variations in performance
- Risk management around strategies developed to address variations in performance
- Performance review and assessment processes in place with regular frequency of review
- Rolling program of 'healthy correctional centre' assessment against standards informed by variation in performance against KPIs
- Governance structure to approve remediation and improvement plans
- Consultation and communication processes in place to ensure effective delivery of improvements
- Yearly review of KPIs to ensure alignment with priorities
- CSNSW provides procedures, plans, policies and guidelines to staff regarding the performance improvement process
- There are clear roles and responsibilities for reviewing and acting on performance variations
- Procedures, plans, policies and guidelines are followed
- CSNSW are aware of their roles and responsibilities under the performance improvement process.

Appendix 3: New South Wales Correctional Centres

The table below shows key characteristics of correctional centres in New South Wales.

Centre	Description	Years in operation/ major refurbishment or extension	Population as at 21/12/15
Bathurst	Minimum and medium	127	637
Brewarrina	Minimum	15	26
Broken Hill	Minimum and maximum, receptions	123	61
Cessnock	Minimum and maximum, CUBIT program and receptions	43/3	818
Compulsory Drug Treatment Centre	Closed detention, open detention	9	62
Cooma	Minimum and medium	142	189
Dawn De Loas	Minimum and works release	25	464
Dillwynia	Medium, women's	11	239
Emu Plains	Minimum and women's and children's programs	58	187
Glen Innes	Minimum	87/30	185
Goulburn	Minimum and maximum	130	547
Grafton	Medium transits, receptions, minimum	123/26	204
High Risk Management	High risk offenders, maximum	14	34
Ivanhoe	Minimum	16	43
John Morony	Medium,	24	383
Junee	Minimum and medium	23	815
Kariong	Minimum	1	28
Kirkconnell	Minimum	57	246
Lithgow	Maximum	25	436
Long Bay Hospital 1	Specialised and medical units, Maximum	7	81
Long Bay Hospital 2	Maximum, medical transits	53	332
Mannus	Minimum	88/31	163
Mid North Coast	Minimum, medium, maximum, receptions	11	531
Metropolitan Remand and Reception Centre	Maximum and majority remand	18	1013
Metropolitan Special Programs Centre	Minimum, maximum and sex offenders	106	1009
Oberon	Minimum, Young Offender Program	44	109
Outer Metropolitan Multi-Purpose Centre	Minimum and IDAPT program	15	371
Parklea	Maximum, minimum	30	879
Silverwater Women's	Maximum receptions	46	236
South Coast	Minimum, medium, maximum, receptions and women	5	639
Special Purpose Centre	Maximum- witness protection	27	49
St Heliers	Minimum	26	273
Tamworth	Minimum, maximum reception	134	74
Wellington	Minimum and maximum, receptions	8	642

Source: Corrective Services NSW

Note: table excludes inmates in non-correctional centre facilities such as police and court cells

Appendix 4: Parklea performance framework

Sample of major KPIs in PLF assessment

Percentage of 2.5% contract value	Key Performance Indicator
20%	Asset management plan – maintenance and replacement of major assets with a cost greater than \$5,000 is completed in accordance with the Asset Management Plan
10%	Preventative maintenance is completed in accordance with the preventative maintenance schedule
5%	Staff deployment plan is maintained as approved by the Commissioner
5%	All criminogenic program interventions should target sentenced offenders who are medium to high risk of re-offending and where the specific domains within the risk assessment indicate medium to high needs
5%	Services and programs must be reported in the appropriate data system (currently the OS&P Reporting system)
4%	Percentage of target group inmates assessed as having AOD (Alcohol and Other Drugs) issues who have received or are receiving an AOD treatment intervention at the centre

Source: Corrective Services NSW.

Parklea penalties table

Outcomes	Fee reduction for performance failure
A serious incident not reported by the operator to the Commissioner promptly after they occur or are brought to the attention of the Operator. For example, suicide, death, escape from custody, riot, hostage situation.	\$100,000 per instance not reported
Death in custody for which a material adverse finding has been made against the Operator by the Coroner.	\$100,000 per incident
Intervention by the Commissioner to resolve an inmate disturbance which has escalated due to the Operator failing to take timely and appropriate action (which may include asking the Department for assistance) in accordance with the approved Operating Manual.	\$100,000 per incident
Erroneous release from custody (where an inmate is held in custody beyond the date from when they should have been legally released) due to a failure of the Operator's procedures. (For the avoidance of doubt, for the purposes of calculating the Fixed Element of the Performance Linked Fee an erroneous release from custody of one inmate comprises one incident).	\$10,000 for each day that an inmate is held in custody beyond the date when they should have been legally released.
Erroneous release from custody (where an inmate is released from custody prior to the date on which they were legally entitled to be released) due to a failure of the Operator's procedures. (For the avoidance of doubt, for the purposes of calculating the Fixed Element of the Performance Linked Fee an erroneous release from custody of one inmate comprises one incident).	\$10,000 per incident

Parklea monthly report on KPIs and PLFs

No.	Key Performance Indicators
	Escapes
1	Number of escapes from secure custody
2	Number of escapes from open custody
	Deaths In Custody
3	Number of deaths in custody
4	Number of indigenous population deaths
	Self Harm
5	Number of threatened self harm incidents
6	Number of actual self harm incidents
	Assaults/Fights
7	Number of assaults serious (requiring medical/hospital treatment)
8	Number of assaults minor (no apparent injury)
9	Number of fight incidents
10	Total inmates involved in fights
	Misconducts
11	Number of outside workers convicted of introducing Contraband
12	Number of other misconduct charges
	Segregation/Protection
13	Number on Segregation
14	Number on SMAP
15	Number on PRLA
16	Number on PRNA
	Lockdowns
17	Number of lockdowns
18	Total number of inmates affected in locked down areas
19	Average hours out of cells per inmate in affected areas
	Time out of cells
20	Average time for normal discipline inmates (in hours) for month
	Use of Force
21	Number of instances during the month
22	Number of incidents without the use of video camera
	Inmate population
23	Total number as at end of month
	Drug interdiction program (urinalysis)
	Number of inmates tested
24	Random
25	Target
26	Administration
	Number of inmates returning a positive result by type of test
27	Random
28	Target
29	Administration
30	Number of inmates charged for returning a positive result indicating drug use or failing to supply
	Addressing Offending Behaviour
31	Number of inmates participating in Aggression and Violence programs
32	Number of inmates participating in Alcohol, Drug and addictions programs
33	Number of inmates participating in cognitive skills programs
34	Number of inmates participating in community engagement programs
35	Number of inmates participating in harm reduction programs
36	Number of inmates participating in readiness programs
37	Number of inmates participating in sexual offending programs
38	Number of inmates participating in programs for women
39	Number of family and community assessments

No.	Key Performance Indicators
40	Percentage of indigenous inmates participating in offence based programs
41	Percentage of inmates with disabilities participating in offence based programs
42	Percentage of NESB inmates participating in offence based programs
	Asset maintenance Program
43	Preventative maintenance list works completed or partially completed
44	during month compared to actual plan
45	Total cost of works completed or partially completed for month
	Drug Trafficking
46	Number of inmates, visitors, and staff reported to police for having illicit drugs, non-prescribed medication or syringes
	Visitor restrictions
47	Number of incidents resulting in visitors being restricted from visiting
48	Number of visitors placed on non-contact visits
49	Number of inmates placed on non-contact visits
	Case management
50	Percentage of case plans reviewed by Case Management Team (those due in the month)
51	Percentage of inmates interviewed by the case officers (actual / centre state)
52	Percentage of case file audits completed actual/centre state)
53	Percentage of case plans reflecting program pathways (actual/centre state)
	Inmate employment
54	Percentage of inmates employed as a proportion of correctional centre population
55	Number of inmates employed in community based projects
56	Total hours unpaid community service work
57	Percentage of inmates unemployed
58	Number of work releases in employment
	Inmate education and employment
59	Number of inmates participating in basic education programs and services
60	Number of inmates completing vocational education modules and certificates
61	Number of inmates completing the CSI work readiness program (or equivalent)
62	Number of basic literacy assessments completed (NRS)
63	Number of educational profile interviews completed
64	Percentage of indigenous inmates participating in education and vocational programs and services
65	Percentage of NESB inmates participating in educational and vocational programs and services
	Corrective maintenance plan
66	List works completed or partially completed during month
67	Total cost of works completed or partially completed for month
	Cost of imprisonment
68	Cost per inmate per day
69	Total cost of escort and or guard duty for inmates requiring medical treatment not available at the centre including, all unscheduled escorts and court settings
	Inmate property
70	Number of lost property applications during month
71	Percent of applications resolved satisfactorily
72	Estimated cost of missing property
73	Total compensation payments paid during the month
	Consultative committees
74	Number of meetings held during the month
75	Number of meetings attended the GM during month
76	Number of IDC meetings during month
77	Number of AIC meetings held during month
78	Number of security meetings held during month
79	Number of BOM/ SMT meetings held during month
80	Number of WH&S meetings held during month
	Community involvement strategies

