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# Measuring and Reporting on Service Delivery

**Tabled 26 May 2021**



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## **Objective**

This audit looked at whether departments measure and report on their service delivery in a way that supports accountability and good decision-making.

## **What we looked at**

We looked at all eight departments, with three selected as case studies: the Department of Treasury and Finance (DTF), the Department of Education and Training and the former Department Health and Human Services.

## **Conclusion**

We found that departments do not measure or report on their performance well, largely because they do not fully comply with requirements in the state's key accountability framework, known as the Resource Management Framework.

Departments do not measure their service efficiency or their effectiveness. They also do not report on their performance in a clear and easily accessible way.

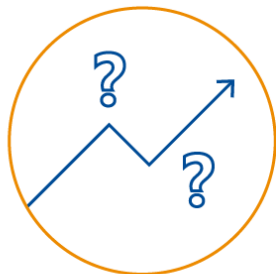
This diminishes accountability for departmental service delivery and makes it difficult for Parliamentarians and Victorians to identify what is working and what needs to improve.

We continue to find the same issues whenever we examine departments' performance reporting. This indicates that there is a need for a substantial review of the performance reporting framework.

## **Background**

Departments measure and report on their service performance to show what they have delivered with public money. This information helps the government allocate funding, and helps Parliament and the community to understand if departments are delivering efficient and effective services.

## Issue 1: Measuring outcomes



Vague objective indicators



No baseline data



Counting 'outputs'

DTF sets performance reporting requirements for departments. Each year, departments provide details of their objectives and objective indicators, performance measures, targets and results in the state's Budget papers. Departments also publicly report on their performance in their annual reports and in the state Budget papers.

### Issue 1: Measuring outcomes

Departments must develop and report on objective indicators that show achievement and outcomes against their objectives. However, the departments have not consistently done this. This limits access to vital information about service delivery effectiveness.

Common weaknesses include:

- setting vague objective indicators that are hard to interpret and calculate results against
- not having baseline data against which to assess performance, and
- counting 'outputs', which means the services delivered, instead of measuring the impact those services create.

While the DPC's recent Outcomes policy aims to improve how departments measure outcomes, it misses a significant opportunity by not linking to the Resource Management Framework.

### Issue 2: Measuring output performance

Departments must account for their receipt of government funds by measuring their 'outputs'—that is, the services they deliver. However, across all departments, there are many output measures that provide little genuine insight into performance.

Many of the stated output measures, don't actually measure outputs and instead measure other things such as processes taken to deliver services. Some output measures are vague, or only reflect meeting a minimum standard, such as not breaking the law.

For some, the department can't reasonably control performance against the measure and others are devised in a way that means you can't compare performance over time or against other states and territories. All these factors limit the usefulness of the reported results.

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### Issue 3: Using performance information



Gaps in how departments document their data sources and calculation methods



Lack of performance reporting against objective indicators



Failure to present trended performance results over time



Limited explanations about why results may have varied significantly from target

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### Issue 3: Using performance information

It is difficult for Victorians to use the performance results departments publish in the Budget papers and annual reports to understand performance.

This is due to:

- gaps in how departments document their data sources and calculation methods
- lack of performance reporting against objective indicators
- failure to present trended performance results over time, and
- limited explanations about why results may have varied significantly from targets.

#### Recommendations

We made five recommendations to all departments to:

- improve the quality of the information in their performance statements
- maintain complete data dictionaries, and
- improve their explanations of variances between actuals and targets.

We made five recommendations to DTF to:

- improve its guidance and review of departments' performance statements and data dictionaries
- develop a public dashboard that reports departments' performance results, and
- require independent auditing of departments' performance statements.

We also recommended that DTF and DPC work to integrate and harmonise DPC's Outcomes policy with the Resource Management Framework.

For further information, you can view the audit snapshot, data dashboard and full report on our website ([www.audit.vic.gov.au](http://www.audit.vic.gov.au)).