Fair Presentation of Service Delivery Performance 2022

March 2023

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The Hon Shaun Leane MLC
President
Legislative Council
Parliament House
Melbourne

The Hon Maree Edwards MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of the *Audit Act 1994*, I transmit my report *Fair Presentation of Service Delivery Performance 2022*.

Yours faithfully

Andrew Greaves
Auditor-General
22 March 2023

Contents

Review snapshot

Why this review is important

The government spends public money to deliver goods and services to the Victorian community. Parliament and the community require accurate and fair reporting of the performance of those services.

Our 2021 *Measuring and Reporting on Service Delivery* report examined the way 8 government departments measure and report on service delivery. We found they did not meet their responsibilities to measure and report on their performance as required by the Department of Treasury and Finance (DTF).

Who and what we examined

We determined whether the public sector fairly presents its service delivery performance information.

We assessed 9 Victorian Government departments' performance statements in DTF's Budget Paper No. 3: Service Delivery (BP3) and whether they complied with DTF's *Resource Management Framework* (RMF).

We focused on 210 new performance measures and the Department of Education and Training's (DET) presentation of school performance information.

What we concluded

Service delivery performance is not clearly visible to Parliament and the community.

Departments do not fully follow the requirements of the RMF, and BP3 includes too much information that is not relevant to output budgeting.

This extra information detracts from the primary purpose of BP3 and makes it harder to discern how well departments are delivering services.

Nothing came to our attention to indicate that departments' performance information is not accurate and reliable.

What we recommended

We recommended that DTF further improve the RMF's guidance materials.

Departments need templates and definitions to develop their data dictionaries.

Departments also need somewhere other than BP3 to report performance information about inputs and processes.

When departments make changes, DTF should advise them to follow the RMF guidance.

Key findings

2021–22 and 2022–23: 210 new performance measures

37%
do not measure outputs

53%
not useful for strategic decision-making

40%
not attributable to departments

27%
not relevant to departmental objectives

22%
not written clearly

50%
not comparable over time

Source: VAGO.

Our recommendations

We made 3 recommendations for the Department of Treasury and Finance.

Recommendations			Agency response	
Department of Treasury and Finance	**1**	Provides departments with guidance or a framework for reporting performance information about inputs and processes and broader demographic information (see Section 2). Reviews Budget papers and advises departments to exclude performance measures other than those for outputs.	Accepted in principle	
	2	Improves the *Resource Management Framework*'s guidance materials to: • show departments how to develop a data dictionary, including templates and definitions • include practical examples of data dictionary entries (see Section 2).	Accepted	
	3	Reviews Budget papers and provides advice to departments if they do not explain why they changed their objectives (see Section 2).	Accepted	

1.
A framework for service delivery performance

The Department of Treasury and Finance (DTF) issues the *Resource Management Framework* (RMF), which is mandated for use by all departments by the Assistant Treasurer. We adapted internationally recognised performance measurement models to the Victorian context to assess compliance with the RMF in service performance reporting.

Department names	In January 2023, machinery of government changes affected some departments.
	In this report we use old department names when referring to data from the past and current department names when referring to the new department.

How departments measure and report on service delivery performance

|	
Departments use outputs, objectives and measures to assess performance	The government funds public service departments to deliver goods and services ('outputs') to the Victorian community in clear alignment with departmental 'objectives' (what they aim to achieve). In Budget Paper No. 3: Service Delivery (BP3), DTF provides information about the performance reporting framework, departmental objectives, output 'measures' and how the government meets its performance 'targets' for delivering those outputs.
Revenue certification is dependent on output performance	The Assistant Treasurer certifies departments' revenue based on their outputs. This certification is dependent on the successful delivery of output performance and each department must submit an output performance report with its invoice.
	The progress of delivering departmental outputs and departmental performance against targets published in BP3 is key to the certification process.

How inputs become outputs and meet objectives

Departments deliver services by using 'inputs' to create 'outputs' that meet their intended 'objectives'.

Figure 1: Service delivery map
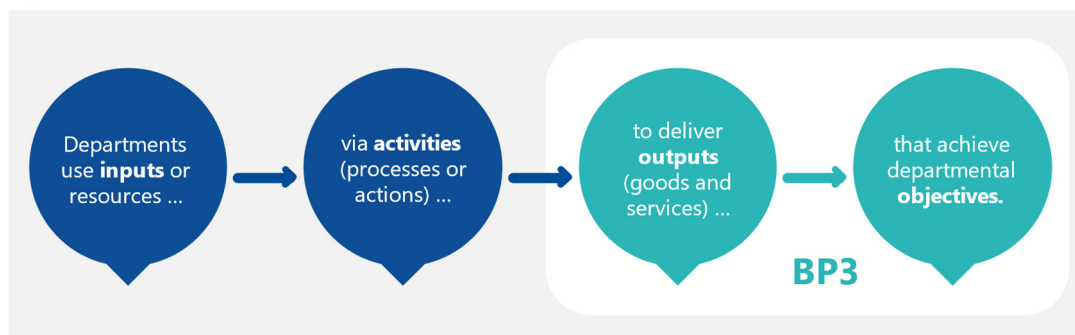
Source: VAGO.

Departmental performance statements should focus on outputs

BP3 and revenue certification focus on service delivery. Accordingly, the information in BP3 should be specific to outputs and objectives (as shown in Figure 1). Performance measures in BP3 should relate to the provision of goods and services external to the department, not its inputs or activities.

DTF publishes each department's objectives, outputs, performance measures, targets and actual results from the previous financial year in departmental performance statements in BP3. The information reflects both new and existing Budget initiatives.

Departments publish performance results

Each department also publishes the results of its service delivery performance in its annual report, measured against the agreed indicators, targets and measures.

A department may also report information about the internal workings of an agency (inputs and activities) in its annual report and other internal reports.

DTF guides departmental performance reporting

DTF gives departments and agencies guidance in the RMF about planning, specifying objectives, outputs, performance measures, targets and reporting performance information.

The RMF is a governance and operational framework for public sector accountability that gives the responsibility for portfolio performance to portfolio ministers. Ministers and their departments (and accountable officers) manage the Budget to deliver agreed outputs that align with departmental objectives.

Mandatory requirements relating to departmental performance reporting

The RMF has mandatory requirements for:

- the content and annual review of departmental performance statements
- performance measure footnotes for new, amended and discontinued measures
- identification of outputs that best achieve objectives
- the specification of a meaningful mix of quality, quantity, timeliness and cost performance measures for each output that assess:
  - service efficiency and effectiveness
  - all major activities of the output.

The place of outcomes in service delivery

DTF's departmental funding model, as described in the RMF, includes objectives but not outcomes.

Objectives are what the department aims to achieve – they are a measure of the goods and services produced. Outcomes are the result or impact of the service for the recipient or the community – they are a measure of success. More than one department or external factors may contribute to outcomes.

The Department of Premier and Cabinet (DPC) published *Outcomes Reform in Victoria,* which says that outcomes are key to delivering a modern, responsive and adaptable public service. This model includes outcomes but not objectives.

In response to the recommendations of our 2021 *Measuring and Reporting Service Delivery* report (https://www.audit.vic.gov.au/report/measuring-and-reporting-service-delivery), DTF and DPC told us they would work together to ensure coherence and cohesiveness in department performance reporting.

PAEC reviews output performance measures

Each year, the government reviews performance measures and publishes in BP3 any measures it proposes to change or discontinue. Parliament's Public Accounts and Estimates Committee (PAEC) then reviews the proposals. After its review, PAEC publishes the results and its recommendations. In some cases, PAEC highlights issues it finds with departments' proposed changes to measures. Parliament also publishes the government's response to PAEC's recommendations.

Discontinued performance measures

The RMF states performance measures may be discontinued if:

- they are no longer relevant due to a change in government policy or priorities and/or departmental objectives
- projects or programs have been completed, substantially changed or discontinued
- milestones have been met
- funding is not provided in the current Budget for the continuation of the initiative
- improved measures have been identified for replacement.

Ensuring fair presentation of service delivery performance information

What fair presentation is

For this annual assessment VAGO created a framework based on DTF's RMF. Appendix D explains the rationale for our assessment of each step in the framework.

Using this framework, service delivery performance information is fairly presented when it:

- represents what it purports to represent
- is capable of measurement
- is accurate, reliable and auditable.

How we assessed new performance measure information

To assess whether performance information ...	We determined whether ...
represents what it purports to represent	• measures reflect the delivery of goods or services (outputs) • measures are useful to inform decisions or understand service delivery performance • the agency is responsible for performance or delivering the goods and services (attributable) • measures have a logical relationship to departmental outputs and objectives (relevant) • it is clear what the agency intends to achieve.
is capable of measurement	measures can demonstrate performance over time (comparable).
is accurate, reliable and auditable.	• agencies have clear processes to define measures and set targets • agencies have controls in place to assure the accuracy and reliability of the data obtained.

Assessing whether performance information represents what it purports to represent

Measures should reflect outputs

Information contained in BP3 departmental performance statements should enable the reader to understand what the department intends to achieve. That is, it should include information about the outputs (goods and services) that the government funds departments to deliver.

Departmental performance statements are not the place to report performance measures of inputs, activities or outcomes (such as the internal workings or activities of an agency).

They are also not the place to report on specific initiatives or individual programs. Rather, any such initiatives or programs should be mapped to outputs and their expected effect on either output targets or actual results.

> **Outputs**
>
> The RMF defines outputs as:
>
> > 'The final products, or goods and services produced or delivered by, or on behalf of, a department or public agency to external customers/recipients. Outputs include products and services delivered to the community (e.g. education, health services), or products and services provided to other departments (e.g. services provided by the Victorian Public Sector Commission to support the public sector)'.

Measures are classified as outputs or not outputs

To classify each measure we used a decision tree to identify which were outputs and which were not (That is, were inputs, activities or outcomes).

Figure 2: Measure classification decision tree

If the measure reflects:

It should be classified as a measure of:

- Investment or funding for the service
- Physical assets (land, buildings, materials) used to provide the service
- Human capital to deliver the service
- Information or knowledge transferred

Resources used → **Input**

- The way in which resources are used to produce or supply the good or service

Work undertaken → **Activity**

- A good produced or delivered by the department to the community or another external stakeholder
- A service produced or delivered by the department to the community or another external stakeholder

Services delivered → **Output**

- The impact on the target audience of the good or service provided
- A benefit or change in circumstance for the target audience

Results achieved → **Outcome**

Source: VAGO.

Measures should reflect better-practice criteria

The RMF includes a checklist of characteristics that indicate a 'better standard in public sector output performance measurement information' (better-practice criteria).

To assess whether performance information represents what it purports to present, we tested the measures against 4 of the RMF's better-practice criteria. We assessed whether each measure is useful, attributable, relevant and clear.

> **Usefulness**
> Measures enable performance reporting and analysis and inform decisions about resource allocation.
>
> **Attribution**
> The organisation is responsible for the actions or delivery of the goods and services being measured.
>
> **Relevance**
> Measures align with both the departmental objectives and the relevant output.
>
> **Clarity**
> Measures use clear, concise, non-technical language, and what is being measured is not ambiguous.

Assessing whether performance information is capable of measurement

Measures demonstrate performance over time

To be comparable over time, measures or targets should account for variations in factors such as population size, service demand and volume of service use. Measuring targets as proportions can help account for these variations. For example, the proportion of students with a career action plan is a performance measure, while the number of students is not because student numbers change.

> **Comparable over time**
> The RMF requires accountable officers to ensure
>> '... any outputs and performance measures created enable meaningful comparison and benchmarking over time. Where possible, across departments and against other jurisdictions'.
>
>> 'The accountable officer must include [a] footnote disclosure... in the departmental performance statements... [for] all proposed discontinued [performance] measures ... with changes in source data/methodology used to measure target or changes in unit of measurement, which renders past performance history incomparable'.

Improvement trends can be an increase, a decrease or neutral

To support comparability and target setting, expectations about performance should indicate whether performance improvement is an increase or a decrease in the measure. For example, performance improvement can be:

- an increase in the number of mental health consumers who report a positive experience of care
- a decrease in the number of acute mental health inpatients readmitted within 28 days of discharge.

For example, take average daily number of young people aged 10 to 13 years under supervision. The Department of Justice and Community Safety (DJCS) included a footnote to explain 'New performance measure for 2022–23 to reflect the focus on reducing the number of young people aged under 14 in custody'. With the addition of this footnote, we understand that a decrease is a performance improvement.

Some measures do not have a 'right' level of output and we call them neutral measures. We cannot assess what improvement looks like for neutral measures without more information.

Assessing whether performance information is accurate, reliable and auditable

How the government manages information

The Victorian Government has an information management framework (https://www.vic.gov.au/information-management-whole-victorian-government) that is intended to improve decision-making and support the planning and delivery of services to the public. The framework names information governance and data management as key enablers of an information management framework.

Alongside the framework, the government has policies, standards and templates to guide departments in managing data and information. The RMF also has some information about documentation and reporting of performance measures.

DPC published the *Data Quality Guideline: Information Management Framework* (Data Quality Guideline; https://www.vic.gov.au/data-policies-and-standards) that explains that data and methods should be well documented and traceable. It suggests departments should have a data dictionary for each data collection. DPC told us the management of the Data Quality Guideline shifted to the Department of Government Services after the machinery of government changes in January 2023.

Data dictionary

DPC's Data Quality Guideline states:

> 'Data dictionaries are a reference of standardised concepts including data definitions, business rules, validations and allowable formats for data which should be applied. Implementation of data dictionaries creates a common understanding of data items which can be applied consistently by data suppliers'.

They should be:

> 'available, regularly maintained and updated with any changes made to data. For example, the definition, naming conventions, or scope of data that is collected periodically may change over time'.

How we gathered information about data

Using the government's guidance for departments in managing data and information, we chose 6 criteria to gather departments' information about data.

Figure 3: Criteria we used to gather information about data

Criterion	What information should be included
Measure description	What activity is being measured, key terms and what is being reported
Data collection	What data is collected, how the data is collected, the frequency of data collection and data security arrangements
Business rules	What the measure counts and any assumptions relevant to how the data is captured
Inclusions and exclusions	Key quantitative or qualitative data, categories, groups or activities that are specifically included or excluded
Method	How the result is calculated
Data validation	Processes for validating/assuring the quality of the raw data and/or calculated result, for example, whether the result is verified and endorsed internally or by an internal or external audit

Source: VAGO.

Improving the fair presentation of service delivery performance information

Departments are on a journey of improvement

Our 2021 Measuring and Reporting on Service Delivery report included 11 recommendations to improve the fair presentation of service delivery performance information. In response, departments committed to a timeframe for each of the recommendations they accepted. Some of those timeframes have not yet passed. We are mindful of this in our assessment of the 210 new service measures from BP3 2021–22 and BP3 2022–23.

We note the number of performance measures being changed or discontinued will likely increase in the next few years. In the short term this may affect the ability of Parliament and the community to assess performance over time but should have long-term benefits.

Measuring and Reporting on Service Delivery includes the recommendations, departmental responses and the timeframes for them.

Using our online dashboard to compare departments' performance

About our dashboard

We developed a fair presentation of service delivery performance dashboard in 2021 so you can see how departments perform against their output measures.

Using the dashboard, you can compare departments' performance against each other and drill down to examine trends for individual measures over time. You can also export raw data on output performance measures.

The dashboard shows whether a department met its targets or not and provides trend data for each measure.

September 2022 dashboard update

In September 2022 we published an update to the dashboard (https://www.audit.vic.gov.au/dashboards/fair-presentation-service-delivery-performance-2022).

It presents the results of departments' output performance published in DTF's BP3 2021–22 and includes data from 2015–16 to 2021–22.

DTF is developing a dashboard

DTF told us it is developing options for an output performance dashboard for the government to consider. It aims to publish this dashboard in 2023, subject to the government's consideration.

2.
Measuring departmental performance

In this section we summarise the changes that departments have made to their objectives and outputs since BP3 2020–21. We also show the results of our assessment of departments' 210 new performance measures using the framework outlined in Section 1.

A series of assessments

This is our first limited assurance review in a series that will assess the way departments measure output performance each year.

Departments have a total of 1,436 performance measures in 2022–23. We limited our assessment to the new performance measures introduced since our last report.

Assessing new output performance measures

210 new measures introduced and 10 discontinued

Between 2021 and 2023, departments introduced a total of 210 new performance measures, including 100 measures in 2021–22 and 110 in 2022–23.

In 2022–23, departments discontinued 10 measures that were new in 2021–22, but they remain in our analysis for completeness.

Appendix G provides the data for new performance measures for each department by attribute and by year.

Most new performance measures have a quantity attribute

We recorded the attribute of each of the 210 new performance measures as reported in BP3 – that is, whether it was a measure of quality, quantity, timeliness or cost.

Of the new measures, most (58 per cent) were measures of the quantity of outputs delivered, with the fewest (12 per cent) being measures of the timeliness of service delivery.

There were no new cost measures. Cost performance measures are usually the full accrual cost to a department of producing an output, so would rarely change.

We also noted an almost complete absence of cost information relating to efficiency of service delivery. DTF plans to give departments further guidance on efficiency measures.

Mandatory mix of performance measure attributes

The RMF requires the accountable officer to ensure the specification of a meaningful mix of quality, quantity, timeliness and cost performance measures for each output to assess:

- service efficiency and effectiveness
- all major activities of the output.

Figure 4: Number of new performance measures by attribute (2021–22 and 2022–23)
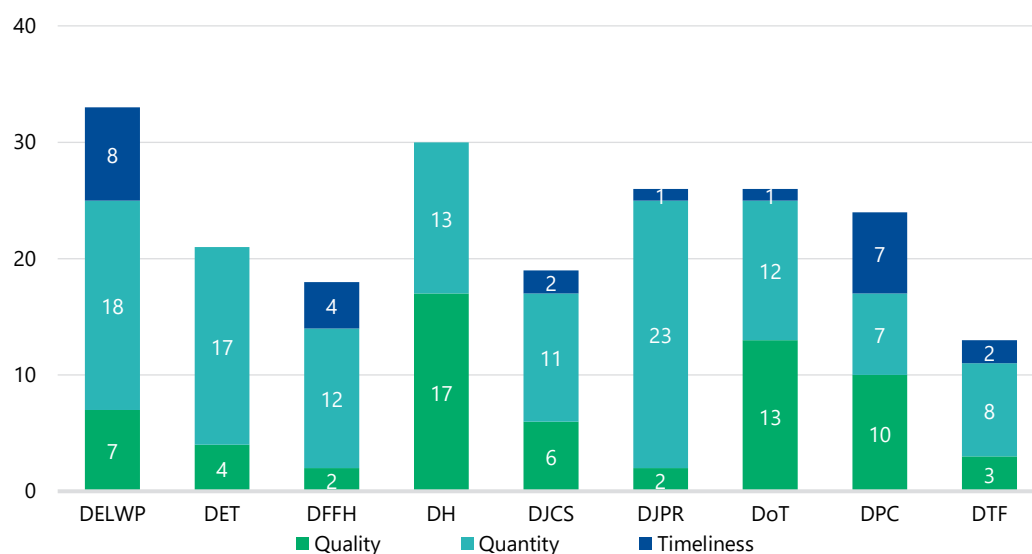
Note: DELWP stands for Department of Environment, Land, Water and Planning, DET stands for Department of Education and Training, DFFH stands for Department of Families, Fairness and Housing, DH stands for Department of Health, DJPR stands for Department of Jobs, Precincts and Regions, and DoT stands for Department of Transport.
Source: VAGO analysis of DTF's BP3 2021–22 and BP3 2022–23.

69 per cent of measures cover all 4 attributes

Ideally, each output would have a measure of each of the 4 attributes.

When departments have performance measures for all 4 attributes of an output, they cannot trade off one for another (for example, quality for timeliness).

Our 2021 *Measuring and Reporting on Service Delivery* report found that 64 per cent of departments' outputs had a mix of performance measures that cover all 4 attributes. In 2022–23 this increased to 69 per cent.

Departments are making modest progress in this regard. Between 2021–22 and 2022–23, the number of outputs with a mix of performance measures across 4 attributes increased by 6 (DPC with 2, and DET, DFFH, DH, and DJCS with one each).

PAEC found issues with only 10 discontinued measures

We analysed the number of measures that departments discontinued in the last 2 years.

In that time:

Departments ...	While PAEC ...
proposed to discontinue 134 measures:	supported most of these, raising issues about 10:
• 60 in 2021–22	• 3 in 2021–22
• 74 in 2022–23.	• 7 in 2022–23.

The government tabled a response to the issues that PAEC raised about the 2021–22 measures on 8 March 2022. It will table a response to the issues PAEC raised about the 2022–23 measures in 2023.

In PAEC's *Report on the 2022–23 Budget Estimates*, it noted:

> 'transparency could be improved by including, where relevant, details of any changes made to the performance measure proposed to be discontinued in the prior year's budget. This can be important in considering whether the explanation included in the budget papers for the proposed discontinuation of a performance measure is sufficient'.

Appendix H shows how many performance measures each department proposed to discontinue and how many PAEC had issues with.

10 per cent of measures discontinued within a year

Of the new measures departments introduced in 2021–22, 10 of them (10 per cent) were proposed to be discontinued in 2022–23:

- Departments replaced 6 with more appropriate measures.
- Departments discontinued the other 4 because the program or funding ended.

Changing performance measures sometimes means a department cannot measure performance over time.

When departments introduce measures for each stage or disaggregation of a program there are likely to be more changes. For example, DELWP introduced 5 measures for the cladding rectification works program in 2021–22 and one was discontinued in 2022–23.

37 per cent of departments' measures do not relate to outputs

We classified each of the 210 new performance measures introduced in 2021–22 and 2022–23 as a measure of input, activity, output or outcome (as explained in Figure 2).

We found ...	Were measures of ...	And should be reported ...
63 per cent	outputs	in BP3.
37 per cent	inputs, processes or outcomes	in the department's annual report or internal reporting systems.

For clarity and consistency BP3 should report measures only of outputs – not inputs, processes or outcomes.

Departments that choose to report a measure elsewhere and discontinue reporting it in BP3 should explain this to PAEC.

The results for each department vary

The range of results for the proportion of each individual department's new performance measures that is an output or input is broad. A department that has a lower-than-average proportion of output measures has a higher than average proportion of input measures.

The proportion of each department's measures that are outputs varies by 63 per cent. One department has 92 per cent of measures classified as outputs while another has only 29 per cent.

The difference between the highest and lowest result when counting inputs is 67 per cent.

Figure 5: Range of departments' proportions of new performance measures classified by type
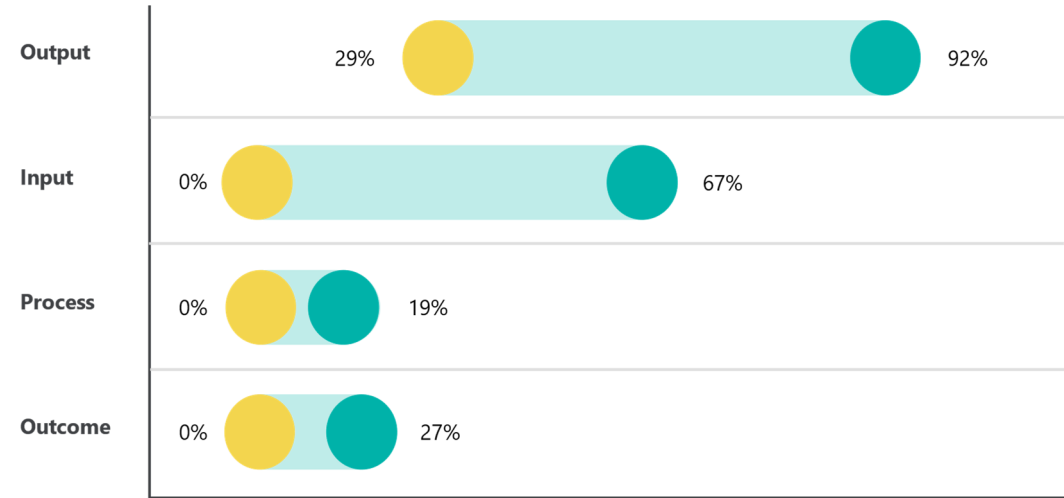
Source: VAGO analysis of DTF's BP3 2021–22 and BP3 2022–23.

53 per cent of new measures are not useful

We assessed whether new performance measures are useful (that is, enable performance reporting and analysis and inform decisions about resource allocation).

Of the 210 new performance measures …	And …
Only 47 per cent would: • be useful for informing strategic government decision-making about priorities and resourcing • provide stakeholders with an understanding of the department's service delivery.	Results for each department's measures varied – between 19 and 73 per cent of new measures were useful.

Defining 'useful'

The RMF explains 'useful' in the context of assisting the government to make resource allocation decisions and secondly, being used to inform government decision-making or for internal management.

Performance measures are used to support government resource allocation

The RMF states:

> 'Performance measures are used in the planning stage to assist government in making resource allocation decisions, specifically how many units (or additional units) of goods or services can be delivered at what cost. Performance measures are used to ensure the delivery of outputs, and as a mechanism for accountability over government spending by specifying what the Government wants to achieve'.

Performance measures should be capable of being used in a variety of ways

The RMF states:

> 'In addition to assessing and reporting performance, they should also inform decision making by the organisation and by Government as well as helping other stakeholders understand the organisation's performance. The data should be available to meet relevant planning and reporting timeframes'.

Our framework for service delivery performance reporting in BP3 is based on the usefulness of performance measures to support government resource allocation.

Many of the performance measures that do not meet our criteria may be useful for other reasons than BP3 reporting, such as monitoring internal performance.

60 per cent of new measures are attributable

We assessed whether new performance measures are attributable (the department is responsible for the actions or delivery of the goods and services being measured).

Of the 210 new performance measures …	And …	However …
60 per cent were: • within the responsibility of the department or agency • directly attributable to the actions of the department in delivering the service	results for each department varied – between 27 and 83 per cent of new measures were attributable.	if we include measures that were partly attributable, the results increase to between 79 and 100 per cent.

Two departments explained that by considering how external influences impact on services they can increase the extent to which performance is attributable to them. For example, Department of Transport and Planning can improve public transport fare compliance by making the ticketing system easier to use and by checking tickets. We included an assessment of 'partly attributable' for measures like these.

74 of the new measures (35 per cent) were only partly attributable because external forces may influence performance (such as demand for services or user behaviour).

73 per cent of new measures are relevant

We assessed whether new performance measures are relevant (they align with the departmental objectives and the relevant output).

Of the 210 new performance measures …	And …
• 73 per cent align with both the department's objective and the relevant output • 27 per cent did not clearly indicate how achieving the target would assist the department to achieve its objective and were considered not relevant	results for each department varied – between 33 and 97 per cent of new measures were relevant.

78 per cent of new measures are clear

We assessed whether new performance measures are clear (they use clear, concise, non-technical language and what is being measured is not ambiguous).

Of the 210 new performance measures …	And …
78 per cent were written clearly and demonstrated what was being measured. However, the others: • did not express how users would measure results • did not express who would provide the good or service or who the recipients were • used technical language or jargon • were hard to understand	Results for each department varied – between 62 and 92 per cent of new measures were relevant.

Departments told us they have already selected many of the measures that were not clear for revision or discontinuation.

Half of the new measures are comparable over time

We assessed whether new performance measures are comparable over time.

We found that 106 of the 210 new performance measures did not allow for comparison of performance over time. This was usually because they were a count of a product or service that did not account for changes in population, funding or demand.

Numeric measures can be useful for performance reporting but they often require contextual information to understand their comparability over time. Departments told us they can also address this through target setting. However, we found this does not make the measure itself comparable over time.

Our assessment shows that the proportion of each department's performance measures that are comparable over time varies between 31 and 71 per cent.

What we recommend regarding output performance measures

We recommend DTF provide departments with guidance or a framework for reporting performance information about inputs and processes and broader demographic information.

We found that many of the new measures introduced by departments in the last 2 years do not follow some aspects of the RMF.

Information about inputs, processes and context may be useful for broader government decision-making. But, given the importance of output performance to the revenue certification process, BP3 should be limited to include only output measures.

Assessing departments' information about data

Data dictionary work is progressing

We asked departments to give us information about the way they measure, collect, calculate and validate the data they use to explain service delivery performance. We gathered information against each of the 6 criteria in Figure 3 for the 210 new performance measures.

Some departments told us they were still developing their data dictionaries. One told us it would be useful to know what the key elements of a data dictionary should be and to have an example.

DTF confirmed there is currently no template for a data dictionary.

Information about data is limited

Our assessment of departments' data information was constrained by:

- our method
- this report being a limited assurance review
- the status of departments' work on responding to our 2021 *Measuring and Reporting on Service Delivery* recommendations.

The departmental results are variable and the information we gathered cannot be used to determine whether a department can fairly present its service delivery performance.

What we recommended in 2021

In 2021 we recommended DTF regularly review departments' data dictionaries to ensure they include all the required information.

DTF accepted our 2021 recommendation in principle because it believes accountability for compliance rests with each department.

DTF committed to review the RMF guidance and clarify the requirements for documenting methodologies.

DTF must hold departments to account

The RMF is mandated for use by all departments by the Assistant Treasurer. Portfolio performance is the responsibility of portfolio ministers. It is DTF's responsibility to review the information about data that departments gather and provide advice based on the rules they have set.

What we recommend regarding data dictionaries

We recommend DTF improve the RMF's guidance materials to:

- show departments how to develop a data dictionary, including templates and definitions
- include practical examples of data dictionary entries.

Departments require detailed guidance to develop a data dictionary. They also need a systematic approach to produce information about data that is consistent with other departments and the Victorian Government's information management framework and data quality guidelines.

Changes to departmental objectives

Why objectives might change

Departmental objectives are the results that departments hope to achieve. Objectives and objective indicators should show progress over time so departments should not change them each year.

Changes to objectives since 2020–21

Since BP3 2020–21, 3 departments have changed objectives:

- In February 2021, the Department of Health and Human Services (DHHS) became DFFH and DH. As a result, DHHS's objectives were distributed to DFFH and DH.

- At the same time, one of DPC's objectives became an objective of DFFH, DPC discontinued another objective and introduced one objective.

- In 2021, DFFH updated its 4 objectives. BP3 2022–23 named the new objectives and DFFH's 2021–22 annual report reported against them but these documents did not explain the change. DFFH's questionnaire response to PAEC's Inquiry into the 2022–23 Budget Estimates explains that 'Departmental objectives have been updated to better reflect the activities of the department'.

Appendix E shows the changes to departmental objectives between BP3 2020–21, BP3 2021–22 and BP3 2022–23.

BP3 2023–24 will reflect the machinery-of-government changes that occurred in January 2023 and any subsequent changes to objectives.

What we recommend regarding departments' changing objectives

The accountable officer for DFFH was responsible for including an explanation as to why its objectives changed in the 2022–23 Budget papers, but the Budget papers did not include an explanation.

We recommend DTF review Budget papers and provide advice to the department if an explanation of objective changes is not included.

Changes to departments' outputs

Outputs change as part of the Budget process

Parliament funds departments to deliver outputs. When the government decides to reallocate funds, outputs may also change. Each year, departments review their outputs to ensure they are relevant. They make changes as part of the Budget process.

Disaggregating an output or changing its name can cause problems

When a department disaggregates or changes the name of an output it is harder to compare performance over time. For example:

- DFFH disaggregated 'women's policy' to become 'women's policy' and 'primary prevention of family violence'. This means that data for women's policy will no longer include the same programs

- DELWP changed the name of Solar Homes to Solar Victoria to reflect the expansion of deliverables that include rebates for businesses and zero-emission vehicles as well as residential homes. This means the Department of Energy, Environment and Climate Action (previously DELWP) will no longer report output cost data for solar homes separately in BP3.

Some outputs have changed since BP3 2020–21

In BP3 2021–22:

- 3 departments changed one or more outputs

- DPC transferred 5 outputs to DFFH.

In BP3 2022–23 5 departments changed one or more outputs.

DTF also noted that outputs moved because of the machinery-of-government changes (DHHS to DH and DFFH).

Figure 6: Outputs that have changed since BP3 2020–21

Department	Change from BP3 2020–21 to BP3 2021–22	Change from BP3 2021–22 to BP3 2022–23
DELWP	N/A	• 1 output renamed • 1 output became 2 outputs
DFFH	1 output became 2 outputs	1 output removed
DH	9 outputs became 23 outputs	• 1 output renamed • 1 output partially transferred to DFFH
DJCS	• 2 outputs renamed • 1 output became 2 outputs	1 output became 2 outputs
DPC	5 outputs transferred to DFFH	• 3 outputs became 6 outputs • 3 outputs renamed

Source: VAGO summary of output changes between DTF's BP3 2020–21, BP3 2021–22 and BP3 2022–23.

Appendix F shows the changes that departments made to outputs between BP3 2020–21, BP3 2021–22 and BP3 2022–23 and the reason for those changes.

3.
Measuring school performance

We take a closer look at a different department's output performance measures each year. This year we focus on DET's school performance measures.

DET is now DE DET became the Department of Education (DE) in January 2023. In this report we use DET when referring to data from the past and DE when referring to the new department.

How DE manages the performance of Victoria's school services

DE is accountable for school services The Minister for Education is responsible for Victoria's education system, including government, Catholic and independent schools. DE is accountable to the Minister for:

- administering the education system
- running and maintaining government schools
- school performance and compliance.

Parliament and the community can use DE's performance reporting to hold it accountable for the public funds it spends on school services.

DE must find measures to assess output performance DTF requires DE to develop performance output measures for schools that meet the RMF criteria.

DE is continuing to work on its response to our 2021 *Measuring and Reporting on Service Delivery* report recommendations. DE told us it is:

- currently reviewing its departmental performance statement
- addressing issues with measures that do not align with the RMF, which may mean some performance measures change.

Schools cost 79 per cent of DET's output budget In BP3 2022–23, DET planned to spend $13.0 billion on school services (school education and support services), which is 79 per cent of its total output budget ($16.5 billion).

DET has 7 outputs:

Five outputs relate to school services ...	And 2 do not ...
- school education – primary - school education – secondary - strategy review and regulation - support for students with disabilities - support services delivery.	- early childhood education and training - higher education and workforce development.

DET's 104 school services performance measures

In BP3 2022–23, DET planned to report the performance of school services using 104 performance measures. At that time, DET had plans to discontinue 2 of those measures pending PAEC's response.

DET's school services outputs are broken down by number of performance measures and budget as follows:

Figure 7: DET's school services outputs, performance measures and budget (2022–23)

Output	Description	Performance measures (number)	Output cost ($m)
School education – primary	This output provides services to develop essential skills and learning experiences to engage young minds and improve the quality of learning of students in prep to year 6 in government and non-government schools.	41	5,942.9
School education – secondary	This output involves provision of education and support services designed to improve student learning, development and wellbeing in years 7 to 12 in government and non-government schools. These services seek to consolidate literacy and numeracy competencies including creative and critical thinking, as well as physical, social, emotional and intellectual development in adolescence. It also covers the provision of services to improve pathways to further education, training and employment.	39	5,026.9
Strategy review and regulation	This output develops, plans and monitors strategic policy settings across all stages of learning. It includes intergovernmental negotiations as well as research, data and performance evaluations. It also supports regulation that ensures quality education and training is delivered.	5	110.9
Support for students with disabilities	The support for students with disabilities output covers programs and funding to support students with disabilities, as well as transport, welfare and support services for students with special needs.	6	1,522.3
Support services delivery	The support services delivery output primarily provides student welfare and support, student transport (excluding transport for special needs students) and health services.	13	440.4
Total		**104**	**13,043.4**

Source: VAGO analysis of DTF's BP3 2022–23.

DET did not align its outputs to objectives

DET did not align each of its outputs to one of its stated objectives. In its performance statement, all of DET's outputs contributed to all DET's objectives. This means the contribution of each output to each objective, distinct from others, is not possible to determine.

The RMF requires that performance outputs align with departmental objectives. DTF gives an output summary by objectives in each departmental performance statement in BP3. For each objective there are usually one or more outputs.

Figure 8 shows that DET had 4 objectives in BP3 2022–23.

Figure 8: DET's departmental objectives

Theme	Objective
Achievement	Raise standards of learning and development achieved by Victorians using education and training
Engagement	Increase the number of Victorians actively participating in education and training
Wellbeing	Increase the contribution that education and training make to quality of life for all Victorians, particularly children and young people
Productivity	Increase the productivity of our services

Source: DTF's BP3 2022–23.

DE told us it will be working on the alignment of outputs to objectives prior to the publication of BP3 2023–24.

VAGO's framework for assessing output performance
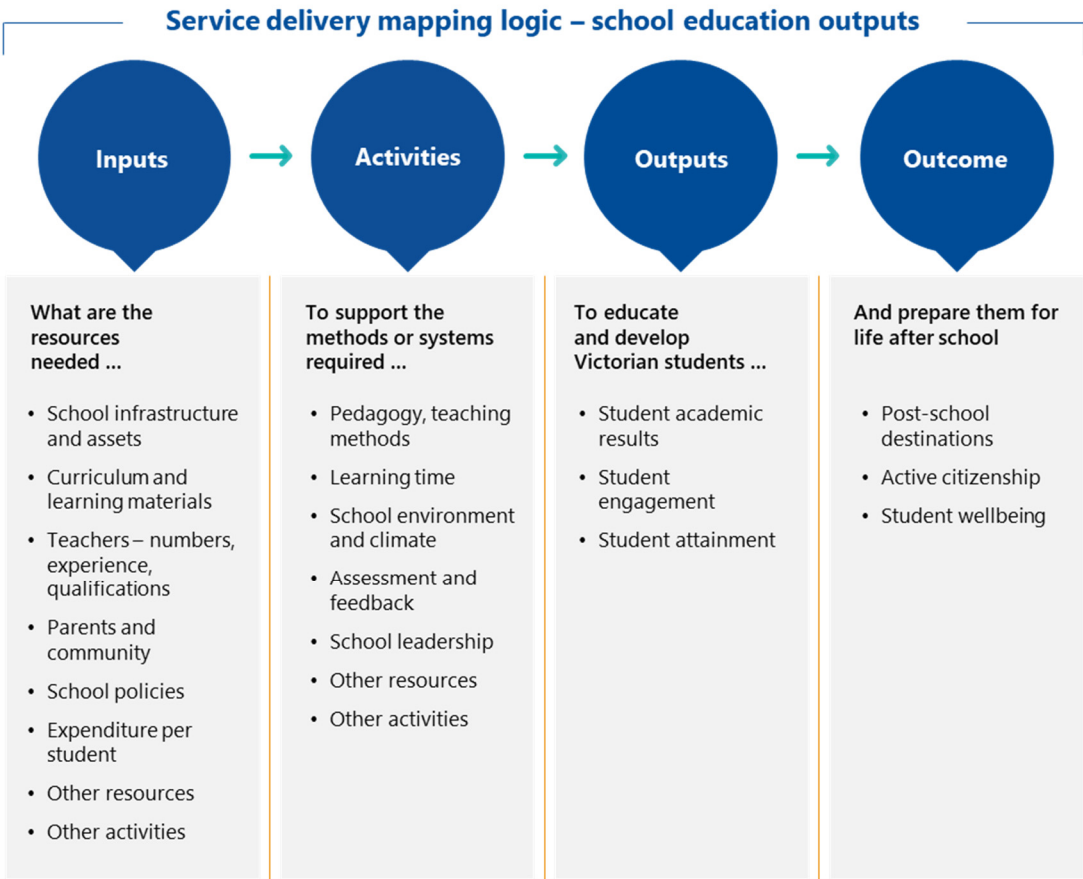
Service performance framework

We developed a framework to assess school performance based on the service logic map in Section 1 (Figure 1). The framework maps inputs through to outcomes (or the objectives that departments meet). Naming outcomes in the framework helps departments identify output measures.

The unit of education output is an educated student

The key to performance reporting is naming the intended output and the right measures for it.

The purpose of schools is to educate students. The unit of output is a student who has been educated. The inputs and processes are those that support the delivery of that output. The next figure shows the framework that we used to assess DET's school performance measures.

Figure 9: School services performance framework

Service delivery mapping logic – school education outputs

Inputs	Activities	Outputs	Outcome
What are the resources needed …	To support the methods or systems required …	To educate and develop Victorian students …	And prepare them for life after school
• School infrastructure and assets • Curriculum and learning materials • Teachers – numbers, experience, qualifications • Parents and community • School policies • Expenditure per student • Other resources • Other activities	• Pedagogy, teaching methods • Learning time • School environment and climate • Assessment and feedback • School leadership • Other resources • Other activities	• Student academic results • Student engagement • Student attainment	• Post-school destinations • Active citizenship • Student wellbeing

Source: VAGO.

A model performance statement

This framework can be used to guide the development of an output performance statement.

A model performance statement gives DTF an example of what better-practice performance reporting by departments looks like. A performance statement should include some analysis of the trends in data and policy context for understanding those trends.

Appendix I provides an example of a model performance statement.

Assessing DET's school performance measures

Most of DET's school performance measures relate to inputs

We assessed DET's 104 school services performance measures listed in BP3 2022–23.

We found only 35 of the 104 measures (33.7 per cent) relate to the provision of outputs. Most (51.0 per cent) are measures of input.

We classified 53 performance measures as input measures. These include:

- 21 measures that reflect investment or funding for services
- 17 measures that reflect school staff.

Rather than reporting on the performance of inputs in BP3, DE should present it in its annual report or internal reporting systems.

Figure 10 shows our classification of school performance measures by input, outcome, output and process.

Figure 10: Classification of school performance measures, 2022–23
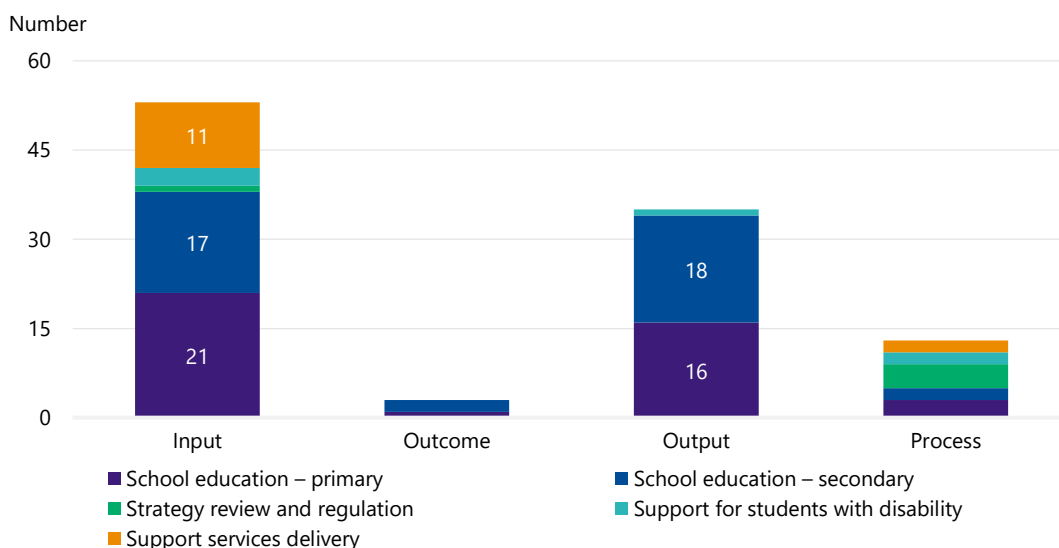
Source: VAGO analysis of DTF's BP3 2022–23.

Teachers are an input

DET includes 17 measures related to staff, mostly training for teachers and principals. DET sees the school services system as one that has several outputs, including teachers. This view is conceptually flawed and at odds with international, national and sub-national approaches taken by other jurisdictions in understanding performance of education services.

Teachers are an input, not an output, of school services. Performance measures for teachers, especially teacher quality, are useful to DET for internal reporting purposes, but their inclusion in an output performance report only dilutes the focus on students.

School quality and quantity measures are balanced

DET has a balance of quality and quantity in the mix of school performance measures.

DET has only one measure of timeliness: the percentage of government schools compliant with the Child Safety Standards 3 months after review. Prior to 2022–23, DET categorised this as a measure of quality. We would also count this as a measure of quality because the nature of school delivery does not lend itself to timeliness measures related to outputs.

Figure 11: Mix of quantity, quality, timeliness and cost measures, 2022–23

Number

	Cost	Quality	Quantity	Timeliness
	5	51	47	1

- School education – primary
- School education – secondary
- Strategy review and regulation
- Support for students with disability
- Support services delivery
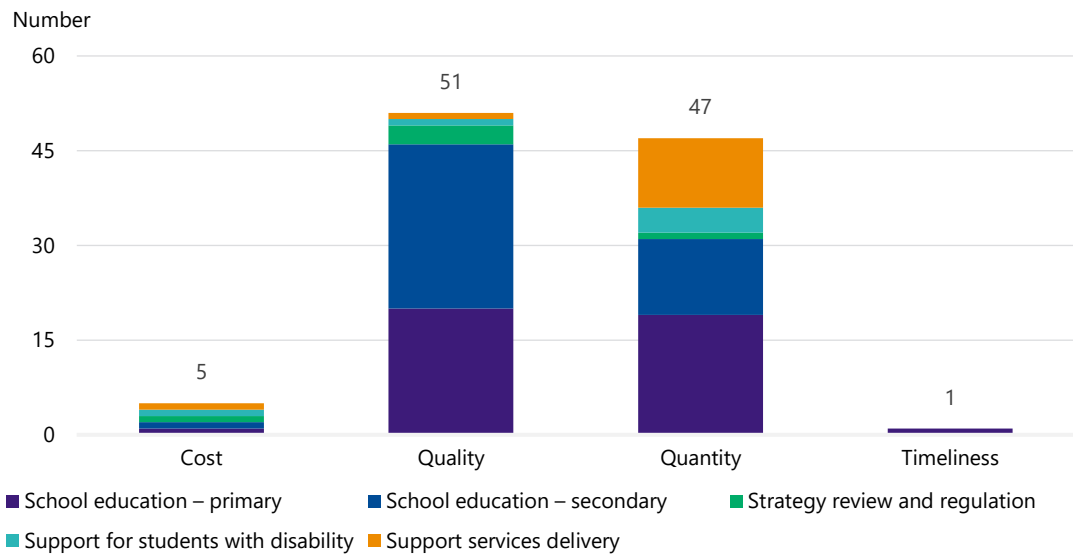
Source: VAGO analysis of DTF's BP3 2022–23.

DET has no output performance measures of efficiency

The RMF requires each output to have a meaningful mix of quality, quantity, timeliness and cost performance measures. Those measures should include an assessment of service efficiency and effectiveness.

DET includes a measure of total output cost for each of its outputs. But none of its 2022–23 output performance measures are measures of efficiency.

One of DET's objectives is to increase the productivity of its services. DET's departmental performance statement links each output with its relevant productivity measure:

- expenditure per kindergarten student per year
- expenditure per primary school student per year
- expenditure per secondary school student per year
- expenditure per vocational education and training student contact hour.

Assessing whether DET's performance measures reflect better-practice

Most school performance measures are better suited to internal reporting

We found 42 school performance measures (40 per cent) would be useful for informing government decision-making in the context of BP3 reporting.

The next figure shows some examples of DET's school performance measures that would be better suited to inform internal departmental monitoring and reporting.

Figure 12: School performance measures better suited to internal monitoring

Measures that do not help stakeholders understand service delivery (output) performance	Measures that do not inform strategic decisions about priorities and resourcing
Schools allocated a nurse through the Secondary School Nursing Program	Number of students participating in the Victorian Young Leaders program
Investment in travelling allowances and transport support	Number of Digital Assessment Library items developed
Number of registered training organisation quality audits and school reviews undertaken annually.	Number of Victorian schools participating as a 'lead school' for the Respectful Relationships program.

Source: DTF's BP3 2022–23.

40 per cent of measures are directly attributable

We found all 104 school performance measures were either directly (42 measures or 40 per cent) or partly (62 measures or 60 per cent) attributable to DET.

External forces (such as demand for services or user behaviour) may influence 38 of the measures assessed as partly attributable. For example:

- student choice influencing the proportion of Navigator program participants (students supported to return to school) who re-engage in schooling
- the number of schools using the Local Administrative Bureau.

46 per cent of school performance measures are relevant

We found 48 school performance measures (46 per cent) aligned with outputs or departmental objectives.

We found the other measures did not clearly express how they would support DET in achieving its objectives. This is challenging for DET because its outputs are not directly aligned to its objectives. Examples include:

- education peak bodies that rate the Victorian Registration and Qualifications Authority effective or highly effective in performing its regulatory function
- number of school staff attending strategic business and financial support training.

Almost all measures are clearly written

When departments use technical terms or do not explain what is being measured, we consider those performance measures unclear.

We found only 4 of 104 school performance measures were not clearly written.

66 per cent of school performance measures are comparable over time

We found 66 per cent of school performance measures (69 measures) can be used to compare results over time.

33 per cent of school performance measures did not:

- support comparison of performance over time (3 measures)
- account for changes in population, funding or demand (32 measures).

For example, median VCE study score is not comparable over time because the result is standardised. Measures like the number of students participating in accredited vocational programs or the number of principals participating in leadership development programs depend on the population of students and principals and access to programs.

The challenge of measuring school services' performance

Developing a framework for school services performance is difficult, particularly because of the overwhelming influence of social and demographic factors that influence outcomes.

The impact of school education on an individual is far greater than what a performance framework can measure. A student's experience is formative and it shapes their identity and values. They develop many skills that are not assessed and behaviours that support their lifelong physical and mental wellbeing and can be exposed to diverse perspectives.

Including data that explores these factors provides valuable context but is not necessary in BP3. DET provides some of this contextual data in its statistics on Victorian schools and teaching.

We intend this framework and model performance statement to illustrate what better-practice output performance reporting looks like. Appendix I presents data that is either available in BP3 now or elsewhere.

Alternative approaches to school service performance measures exist, but all depend on the data that is available. For example, a better measure of efficiency might be weighted by student attendance, but the data is not available. Our model uses data that is available for presenting a time series. Where data does not yet exist, departments should seek to obtain it.

Appendices

Appendix A:
Submissions and comments

We have consulted with all 9 departments, and we considered their views when reaching our review conclusions. As required by the *Audit Act 1994*, we gave a draft copy of this report, or relevant extracts, to those departments and asked for their submissions and comments.

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

Responses received

Agency	Page
Department of Education	A-2
Department of Energy, Environment and Climate Action	A-3
Department of Transport and Planning	A-4
Department of Treasury and Finance	A-5

Response provided by the Secretary, Department of Education

Department of Education

Secretary

2 Treasury Place
East Melbourne Victoria 3002
Telephone +61 3 9637 2000

COR23116590

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE 3000

Dear Mr Greaves

Re: Proposed limited assurance review report: Fair presentation of service delivery performance 2022

Thank you for the opportunity to comment on the proposed report for this review.

The Department of Education (the department) is committed to complying with the Department of Treasury and Finance's Resource Management Framework and welcomes the work of the Auditor General to explore ways to improve performance reporting.

The department has undergone a substantial review of its 2023–24 BP3 Performance Statement, drawing on the findings of VAGO's May 2021 report, *Measuring and Reporting Service Delivery*. This has enabled the department to address many of the issues identified in the limited assurance review report. The department's 2023-24 BP3 Performance Statement includes a revised suite of performance measures.

Should you wish to discuss the department's response, please contact Bella Stagoll, Executive Director, Integrity, Assurance and Executive Services Division on (03) 7022 0120 or █████████████████████████.

Yours sincerely
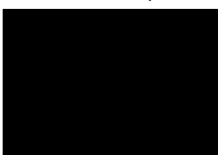
Jenny Atta
Secretary
3 / 03 / 2023

VICTORIA
State
Government

Response provided by the Secretary, Department of Energy, Environment and Climate Action

Department of Energy, Environment and Climate Action

PO Box 500, East Melbourne,
Victoria 8002 Australia

Mr Andrew Greaves
Auditor-General
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE VIC 3000

Ref: SEC015898

Dear Auditor-General

VAGO PROPOSED LIMITED ASSURANCE REVIEW REPORT: FAIR PRESENTATION OF SERVICE DELIVERY PERFORMANCE 2022

Thank you for your letter of 17 February 2023 providing the Department of Energy, Environment and Climate Action (DEECA) with an opportunity to comment on the proposed limited assurance review report: *Fair presentation of service delivery performance 2022*.

We acknowledge and thank you for incorporating the feedback raised by DEECA in response to the provisional draft of the report.

DEECA has no further comments in relation to the review report.

DEECA appreciates the work of your office in conducting this important review.

Should you or your office wish to discuss anything further, please contact Kate Edwards, Director of Strategic Planning and EPMO, DEECA via ██████████████████.

Yours sincerely
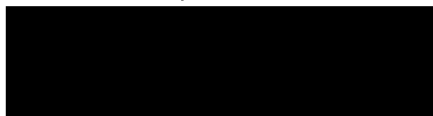
John Bradley
Secretary

3/03/2023

VICTORIA State Government

OFFICIAL

Response provided by the Secretary, Department of Transport and Planning

Department of Transport and Planning

GPO Box 2392
Melbourne, Victoria 3001 Australia

Ref: BSEC-1-23-252

Mr Andrew Greaves
Auditor-General of Victoria
Victorian Auditor-General's Office
Level 31, 35 Collins Street
MELBOURNE   VIC   3000

Dear Mr Greaves

Victorian Auditor-General's Office - Limited assurance review - Fair presentation of service delivery 2022 - Proposed report

Thank you for your letter of 17 February 2023 enclosing the proposed report *Fair presentation of service delivery performance 2022*.

The Department of Transport and Planning (DTP) acknowledges the conclusion of the report that the departments' performance information is accurate and reliable but that not all service delivery performance is clearly visible to Parliament and the community.

DTP notes the recommendations raised for Department of Treasury and Finance to further improve the Resource Management Framework, and to provide guidance or a framework to report performance information about inputs and processes. DTP looks forward to the improvements that this will bring to reporting service delivery performance in a clear manner.

Yours sincerely

Paul Younis
Secretary

1 March 2023

VICTORIA
State
Government

Response provided by the Secretary, Department of Treasury and Finance

Department of Treasury and Finance

1 Treasury Place
Melbourne Victoria 3002 Australia
Telephone: +61 3 9651 5111
dtf.vic.gov.au

D23/26015

Mr Andrew Greaves
Auditor-General
Level 31, 35 Collins St
MELBOURNE VIC 3000

Dear Mr Greaves

PROPOSED REPORT INTO FAIR PRESENTATION OF SERVICE DELIVERY PERFORMANCE 2022

Thank you for the opportunity to respond to your proposed report, which continues the important contribution to strengthening Victoria's performance management framework from your 2021 report on *Measuring and Reporting on Service Delivery*.

The DTF response to your recommendations is attached, along with an action plan outlining how the department will seek to implement the responses. DTF accepts, in full or in principle, all of the recommendations. They are broadly consistent with the work the department continues to progress to strengthen output performance reporting.

However, as previously advised, the final report contains several references which demonstrate a different interpretation by VAGO of the performance and accountability framework established by the Government. In particular, the final report does not fully recognise the important role departmental secretaries have in ensuring the accuracy of information and data about their own department. Under section 1.2.2(a) of the Resource Management Framework, the Accountable Officer must ensure an annual review of the department's outputs and performance measures is conducted, to assess continued relevance. Section 1.2.1(f) requires the Accountable Officer to ensure the data and methodology underpinning performance measures are available to DTF for review on request. To meet both requirements, the departmental Secretary must ensure the accuracy of information and data about their own department.

As you will be aware, DTF is already progressing a range of reforms to the performance framework and in monitoring domestic and international practices. I note that some of the observations in the Report anticipate changes to the framework which are still under development, such as the Australian Accounting Standards Board's work on service performance. My department is happy to work with your Office to improve the understanding of the current framework and the future reforms.

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I understand this proposed report is the first limited assurance review in a series that will examine the way departments measure output performance. I look forward to receiving your findings from subsequent limited assurance reviews in this series.

Yours sincerely
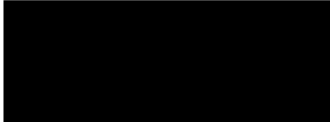
David Martine
Secretary

6 /3 / 2023

Attachment 1: DTF action plan for VAGO audit into Fair Presentation of Service Delivery Performance 2022

Page 2 of 2

Attachment 1

Department of Treasury and Finance action plan to address recommendation from *Fair Presentation of Service Delivery Performance 2022*

No.	VAGO RECOMMENDATION	ACTION	COMPLETION DATE
1	Provide departments with guidance or a framework for reporting performance information about inputs and processes and broader demographic information. Review budget papers and advise departments to exclude performance measures other than those for outputs.	**Accept in principle** DTF is undertaking ongoing work to strengthen Victoria's performance management framework. DTF will consider this recommendation in the context of this broader work.	June 2025
2	Improve the Resource Management Framework's guidance materials to: • show departments how to develop a data dictionary, including templates and definitions • include practical examples of data dictionary entries.	**Accept** DTF reaffirms the value of high-quality documentation such as data dictionaries and is continuing to implement similar recommendations made in the 2021 *Measuring and Reporting on Service Delivery* report.	June 2024
3	Review budget papers and provide advice to departments if they do not explain why they changed their objectives.	**Accept** It is a requirement under the Resource Management Framework (RMF) for departments to provide an explanation in budget papers if their objectives change. DTF alerts departments to RMF requirements and areas of potential non-compliance. DTF will continue to advise departments if the RMF is not being adhered to, including if an explanation for changed objectives is not provided.	Not applicable as this is current practice

Appendix B:
Abbreviations, acronyms and glossary

Abbreviations

We use the following abbreviations in this report:

Abbreviation	
BP3	Budget Paper No. 3: Service Delivery
Data Quality Guideline	*Data Quality Guideline: Information Management Framework*

Acronyms

We use the following acronyms in this report:

Acronym	
DE	Department of Education
DELWP	Department of Environment, Land, Water and Planning
DET	Department of Education and Training
DFFH	Department of Families, Fairness and Housing
DH	Department of Health
DHHS	Department of Health and Human Services
DJCS	Department of Justice and Community Safety
DJPR	Department of Jobs, Precincts and Regions
DoT	Department of Transport
DPC	Department of Premier and Cabinet
DTF	Department of Treasury and Finance
FRD	financial reporting direction
FTE	full-time equivalent
PAEC	Public Accounts and Estimates Committee
RMF	*Resource Management Framework*
VAGO	Victorian Auditor-General's Office

Glossary   This glossary includes an explanation of the types of engagements we perform:

Term	
Reasonable assurance	We achieve reasonable assurance by obtaining and verifying direct evidence from a variety of internal and external sources about an agency's performance. This enables us to express an opinion or draw a conclusion against an audit objective with a high level of assurance. We call these audit engagements.
	See our assurance services fact sheet for more information.
Limited assurance	We obtain less assurance when we rely primarily on an agency's representations and other evidence generated by that agency. However, we aim to have enough confidence in our conclusion for it to be meaningful. We call these types of engagements assurance reviews and typically express our opinions in negative terms. For example, that nothing has come to our attention to indicate there is a problem.
	See our assurance services fact sheet for more information.
PAEC	PAEC is an oversight and scrutiny committee of the Victorian Parliament. It holds public hearings and scrutinises the expenditure and activities of ministerial portfolios.
	PAEC also guards the independence of the Auditor-General and facilitates the Auditor-General's accountability to the Parliament.
Accountable officer	For the purposes of the *Financial Management Act 1994* each department or public body must have an accountable officer. The accountable officer of each department is its departmental secretary. Departmental secretaries support portfolio ministers in achieving the government's objectives and priorities (including oversight of departments and departmental portfolio public agencies).

Appendix C:
Review scope and method

Scope of this review

Each year, as part of the Budget process, departments set output performance measures to monitor how well they are delivering public goods and services.

Building on our 2021 performance audit *Measuring and Reporting on Service Delivery*, we will deliver a recurring assurance review that brings together the results for departments' output performance measures as publicly reported in Budget papers and agency annual reports.

Who we examined	We examined the following agencies:
	• DELWP
	• DET
	• DFFH
	• DH
	• DJCS
	• DJPR
	• DoT
	• DPC
	• DTF.

Our review objective	We assessed whether the public sector fairly presents their service delivery performance.

What we examined	We assessed 9 Victorian government departments' performance statements in DTF's BP3 and whether they complied with DTF's RMF.
	We focused on 210 new performance measures and DET's presentation of school performance information.

Conducting this review

Assessing performance

To form our conclusions against our objective we used the following criteria:

- Departments' performance measures fairly present their service delivery performance.
- DET's school performance measures comply with DTF's RMF.

Our methods

As part of the review we:

- created a framework to assess compliance
- assessed all departments' new measures against the framework
- considered context for non-compliance within the framework
- assessed whether the Department of Education's outputs align with its objectives
- designed a model performance statement for school measures.

Compliance

We conducted our review in accordance with the *Audit Act 1994* and ASAE 3500 Performance Engagements to obtain limited assurance to provide a basis for our conclusion.

We complied with the independence and other relevant ethical requirements related to assurance reviews.

Cost and time

The full cost of the review and preparation of this report was $330,000.

The duration of the review was 12 months from initiation to tabling.

Appendix D:
How VAGO assessed departmental measures

We used the following table to assess each performance measure against each criterion.

We used the prompt questions to support our main questions (is the measure useful/attributable/clear etc.). Upon deciding yes or no, we chose the most appropriate rationale for that response.

Figure D1: VAGO's criteria and rationale for each assessment category

Assessment criterion	Supporting prompt questions	Assessment	Assessment rationale
Usefulness Measures should provide information that is useful to inform strategic decision-making about resource allocation in the context of government policy outcomes. Measures should also assist stakeholders in assessing an agency's performance.	• Can the measure be used to inform high-level decision-making about government resourcing and priorities? • Does the measure help other stakeholders understand the organisation's performance? • Is data available for the required reporting timeframes?	Yes	Measure is useful to inform government decision-making in the context of BP3 reporting.
		No	Measure is not useful for informing strategic government decision-making about priorities and resourcing (measure may be better suited for internal performance monitoring).
		No	Measure does not provide stakeholders with an understanding of the department's service delivery performance (measure may be better suited for internal performance monitoring).
		No	Data is not available for the measure in time to meet reporting requirements.
Attribution The provision of goods and services should either be attributable to the performance of the agency or be within the responsibility of the agency.	• Is performance against the measure directly attributable to programs and/or activities delivered by the agency?	Yes	Performance is directly attributable to the actions of the agency.
		Yes	Performance is within the responsibility of the agency.
		Partly	Results may be materially influenced by external forces such as demand for services or user behaviour.
		No	Performance cannot be attributed to the actions of the agency.
Relevance Measures should align with their relevant output, and both measures and outputs should support the achievement of departmental objectives. There needs to be clear alignment between all 3 levels of information.	• Is it clear how achieving the output performance measure target will assist in achieving departmental objectives?	Yes	Outputs and measures align with the relevant departmental objective and it is clear how achieving the measure target will assist in achieving the departmental objective.
		No	It is not clear how achieving the measure target assists in achieving the departmental objectives.

Assessment criterion	Supporting prompt questions	Assessment	Assessment rationale
Clarity There should be no ambiguity in the measure and it should be written in clear language. It should be clear what the measure is intended to show.	• Can the measure be easily interpreted by the reader? • Does the measure contain technical language, jargon or words that are not clear in their meaning? • Is it clear what is being measured and how? • Is it clear who is undertaking the action, and/or who is the stakeholder/recipient?	Yes	The measure is written clearly and clearly demonstrates what is being measured.
		No	The measure cannot be easily understood as it is currently written.
		No	The measure has technical language or jargon, and/or words that aren't clear in this context.
		No	It is not clear what is being measured or how results are being measured.
		No	It is not clear who is providing the good/service or who the stakeholders/recipients of the service are.
Comparability High-quality output performance measures should allow an organisation to demonstrate how its service delivery compares to past performance.	• Does the measure allow for comparison of performance over time?	Yes	The measure and/or unit or measure allows for comparison of performance over time.
		No	It is not clear what is being measured or how results are being measured.
		No	The measure or target cannot account for changes in population, funding or demand.
Performance	As per the rationale for each possible assessment.	Upwards	A higher or greater result is positive; the measure has met its target if results are equal to or exceeding the target.
		Downwards	A lower or lesser result is positive; the measure has met its target if results are equal to or below the target.
		Neutral	There is no right level of output; neither higher or lower results can be assessed as positive in relation to the target.

Source: VAGO.

Appendix E:
Departmental objective changes

Figure E1: Departmental objective changes between annual BP3 releases

BP3 2020–21		BP3 2021–22		BP3 2022–23
DHHS	Victorians are healthy and well	DH	Victorians are healthy and well	
			Victorians have good physical health	
			Victorians have good mental health	
			Victorians act to protect and promote health	
	Victorians are safe and secure	DFFH	Victorians are safe and secure	
	Victorians have the capabilities to participate		Victorians have the capabilities to participate	
	Victorians are connected to culture and community		Victorians are connected to culture and community	
			Engaged citizens	
				Children, young people and families are safe, strong and supported
				Victorian communities are safe, fair, inclusive and resilient
				Departmental services are high performing and responsive, and informed by Aboriginal voice, knowledge and cultural leadership
				All Victorians have stable, affordable and appropriate housing
DPC	Engaged citizens			
	High-performing DPC			
	Strong policy outcomes		Strong policy outcomes	
	Professional public administration		Professional public administration	
			First Peoples in Victoria are strong and self-determining	

Source: VAGO summary of objective changes in DTF's BP3 2020–21, BP3 2021–22 and BP3 2022–23.

Appendix F:
Departmental output changes

Each year, departments may change outputs that they report on. Figure F1 shows the changes to outputs between BP3 2020–21 and BP3 2021–22. Figure F2 shows the changes to outputs between BP3 2021–22 and BP3 2022–23.

Figure F1: Departmental output changes between BP3 2020–21 and BP3 2021–22

Department	2020–21	Reason	2021–22
DFFH	Women's policy	This output has been updated to appropriately reflect the output of activities undertaken under the women's portfolio. Primary prevention of family violence activities are now reported under the 'primary prevention of family violence' output.	Women's policy Primary prevention of family violence
			Victorian contribution to National Disability Insurance Scheme
DH	Acute health services	Disaggregation of output group to better align with standard output practice across government.	Admitted services
			Non-admitted services
			Emergency services
			Acute training and development
	Ageing, aged and home care	Disaggregation of output group to better align with standard output practice across government.	Aged support services
			Aged care assessment
			Home and community care program for younger people
	Ambulance services	Disaggregation of output group to better align with standard output practice across government.	Ambulance emergency services
			Ambulance non-emergency services
	Drug services	Disaggregation of output group to better align with standard output practice across government.	Drug prevention and control
			Drug treatment and rehabilitation
	Mental health	Disaggregation of output group to better align with standard output practice across government.	Mental health clinical care
			Mental health community support services
	Primary, community and dental health	Disaggregation of output group to better align with standard output practice across government.	Community health care
			Dental services
			Maternal and child health and early parenting services
	Public health	Disaggregation of output group to better align with standard output practice across government.	Health protection
			Health advancement
			Emergency management
	Small rural services		Small rural services – acute health
			Small rural services – aged care

Department	2020–21	Reason	2021–22
		Disaggregation of output group to better align with standard output practice across government.	Small rural services – home and community care services
			Small rural services – primary health
	Clinical care (sub-output)	Renamed to clarify given elimination of output groups in the department.	Mental health clinical care
DJCS	Crime prevention, fines and enforcement	This output has been disaggregated into 2 outputs (community crime prevention, and fines and road safety enforcement) in 2021–22 to enhance transparency and alignment with ministerial portfolios. As part of this disaggregation, the Restorative Engagement and Redress Scheme for Victoria Police has also been transferred into advocacy, human rights and victim support, which better aligns with the activity of the outputs.	Community crime prevention Fines and road safety enforcement
	Protection of vulnerable people, human rights and victim support	This output has been renamed in 2021–22 for clarity.	Advocacy, human rights and victim support
	Protection of children and personal identity	This output has been renamed in 2021–22 for clarity and to reflect the inclusion of National Disability Insurance Scheme screening services.	Protection of children, personal identity and screening services
DPC	LGBTIQ+ equality policy and programs Multicultural affairs policy and programs Support to veterans in Victoria Women's policy Youth	These outputs were transferred to DFFH following machinery-of-government changes.	NA

Source: VAGO summary of output changes in DTF's BP3 2020–21 and BP3 2021–22.

Figure F2: Departmental output changes between BP3 2021–22 and BP3 2022–23

Department	2021–22	Reason	2022–23
DELWP	Solar homes	This output has been renamed in 2022–23 to reflect the expansion of deliverables within the portfolio.	Solar Victoria
	Planning, building and heritage	This output has been disaggregated into two outputs in 2022–23 to enhance transparency.	Planning and heritage Building
DFFH	Victorian contribution to National Disability Insurance Scheme	Output removed due to changed funding arrangements. Funding will continue be reported in Budget Paper No. 5, along with the performance measure target for 2022–23 and expected outcome for 2021–22.	NA
DH	Acute training and development	Renamed to clarify given abolition of output groups.	Health workforce training and development
	Aged support services	Partially transferred to DFFH.	Aged support services

Department	2021–22	Reason	2022–23
DPC	Government-wide leadership, reform and implementation	Disaggregation of output groups to more accurately reflect service delivery, improve accountability and better align with standard output practice across government.	Social policy advice and intergovernmental relations
	Government-wide leadership, reform and implementation	Disaggregation of output groups to more accurately reflect service delivery, improve accountability and better align with standard output practice across government.	Economic policy advice and support
			Executive government advice and services
	Aboriginal policy, strengthening Aboriginal cultural heritage and communities	Disaggregation of output groups to more accurately reflect service delivery, improve accountability and better align with standard output practice across government.	Digital strategy and transformation
			Self-determination policy and reform advice and programs
	Aboriginal policy, strengthening Aboriginal cultural heritage and communities	Disaggregation of output groups to more accurately reflect service delivery, improve accountability and better align with standard output practice across government.	Traditional owner engagement and cultural heritage management programs
	Strategic advice and government support	Disaggregation of output groups to more accurately reflect service delivery, improve accountability and better align with standard output practice across government.	Social policy advice and intergovernmental relations
	Strategic advice and government support	Disaggregation of output groups to more accurately reflect service delivery, improve accountability and better align with standard output practice across government.	Economic policy advice and support
			Executive government advice and services
	Digital government and communications	Renamed to more accurately reflect service delivery.	Digital strategy and transformation
			Digital strategy and transformation
	Advice and support to the Governor	Aggregation of output groups to more accurately reflect service delivery, improve accountability and better align with standard output practice across government.	Executive government advice and services
	Public administration advice and support	Renamed to more accurately reflect service delivery.	Public sector administration advice and support

Source: VAGO summary of output changes in DTF's BP3 2021–22 and BP3 2022–23.

Appendix G:
New performance measures by department by attribute

Figure G1: Number of new performance measures by department by attribute

Department	Attribute	BP3 2021–22	BP3 2022–23
DELWP	Quality	2	5
	Quantity	12	6
	Timeliness	6	2
	Total	**20**	**13**
DET	Quality	3	1
	Quantity	9	8
	Timeliness	–	–
	Total	**12**	**9**
DFFH	Quality	2	–
	Quantity	7	5
	Timeliness	2	2
	Total	**11**	**7**
DH	Quality	5	12
	Quantity	5	8
	Timeliness	–	–
	Total	**10**	**20**
DJCS	Quality	3	3
	Quantity	2	9
	Timeliness	1	1
	Total	**6**	**13**
DJPR	Quality	2	–
	Quantity	15	8
	Timeliness	–	1
	Total	**17**	**9**
DoT	Quality	2	11
	Quantity	9	3
	Timeliness	–	1
	Total	**11**	**15**

Department	Attribute	BP3 2021–22	BP3 2022–23
DPC	Quality	3	7
	Quantity	4	3
	Timeliness	1	6
	Total	**8**	**16**
DTF	Quality	1	2
	Quantity	3	5
	Timeliness	1	1
	Total	**5**	**8**
Grand total		**100**	**110**

Source: VAGO analysis of DTF's BP3 2021–22 and BP3 2022–23.

Appendix H:
Discontinued performance measures

Figure H1: Output performance measures departments propose to discontinue

Department	Total number of measures departments propose to discontinue			PAEC requested department consider issues with measure			
	Quality	Quantity	Timeliness	Total	Quality	Quantity	Timeliness
2021–22							
DELWP	2	5		**7**			
DET		2		**2**			
DFFH	1	4		**5**			
DH	6	3		**9**			
DJCS	3	1		**4**	1	1	
DJPR		7	4	**11**			
DoT	1	4		**5**			
DPC	8	4	2	**14**			
DTF	1	2		**3**		1	
Total	**22**	**32**	**6**	**60**			
2022–23							
DELWP	5	11		**16**	1	4	
DET		2		**2**			
DFFH		5	2	**7**			
DH	3	2		**5**	1		
DJCS	7	3	3	**13**			
DJPR		4		**4**			
DoT	6	6		**12**			
DPC	3	4	5	**12**			
DTF	1	2		**3**	1		
Total	**25**	**39**	**10**	**74**			

Note: Numbers of measures that PAEC requested department to consider are included in the numbers of measures departments propose to discontinue.
Source: DTF's BP3 2021–22 and BP3 2022–23, PAEC (2021) *Report on the 2021–22 Budget Estimates*, and PAEC (2022) *Report on the 2022–23 Budget Estimates*.

Appendix I:
Model Performance Statement

VAGO's Example Model Performance Statement
Department of [Enter department name]
Performance statement
For the year ending 30 June 2022

Performance statement declaration

Instructions: A performance statement declaration is a declaration of the validity of the results made by the accountable officer(s) of the department.

In our opinion, the measures used, and results reported in the accompanying performance statement of [Department name]'s performance in respect of the 2021–22 financial year, are presented fairly and are consistent with the Standing Directions under the *Financial Management Act 1994*.

This statement includes the 2021–22 performance measures as agreed with the Assistant Treasurer and set out in Budget Paper No. 3. It includes actual and comparative results achieved for the financial year against targets, where applicable, and explanations of any significant and/or material variance between the actual results and performance targets.

As at the date of signing, we are not aware of any circumstance that would render any particulars in the performance statement to be misleading or inaccurate.

We authorise the attached performance statement for issue on [date].

Secretary
[Department name]
Melbourne
[Date]

Chief Financial Officer
[Department name]
Melbourne
[Date]

Performance narrative

Instructions: This section should include information about governance and statistics to provide context for the reader's understanding of departmental performance. Where possible, the trajectory of key aspects of performance over the last 5 years and the impact of major events should be analysed and summarised.

VAGO has used information about Victorian schools in this section to illustrate the type of narrative that VAGO suggests a department might use. Readers should not use this example text to reflect on the Department of Education's output performance.

In January 2023, the Department of Education and Training (DET) became the Department of Education (DE). DE is responsible for delivering and regulating statewide learning and development services to approximately one-third of all Victorians across the early childhood, school education, and training and skills sectors.

The purpose of schools is to educate students. The unit of output is a student who is educated. The inputs and processes are those that support the delivery of that output, such as teachers.
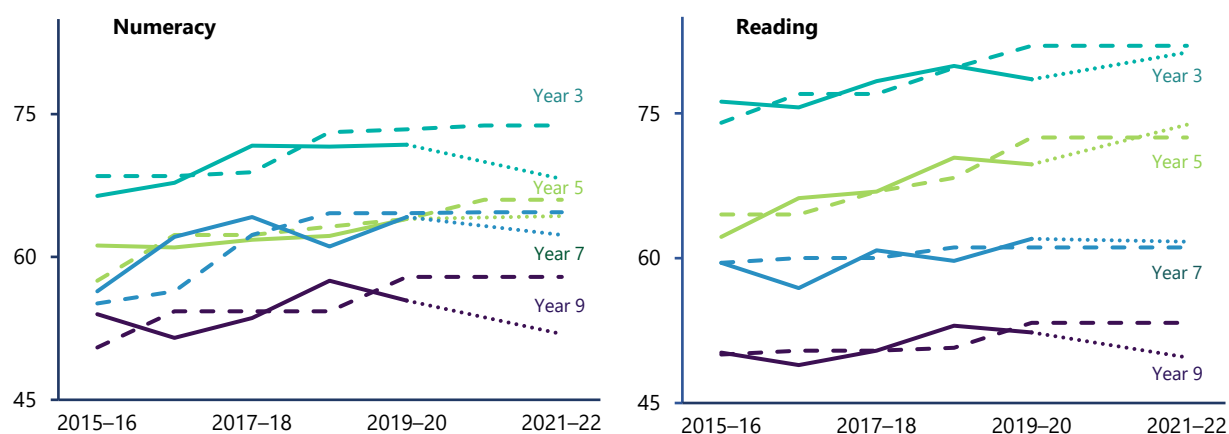
In 2022, 646,206 students enrolled in Victorian Government schools and 369,864 in non-government schools. Victoria has 2,279 schools (including 1,554 government schools).

In 2021–22, DET spent $12.3 billion on school education and support services (school services), or 78 per cent of its total output budget ($15.9 billion). DET spent 60 per cent of its output budget on employee benefits.

Over the last 5 years, government expenditure per full-time equivalent (FTE) student has increased in Victoria. By 2020–21, real recurrent expenditure (including user cost of capital) had increased 16 per cent to $17,489 per FTE primary school student and 15 per cent to $21,725 per FTE secondary school student.

Increasing expenditure per student is one way to improve student outcomes. Figure I1 shows reading and numeracy NAPLAN results for Year 3, 5, 7 and 9 students for the last 5 years. No NAPLAN assessment occurred in 2020–21 because of COVID-19.

Figure I1: NAPLAN test results – proportion of students above the bottom 3 bands (percentage)

Legend: Target - - - Actual —— No data recorded ⋯
Note: No NAPLAN data was recorded in 2020–21.
Source: DET Output Performance Measures.

Year 12 attainment has varied over the last 5 years. These data are disaggregated to show that attainment results also vary depending on socioeconomic status and location. Figure I2 shows the proportion of Year 12 attainment by socioeconomic status and remoteness.

Figure I2: Proportion of students who attained Year 12 (percentage)
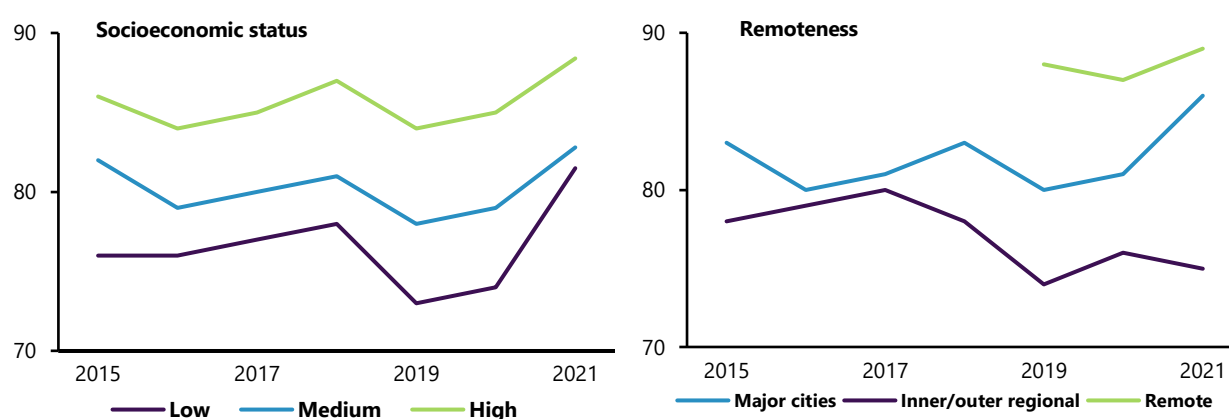
Source: VAGO analysis of Report on Government Services data.

1.   2021–22 Performance against output performance measures

Instructions: The performance statement would list all of the performance measures, targets and actuals as per Budget Paper 3. The department should add notes to explain material variances (greater than 5 per cent) and any context needed to understand the results.

VAGO has used information about Victorian schools in this section to illustrate the type of data that VAGO suggests a department might use. Readers should not use these particular measures or data to reflect on the Department of Education's output performance.

This performance statement presents information for the 2021–22 performance measures as agreed with the Assistant Treasurer and set out in Budget Paper No. 3.

The following table reports actual and comparative results achieved for the financial year against targets, where applicable.

Figure I3: Performance information

VAGO has used a partial set of school measures to illustrate what this figure would look like.

Performance measure	Unit of measure	2020–21 actual	2021–22 target	2021–22 actual	2021–22 per cent variation	Result	Notes
Efficiency							
Government real recurrent expenditure* per FTE student in government primary schools	$(2020–21)	17,489	N/A	N/A	N/A	N/A	
Government real recurrent expenditure* per FTE student in government secondary schools		21,725	N/A	N/A	N/A	N/A	1.1
Effectiveness							
Academic results							
NAPLAN Year 3 numeracy	Percentage of students above the bottom 3 bands	N/A	73.8	68.2	–7.6	☒	1.2
NAPLAN Year 5 numeracy		N/A	66.0	64.3	–2.6	✗	
NAPLAN Year 7 numeracy		N/A	64.7	62.3	–3.7	✗	
NAPLAN Year 9 numeracy		N/A	57.9	51.9	–10.4	☒	
NAPLAN Year 3 reading		N/A	82	81.3	–0.9	✗	
NAPLAN Year 5 reading		N/A	72.5	73.8	1.8	✓	
NAPLAN Year 7 reading		N/A	61.1	61.7	1.0	✓	
NAPLAN Year 9 reading		N/A	53.3	49.7	–6.8	☒	
Student absence							
Year 5	Average days lost due to absence	13.6	14.1	14.9	5.7	☒	
Year 6		13.8	14.5	15.7	8.3	☒	
Year 7 to 10		14.8	16.1	16.8	4.3	✗	
Year 11 and 12		18.9	19.0	22.7	19.5	☒	
Student connectedness							
Year 5 and 6 student opinion of their connectedness to school	Survey score, out of 5	4.1	4.4	4.1	–6.8	☒	
Year 7 to 9 student opinion of their connectedness to school		3.6	3.7	3.4	–8.1	☒	

Student retention

Students who remain at school from Year 7 to 12	Percentage of students	91	93	91.5	−1.6	X

Equity		2020 actual	2021 target	2021 actual	2021 per cent variation	
Year 12 attainment						
High socioeconomic status	Proportion of the year 12 student population who meet the requirement of a year 12 certificate or equivalent	85	N/A	88	N/A	N/A
Medium socioeconomic status		79	N/A	83	N/A	N/A
Low socioeconomic status		74	N/A	82	N/A	N/A
Major cities		81	N/A	86	N/A	N/A
Inner and outer regional		76	N/A	75	N/A	N/A
Remote		87	N/A	89	N/A	N/A

Note: *Includes user cost of capital. ✓ Target achieved. X Target not achieved (under 5 per cent variance). ⊠ Target not achieved (over 5 per cent variance).
Source: VAGO analysis of DET data, ACARA NAPLAN data, and Report on Government Services data.

2. Notes to the performance statement for the year ended 30 June 2022

Basis of preparation

Instructions: The basis of preparation is a guide that includes reference to any standards, legislation, or data collection processes upon which the statement rests.

The [Department name] must report annually on expected and actual performance as part of Parliament's departmental performance statement in Budget Paper No. 3. This performance information is not audited.

While [Department name] is not required to include an audited departmental performance statement in its annual report, financial reporting direction (FRD) 8D requires departments to provide a comparison of output targets and actual performance in their annual report of operations, and reasons for any significant or material variances.

In the absence of any broad mandatory performance reporting standards, we have prepared this performance statement in a format consistent with that used in Budget Paper No. 3, and in line with the Standing Directions under the *Financial Management Act 1994*, 2021–22 Model Report for Victorian Government Departments, the *Resource Management Framework*, and FRD 8D.

This performance statement includes the performance measures, targets and results of [Department name]'s performance, with explanations of significant variations between targets and actual results. We deem 'significant' as greater than a 5 per cent variance. We have not provided notes for variations within those thresholds.

Where applicable, the results in the performance statement have been prepared on bases consistent with those reported in the audited financial statements.

Output performance measure definitions

Instructions: The department should include a definition for each output performance measure it uses. Where possible, each output group should have measures for quantity, quality, timeliness and cost.

Figure I4: Output measure definitions

Performance measure	Dimension	Calculation
[Example] Expenditure per student per year	Cost	Include the way results are calculated. For example: Number of FTE enrolled school students (averaged over two calendar years to match the financial year expenditure data) divided by Australian, state and territory government recurrent expenditure on government schools, 2020–21 dollars.
	Quality	
	Quantity	
	Timeliness	

Source: VAGO.

Explanation of significant variances and data not available

Instructions: This section provides the notes that explain the material variance between target and actual result in Figure I3 above. The department should explain the causes of the variance and refer to actions they are taking to address it.

1.1	
1.2	

Auditor-General's report to the [Department Name]

An auditor's report enhances the credibility of the information by providing an independent opinion on the statement. The audit opinion adds to the certification of the performance statement by the accountable officers. An audit report is not included in this model performance statement because it is an example only. In the absence of a standard for reporting service performance information, the Auditor-General reviewed the performance statement in accordance with the Standard on Review Engagements ASRE 2405 Review of Historical Financial Information Other than a Financial Report.

Auditor-General's reports tabled during 2022–23

Report title	Tabled
Results of 2021 Audits: Technical and Further Education Institutes (2022–23: 1)	July 2022
Results of 2021 Audits: Universities (2022–23: 2)	July 2022
Follow-up of Protecting Victoria's Coastal Assets (2022–23: 3)	August 2022
The Effectiveness of Victoria Police's Staff Allocation (2022–23: 4)	September 2022
Quality of Major Transport Infrastructure Projects Business Cases (2022–23: 5)	September 2022
Major Projects Performance Reporting 2022 (2022–23: 6)	September 2022
Quality of Child Protection Data (2022–23: 7)	September 2022
Follow-up of Maintaining the Mental Health of Child Protection Practitioners (2022–23: 8)	September 2022
Regulating Victoria's Native Forests (2022–23: 9)	October 2022
Victoria's Alcohol and Other Drug Treatment Data (2022–23: 10)	October 2022
Auditor-General's Report on the Annual Financial Report of the State of Victoria: 2021–22 (2022–23: 11)	October 2022
Regulating Private Pool and Spa Safety (2022–23: 12)	February 2023
Results of 2021–22 Audits: Local Government (2022–23: 13)	February 2023
Maintaining Railway Assets Across Metropolitan Melbourne (2022–23: 14)	March 2023
Fair Presentation of Service Delivery Performance 2022 (2022–23: 15)	March 2023

All reports are available for download in PDF and HTML format on our website at https://www.audit.vic.gov.au

Our role and contact details

The Auditor-General's role

For information about the Auditor-General's role and VAGO's work, please see our online fact sheet About VAGO.

Our assurance services

Our online fact sheet Our assurance services details the nature and levels of assurance that we provide to Parliament and public sector agencies through our work program.

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