No.	Key Performance Indicators
81	Number of cultural events during month (eg. NAIDOC day)
82	Number of special 'one off' events (for example, charity runs, art shows)
	Inmate visitors
83	Total number for the month
84	Variation to annual rate
	Community projects
85	List new community projects
86	Total number of inmate community hours worked for month
	Staff training programs
87	Staff completing on the job training
88	Hours of on the job "in-house" training provided to staff for month
89	Number of staff with approved study leave for month
	WH&S
90	Number of 48-hour notifications lodged
91	Number of investigations resulting from 48-hour notifications
92	Number of hazards identified
93	Number of corrective actions taken of identified hazards
	Workers compensation
94	Claims Lodged for month
95	Number of days lost for month
96	Number of staff off work or on return to work program
97	Number of staff returned to pre-injury duties within 26 weeks
	Equity and probity
98	Ethical behaviour complaints
99	Disciplinary actions investigated
100	Number of grievance received (other than ethical behaviour)
101	Number of staff on management plans
	Industrial Relations
102	Disputes / meetings for month
103	Total days lost for month
104	Number of occasions and dates when the correctional centre was locked down or partially locked down due to industrial meetings or disputes
	Staffing profile
	Staff establishment as at month-end custodial
105	Industrial
106	Offender Services and Programs
107	Administration
	Staff vacancies as at month-end
108	Custodial
109	Industrial
110	Offender Services and Programs
111	Administration
	Sick leave
112	Total days for month
113	Average days per officer – Custodial
114	Average days per officer – industrial
115	Average days per officer – Offender Services and Programs
116	Average days per officer – administration
	Correspondence
117	Number of correspondence replies for ministerial, Commissioner and Ombudsman enquiries

Source: Corrective Services NSW.

Appendix 5: List of completed reviews

The Governance and Continuous Improvement Division (G&CI) is responsible for reviewing public correctional centre performance against the operating standards. Completed reviews are as follows:

- South Coast CC – Security Suite Review pilot review – December 2013
- Cessnock CC – Security and Inmate Management and Services Suites pilot review – February 2014
- Thematic Review of Gaol Based Case Management – March 2014
- South Coast CC – Thematic Security Review – March 2014
- Mid North Coast CC – Security and Inmate Management and Services Suites pilot review – May 2014
- Compulsory Drug Treatment Centre – Security Review post incident review – July 2014
- Special Purpose Centre – Security and Inmate Management and Services Suites review – October 2014
- Long Bay Hospital 1 and 2 – Security and Inmate management and Services Suites review – December 2014
- Goulburn CC – Security and Inmate Management and Services Suites review – March 2015
- South Coast CC – Governance and Administration Suite pilot review – May 2015
- Wellington CC – Security and Inmate Management and Services Suites pilot review – June 2015
- Silverwater Women’s CC – Governance and Administration Suite pilot – July 2015

Appendix 6: Performance reporting by Acacia prison

ACACIA PRISON PERFORMANCE REPORT																		
KPI No.	Performance Measure	Maximum Abatement Amount (excludes CPI increase)	Abatement Frequency	2015														
				July	August	September	October	November	December	January	February	March	April	May	June	YTD		
SPECIFIED EVENTS																		
a	An Escape	\$100,000 per escape	As required	1	0	0	0	0	0	0	0	0	0	0	0	0	1	
b	A Loss of Control	\$100,000 per loss of control	As required	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
c	A Death in Custody (other than through natural causes)	\$100,000 per death	As required	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
d	A Breach of Contractor's obligations to report or provide information	\$20,000 per incident	As required	1	0	0	0	1	0	0	0	0	0	0	0	0	2	
e	A failure to comply with a Performance Improvement Request (PIR)	\$20,000 per occurrence	As required	0	0	0	0	0	0	0	0	0	0	0	2	0	2	
PERFORMANCE MEASURES																		
KPI No.	Performance Measure	Baseline Target	Calculation Frequency															
1	Number of serious assaults on staff, prisoners and others	Less than 6	Annual	1	1	0	0	0	0	0	0	0	0	0	0	1	0	3
2	Number of prisoners committing one or more acts of serious self-harm or attempted suicide	Less than 6	Annual	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
3	The percentage of Incident Reports completed accurately and in accordance with Departmental requirements	95% or higher	Monthly	95.18%	94.80%	93.50%	90.00%	93.10%	93.10%	91.83%	85.45%	84.34%	99.43%	93.75%	95.20%	100%	93%	
4	Percentage of random urine sample tests identified as Positive	Less than 10%	Annual	6.0%	15.0%	6.0%	6.0%	4.0%	6.0%	6.0%	4.0%	3.7%	6.80%	3.17%	7.14%	7.14%	6%	
5	Percentage of prisoners providing positive urine samples who are offered support within one week of being found guilty of testing positive to an illicit substance	95% or higher	Monthly	100%	24.30%	100%	100%	95.00%	100%	100%	100%	100%	100%	100%	100%	100%	93%	
6	Percentage of prisoners Sentence Planning documents reviewed in accordance with the current Department of Corrective Services requirements	95% or higher	Monthly	100%	98.00%	99.40%	100%	100%	100%	100%	100%	98.87%	100%	100%	100%	100%	100%	
7	Percentage of prisoners whose program requirements as approved in the Prisoners Individual Management Plans (IMPs) are delivered as scheduled and Program Treatment Reports completed within six weeks of the course completion	95% or higher	Quarterly	NA	NA	100%	NA	NA	100%	100%	NA	NA	100%	NA	NA	100%	100%	
8	Percentage of prisoners employed compared to employment positions	95% or higher	Monthly	99.40%	99.27%	99.24%	99.17%	99.04%	98.27%	98.79%	98.87%	98.89%	98.56%	98.89%	99.09%	99.56%	99%	
9	Percentage of prisoners who have engaged in a Department of Corrective Services Adult Basic Education (ABE) course after receiving 'C' or 'D' score on their literacy assessment following their sentencing	95% or higher	Quarterly	NA	NA	100%	NA	NA	100%	100%	NA	NA	100%	NA	NA	100%	100%	
10	Percentage of total number of Traineeships filled	95% or higher	Quarterly	NA	NA	100%	NA	NA	100%	100%	NA	NA	100%	NA	NA	100%	100%	
11	Percentage of prisoners identified with chronic disease, substance dependency or mental health issues who are provided with a relevant medical discharge plan prior to release	95% or higher	Monthly	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	
12	Percentage of prisoners identified at risk that are managed by PRAG in accordance with the Department of Corrective Services At Risk Management System (ARMS) Manual	100%	Monthly	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	

Source: Acacia Prison Services Agreements, Annual Report 2014–15.

Appendix 7: About the audit

This audit assesses the effectiveness of the performance framework Corrective Services NSW (CSNSW) has in place to deliver its services. The audit answered the following questions:

- are key performance requirements specified and targets set?
- are performance requirements monitored and met?
- are actions taken to respond to variations in performance, both at individual correctional centres and by the monitoring authority?

Scope

The audit focused on custodial centre operations.

Audit exclusions

The audit did not examine the following areas:

- non-custodial functions, such as community corrections
- juvenile inmates
- inmate management and services.

Audit approach

The audit team acquired subject matter expertise through:

- interviews with General Managers
- examination of relevant documents, including legislation, policies, strategies, guidelines, procedures, reports, reviews, standards
- consultations with representatives of key stakeholders
- research into better practices.

Audit selection

We use a strategic approach to selecting performance audits which balances our performance audit program to reflect issues of interest to parliament and the community. Details of our approach to selecting topics and our forward program are available on our website.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3500 on performance auditing, and to reflect current thinking on performance auditing practices. Our processes have also been designed to comply with the auditing requirements specified in the *Public Finance and Audit Act 1983*.

Acknowledgements

We gratefully acknowledge the cooperation and assistance provided by CSNSW. In particular we wish to thank our liaison officer, James Koulouris, and staff who participated in interviews and provided material relevant to the audit.

Audit team

Trevor Puckering and Marie Virueda conducted the performance audit. Kathrina Lo, Chris Allen, Kevin Hughes and Kellie Blakemore provided direction and quality assurance. Jed Kumarasiri and Neall Searle provided analytical and report writing support.

Former Audit Office staff Grant Hehir, Rob Mathie, Sean Crumlin, and Penny Josey also made significant contributions to the delivery of this report.

Audit cost

Including staff costs and overheads, the estimated cost of the audit is \$390,000.

Performance auditing

What are performance audits?

Performance audits determine whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of a government agency or consider particular issues which affect the whole public sector. They cannot question the merits of government policy objectives.

The Auditor-General's mandate to undertake performance audits is set out in the *Public Finance and Audit Act 1983*.

Why do we conduct performance audits?

Performance audits provide independent assurance to parliament and the public.

Through their recommendations, performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also focus on assisting accountability processes by holding managers to account for agency performance.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, the public, agencies and Audit Office research.

What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing. They can take up to nine months to complete, depending on the audit's scope.

During the planning phase the audit team develops an understanding of agency activities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the agency or program activities are assessed. Criteria may be based on best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork the audit team meets with agency management to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with agency management to check that facts presented in the draft report are accurate and that recommendations are practical and appropriate.

A final report is then provided to the CEO for comment. The relevant minister and the Treasurer are also provided with a copy of the final report. The report tabled in Parliament includes a response from the CEO on the report's conclusion and recommendations. In multiple agency performance audits there may be responses from more than one agency or from a nominated coordinating agency.

Do we check to see if recommendations have been implemented?

Following the tabling of the report in parliament, agencies are requested to advise the Audit Office on action taken, or proposed, against each of the report's recommendations. It is usual for agency audit committees to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament's Public Accounts Committee (PAC) to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report is tabled. These reports are available on the parliamentary website.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

Internal quality control review of each audit ensures compliance with Australian assurance standards. Periodic review by other Audit Offices tests our activities against best practice.

The PAC is also responsible for overseeing the performance of the Audit Office and conducts a review of our operations every four years. The review's report is tabled in parliament and available on its website.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament.

Further information and copies of reports

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website www.audit.nsw.gov.au or contact us on 9275 7100.

Our vision

Making a difference through audit excellence.

Our mission

To help parliament hold government accountable for its use of public resources.

Our values

Purpose – we have an impact, are accountable, and work as a team.

People – we trust and respect others and have a balanced approach to work.

Professionalism – we are recognised for our independence and integrity and the value we deliver.

Professional people with purpose

Making a difference through audit excellence.

Level 15, 1 Margaret Street
Sydney NSW 2000 Australia

t +61 2 9275 7100

f +61 2 9275 7200

e mail@audit.nsw.gov.au

office hours 8.30 am–5.00 pm

audit.nsw.gov.au

