

New development: Parliamentary ‘watchdogs’ taking a higher profile on government programme performance and accountability?

Pat Barrett AO

The ‘Holy Grail’ of decades of public sector reform has been the public availability of readily-understandable, reliable and meaningful performance information about government activities and programmes. Maps have been drawn; processes have been developed; some actual progress has been made in a number of countries; but the end is not in sight. Put simply, particularly in Westminster government-type systems, it remains the case, at least in broad terms, that the government is responsible for policy; the public service for administration and service delivery; and the parliament for oversight and review. In reality, the situation has become more complicated with the growth of the ‘information economy’, internationalization, the greater involvement of the private sector in government activities generally and changing public views and expectations of government, not least in respect of trust and confidence in politicians and public institutions. At the very least, it is still a situation of ‘work-in-progress’ trying to catch up with the changing national and international environment.

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This article continues the debate by various contributors to *Public Money & Management* about a range of issues covering public governance, performance and accountability and restoring trust and confidence in government, including a focus on recent related Australian public sector reforms (Barrett, 2016; 2017). The intention was to complete the discussion of the latter following completion of the current Independent Review of those reforms and the relevant legislation that supports them, expected in the first part of 2018. However, there have been other important developments in the last few months in Australia and overseas that will no doubt influence the final report and, perhaps, the government’s decisions on the Independent Review’s recommendations. The main catalyst for this article was a recent Joint Committee of Public Accounts and Audit (JCPAA, 2017), which focuses particularly on the involvement of the parliamentary ‘watchdogs’ in making the reforms more effective to give greater confidence to the community in the use of

public resources and programme outcomes. Hopefully, this will promote public confidence rather than cynicism in the governance framework.

While it is not intended to pre-empt what the Independent Review might find and recommend, it was interesting to be asked by the review committee members in a recent discussion with academics: ‘What will it take to move the reform to another level?’, which was quite encouraging for those attending. However, given the history of various reforms, the emphasis must continue to be on their effective implementation with transparent and credible accountability for performance and outcomes. Reform is never simple. But, unless there are demonstrated improvements and the intended outcomes achieved, and little seems to be done to ensure that result, there will be limited commitment by those responsible and continuing lack of public confidence and trust in government with consequences for the national economy and social welfare of the community.

Pat Barrett is a Distinguished Honorary Professor at the Australian National University and former Auditor-General of Australia.

Report No. 469 (JCPAA, 2017)

At the time of preparing this article in February 2018, there had been no response from the government to the JCPAA's report. This is not surprising as it is the usual long parliamentary recess period at this time of the year. Nevertheless, history would indicate that there is likely to be full acceptance of the committee's recommendations. That said, it will be interesting to see any government comments, particularly when changes to the legislation are necessary as well as potential resource implications.

An extended audit mandate

A key recommendation is that the Australian government amend the Public Governance, Performance and Accountability (PGPA) Act 2013, and the accompanying rules and guidance as required, as a matter of priority to 'enable mandatory annual audits of performance statements by the Auditor-General, with Commonwealth Entities to be consulted on the implementation timeframe'. While accepting that the building of capacity and processes will take time, the committee considered that taking action *now* is critical to implementing an effective commonwealth performance framework for the future (*ibid.*, p. 2). However, the committee supported the ANAO's position that it should continue to build on its audit methodology to ensure that it would be well positioned to audit the annual performance statements of commonwealth entities when required to do so.

Any extended timeframe for 'capacity building' should be relatively short if entities have actively endeavoured to meet reform requirements over many years. It would be a severe indictment of entity management if the requirement were not able to be put in place relatively quickly. The same might be said of the ANAO for its audit criteria and systems. However, pending development of the foregoing requirements, the committee noted that the ANAO would continue to consider entities' implementation of the PGPA Act through its annual work programme. Nevertheless, there should be some, at least indicative, timeframe agreed which could be monitored by the JCPAA to not only put some discipline into the process, but also a clear indication of commitment to achievement of the aims of committee's recommendations within a reasonable period. Simply put, there needs to be demonstrated accountability by all parties to a timely outcome, in sharp contrast to the variable performance reporting achieved

to date, even under the requirements of the PGPA Act.

Recognizing the independence of the auditor-general, the committee also recommended that 'the Australian National Audit Office (ANAO) consider conducting an audit of one complete Commonwealth performance reporting cycle'. This has, potentially, significant implications both for audit resources and the likely impact on the audit programme, including the conduct of mandatory audits, such as financial statement audits. The committee noted that 'improving the Commonwealth performance framework and, in particular, the quality of performance information to focus on outcomes and strengthen accountability, has been a long-term focus of the JCPAA'. A further test of this involvement by the parliament will be any referral of entity performance information included in the program budgeting statements (PBSs) by senate estimates committees to the JCPAA for examination and subsequent report (Barrett, 2017, pp. 455–456).

Additional Finance involvement in the implementation processes

The committee commended Finance for its effective support to entities on their corporate plan requirements through a range of activities, such as the establishment of communities of practice groups and 'Lessons learned' publications (see also Barrett, 2017, p. 455). However, the committee recommended that Finance undertake a more comprehensive monitoring and evaluation programme for the ongoing implementation of the performance framework. As well, Finance should report back to the committee on progress in implementation by entities of a *more mature approach* (my italics) to risk management and 'joined-up' government, including key milestones, programme deliverables and outcomes to date, particularly as evidenced through entity performance reporting documentation. It would also be expected that this recommendation would apply to any 'shared services' arrangements. The reporting should include:

- The quality of performance information.
- Line of sight across performance reporting documentation.
- Progress in terms of the broader public management agenda.
- Whole of government outcomes for implementation of the framework.

As well, Finance should provide a yearly report to the committee on the foregoing matters by way of a snapshot on the ‘health’ of the Commonwealth Performance Framework with the report to also be published on the Finance website.

One recommendation, which will be debated inside and outside the public sector, is that the Australian government make appropriate amendments to the legislation (and accompanying rules and guidance) to clarify the functions and charter of entity audit committees to ‘reflect their role in assurance of the appropriateness of performance reporting, as well as specifying that some members must have skills in performance measurement and reporting’. Finance is to report back to the committee on progress of this matter. While an audit committee should expect to at least provide assurance to the governing body that the organization has taken adequate steps to address the obligations of the PGPA Act, it is at least questionable as to whether the committee should be required to go beyond that. No doubt it would be useful for entity management and the governing body to have the benefit of any particular insights that the committee members might have on performance measurement and reporting.

While many would be supportive of a more involved and active participation by a significant parliamentary committee in the implementation of the reforms and of the Act that underpins them, there does seem to be a continuing major focus on the processes involved. This raises the question as to just what the JCPAA would do with all the reports being required. Nevertheless, it is one of the most positive approaches to programme implementation and assurance about programme performance in recent years. As such, it might well provide the Independent Review with a useful platform to take the reforms ‘to another level’.

Focus on learning

A general view in public administration and politics over many years has been that ‘those responsible should be held accountable’. A further related question has been ‘for what?’ In this context, the answer has to be for the ‘successful implementation of the reforms and the Act that supports them’. In other words, the issue is about ‘performance’. However, as Christopher Pollitt explains, ‘performance is not a precise concept, nor a scientific term’ (Pollitt, 2018, p. 168). He points out that, in the public sector context, ‘performance is obviously

multi-dimensional—a “good performance” could refer to cost, efficiency, effectiveness, freedom from corruption, public access, quality of service or a host of other dimensions’ (*ibid.*). In the context of this article, my emphasis is primarily on ‘effectiveness’, as the often elusive assessment in examining the success or otherwise of government programmes, as indeed is the Pollitt article which ‘concentrates on *organizational* performance—the measured achievements of departments, agencies, units and so on’ (*ibid.*). As with many other contributions by Christopher, the article is recommended particularly to those who have an interest in the major developments of performance management over the past 40 years and the possible lessons for today. We all owe him a great debt. One practical observation by him should well be kept in mind by those responsible: ‘An approximate measure of an important aspect of performance is far more valuable than a precise measure of something trivial’ (*ibid.*, p. 172). In this respect, knowledge, perception and experience are invaluable.

While acknowledging the Finance contribution to the learning processes to date, the committee clearly wanted to enhance those processes within the entities themselves. No doubt reflecting variable programme assessments over the years, noted by various parliamentary committees, the JCPAA’s report recognized the challenge of staff turnover and changeover—particularly in recent years—reflected not only in the reduction of public sector staff but also with the involvement of outsourced providers not familiar with the reform requirements. Finance indicated that ‘changeover of staff is something we are going to heavily focus on over the coming period, to make sure that the improvements that have occurred do continue’ (JCPAA, 2017, p. 37). The ANAO also noted that it is imperative that ‘agencies maintain a focus on driving improvements...and that they can drive the benefits out of the improvement’, for example by ensuring that ‘it does not drop down the priorities’ (*ibid.*).

While the importance of non-financial information, particularly in the service delivery areas, such as employment and social welfare, has been stressed in various reforms over the years, the committee recommended that the Australian Public Service Commission (in consultation with Finance, the ANAO and the Department of Education and Training) conduct a review on whether non-financial performance reporting and evaluation—as a training and research discipline—requires

strengthening across the service. The commission is to report back to the committee on the matter. In addition, Finance, in consultation with the ANAO and the Australian Public Service Commission (APSC), should jointly develop commonwealth capacity training for non-financial performance reporting and evaluation and report back to the committee. These are particularly timely initiatives which will be welcomed by the academic community and by organizations such as the Australian Evaluation Society.

References to the Independent Review committee

It might be expected that the Independent Review committee, and most likely its secretariat, would examine closely the JCPAA's full report and recommendations. However, the JCPAA has also referred a number of specific matters for the committee's attention.

The committee referred two ANAO reports for attention:

- Report No. 54, dealing with the content, interpretation and application of the mandatory process requirement relating to the four reporting periods of the corporate plan (ANAO, 2017a, paras 2.21–2.24).
- Report No. 6, dealing with the inclusion of requirements relating to the inclusion in corporate plans of resourcing information and key entity risks (ANAO, 2017b, paras 3.10–3.16).

The committee also referred its recommendations relating to 'mandatory' annual audits of performance statements and to the enhanced role of audit committees discussed earlier.

A conceptual framework for performance reporting

While the PGPA Act and subsequent implementation guidance, instructions and reports (particularly by the JCPAA and ANAO) have provided a robust framework for performance reporting, the Independent Review should also keep in mind that the Council of Australian Governments (COAG) has already provided a conceptual framework that supports reporting under the Intergovernmental Agreement on Federal Financial Relations (COAG, 2011). This framework has become more important as across-government co-operation, including service delivery, has developed, as, indeed, has across sector provision of government services.

The framework provides useful guidance for identifying and describing programme objectives and outcomes and appropriate performance indicators/benchmarks. Of particular relevance is its review of appropriateness and proportionality of performance reporting. