

# Administration of Victorian Law Courts

October 2021

Independent assurance report to Parliament  
2021–22:06



SUPREME COURT  
COURT  
of  
APPEAL

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# Administration of Victorian Courts

**Independent assurance report to Parliament**

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Victorian Auditor-General's Office

The Hon Nazih Elasmr MLC  
President  
Legislative Council  
Parliament House  
Melbourne

The Hon Colin Brooks MP  
Speaker  
Legislative Assembly  
Parliament House  
Melbourne

Dear Presiding Officers

Under the provisions of the *Audit Act 1994*, I transmit my report *Administration of Victorian Courts*.

Yours faithfully



Andrew Greaves  
*Auditor-General*

13 October 2021

The Victorian Auditor-General's Office acknowledges Australian Aboriginal peoples as the traditional custodians of the land throughout Victoria. We pay our respect to all Aboriginal communities, their continuing culture and to Elders past, present and emerging.

# Contents

<b>Audit snapshot</b> .....	<b>1</b>
<b>1. Audit context</b> .....	<b>9</b>
1.1 The Victorian court system .....	10
1.2 CSV .....	12
1.3 Timeline of key dates.....	13
1.4 Court facilities.....	13
1.5 CSV's structure and governance .....	14
1.6 CSV's staff.....	16
1.7 CSV's strategic plan .....	18
1.8 CSV's services .....	19
1.9 CSV's current and future challenges .....	19
<b>2. Strategy and service delivery</b> .....	<b>22</b>
2.1 CSV's lack of a defined role .....	23
2.2 CSV's past strategic planning .....	23
2.3 CSV's current strategic and operational planning .....	24
2.4 CSV's service delivery efficiency .....	28
2.5 Providing fit-for-purpose court facilities.....	32
<b>3. Governance and accountability</b> .....	<b>36</b>
3.1 CSV's governance framework.....	37
3.2 Risk management.....	40
3.3 Performance reporting .....	45
<b>APPENDIX A. Submissions and comments</b> .....	<b>48</b>
<b>APPENDIX B. Acronyms and abbreviations</b> .....	<b>52</b>
<b>APPENDIX C. Scope of this audit</b> .....	<b>53</b>

# Audit snapshot

Is Court Services Victoria (CSV) providing the administrative services and facilities that Victorian courts need to efficiently and effectively perform their functions?

## Why this audit is important

In Victoria, demand on the court system has significantly increased in the last decade. The coronavirus pandemic has also disrupted services.

CSV has a key role in the court system. It supports courts by providing administrative services, such as payroll and human resources, and managing facilities.

## Who we examined

CSV.

## What we examined

- the administrative services that CSV provides to courts

- CSV's strategic planning, governance and risk management practices.

We did not examine:

- how courts operate
- administrative services run by courts themselves.

## What we concluded

After seven years of operation, CSV cannot yet demonstrate if or how well its services support courts to perform their functions efficiently and effectively.

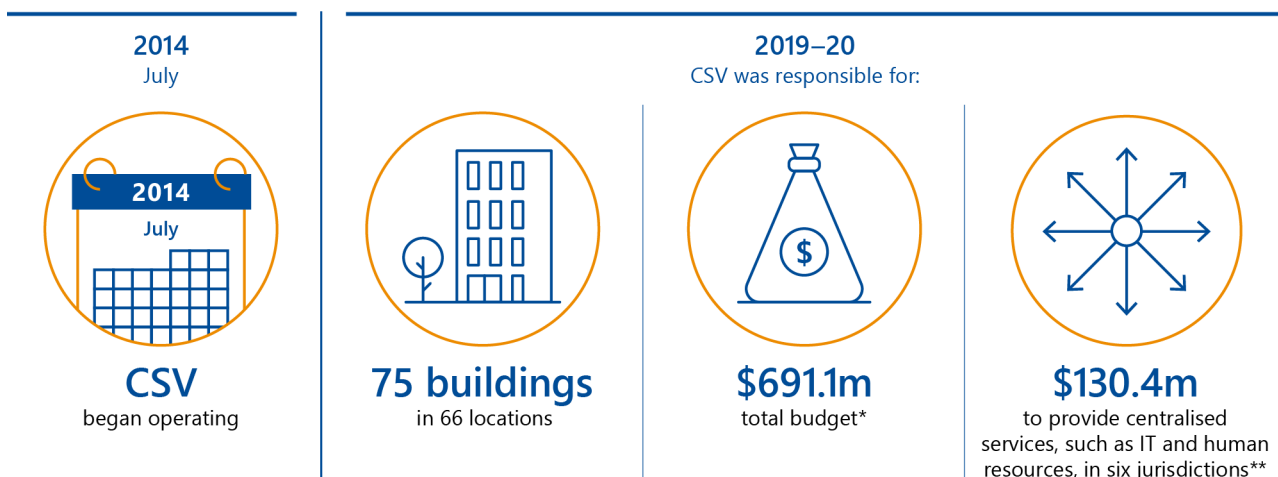
For its first six years, CSV's governing body, Courts Council, did not adequately direct CSV's strategy, governance and risk management. This reduced CSV's

ability to drive more efficient and effective service delivery.

CSV has improved its governance and risk management arrangements since 2019. It also aims to improve its efficiency by reducing service duplication and undertaking a cost mapping exercise. This should help it to more effectively support the court system.

CSV's new comprehensive strategic plan and clearer risk and governance arrangements should give Courts Council the tools to lead these improvements. CSV will also need to establish ways to measure its performance and capture data to support this.

## Key facts



Note: \*this includes budgets for Victoria's six jurisdictions, the Judicial College of Victoria, and the Judicial Commission of Victoria.

\*\*The six jurisdictions are the Supreme Court of Victoria, the County Court of Victoria, the Magistrates' Court of Victoria, the Victorian Civil and Administrative Tribunal, the Coroners Court of Victoria and the Children's Court of Victoria.

Source: VAGO, based on *Court Services Victoria Annual Report 2019–20*.

# What we found and recommend

We consulted with the audited agency and considered its view when reaching our conclusions. The agency's full response is in Appendix A.

## Strategy and planning

Courts Council, Court Services Victoria's (CSV) governing body, did not provide sufficient direction as required of its governing body role. Nor did it approve an adequate strategic plan for CSV until September 2020. This is despite Courts Council having the function, under the *Court Services Victoria Act 2014* (the Act), to direct CSV's strategy. Consequently, for its first six years, CSV did not have an agreed strategy guiding how it should provide services for jurisdictions to fulfil its purpose. It is only recently that CSV has started work to identify opportunities to improve the efficiency and effectiveness of the services it was set up to provide.

CSV began developing a strategic plan in 2015. However, Courts Council could not resolve differences of opinion among its members about how CSV should carry out its role and did not approve this plan.

Courts Council approved a strategic plan for CSV in 2017. However, this plan did not set out a clear direction to guide CSV to fulfil its role. CSV acknowledged that this strategic plan was not fit for purpose six months after completing it.

The lack of strategic direction has been compounded by the high turnover of chief executive officers (CEO) of CSV since it was established. It has had four substantive CEOs and three acting CEOs in seven years. This has contributed significantly to CSV's inability to clearly define its role in providing services to the jurisdictions. CSV's current CEO has been in the role for over two years and has led work to reform CSV's service delivery.

In September 2020, Courts Council approved the *Court Services Victoria Strategic Plan 2020–25*. CSV started developing the plan in late 2019. However, it was delayed in 2020 as CSV was responding to the coronavirus (COVID-19) pandemic. CSV's current strategic plan is comprehensive. It sets out a clear role and responsibilities for CSV. It also outlines a vision, supported by Courts Council, for how CSV will work with jurisdictions to effectively and efficiently deliver services.

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Victoria's courts and the Victorian Civil and Administrative Tribunal are also known as **jurisdictions**.

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CSV also has an action plan that outlines key projects to help it deliver the objectives in the strategic plan. This will provide a stronger basis from which CSV can drive service delivery reform.

However, a key gap remains in CSV’s strategic plan and action plan. While CSV is tracking the progress of its action plan projects, it has not set any measures to assess if it is achieving its strategic objectives.

## Operational plans

### Divisional plans

CSV developed a template to guide divisions to produce divisional plans for the 2021–22 financial year. Before this, CSV did not have guidance or a template for divisional plans and had not set explicit requirements for divisions to develop them. As a result, not all of CSV’s divisions had a divisional plan and the plans they produced were inconsistent. For example, not all divisional plans included who was accountable for the plan’s actions. In the absence of divisional plans that outline activities aligned to achieving CSV’s strategic objectives, CSV risked not meeting its objectives. Further, CSV’s built environment division was the only division that had monitored its progress against its plans.

CSV now has comprehensive divisional plans for the 2021–22 financial year for all its divisions. The plans contain relevant action plan projects, divisional projects, goals for the division and measures of success. CSV has also developed reporting arrangements to track progress against divisional plans.

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CSV’s **divisions** are the areas of CSV that provide services to the jurisdictions. It is important that each division produces a divisional plan to guide its operations.

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## Recommendations about planning

### We recommend that:

- | We recommend that:   | Response                                    |
|--|---|
| Court Services Victoria <ol style="list-style-type: none"> <li>sets performance measures for its strategic plan, monitors progress against them and reports progress in its annual report (see Section 2.3)</li> </ol> | <b>Accepted by:</b> Court Services Victoria |
| <ol style="list-style-type: none"> <li>ensures it produces an action plan and divisional plans to implement its strategic plan each year and monitors its progress against achieving them (see Section 2.3)</li> </ol> | <b>Accepted by:</b> Court Services Victoria |

### Response

**Accepted by:** Court Services Victoria

**Accepted by:** Court Services Victoria

## Service delivery

CSV does not measure, and therefore cannot demonstrate, its service delivery efficiency. It cannot measure its service delivery cost or efficiency because it:

- does not collect the data needed to do so
- has not defined its services or expected service standards.

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A **service catalogue** is a list of services that an agency provides. It also specifies the levels of service, which may include measures of timeliness and/or quality.

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## Assessing service delivery

CSV has not comprehensively defined its service offerings and its service catalogues are not current. CSV created five service catalogues in 2014. However, despite setting review dates, CSV did not review them again. The service catalogues were basic and listed the service, jurisdictional input and a CSV contact.

CSV also does not have any measures to assess how well it delivers services to jurisdictions. As a result, it cannot assure itself or the jurisdictions about the quality of the services it provides or if it is meeting jurisdictions' expectations.

Collectively, these gaps limit an assessment of CSV's service delivery efficiency.

## Improving service efficiency

While CSV currently delivers some services centrally, such as payroll, other services, such as human resources (HR), are delivered both by CSV corporate and by individual jurisdictions. CSV can improve the overall efficiency of the court system by reducing or eliminating such service delivery duplication where appropriate.

CSV's action plan contains two projects to start addressing this issue. CSV will undertake a work consolidation pilot with the jurisdictions and will put forward a comprehensive design reform proposal to Courts Council in the 2021–22 financial year.

CSV also facilitates five practice leadership groups, which are made up of staff from CSV and jurisdictions and focus on a particular business function. This is a valuable initiative as they help CSV understand what jurisdictions need and how to provide better services. They also allow CSV and jurisdictions to work together to implement important projects.

CSV has developed a comprehensive paper detailing the rationale for establishing practice leadership groups. However, only two practice leadership groups (the risk management practice leadership group and the finance directors' group) have developed terms of reference to specify their purpose. Both group's terms of reference are comprehensive and help ensure there is a common understanding about each group's role and what they are trying to achieve.

## Providing court facilities

Meeting the needs of court users, including people who work, visit and appear in courts, is challenging. Court facilities need to be safe, comfortable, large enough to meet demand and accessible to the populations they serve. Many of CSV's court facilities across Victoria are not currently fit for purpose because they do not meet these needs.

Many of the building assets that CSV inherited are also in poor condition. A 2019 independent inspection found that \$186 million was needed immediately to bring CSV's buildings up to standard, and that a further \$369 million would be needed within five years to maintain facilities at standard. CSV's demand modelling has also forecast that the court system requires a 70 per cent increase in physical facilities in the Melbourne CBD, metropolitan region and regional headquarter courts to meet future need.

### Strategic asset plans

In February 2021, Courts Council approved CSV's comprehensive Strategic Asset Plan 2 (SAP2). SAP2 replaces the *Court Services Victoria Strategic Asset Plan 2016–2031*, which was published in 2016. The 2016 asset plan outlined principles about how to provide court facilities to meet court users' needs. However, it did not recommend how these principles should be applied to each asset.

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A **regional headquarter court** is the major court facility of each region in Victoria. There are regional headquarter courts located in five major Victorian towns. They hear cases from all jurisdictions and provide a range of specialist court programs.

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SAP2 outlines a new approach to strategically manage CSV's assets. This approach involves seeking government approval to divest assets that are no longer needed or fit for purpose and invest in assets where it can maximise value for money.

SAP2 outlines a vision for each of CSV's court facilities. As CSV is awaiting government endorsement of SAP2, while it has commenced an implementation plan for SAP2, it has not finalised this. CSV intends to complete its detailed implementation plan after SAP2 is considered by government in the second half of 2021. If CSV does not develop a detailed implementation plan, there is a risk that the works will not be properly sequenced or progressed and SAP2 will not be fully delivered.

## Recommendations about service delivery

### We recommend that:

### Response

Court Services Victoria	3. expands on its action plan by detailing specific projects to reduce service duplication and increase efficiencies and has this plan endorsed by Courts Council (see Section 2.4)	<b>Accepted by:</b> Court Services Victoria
	4. develops a service catalogue, in consultation with jurisdictions, that defines: <ul style="list-style-type: none"> <li>• the services it provides to jurisdictions</li> <li>• service delivery standards (time, cost, quality and quantity)</li> <li>• measures to assess service delivery performance (see Section 2.4)</li> </ul>	<b>Accepted by:</b> Court Services Victoria
	5. develops terms of reference for all practice leadership groups (see Section 2.4)	<b>Accepted by:</b> Court Services Victoria
	6. develops an implementation plan that outlines the timeframes, budgets and sequencing required to deliver the Strategic Asset Plan 2 (see Section 2.5)	<b>Accepted by:</b> Court Services Victoria

## Governance

CSV's governance structure is complex. While each jurisdiction is independent, they work together and depend on each other as part of the Courts Group. Following a governance and strategic directions review that it commissioned in 2019, Courts Council has improved CSV's governance by:

- specifying and documenting accountabilities for itself, the Courts Executive Group, heads of jurisdictions, jurisdictions' CEOs and CSV's CEO
- appointing a second independent member to Courts Council
- reviewing and updating its charter and including a requirement to annually assess its performance
- reviewing its six committees to:
  - reduce duplication of effort
  - strengthen oversight
  - increase strategic focus
  - ensure that committee members have relevant skills

The **Courts Group** is the collective name for the six court jurisdictions, the Judicial College of Victoria and the Judicial Commission of Victoria.

The **Courts Executive Group** is made up of the six jurisdiction CEOs, and CSV's CEO and executives.

- requiring all committees to annually assess their performance
- improving meeting agendas and papers to focus on strategic matters
- strengthening the previous 'CEO Group' by including CSV executives to form the Courts Executive Group.

While these changes are positive, it is too early to assess their full impact. This is because these changes were only made between November 2020 and May 2021—except for reconfiguring the Courts Executive Group, which happened in 2019.

In July 2021, Courts Council updated its charter for the first time since it was approved in 2017. Courts Council and its committees are now required to assess their performance annually. This means that in its first seven years of operation it missed opportunities to reflect and continually improve.

## Recommendations about governance

### We recommend that:

### Response

Court Services Victoria's governing body, Courts Council	7. reviews its charter every two years to ensure its ongoing relevance, and alignment with its strategic priorities for Court Services Victoria (see Section 3.1)	<b>Accepted by:</b> Court Services Victoria
	8. assesses its performance annually (see Section 3.1)	<b>Accepted by:</b> Court Services Victoria
Court Services Victoria	9. annually reviews the documented roles and responsibilities of each element of its governance structure to ensure it is kept up to date (see Section 3.1)	<b>Accepted by:</b> Court Services Victoria
	10. ensures that all of its committees annually assess their performance (see Section 3.1)	<b>Accepted by:</b> Court Services Victoria

## Risk management

Courts Council is responsible for directing CSV's risk management approach. Courts Council approved a risk management framework for CSV in 2015. However, this framework was not clear on how roles and responsibilities for risk management intersect with each other. For the six years since CSV's creation:

- it did not monitor and manage risks that affected the whole Courts Group
- roles and responsibilities for risk management were unclear
- Courts Council and the Courts Executive Group did not request or receive regular risk management reports. They only received audit and risk committee papers which were too detailed and did not distil key information for strategic insights.

CSV's risk maturity has increased over time. In September 2020, Courts Council approved CSV's first organisational risk profile, which includes a new reporting and oversight approach for risk management.

CSV's new approach is a promising step to increase its reporting and oversight of risk management. However, CSV has not yet fully embedded this new approach into its operations.

An **organisational risk profile** is a high-level description of an agency's risks. It can communicate the following information to senior decision-makers:

- the overall level of risk an agency carries
- how the agency's current risk exposure compares to its appetite for risk
- themes or common issues among the agency's risks
- information about individual risks.

## CSV's risk registers

CSV and at least two jurisdictions were slow to develop risk registers, which delayed CSV's ability to develop its organisational risk profile. This is despite the fact that in 2017, our financial auditors and Courts Council's then audit and risk portfolio committee identified CSV's lack of risk registers as a concern.

This meant that until June 2020, CSV was not fully compliant with the *Victorian Government Risk Management Framework*, which is a requirement under the *Standing Directions 2018 Under the Financial Management Act 1994*.

For 2020–21, CSV assessed itself as 'overall compliant' with the *Victorian Government Risk Management Framework*. However, it noted that one jurisdiction was not fully compliant because it needed to further embed a positive risk culture. While CSV has not fully complied with the *Victorian Government Risk Management Framework*, the areas of non-compliance have not had a material impact on its operations.

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The *Standing Directions 2018 Under the Financial Management Act 1994* establish standards for financial management accountability, governance, performance, sustainability, reporting and practice for government agencies.

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## Implementing recommendations from audits and reviews

CSV uses internal audits and external reviews to help it address risks and identify areas for improvement.

In November 2019, CSV's internal auditors reviewed CSV's responses to internal and external audit recommendations and found 81 incomplete actions. They found CSV did not report on the progress and timeliness of implementation. CSV has since taken action to address incomplete actions and CSV's audit committee prioritises outstanding and high-risk recommendations.

While CSV has since developed a comprehensive tracking system for internal audit actions, it does not track how it is implementing recommendations from external reviews. This creates a risk that CSV will not implement recommendations from external reviews in a timely manner.

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The *Victorian Government Risk Management Framework* outlines the minimum risk management requirements that Victorian Government agencies need to demonstrate they are effectively managing risks, including inter-agency and state-significant risks.

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## Recommendations about risk management

### We recommend that:

### Response

Court Services Victoria	11. embeds its organisational risk profile into its operations by: <ul style="list-style-type: none"> <li>• reporting against it quarterly</li> <li>• updating it quarterly</li> <li>• annually reviewing its approach to risk reporting and its risk management roles and responsibilities to ensure they provide effective oversight of risk management (see Section 3.2)</li> </ul>	<b>Accepted by:</b> Court Services Victoria
	12. tracks its progress in implementing recommendations from external reviews (see Section 3.2)	<b>Accepted by:</b> Court Services Victoria

## Performance reporting

Performance reporting allows an agency to understand how well it is delivering services and make changes where necessary. In the public sector, it also allows the public to understand what an agency is achieving with its funding.

CSV has two internal performance reports—its finance report and projects and business improvement services performance report. The finance report contains 13 key performance indicators (KPI). The projects and business improvement services performance report tracks major projects, business improvement initiatives and strategic plan projects. It is too early to determine how effective CSV's new report is. However, these two reports do not give CSV's CEO or senior management enough information to understand how the agency is performing overall.

*Budget Paper No. 3: Service Delivery* (BP3) measures give the public information on what government agencies are expected to achieve with the funding they receive. CSV has no relevant BP3 measures in the courts output. Instead, its BP3 indicators all relate to jurisdictions' performance. This limits CSV's transparency and public accountability for its performance.

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The **BP3** is a public document that is part of the annual Victorian state Budget papers. It provides an overview of the goods and services that the government funds and agencies deliver.

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## Recommendation about performance reporting

### We recommend that:

### Response

Court Services Victoria	13. in consultation with the Department of Treasury and Finance, develops Budget Paper 3 measures that assess Court Services Victoria's contribution to the courts output (see Section 3.3).
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**Accepted in principle by:** Court Services Victoria

# 1.

## Audit context

The court system is a key aspect of our democracy. It upholds justice, order and human rights.

Courts and tribunals need fit-for-purpose facilities and efficient and effective administrative services to meet community needs and the court system's demands. This includes buildings, information technology (IT) infrastructure, and support services, such as finance and HR. CSV provides these administrative services and facilities to Victorian courts and the Victorian Civil and Administrative Tribunal (VCAT).

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**This chapter provides essential background information about:**

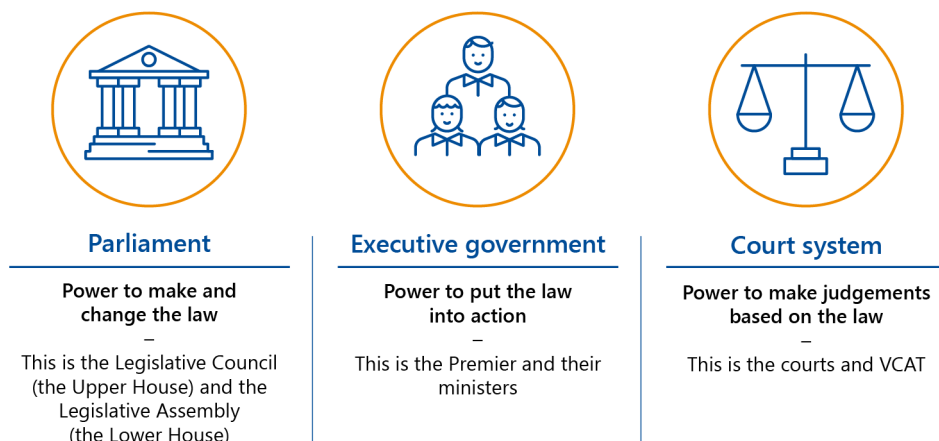
- The Victorian court system
  - CSV
  - Timeline of key dates
  - Court facilities
  - CSV's structure and governance
  - CSV's staff
  - CSV's strategic plan
  - CSV's current and future challenges
-

## 1.1 The Victorian court system

The court system is one of the three branches of government in Australia and Victoria. As Figure 1A shows, these branches are independent of each other. The separation of these powers is a vital safeguard against corruption and abuse of power.

The courts and VCAT make decisions about legal disputes and enforce laws. They are impartial and independent.

FIGURE 1A: **The three branches of government in Victoria**

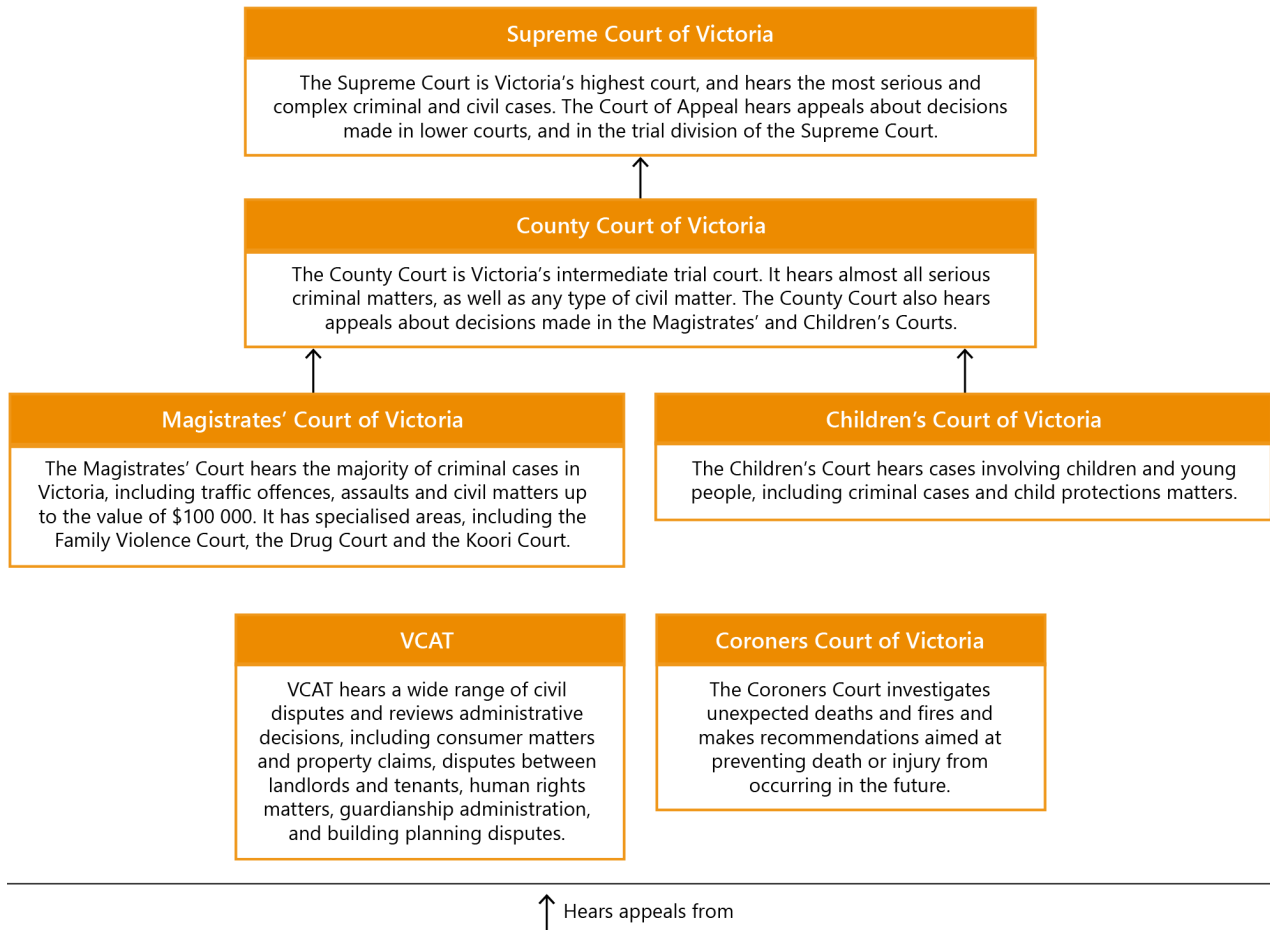


Source: VAGO.

## Court and tribunal jurisdictions in Victoria

As Figure 1B shows, there are six court and tribunal jurisdictions in Victoria, which operate independently of each other.

FIGURE 1B: Victoria's court and tribunal jurisdictions



Source: VAGO.

In each jurisdiction, impartial judicial officers hear and decide the outcomes of cases to ensure that the process is fair and consistent for all parties. In Victorian courts, judicial officers are known as judges and magistrates. In VCAT, they are known as members.

### Jurisdictions' governance

Each jurisdiction has its own internal governance structure. The head of each jurisdiction—for example, the Chief Justice of the Supreme Court—is responsible for effectively and efficiently executing the business of that court. Each jurisdiction also has a CEO who manages its staff and administrative services. Jurisdictions can develop their own strategic plans to reflect their individual priorities.

## 1.2 CSV

Up until 2014, the then Department of Justice delivered court administrative services, such as payroll and IT, on behalf of individual jurisdictions. In February 2014, the Victorian Parliament passed the Act, which established CSV as an independent statutory body. This fully separated the administrative services that support the court system from the executive government, which has reduced potential government influence on court decisions and operations.

CSV began operating in July 2014 and inherited the Department of Justice's staff, policies and IT systems. It receives a direct appropriation from the Victorian Parliament to carry out its functions. CSV's budget is approved each year by the Attorney-General.

Under the Act, CSV is 'to provide the administrative services and facilities necessary for the Victorian courts and VCAT to operate independently of the direction of the executive branch of government'.

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A **statutory body** is an organisation that is established by legislation. It is governed by a board, which appoints a CEO to manage the organisation's operations.

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### 1.3 Timeline of key dates



Source: VAGO.

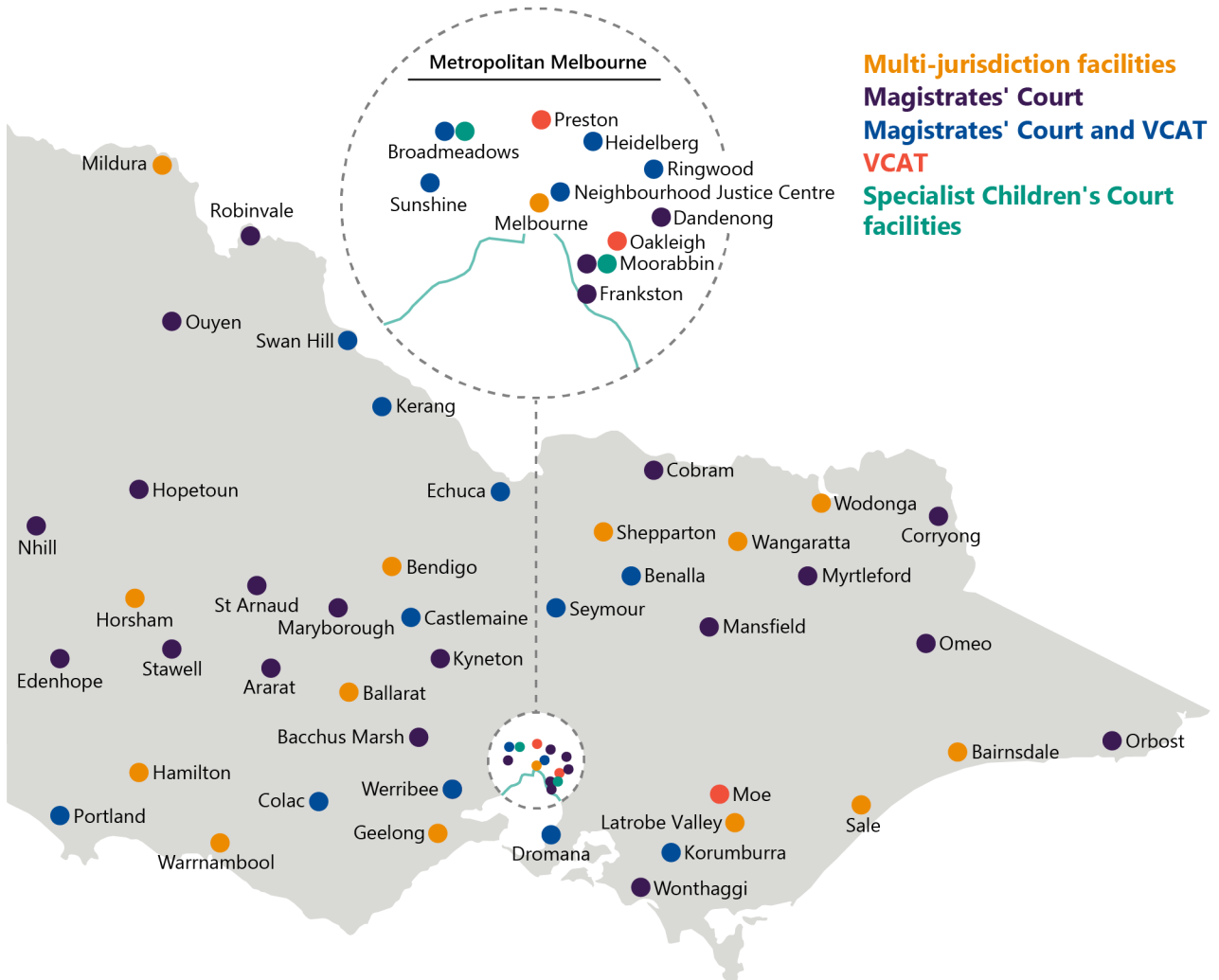
### 1.4 Court facilities

The jurisdictions hear cases across the state to ensure all Victorians have access to justice. The County, Supreme and Coroner's courts each have their main court location in Melbourne but travel to major regional Victorian cities to hear cases. The Magistrates' Court, Children's Court and VCAT have locations across metropolitan Melbourne and regional Victoria. In small towns where there is not a high demand for

court services, magistrates travel from larger cities to hear cases on certain days of the week.

Court facilities vary from large buildings that accommodate multiple jurisdictions to single-courtroom Magistrates' Courts. Figure 1C shows the locations of court facilities across Victoria by jurisdiction.

FIGURE 1C: Court facilities in Victoria



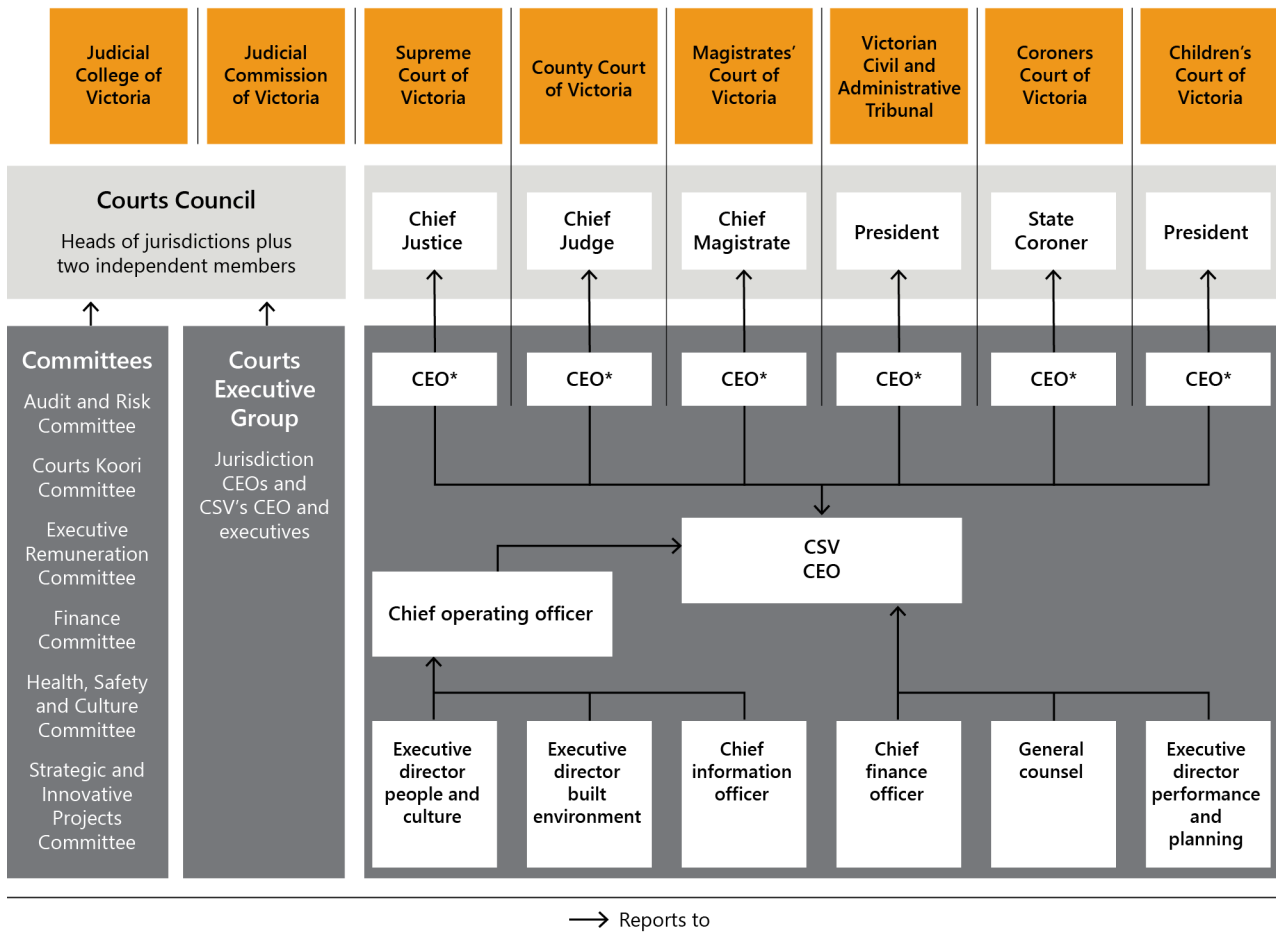
Note: In locations that don't have specialist Children's Court facilities, Children's Court cases are heard in Magistrates' Courts.

Source: VAGO, based on CSV data.

## 1.5 CSV's structure and governance

As Figure 1D shows, CSV has a multi-layered governance structure. This aims to reinforce its independence and gives judicial officers the power to make decisions about how jurisdictions are administered.

FIGURE 1D: CSV's governance structure



Note: \*Under the Act, jurisdiction CEOs are responsible to the head of their jurisdiction for matters concerning the operation of their jurisdiction and responsible to CSV's CEO for all other matters.

Source: VAGO.

## The Courts Group

The Courts Group is the collective name for the six court jurisdictions and the:

- Judicial College of Victoria
- Judicial Commission of Victoria.

## Courts Council

Courts Council is established by the Act as CSV's governing body. It is responsible for directing CSV's strategy, governance and risk management. Courts Council also appoints CSV's CEO.

Courts Council is chaired by the Chief Justice of the Supreme Court and is made up of the heads of the six jurisdictions and two independent members.

The **Judicial College of Victoria** provides education and professional development to judicial officers and VCAT members.

The **Judicial Commission of Victoria** investigates complaints about the conduct or capacity of judicial officers and VCAT members.

## CSV's governance groups

As Figure 1E shows, CSV's governance structure draws on judicial officers, independent appointees and executives.

FIGURE 1E: **CSV's governance committees and groups**

Committee/group	Chair	Members	Responsibilities
The six Courts Council committees	<ul style="list-style-type: none"> <li>a judicial member for three committees</li> <li>an independent member for three committees</li> </ul>	<ul style="list-style-type: none"> <li>judicial members</li> <li>independent members</li> <li>executives from CSV</li> <li>CEOs of jurisdictions</li> </ul>	<ul style="list-style-type: none"> <li>monitoring and guiding development of strategic priorities</li> <li>reporting to Courts Council on strategic issues</li> </ul>
Courts Executive Group (established by CSV in 2019)	<ul style="list-style-type: none"> <li>CSV's CEO</li> </ul>	<ul style="list-style-type: none"> <li>the six jurisdictions' CEOs</li> <li>executives from CSV</li> </ul>	supporting: <ul style="list-style-type: none"> <li>CSV's CEO as the accountable officer and public service head for all of CSV's bodies and staff</li> <li>Courts Council to govern CSV</li> <li>continuous improvement and optimisation of corporate services across CSV</li> </ul>

Source: VAGO.

## CSV's CEO

CSV's CEO is its accountable officer under section 42 of the *Financial Management Act 1994*. They are responsible for CSV's financial management, compliance, planning, budget and service delivery reporting. CSV's CEO has the rights, powers and authority of a public service body head under the *Public Administration Act 2004*.

### 1.6 CSV's staff

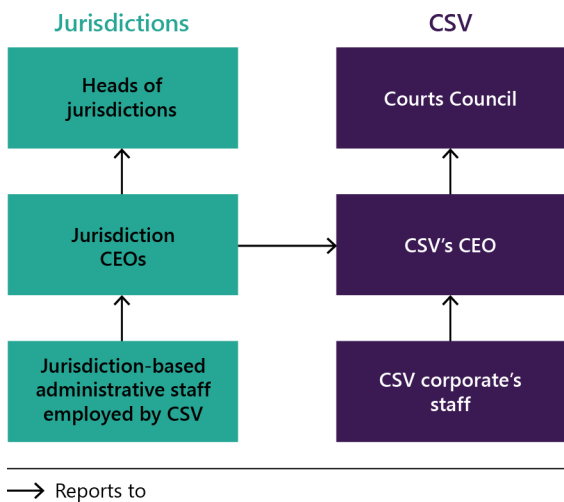
CSV employs all of the administrative staff that support the eight Courts Group entities. These staff are Victorian public service employees under the *Public Administration Act 2004*.

The table below details who CSV's staff are, where they work and what they are responsible for.

<b>Court administrative staff include ...</b>	<b>who work in ...</b>	<b>and are responsible for ...</b>
registrars	the jurisdictions, including court rooms,	<ul style="list-style-type: none"> <li>a range of administrative tasks, including processing court documents and answering inquiries</li> <li>working in courtrooms in the Magistrates', Coroners and Children's courts to ensure that cases are heard smoothly.</li> </ul>
judges' associates		supporting judges in the Supreme, County and Coroners courts by: <ul style="list-style-type: none"> <li>completing paperwork</li> <li>liaising with parties on cases</li> <li>keeping records of court proceedings.</li> </ul>
corporate services team members	the jurisdictions, with support from CSV corporate,  CSV corporate	managing their jurisdiction's people, infrastructure, finance and compliance to enable it to carry out its core role.  managing CSV's people, infrastructure, finance and compliance to enable Courts Group entities to carry out their core roles.

Figure 1F shows the reporting lines of CSV's administrative staff.

**FIGURE 1F: Reporting lines of administrative staff employed by CSV**



Note: Under the Act, jurisdiction CEOs are responsible to the head of their jurisdiction for matters concerning the operation of their jurisdiction and responsible to CSV's CEO for all other matters.

Source: VAGO

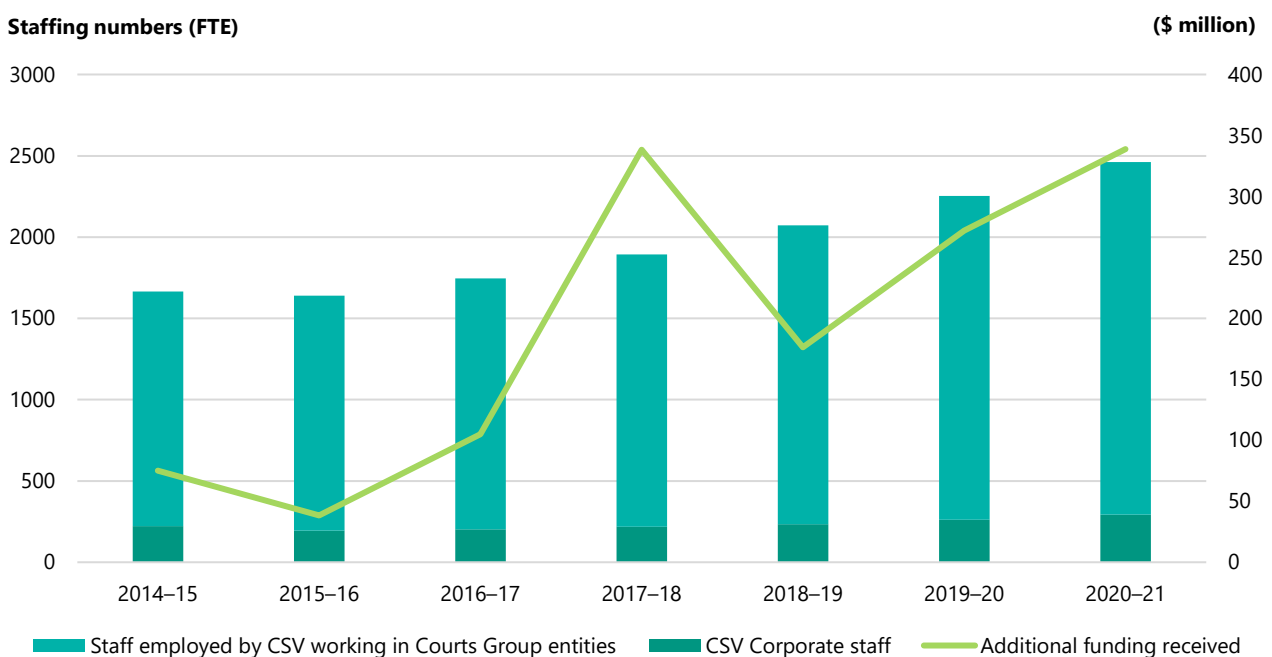
## Staffing numbers

As of June 2021, CSV has approximately 2 462 full-time equivalent (FTE) staff, which includes:

- 2 170 staff working across the eight Courts Group entities
- 293 staff working in CSV corporate.

Jurisdictions have the ability to hire their own staff. These staff become CSV employees. As Figure 1G shows, CSV corporate's staffing numbers increased since it was formed in 2014, in line with increased government funding. However, there was a small decline in CSV's overall staffing numbers in 2021.

FIGURE 1G: CSV corporate staff, total FTE staff numbers and funding by year since 2014–15



Note: Funding refers to additional funding on top of CSV's base budget to deliver specific initiatives and capital projects.

Source: VAGO based on CSV data.

## 1.7 CSV's strategic plan

CSV's current strategic plan, *Court Services Victoria Strategic Plan 2020–25*, identifies five strategic objectives:

- excellence in court and tribunal administration
- reliable, integrated and innovative technology and digital capabilities
- diverse, collaborative, ethical and capable people
- contemporary, safe and integrated venues
- building understanding, confidence and trust.

## 1.8 CSV's services

As Figure 1H shows, CSV provides a range of administrative services to the Courts Group entities through six key service delivery divisions.

FIGURE 1H: CSV's key divisions and the services they provide to jurisdictions

People and culture	Built environment	Information technology services	Finance	Office of the general counsel	Performance and planning
HR operations and payroll	Design and sustainable planning	Business support	Finance and budget	Legal and governance	Policy coordination
–	–	–	–	–	–
HR strategy and planning	Business strategy and planning	Alignment and architecture	Business services	Procurement	Coordinating CSV's funding bids
–	–	–	–	–	–
HR policy, projects and recruitment	Asset life cycle systems	Solutions delivery	Performance reporting	Records management	Strategy and planning
–	–	–	–	–	–
Workplace relations	Asset management	Service delivery	–	Risk, audit and insurance services	Data and business intelligence
–	–	–	–	–	–
Occupational health and safety	Projects and fleet	Infrastructure	–	–	–
–	–	Application support	–	–	–
Learning and development	–	In-court technology	–	–	–
–	–	–	–	–	–
Fraud and integrity	–	Victorian Government Reporting Service	–	–	–

Note: Other areas of CSV not shown above include the Dhumba Murrum Djerring (Koori) Unit, security and emergency management group, operational reform, and projects and business improvement services.

Source: VAGO, based on information from CSV.

While CSV offers services to the jurisdictions, the jurisdictions are not required to use them. For example:

- CSV and some jurisdictions manage their own IT, which includes using some services from Cenitex, which is a Victorian Government shared IT service provider
- the Supreme Court has its own IT network
- the County Court uses some CSV IT services, but hardware support is delivered by an external provider under a public–private partnership that predates CSV.

## 1.9 CSV's current and future challenges

### Demand

Over the last decade, Victoria's criminal justice system has experienced a significant increase in demand. CSV predicts that by 2031, the demand for court services in the Melbourne CBD will increase by 25.3 per cent. The drivers of the projected increase include:

- bail and sentencing reforms
- increased prisoner and remand numbers

- changes to how police and courts manage family violence matters following the Royal Commission into Family Violence in 2016
- the recruitment of 3 135 new police officers between 2017 and 2022
- increases in Victoria's population.

## The COVID-19 pandemic

The COVID-19 pandemic has fundamentally changed how court services are delivered in Victoria. Public health advice forced Victorian courts to change the way they deliver court services.

CSV has identified that the pandemic is likely to have a lasting impact on its operations and has increased backlogs.

In 2020, CSV rolled out additional audiovisual technology to ensure jurisdictions could continue to deliver court services remotely. The scale of the change required to ensure business continuity in Victoria's courts was significant and required a cultural shift.

During the COVID-19 pandemic, the Supreme and County courts:

- continued to hear most matters through a mixture of online hearings and in person hearings in accordance with the changing public health situation
- suspended jury trials from March to November 2020 in the interests of public health
- progressed civil matters with judge-only trials
- could progress judge-only trials in criminal matters with the consent of the accused. However, limited numbers of accused chose this option.

The Magistrates' Court adjourned matters for up to 12 weeks to allow CSV to upgrade technology to support online hearings.

In the 2020–21 Budget, CSV received \$36.2 million for COVID-19 initiatives. This included funding for:

- physical distancing infrastructure
- upgrades to courtroom audiovisual technology
- digital transformation projects to enable some jurisdictions to move away from paper-based ways of working
- a pilot for courts to operate online to reduce case backlogs.

## Fit-for-purpose facilities and infrastructure

The jurisdictions need modern, safe physical facilities and infrastructure. However, when CSV was established, it inherited court assets that were in poor condition and were not fit for purpose. A 2019 independent inspection found that \$186 million was needed immediately to bring CSV's buildings up to standard, and that a further \$369 million would be needed within five years to maintain facilities at standard.



CSV is undertaking several major projects to upgrade its facilities and IT systems. For example:

<b>CSV's project to ...</b>	<b>will ...</b>	<b>at a cost of ...</b>
implement a new case management system for the Magistrates' and Children's courts by late 2022	address recommendations from the Royal Commission into Family Violence and is part of the Victorian Government's response to the commission	\$89.2 million.
build a new court facility in Bendigo by late 2022	provide all specialist courts in one location, which is a first for Victoria	\$152.4 million.
build a court facility in Wyndham by late 2024	provide a full range of court programs and services, including a specialist family violence court	\$272 million.

## 2. Strategy and service delivery

### Conclusion

Courts Council did not set an adequate strategic plan for CSV until 2020. Consequently, for its first six years, CSV did not have an expressly agreed direction on how to perform its role to fulfil its purpose. Without a clear strategy to guide its services for jurisdictions, CSV missed opportunities to improve the efficiency and effectiveness of the service delivery model it inherited.

CSV is only now in the early stages of considering how to increase the efficiency and effectiveness of its services. However, without systems to measure its service delivery performance, CSV does not know how well it is supporting the jurisdictions.

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#### This chapter discusses:

- CSV's lack of a defined role
  - CSV's past strategic planning
  - CSV's current strategic and operational planning
  - CSV's service delivery efficiency
  - Providing fit-for-purpose court facilities
-

## 2.1 CSV's lack of a defined role

Having a clearly defined strategy helps an agency understand what its objective is. It also allows the agency to target its activities and resources to best meet that objective.

When CSV started operating in July 2014, there was no strategy describing how it intended to carry out its role. The Act states that CSV's role is 'to provide administrative services and facilities necessary for the courts and VCAT to operate independently'. It does not outline what those services include or exclude, or what services CSV should provide compared to the individual courts and VCAT.

CSV advised us that its creation was not intended to stop jurisdictions from having control over their administrative services. However, it was not clear how CSV would carry out its role in the context of the existing system, where courts and VCAT have their own administrative staff and service functions.

As CSV's functions are not more specifically defined in the Act, we expect it would have been a priority for CSV to define its role through its strategic plan.

Under the Act, Courts Council has the function to direct CSV's strategy, governance and risk management. However, Courts Council did not approve a strategic plan that set a defined and agreed role for CSV until September 2020. CSV operated without an agreed role or purpose for six years. This has impacted CSV's ability to drive efficiency and effectiveness in court administration.

### CSV's CEO turnover

A CEO is responsible for leading an agency to develop short and long-term strategies and implementing its vision.

CSV has had a high turnover in CEOs since it was established, with four substantive CEOs in seven years. In the first three years, CSV had three substantive CEOs. This turnover in leadership likely reduced CSV's ability to clearly define its role and set a vision of what it is trying to achieve.

## 2.2 CSV's past strategic planning

### 2015 planning activities

CSV began developing a strategic plan in 2015. However, CSV advised us that Courts Council could not resolve its differences of opinion about what role CSV should take in the service delivery system to achieve its purpose. Courts Council did not approve a strategic plan until two years later in 2017.

### Court Services Victoria Strategic Plan (2017)

Courts Council approved the Court Services Victoria Strategic Plan in September 2017. However, this plan did not set out a clear direction to guide CSV to fulfil its role in providing services to the jurisdictions. It mostly described CSV's role in supporting the jurisdictions' independence. The plan states that 'CSV has been

brought into existence to support and uphold the independence of the jurisdictions in a judicially-led environment.'

CSV acknowledged in a paper to Courts Council that this strategic plan was not fit for purpose in March 2018, which was just six months after CSV completed it. The plan did not give enough guidance about what services and facilities CSV should provide to jurisdictions. It also did not contain performance measures to enable CSV to assess achievement against the plan's strategic objectives.

Despite identifying shortcomings with the plan, CSV did not review or revise the 2017 strategic plan until it developed a new strategic plan in 2020.

### Governance and strategic directions review (2019)

In early 2019, CSV engaged a consultant to identify opportunities for it to improve the Courts Group's governance.

This review, known as the governance and strategic directions review, criticised CSV's 2017 strategic plan. It highlighted that the strategic plan did not align with CSV management's aim to improve service delivery or work with the jurisdictions to achieve common goals in delivering court services.

### Corporate planning

CSV developed a corporate plan for 2015 to 2019 soon after it was established. In July 2018, CSV replaced this plan with the Court Services Victoria Corporate Plan 2018–22, which is based on the 2017 strategic plan. However, CSV had already identified the 2017 strategic plan as not fit for purpose. As a result, the corporate plan does not give CSV guidance on how to provide services and facilities to the jurisdictions or make improvements.

While the corporate plan has a section on supporting the jurisdictions, it does not provide detail on how CSV will do this, which limits the plan's usefulness.

CSV did not publish its corporate plans or its 2017 strategic plan. In 2019, CSV developed an updated draft corporate plan, but this was not finalised or approved by Courts Council. As such, for its first seven years, CSV made no public commitments for its service delivery that it could be held accountable to. Courts Council has also likely missed opportunities to consider and improve CSV's service delivery.

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As part of the 2019 governance and strategic directions review, Courts Council agreed to:

- define clearer accountabilities for key roles
  - add subject matter experts and jurisdiction CEOs to its committees
  - improve communication and feedback loops
  - reform CSV's service delivery model.
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A **corporate plan** covers a shorter time period than a strategic plan and outlines how an organisation will use its resources to achieve its priorities.

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## 2.3 CSV's current strategic and operational planning

### *Court Services Victoria Strategic Plan 2020–25*

CSV started developing its new strategic plan in late 2019 but delayed this work to respond to the COVID-19 pandemic. In addition, CSV recognised the need for comprehensive consultation to ensure that the new plan was fit for purpose. However, key stakeholders were less available due to the pandemic which further delayed the new strategic plan.

Courts Council approved a new, comprehensive strategic plan for CSV in September 2020. CSV published the strategic plan on its website in July 2021. This plan:

- sets out a common purpose for CSV and the jurisdictions
- supports CSV to centralise its service delivery and improve its efficiency
- identifies ways to address gaps and issues in CSV's service delivery
- sets a vision for how CSV aims to work with the jurisdictions to deliver justice effectively and efficiently
- recognises the independence of each jurisdiction but states that the best way to achieve its vision is to work collectively and collaboratively.

The plan outlines high-level actions to remove duplicated administrative services and notes the importance of efficiency in a post-COVID-19 environment. This is an important first step to enable CSV to optimise its service delivery.

Courts Council and the Courts Executive Group were involved throughout the planning process. This involvement helped CSV make its strategic plan relevant to the needs of the whole Courts Group and ensures it aligns with the jurisdictions' strategic plans. This increases the likelihood that CSV and the jurisdictions can work together to achieve their priorities in a mutually satisfactory way.

By approving and publishing the strategic plan, Courts Council can hold CSV accountable if it fails to deliver the agreed objectives. Publishing its strategic plan also means that stakeholders are clear about CSV's strategic objectives, which increases CSV's accountability for achieving them.

## Key service strategies

CSV has identified the need to develop service strategies for its divisions to drive service delivery reform. In 2020, Courts Council approved the Court Services Victoria Digital Strategy and CSV is currently developing a people strategy, which it aims to finalise by the end of the 2021–22 financial year. These plans will help CSV guide work in its divisions to ensure it is achieving its vision.

Service strategies allow an agency to provide more detail about the projects and resources it requires to implement its strategic objectives and guide work in specific areas of its business.

In February 2021, Courts Council approved SAP2 to guide how CSV provides court facilities. We discuss SAP2 further in Section 2.5.

## Operational planning

An agency-wide operational plan provides detailed information on how an agency will meet the goals or outcomes set in its strategic plan.

### Action plan

CSV has developed an agency-wide operational plan, known as the 'action plan'. This plan outlines key projects for CSV to achieve the objectives in its strategic plan. CSV's efforts to complete the action plan were delayed because it needed to use its resources to respond to the COVID-19 pandemic. As a result, the action plan captures

projects started in 2020–21 and projects planned for 2021–22. CSV plans to refresh the action plan annually.

CSV's action plan for 2020–21 and 2021–22 includes descriptions of projects and each project's aims, deliverables, delivery dates and project lead. Identifying this level of detail in the action plan helps CSV focus on what it needs to deliver key projects.

Figure 2A shows how one of CSV's action plan projects intends to implement more efficient and effective ways of working. This project will be a key component of CSV's efforts to reform its service delivery.

FIGURE 2A: **Example of a CSV action plan project to redesign service delivery**

What	Why	How and when	Who
Redesign how CSV delivers finance, IT, and people and culture services and maintains assets and facilities across the Courts Group	<ul style="list-style-type: none"> <li>improve the quality of its services to jurisdictions</li> <li>improve service efficiency</li> <li>increase the Courts Group's overall capability and capacity</li> <li>reduce duplication of effort and related costs across the Courts Group</li> </ul>	<ul style="list-style-type: none"> <li>analyse the costs of existing services (by quarter four 2020–21)</li> <li>pilot service delivery consolidation with one jurisdiction (by quarter four 2021–22)</li> <li>present a comprehensive reform proposal to Courts Council (by quarter two 2021–22)</li> </ul>	<ul style="list-style-type: none"> <li>CSV's chief operating officer</li> <li>CSV's chief finance officer</li> </ul>

Source: VAGO, based on information from CSV.

Some projects in the action plan predate CSV's current strategic plan, such as developing a people strategy. By bringing all of its strategic projects into one plan, CSV:

- shows how each project fits with its strategic vision
- increases visibility of ongoing projects
- can target its resources to best achieve its objectives.

### Divisional plans

CSV's six divisions produced comprehensive divisional plans for 2021–22. The plans contain each division's relevant action plan projects, divisional projects, goals and measures of success. CSV's divisional plans will help it implement its action plan by ensuring that each division's resources are contributing to CSV's priority projects.

Prior to 2021–22, CSV's divisional planning was inconsistent. CSV only produced six divisional plans across three different financial years from 2018–19 to 2020–21. Two divisions did not produce a divisional plan during this time. The plans produced varied in quality and length.

## Monitoring progress against plans

### Action plan

CSV has developed comprehensive monitoring arrangements for projects in its action plan. CSV will monitor progress of its action plan items through its enterprise project management tool. CSV can:

- assign responsibility for projects
- monitor progress of projects and underlying deliverables
- report against its progress.

Courts Council and jurisdictions will also be able to view CSV corporate's progress in implementing action plan items.

However, its proposed monitoring arrangements do not include indicators to measure the impact of its action plan projects or strategic plan objectives. Without these CSV may not be able to understand if it is achieving its objectives.

### Divisional plans

Monitoring progress against divisional plans informs an agency if it will complete projects that contribute to its objectives.

CSV has developed reporting arrangements to track progress against 2021–22 divisional plans. However, before this, CSV's built environment division was the only division that monitored progress against its divisional plan. Figure 2B outlines the built environment division's monitoring process.

FIGURE 2B: **How CSV's built environment division monitors its progress**

CSV's built environment division held mid-year review workshops in 2020 and 2021 to reflect on how well it was progressing against its divisional plan initiatives.

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The purpose of these workshops was to identify:

- the division's progress against each initiative to date
- work to be completed by the end of the financial year
- if progress is on track
- any required interventions.

At the 2020 mid-year review workshop, the division assessed its performance in delivering key services and identified areas for

improvement. It also analysed the strength of its relationships with the jurisdictions to identify where it currently was, and where it would like to be. This included the need for better-defined roles and responsibilities and more frequent communication. The division has since worked to clarify its roles and responsibilities with the intention of improving its working relationship with jurisdictions and helping it provide more efficient and effective services.

At the 2021 mid-year review workshop, the division assessed its progress against the 2020 analysis. It found that it had made substantial progress in building relationships with the jurisdictions and other divisions in CSV and identified possible focus areas for 2021–22. This included the need to dedicate more resources to some tasks and improve handover processes. The 2021 workshop also reflected on the division's culture, which is a key enabler for delivering actions against plans and priorities and identified potential improvement initiatives.

Source: VAGO.

If all of CSV's divisions undertook mid-year reviews of their progress against their divisional plans, they could better identify and address areas for improvement in a timely manner. This would also help CSV understand if it is likely to achieve its strategic objectives.

## 2.4 CSV's service delivery efficiency

CSV's lack of a clearly defined role and until recently, a useful strategic plan has meant that it has been unable to maximise opportunities to improve its service delivery and drive efficient and effective practices throughout the Courts Group.

### Centralising service delivery

While not documented, CSV corporate sees its role as building centres of excellence for jurisdictions to draw on. CSV sees its role as helping jurisdictions undertake their functions better rather than offering centralised services.

However, the 2019 governance and strategic directions review noted the benefits of a centralised service delivery model. It stated that Courts Council recognises that CSV could increase efficiencies by reforming its service delivery to reduce work duplication and increase operational effectiveness across the jurisdictions.

Efficient and effective service delivery is even more crucial in the COVID-19 operating environment, where there are significant case backlogs and finite resources.

CSV corporate could assist jurisdictions by delivering more administrative functions, reducing their administrative burden and creating efficiencies by reducing service duplication. CSV corporate is already delivering some centralised services for jurisdictions, such as payroll and managing facilities. It plans to redesign workflows to



make processes more efficient. However, it is likely missing opportunities to deliver more centralised services for the jurisdictions, such as IT and HR.

## Measuring service efficiency

CSV does not measure, and therefore cannot demonstrate, its service delivery efficiency. It cannot cost its services because it:

- does not collect the data necessary to do so
- has not defined its services or expected service standards.

CSV has recognised that it needs to better understand its costs. It has engaged consultants to help it develop a cost mapping methodology and approach. This work is currently ongoing.

## CSV's staff

### Staffing costs

CSV commissioned a base funding review in late 2018. The review made some observations about CSV's staffing costs, including:

- CSV's operating costs had grown at a marginally lower rate than other parts of the justice portfolio.
- Staffing costs were relatively constant between 2015 to 2018 as a share of total expenditure.
- CSV's support service staff had increased by 16 per cent between 2015 and 2018 at a cost increase of \$5.6 million per year.

The review compared CSV's administrative functions against Australian and global benchmarks. It reviewed CSV's:

- number of FTE staff per \$1 billion of revenue
- staff costs to perform its administrative functions.

The report found that CSV's finance function was in the bottom 25 per cent of the efficiency benchmark (with lower being more poorly performing in regard to staffing efficiency). Its finance function had around 109 FTE per \$1 billion of revenue, compared to the average of 94 FTE per \$1 billion of revenue. The report attributed this to higher personnel costs in Australia. CSV's HR benchmarking showed its FTE was more than double the average of government and public service benchmarks.

CSV's IT function was in line with other companies at a cost of \$45 per \$1 000 of revenue. CSV's procurement function benchmarked well, with 16 FTE per \$1 billion of revenue compared to 46 FTE for high-performing companies. While these statistics provide some information on CSV's cost-efficiency, it lacks further detail about why these costs may be higher or lower.

### Staffing numbers and functions

The 2018 base funding review broke down the number of staff at CSV corporate office and each jurisdiction into 12 functional areas, such as procurement, security, IT, finance and business improvement. We requested CSV's 2021 staffing numbers broken down by jurisdiction and functional area to identify any changes made.

The total number of CSV's corporate office staff has remained stable, with 295.5 FTE in 2018 and 292.5 FTE in May 2021. CSV's turnover over the last two years has also been low at between 0.8 and 1.6 per cent.

We could not compare the 2018 and 2021 datasets in more detail because in the 2021 data:

- CSV's corporate office staff are allocated to five business units—IT, finance, people and culture, asset management and facilities—rather than the 12 functional areas in the 2018 review
- CSV's staff in jurisdictions are not allocated to any functional area
- CSV corporate does not run this type of report as part of its standard HR reporting.

CSV is currently undertaking detailed cost mapping to analyse its FTE staffing expenditure in jurisdictions and CSV corporate. The work will include:

- aligning spend and FTE staffing numbers by functional area, cost centre and jurisdiction
- creating a performance baseline across jurisdictions to help inform decision making
- benchmarking CSV's data to test efficiency and effectiveness.

This work will help CSV corporate, and the jurisdictions make better informed decisions on staffing, efficiency and effectiveness.

## CSV's service offerings

CSV produced five service catalogues in 2014 and 2015. The service catalogues include a list of services, jurisdictional input into the services and a CSV corporate contact. CSV has not reviewed or revised its service catalogues, despite setting dates to do so.

CSV was not able to identify an up-to-date list of the types of services it delivers or how long it has been delivering particular services for this audit. Without clearly defining its services, CSV cannot take the next step to measure their value and cost-efficiency.

CSV also does not have information on the quality of the service it provides to jurisdictions. This is because it does not have any measures for quality. CSV also does not know whether the services it provides are meeting the jurisdictions' needs and expectations.

An up-to-date and comprehensive service catalogue which Figure 2C describes, would provide jurisdictions with a directory for how to access CSV's services and what they could expect to receive.

FIGURE 2C: **Service catalogue expectations**

CSV's service catalogue should define what services it delivers to jurisdictions.

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We expected CSV would have a service catalogue that outlines:

- a description of all the services CSV delivers, including a delineation of CSV's responsibilities compared with each jurisdiction's responsibilities
- clear ownership of, and accountability for the services
- who is entitled to request/view the service
- the information required in a request for service
- the resources required to deliver each service
- any supporting or underpinning services
- service level agreement data to help CSV set performance expectations, including clear timelines for reviewing, completing or delivering services and the expected service quality
- any associated costs.

Source: VAGO.

## Efforts to improve service efficiency

The *Court Services Victoria Strategic Plan 2020–2025* sets CSV's aim to remove service duplication and improve how it delivers shared services.

CSV's action plan for 2020–21 and 2021–22 includes projects to redesign how it delivers finance services, people and culture services, assets and facilities maintenance, and IT services. CSV anticipates that this will reduce duplication and costs and maintain or improve service levels.

CSV has successfully centralised its assets and facilities services. This involved forming its built environment division. However, CSV does not have a plan on how it intends to reduce duplication in other areas. CSV's CEO and senior executives understand the steps they need to take to improve the agency's service delivery. However, without a plan approved by Courts Council, there is a risk that any unplanned change could impede its progress to improving its efficiency and effectiveness.

## Understanding jurisdictions' ongoing needs

CSV introduced practice leadership groups to solve issues, strengthen professional leadership, reduce duplication of services and increase professional capability across the Courts Group. They help CSV to better understand jurisdictions' business needs and provide them with better services.

Figure 2D highlights an example of how CSV has used its HR practice leadership group to understand jurisdictions' needs during the COVID-19 pandemic.

FIGURE 2D: **CSV's HR practice leadership group**

CSV's HR practice leadership group has played an important role during the COVID-19 pandemic.

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CSV used this practice leadership group as a key mechanism to understand the jurisdictions' needs and collaborate to provide it.

During the last 12 months, this practice leadership group has given CSV feedback on matters such as leave, working from home and returning to the office arrangements. The practice leadership group also produced guidance on special leave and remote recruitment.

Source: VAGO.

CSV produced a comprehensive paper that details its rationale for establishing practice leadership groups. CSV sees practice leadership groups as important because they:

- assist to solve common problems with work systems
- reduce duplication of effort across the Courts Group
- promote professional practice and increase professional capability.

Some CSV divisions have practice leadership groups, and some do not. While the rationale behind practice leaderships is documented, CSV does not have terms of reference for each group. This may lead to confusion about what CSV and the jurisdictions want to achieve through the groups.

CSV's risk management practice leadership group and its finance director's group have developed terms of reference to specify their purpose. Each group's terms of reference are comprehensive and help ensure there is a common understanding between CSV's central office and the jurisdictions about each group's role and what they are trying to achieve.

## 2.5 Providing fit-for-purpose court facilities

One of the key services that CSV provides is planning and maintaining court facilities. CSV has to provide enough courtrooms across Victoria to meet demand. It must also ensure that it maintains these facilities so they are safe and comfortable.

CSV needs to consider many factors to ensure that a facility meets court users' needs, including:

- the health and safety of the public and its staff, including security screening, and safe entry and exit points and waiting areas for vulnerable and at-risk parties (such as victim-survivors of family violence)
- the types of hearings being heard at a venue, and the jurisdictions hearing them (for example, in regional locations where the County and Supreme courts sit, there must be jury facilities)
- compliant cells for holding people in custody and a safe way for them to enter and leave the court
- signage so that people can find the rooms they need to be in
- compliance with modern disability access requirements.

In the past, courthouses were built to intimidate and impress. CSV recognises that it needs to adapt the physical environment of its buildings to better reflect modern approaches to delivering justice in line with therapeutic services, such as the Assessment and Referral Court list and specialist courts like the Koori Court. Koori Courts, for example, have Elders or Respected Persons participate by providing cultural advice to the Judge or Magistrate in relation to the accused. Koori courts are usually set up differently to traditional courtrooms, including an oval table used for sentencing and the room includes culturally appropriate artefacts.

Another challenge for CSV is responding to findings from the 2016 Royal Commission into Family Violence. The commission found that family violence victim-survivors must be separated from perpetrators when they attend court. This is particularly challenging for small, regional courts that may only have one entrance to the court and a lack of waiting areas.

## CSV's built environment division

CSV's 2019 governance and strategic directions review held two offsite sessions with Courts Council and CSV's CEO and the CEOs of each jurisdiction and CSV executives. The participants ranked assets as having the greatest impact on court performance. The review found that CSV needed to establish clear accountabilities, roles and priorities for managing assets.

Since the review, CSV's asset management staff have made progress in defining roles and accountabilities. They are also undertaking projects to develop:

- asset management plans for each court
- a maintenance risk management framework to prioritise maintenance work based on risk
- guidance for managing asset projects
- processes and procedures to ensure that they are efficiently and effectively delivering services.

In November 2020, CSV restructured its asset management functions by creating the built environment division. This division aims to further improve communication about assets with jurisdictions and increase efficiency. CSV also created additional assistant director positions, which allowed the executive director to delegate more responsibility and take a more strategic role.

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### The Assessment and Referral

**Court list** is a Magistrates' Court program that aims to help people with a mental illness or cognitive disability to address underlying factors that contribute to their offending behaviour. It develops a coordinated, individual support plan that may include drug treatment, psychology, housing and welfare services.

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The **Koori Court** hears selected Magistrates', County and Children's Court cases where the accused person is Aboriginal and/or Torres Strait Islander. It applies the law in the same way as mainstream courts, but Aboriginal Elders give the magistrate or judge advice to make judgements that are culturally appropriate and aim to reduce the likelihood of the person reoffending.

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## Strategic Asset Plan 2

SAP2, which CSV developed over several years and approved in 2021, articulates how CSV will improve the quality of current court facilities. It also plans to use it to guide its provisioning of future court facilities across Victoria. SAP2 replaces the previous *Court Services Victoria Strategic Asset Plan 2016–2031*, which CSV published in 2016.

The 2016 plan took an evidence-based approach to CSV's asset needs, including data modelling of court catchment areas and demand. It also consulted with stakeholders. The plan found that much of CSV's building portfolio was ageing, not fit for purpose and would not meet projected future demand. It outlined principles on how to provide court facilities to meet court users' needs but did not detail how the principles applied to each asset.

SAP2 outlines a new approach for CSV's court facilities to better meet users' needs. Rather than continuing to maintain assets that are no longer cost-effective, CSV now plans to seek government approval to divest these assets and invest in assets where it will get the best value. This is a strategic approach that aims to increase cost-effectiveness while still providing facilities that are fit for purpose.

SAP2 highlights the need to invest in court assets because:

- based on demand modelling, it will need an additional 179 courtrooms in 15 years, which is a 70 per cent increase on the system's current capacity in the Melbourne CBD, metropolitan region and regional headquarter courts
- most of CSV's assets are ageing and a significant maintenance backlog poses safety and security risks. A 2019 inspection found that:
  - \$186 million was needed immediately to bring CSV's buildings up to standard
  - a further \$369 million would be needed within five years to maintain facilities at standard
- many courts across Victoria do not have suitable facilities to offer alternative approaches to justice, such as the Assessment and Referral Court list described above. This means that people may be unable to access these services depending on where they live
- some courts in rural areas are under-utilised because the populations they serve have decreased over time. Many of these properties are old and need significant maintenance. This is inefficient because they:
  - add to CSV's property costs
  - require more travel time for judicial officers
  - require staff resources to run
- some courts, especially in the Melbourne CBD, are split across multiple locations. The Supreme Court, for example, is split between seven campuses. This is inefficient for court users, judicial officers and staff who have to travel from building to building. It also makes it harder to share support services
- the COVID-19 pandemic has changed health and safety requirements for public buildings. Many court buildings cannot be cost-effectively reconfigured to comply with new requirements, such as social distancing.

To provide appropriate court facilities across Victoria, CSV plans to seek government approval to:

- retain facilities that are still fit for purpose
- expand facilities that are still in good condition but not large enough to meet demand
- replace facilities that are in poor condition or cannot be easily upgraded
- divest facilities that are in poor condition or do not have enough demand to operate cost-effectively.

CSV plans to transfer matters from divested regional courts to the nearest larger court and provide alternate service channels to towns that will no longer have a physical court facility. This may include hearing matters remotely from existing government or local government buildings. This will help ensure that Victorians who live in these areas can still access the court system.

SAP2 forms the basis of CSV's proposed future funding bids and investment in court facilities. CSV has identified how it will apply SAP2's strategies to each of its assets. However, it has not yet developed a detailed implementation plan to outline the timeframes, budgets and sequencing necessary to deliver SAP2. CSV is currently seeking government endorsement of SAP2. Given its complexity, it is important that CSV plans SAP2's implementation to ensure it delivers it.

# 3.

## Governance and accountability

### Conclusion

For CSV's first six years of operation, Courts Council did not adequately direct CSV's governance and risk management.

In 2020, Courts Council made changes to improve its governance and risk management by clearly documenting roles and responsibilities and approving its first organisational risk profile. While these changes are positive, it is too early for us to judge their impact.

CSV corporate has limited internal measures and no external measures to assess how it is performing. As a result, it is not possible for CSV or the public to measure its impact. This reduces CSV's transparency and diminishes its accountability.

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#### This chapter discusses:

- CSV's governance framework
  - Risk management
  - Performance reporting
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### 3.1 CSV's governance framework

Good governance is crucial for public sector agencies. It sets out roles, responsibilities and reporting lines for individuals and groups to ensure they:

- adhere to legislative requirements
- effectively manage operations
- are accountable for spending public funds
- are meeting the public's expectations for transparent decision making.

#### Roles and responsibilities

Until recently, Courts Council and CSV had not agreed on roles and responsibilities for its various groups and key positions. As we discuss in Sections 1.5 and 2.1, some of Courts Council and CSV's CEO's responsibilities are set out in legislation. However, this alone does not give enough information about who is accountable for the whole suite of activities that CSV and the Courts Group needs to function effectively.

Clear accountabilities ensure that an agency delivers all of its functions without duplicating effort. CSV's governance structure is complex because it must balance:

- jurisdictions' need to operate independently of CSV
- the Courts Group's need to function as a whole
- Courts Council's need to oversee CSV.

#### Accountabilities table

In November 2020, Courts Council endorsed a table of accountabilities for itself, the Courts Executive Group, heads of jurisdictions, jurisdiction CEOs and CSV's CEO. The accountabilities table was developed collaboratively during offsite workshops held as part of the governance and strategic directions review in 2019.

The approach and resulting documented accountabilities reflect a mature and nuanced way of thinking about the roles that each group and key position has in the governance system and their interdependence. The accountabilities table outlines roles and responsibilities for:

- compliance
- governance
- collaboration
- strategic planning
- service and project delivery
- leadership
- risk management
- financial management
- reporting.

CSV plans to review the table when substantial shifts to accountabilities occur. However, it has not set regular periodic reviews to check the accountabilities table is still correct. Undertaking periodic reviews would allow CSV to update roles and responsibilities as necessary.

## Courts Council

### Courts Council's role

Courts Council functions as a board for CSV. Courts Council has a charter that outlines its responsibilities under the Act, the *Financial Management Act 1994*, the *Public Administration Act 2004* and the *Audit Act 1994*. However, the charter does not clearly define:

- the activities Courts Council should undertake to direct CSV's strategy and governance
- the operational and decision-making relationships between Courts Council and other groups, such as the Courts Executive Group.

In February 2021, CSV recommended that Courts Council review its charter to align with CSV's new strategic plan and governance reforms. The charter had not been updated since it was developed in 2017. As a result, the charter did not:

- align with the accountabilities table
- reflect Courts Council's commitment to cooperation and collaboration made through the 2019 governance and strategic directions review.

Courts Council approved its updated charter in July 2021. The updated charter commits Courts Council to implementing effective corporate governance.

Without clearly defined roles, Courts Council and some of its committees have spent time on operational matters, such as reviewing draft policies, that they could have delegated. This reduced their capacity to undertake strategic work, which particularly impacted Courts Council's ability to direct CSV's strategy.

Additionally, most Courts Council members are judicial officers, who have major demands on their time because they are responsible for running their jurisdictions and hearing cases. Spending time on CSV's operational matters is not a good use of Courts Council's limited time and does not align with its skill set. The updated charter now supports Courts Council's focus on strategic matters.

### Courts Council's structure

Courts Council is made up of the heads of jurisdictions and up to two independent members. For its first six years of operation, Courts Council only had one independent member. Having only one independent member increased the risk that Courts Council did not have the range of skills and experience it needed to effectively govern CSV.

In February 2021, CSV recommended that Courts Council appoint the current chair of its audit and risk committee as its second independent member. Courts Council accepted this recommendation and appointed its second independent member in March 2021. This is a positive step for Courts Council to increase its capability and strengthen its oversight of risks, which is one of its key functions under the Act.

### Courts Council's performance

Courts Council's revised charter requires it to assess its own performance annually. This is an improvement to the previous charter which did not require Courts Council to assess whether it was fulfilling its responsibilities or identify areas for improvement.

The Victorian Public Sector Commission's guidance on board operations for Victorian public sector entities recommends that boards assess their performance annually.

### Courts Council committees

Courts Council agreed to make changes to how its committees function as part of the 2019 governance and strategic directions review, which identified that the committees' roles and responsibilities were unclear. In addition, some committees had overlapping responsibilities, such as the human resources portfolio committee and the workplace health and safety sub-committee.

Courts Council agreed to review its committee structure to:

- remove duplication
- strengthen reporting and feedback mechanisms
- ensure each committee has members with relevant skill sets.

CSV has made positive changes to improve its committees' strategic focus and membership. Some of these improvements include:

- aligning each committee's priority areas with CSV's strategic plan
- consulting with CSV's CEO to produce an annual work plan for each committee
- diversifying committee membership by appointing independent members and jurisdiction CEOs or CSV executives
- ensuring committees annually review their performance and provide this information to Courts Council.

Before the committee review, most committee members were judicial officers, and multiple Courts Council members sat on most committees. For some committees, such as the information technology portfolio committee, this meant that members did not always have the necessary subject matter expertise to make decisions.

Diversifying membership is important because it enables the committees to perform their functions effectively. The independent members appointed can fill skill and expertise gaps and ensure that committees provide practical recommendations to Courts Council.

Even with the 2021 membership changes, a member of Courts Council still sits on each committee. As each jurisdiction is represented in Courts Council, they have a connection to each committee's work through the committees' reporting to Courts Council. This reflects CSV's new approach of collaboration and interdependence.

### Meeting papers

CSV does not always ensure that Courts Council and its committees receive comprehensive, timely and relevant information to enable them to make decisions and carry out their functions.

We reviewed a selection of Courts Council and committee meeting packs from 2018–2020 and found that meeting packs are regularly over 100 pages. Lengthy committee papers make it more difficult for members to properly read and consider the information before the meeting. In many cases the content of the committee papers was more operational than strategic and was information for the committee to note rather than make decisions about.

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Before Courts Council reviewed its committees, they were known as **portfolio committees**.

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CSV is aware of the issues with its committee papers. In June 2020, in a paper to Courts Council, it identified the same issues but noted that the quality of meeting papers had improved over the past year.

While Courts Council's meeting packs include meeting minutes from the committees, the chairs of these committees do not regularly prepare reports for Courts Council. CSV's February 2021 paper to Courts Council on the committee review suggested that regular reports from committee chairs would give Courts Council a more strategic focus and greater awareness of committee issues. CSV advised us that Courts Council may consider reviewing its agenda to include regular committee reports.

### **The Courts Executive Group's role**

The Courts Executive Group supports Courts Council by identifying and prioritising strategic issues and developing policies and plans for Courts Council to approve.

Before CSV formed the Courts Executive Group in 2019, CSV's CEO and jurisdiction CEOs met regularly as the CEO Group. Expanding the group to include CSV executives has increased the group's effectiveness by:

- allowing executives with detailed knowledge about CSV's functions to contribute to the group's work and share expertise with the jurisdictions
- giving the jurisdiction CEOs and CSV executives more opportunity to interact and strategically work together.

CSV notes that this group was instrumental in responding to the COVID-19 pandemic by supporting technology upgrades and rolling out wellbeing initiatives.

Reforming the group and strengthening its role shows that CSV is maturing as an agency and recognising the importance of operational expertise in improving service delivery.

## **3.2 Risk management**

In September 2020, Courts Council approved CSV's first organisational risk profile. CSV's risk maturity has increased over time as it has refined its risk management approach and increased risk oversight. Before this, CSV had mechanisms to manage risks, including an audit and risk committee, a risk management framework and policy and an internal audit program. Jurisdictions also had their own internal risk management arrangements. However, this approach was weakened because:

- CSV was not monitoring and managing risks that applied to the whole Courts Group
- roles and responsibilities for risk management were unclear
- CSV did not provide Courts Council and Courts Executive Group with regular risk management reports to distil information from lengthy audit and risk committee papers, and Courts Council did not request them.

Risk management is an important element of governance. It helps an agency to recognise and manage potential issues before they arise. While all staff have a role in managing risks that affect their work, an agency's governing body and leaders are responsible for overseeing risk management across the whole agency.

CSV has an important role in managing risks that affect the Courts Group. CSV's risk, audit and insurance services team supports jurisdictions to maintain their own risk registers and manage their own risks. CSV is responsible for:

- managing risks to its corporate services
- coordinating an organisational risk management plan for risks that affect the whole Courts Group
- actively managing these risks.

An example of a risk that CSV manages is the physical security of court and tribunal facilities.

## Compliance with legislation

Until 2020–21, CSV has assessed itself as not fully compliant with the *Victorian Government Risk Management Framework* in its annual risk management attestations. In its attestation for 2019–20, CSV assessed itself as not fully compliant because:

- it was not updating its risk register
- it was not effectively managing and reporting on audit actions
- not all jurisdictions had risk registers.

For 2020–21, CSV assessed itself as overall compliant with the *Victorian Government Risk Management Framework*. However, one jurisdiction was not fully compliant because it needed to further embed a positive risk culture.

As Courts Council directs CSV's risk management under the Act, it is ultimately accountable for it and for compliance with the *Standing Directions 2018 Under the Financial Management Act 1994*. Courts Council should have directed CSV to improve its risk management approach, but it did not do this for the first six years of CSV's operation.

## CSV's risk management framework and policy

CSV implemented its risk management framework and policy in February 2015 and reviews them annually. This risk management framework and policy align with the *Victorian Government Risk Management Framework*, which CSV is required to comply with under the *Standing Directions 2018 Under the Financial Management Act 1994*. The risk management framework and policy are CSV's overarching risk management guidance and apply to the jurisdictions as well as CSV corporate.

However, until CSV reviewed its framework in 2021, the framework did not provide detail about how Courts Council was to interact with other bodies that are responsible for managing risks, such as its audit and risk committee and CSV's risk, audit and insurance services team. Defining these interactions is important for an agency with a complex governance structure like CSV to avoid overlap or gaps in its risk management functions. The historical lack of clarity on risk management roles and responsibilities reduced these groups' accountability for overseeing risks.

CSV's revised framework aligns with the risk management roles and responsibilities outlined in its organisational risk profile and includes all bodies with responsibility for risk management.

## CSV's organisational risk profile

The organisational risk profile that Courts Council approved in September 2020 identifies 19 major risks to the Courts Group across the following eight categories:

- governance
- finance
- service delivery
- assets and facilities
- integrity and compliance
- people and culture
- IT and information management
- safety and security.

The profile also outlines roles and responsibilities for risk management. This marks an improvement in CSV's risk management processes and oversight.

In a September 2020 paper to Courts Council, CSV stated that it intends for its organisational risk profile to drive 'greater accountability through visibility of risks, corresponding controls and actions'. CSV's organisational risk profile outlines risk management roles and responsibilities for:

- Courts Council
- audit and risk committee
- Courts Council's other committees
- Courts Executive Group
- jurisdictions' executive management.

Introducing an organisational risk profile is a promising step to increase CSV's oversight of risk management. However, CSV has only recently implemented its new risk reporting approach. This means it has not yet fully embedded the organisational risk profile into its regular operations.

### CSV corporate's risk register

In 2017, our financial auditors and CSV's audit and risk portfolio committee identified the lack of risk registers across CSV and the jurisdictions as a concern. While CSV corporate had a risk register in place since 2019, not all jurisdictions had risk registers until the 2020–21 financial year. This partly impeded CSV's work to develop its organisational risk profile, as jurisdiction risk registers inform the profile.

We reviewed CSV corporate's risk register in January 2021. CSV advised us that the organisational risk profile replaced this risk register in September 2020.

However, CSV corporate's risk register was approved by the acting CEO in April 2019 and CSV did not update it until it was superseded almost a year and a half later. CSV advised us that it prioritised developing the organisational risk profile during this time. However, six out of 19 risks still had residual risk ratings that required further action. These were marked as 'TBD' (to be determined), which means that CSV had ineffective controls in place for a third of the risks it identified. CSV cannot demonstrate that it was actively managing risks at the time, despite having a risk

register, because it did not identify and implement controls. CSV had internal audit as an additional risk management mechanism; however, to provide proper oversight audit committees need regular updates on the corporate risk environment. By not documenting its approach to controlling risks, CSV and its governance groups reduced accountability and oversight for risk management.

## Reporting on risks

We reviewed a sample of Courts Council and Courts Executive Group meeting packs from 2018 to 2020 (four per year from each group) and found that they did not include any risk reports. This reduced these groups' ability to understand, direct or make decisions about CSV's risks.

The Victorian Public Sector Commission's guidance on risk management states that boards and management need to regularly review risks to understand what has changed and update the risk register where necessary.

CSV has developed a new approach to reporting on risks to the audit and risk committee, Courts Council and Courts Executive Group. It started using this approach in March 2021. It has since developed a series of dashboard reports that outline:

- risk trends
- the effectiveness of its risk controls
- the timeliness of its actions to address risks.

While CSV is still developing data to report on its risk appetite and changes in its risk rating, the new reports provide easy to understand information about risks and their controls.

## Deep dive reports

CSV has also started producing 'deep dive' reports on its risks. These reports examine a particular risk in detail and provide clear, comprehensive and targeted information to help Courts Council, the Courts Executive Group and CSV's audit and risk committee to make informed decisions based on risk.

The reports contain an analysis of the key controls, actions and implementation updates for relevant internal audit recommendations.

CSV provided its first deep dive report into cybersecurity risks to the audit and risk committee in May 2021. Cybersecurity risks are critical for CSV given the increased use of IT solutions during the COVID-19 pandemic. The deep dive report provides detail about CSV's controls and actions to mitigate the risks. It also recommends that the Courts Group develops a cybersecurity strategy to improve its overall cybersecurity and reduce the likelihood of risks eventuating. CSV plans to complete eight deep dive reports into risks with a high residual risk rating in the eighteen months to September 2022.

## Supporting jurisdictions' risk management

CSV's risk, audit and insurance services team supports jurisdictions to build their risk management capability and manage their risks. This includes meeting with jurisdictions to provide guidance and expertise on developing risk registers and

providing one-on-one training. Each jurisdiction has a 'risk champion' who is responsible for:

- ensuring there is a risk management framework in place that complies with the *Victorian Government Risk Management Framework*
- championing a proactive, positive risk culture within their jurisdiction
- developing, maintaining and reporting on risk profiles and risk registers for their jurisdiction
- acting as a central point of contact for management actions from audits
- supporting internal audit teams when they are working at the jurisdiction.

For all risk champions, the role is only one part of their job and risk management activities are prioritised on an as-needed basis. Some risk champions have expressed a desire to do more risk management work in their jurisdictions but have limited capacity to do so. CSV has established a risk management practice leadership group to bring risk champions together. Given that CSV is relatively immature in embedding risk management practices, it will need to prioritise support for this function across the jurisdictions.

## Audits and reviews

CSV is implementing a better process to track, report and close internal audit recommendations.

Audits and reviews give agencies independent and objective advice to add value and improve their processes and activities.

### Responding to internal audit recommendations

In November 2019, CSV's internal auditors assessed if CSV had implemented past internal and external audit recommendations. The internal auditors found 145 incomplete audit actions at the commencement of the audit, 111 of which were overdue. However, during an exercise to consolidate audit actions, the internal auditors then found that CSV had in fact completed 64 of the 145 recommendations, but had not documented this, which left 81 incomplete.

When an internal audit is completed, it is important for an agency to ensure it implements its recommendations. This ensures it can achieve the desired change and address any identified risks.

The internal auditors found that CSV did not report on the progress and timeliness of implementing recommendations. This weakness meant that identified risks were not addressed in a timely manner.

CSV has made progress since the November 2019 review, it has:

- produced guidance on tracking and reporting on audit actions
- developed a spreadsheet and dashboard to report on its progress against its actions
- created a form to amend or remove actions from the spreadsheet that must be signed off by a relevant executive or their delegate for actions rated medium, high, or very high risk.



CSV's July 2021 audit actions dashboard shows the number of open audit actions and measures how long they have been overdue. CSV's open actions has decreased to 47, from 65 in May. While it has greatly improved its process, CSV still has work to do to complete or close off some old audit recommendations.

### Responding to external reviews

CSV has commissioned external reviews. These external reviews have made recommendations to CSV to improve processes. While CSV now has a comprehensive tracking system for internal audit actions, it does not track how it is implementing recommendations from external reviews. Extending its process for tracking internal audit recommendations to external reviews would allow CSV to monitor its progress in implementing these recommendations too.

## 3.3 Performance reporting

CSV does not have an internal performance reporting framework. As discussed in Chapter 2, CSV also does not have a list of services it delivers to jurisdictions or expected service delivery standards.

Effective performance reporting enables public sector agencies to understand how well they are delivering services and make changes where necessary. It also allows the public to understand what each agency is achieving with its funding.

### Internal performance reporting

An internal performance reporting framework allows agencies to measure and report on their service delivery. It also allows an agency's governing body and senior executives to track performance and identify and address service delivery issues.

As part of its action plan, CSV plans to develop a performance reporting framework and a suite of performance measures to monitor and report on its service delivery. It plans to complete this project by March 2022.

We examined a selection of meeting papers from March 2018 to November 2020 (four per year) for Courts Council and the Courts Executive Group to examine what reports they received to understand CSV's performance. The papers and meeting minutes show that most of the meetings' business focused on setting policies, procedures or frameworks for CSV rather than tracking its performance.

CSV has two internal performance reports—the finance report and the projects and business services report. However, these do not provide CSV's CEO or senior management with enough information to understand how well the agency is performing.

### CSV's finance report

CSV provides a finance report to every Courts Council and Courts Executive Group meeting. The Courts Council and Courts Executive Group meet 10 to 12 times per year. It produced its first finance report with KPIs in February 2020. CSV revised and improved the report in September 2020 and now uses a dashboard.

The finance report contains 13 KPIs. It uses traffic light ratings to track its progress against these indicators. One new KPI, which CSV will use to measure how long debtors take to pay, is still under development.

The report gives detailed information on CSV's financial position and how it is tracking, including variances. It also provides relevant details on court operations and spending on repairs and maintenance.

As CSV further develops its reporting, it should consider incorporating other measures into its KPI reporting that measure the efficiency and effectiveness of its financial operations, such as the number of invoices it processes.

CSV does not yet have KPIs or reports for the rest of its operations. While the finance report touches on the financial aspects of other parts of its operations (such as IT expenditure and average paid FTE numbers), it does not provide sufficient detail for CSV to make informed decisions or monitor other parts of its organisation.

### Projects and business improvement services performance report

CSV's projects and business improvement services performance report is used to track major projects and business improvement initiatives. CSV has started using this report to also track strategic plan projects. However, it is too early for us to determine how effective CSV's new report is for tracking strategic plan projects.

## External performance reporting

### Budget Paper 3

The BP3 outlines the funding amount for each government service and the associated performance targets that agencies are expected to achieve. CSV's performance measures in the BP3 do not actually measure its performance. This means that CSV does not have any publicly available performance indicators.

The Department of Treasury and Finance's *Resource Management Framework* is the overarching policy for the state Budget process and performance reporting. Agencies must comply with the *Resource Management Framework* to account for how they use public resources and achieve value for money in service delivery.

According to the BP3, CSV's measures for 2019–20, 2020–21 and 2021–22 were:

- average cost per case
- case clearance rate
- court file integrity—availability, accuracy and completeness
- on-time case processing (matters resolved or otherwise finalised within established timeframes).

However, these indicators only report on jurisdictions' performance. For example, as cases are run by jurisdictions, CSV has little control over the case clearance rate or the accuracy and completeness case files.

More relevant measures for a support function include:

- timeliness of asset repairs and maintenance
- percentage of staff satisfied with the timeliness and quality of services provided
- number of payroll errors
- percentage of staff accessing policies and procedures on the intranet.

### Annual reporting

We reviewed all of the annual reports CSV has tabled from 2014–15 to 2019–20. CSV's annual reports from 2014–15 to 2017–18 do not give readers enough information to assess CSV's performance. These reports contain descriptive information about CSV, such as the legacy issues it faced, and descriptive information about projects rather than performance data. While the reports include results for the BP3 indicators, these do not describe CSV's performance.

CSV has improved its annual reporting to provide qualitative information on what it has achieved. CSV's 2018–19 and 2019–20 annual reports outline its corporate plan's vision, purpose, values and strategic objectives. The reports then explain what CSV has achieved against each of its strategic objectives.

For example, CSV's *Connecting Courts and Communities: Annual Report 2018–19* included 'Support the Administration of Justice' as a strategic priority. CSV provided information about how it is designing and developing the Bendigo and Wyndham law courts. This style of reporting is an improvement to CSV's previous annual reports.

Annual reports are a way for agencies to inform the public about what they have achieved each financial year. An annual report should have sufficient information to explain how an agency has used the funding it received. CSV could further strengthen its public reporting by including relevant performance measures and targets to allow the public to assess its performance.

# APPENDIX A

## Submissions and comments

We have consulted with CSV and we considered its views when reaching our audit conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to this agency and asked for its submissions and comments.

Responsibility for the accuracy, fairness and balance of those comments rests solely with the agency head.

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### Responses were received as follows:

CSV .....49

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17 September 2021

Mr Andrew Greaves  
Auditor-General  
Level 31/35 Collins Street  
Melbourne 3000

Dear Auditor-General,

**VAGO Performance Audit - Administration of Victorian Courts**

Thank you for your letter dated 2 September 2021, providing Court Services Victoria (CSV) with VAGO's Proposed Performance Audit Report, *Administration of Victorian Courts* and the opportunity to provide further comments for inclusion in the Final Report.

CSV acknowledges the collegiate and productive manner in which the audit was conducted. The report highlights some of the challenges that CSV has experienced since its establishment in 2014. It also recognises the service and governance improvements CSV has made to better acquit its responsibilities to the Victorian courts and VCAT.

The process of the VAGO audit has been a valuable opportunity to examine our corporate practice and we welcome the recommendations for how it can be improved, including ensuring we measure and demonstrate the value of corporate service provision through meaningful performance criteria. CSV accepts 12 of VAGO's recommendations in full and one in principle. I have set out below CSV's response to each recommendation, including a timeline for completion for those not already implemented.

Many of the issues raised in the report relate to historical governance. As acknowledged in the report, CSV has over time improved its governance and risk management arrangements, culminating in a new comprehensive strategic plan that maps out a path for CSV to more effectively support the independent, impartial, and timely delivery of justice by Victoria's courts and VCAT. Implementation of the recommendations will further contribute to that endeavour.

Yours sincerely,

A handwritten signature in black ink, appearing to read "L. Anderson".

**Louise Anderson**  
Chief Executive Officer

**Court Services Victoria action plan to address recommendations  
from Administration of Victorian Courts**

No	VAGO recommendation	Action	Completion date
1	Court Services Victoria sets performance measures for its strategic plan, monitors progress against them and reports progress in its annual report.	CSV accepts this recommendation.  CSV has commenced the development of performance measures for CSV's strategic plan.	July 2022 and ongoing
2	Court Services Victoria ensures it produces an action plan and divisional plans to implement its strategic plan each year and monitors its progress against achieving them.	CSV accepts this recommendation.  CSV has produced an action plan that has been endorsed by Courts Council. This plan is supported by comprehensive divisional plans. CSV is committed to continuing to produce action and divisional plans annually to ensure implementation of CSV's strategic plan. CSV has also developed reporting arrangements to track progress against divisional plans and will monitor its progress to ensure it is achieving planned outcomes.	Complete And to be monitored
3	Court Services Victoria expands on its action plan by detailing specific projects to reduce service duplication and increase efficiencies and has this plan endorsed by Courts Council.	CSV accepts this recommendation.  CSV has commenced the development of a service deduplication plan for endorsement by Courts Council.	June 2022
4	Court Services Victoria develops a service catalogue, in consultation with jurisdictions, that defines: <ul style="list-style-type: none"> <li>• the services it provides to jurisdictions</li> <li>• service delivery standards (time, cost, quality and quantity)</li> <li>• measures to assess service delivery performance.</li> </ul>	CSV accepts this recommendation.	December 2022
5	Court Services Victoria develops terms of reference for all practice leadership groups.	CSV accepts this recommendation.	December 2021
6	Court Services Victoria develops an implementation plan that outlines the timeframes, budgets and sequencing required to deliver the Strategic Asset Plan 2.	CSV accepts this recommendation.  Implementation planning is underway.	June 2022
7	Court Services Victoria's governing body, Courts Council reviews its charter every two years to ensure its ongoing relevance,	CSV accepts this recommendation.  Courts Council's charter was reviewed and amended in June 2021. The revised charter requires that it be	Complete Next review due June 2023

Response provided by the CEO, CSV—*continued*

No	VAGO recommendation	Action	Completion date
	and alignment with its strategic priorities for Court Services Victoria.	reviewed every two years. The next review is to occur by June 2023.	
8	Court Services Victoria's governing body, Courts Council assesses its performance annually.	CSV accepts this recommendation.  Courts Council's charter was amended in June 2021 to require it to assess its performance at the conclusion of each calendar year.	February 2021 and ongoing
9	Court Services Victoria annually reviews the documented roles and responsibilities of each element of its governance structure to ensure it is kept up to date.	CSV accepts this recommendation. A comprehensive review of governance structures was completed in 2021. CSV will next review its Accountabilities Table in June 2022.	Complete Next review due June 2022
10	Court Services Victoria ensures that all of its committees annually assess their performance.	CSV accepts this recommendation.  All committees have terms of reference which require they assess their performance annually.	June 2022 and ongoing
11	Court Services Victoria embeds its organisational risk profile into its operations by: <ul style="list-style-type: none"> <li>• reporting against it quarterly</li> <li>• updating it quarterly</li> <li>• annually reviewing its approach to risk reporting and its risk management roles and responsibilities to ensure they provide effective oversight of risk management.</li> </ul>	CSV accepts this recommendation.  The recommendations are already part of the risk management framework and will be carried out over the relevant time frames.	Complete Next annual review June 2022
12	Court Services Victoria tracks its progress in implementing recommendations from external reviews.	CSV accepts this recommendation.	December 2021 and ongoing
13	Court Services Victoria in consultation with the Department of Treasury and Finance, develops Budget Paper 3 measures that assess Court Services Victoria's contribution to the courts output.	CSV accepts this recommendation in principle, noting that any amendment to Budget Paper 3 measures is a matter for Government.	December 2022

# APPENDIX B

## Acronyms and abbreviations

### Acronyms

BP3	<i>Budget Paper 3: Service Delivery</i>
CEO	chief executive officer
CSV	Court Services Victoria
FTE	full-time equivalent
HR	human resources
IT	information technology
KPI	key performance indicator
SAP2	Strategic Asset Plan 2
TBD	to be determined
VAGO	Victorian Auditor-General's Office
VCAT	Victorian Civil and Administrative Tribunal

### Abbreviations

COVID-19	coronavirus
The Act	<i>Court Services Victoria Act 2014</i>



# APPENDIX C

## Scope of this audit

Who we audited	What we assessed	What the audit cost
CSV	<p>We assessed if CSV:</p> <ul style="list-style-type: none"><li>• has corporate plans and governance arrangements that support it to deliver administrative services and facilities for Victorian courts</li><li>• provides efficient services in line with its strategic objectives that meet the needs of Victorian courts,</li><li>• can assure itself that its performance is meeting its objectives and addressing known gaps</li></ul>	The cost of this audit was \$750 000.

### Our methods

As part of the audit we:

- consulted with stakeholders, including the jurisdictions
- interviewed relevant CSV staff
- reviewed and analysed documentation and data on CSV's planning, governance, service delivery and performance reporting.

This audit did not examine the jurisdictions' role in relation to court administration.

We conducted our audit in accordance with the *Audit Act 1994* and ASAE 3500 Performance Engagements. We complied with the independence and other relevant ethical requirements related to assurance engagements.

We also provided a copy of the report to the Department of Premier and Cabinet.

Unless otherwise indicated, any persons named in this report are not the subject of adverse comment or opinion.

# Auditor-General's reports tabled during 2021–22

## Report title

<i>Integrated Transport Planning (2021–22: 01)</i>	August 2021
<i>Major Infrastructure Program Delivery Capability (2021–22: 02)</i>	August 2021
<i>Clinical Governance: Department of Health (2021–22: 03)</i>	September 2021
<i>Managing Conflicts of Interest in Procurement (2021–22: 04)</i>	September 2021
<i>Major Projects Performance (2021–22: 05)</i>	September 2021
<i>Administration of Victorian Courts (2021–22: 06)</i>	October 2021

All reports are available for download in PDF and HTML format on our website  
[www.audit.vic.gov.au](http://www.audit.vic.gov.au)

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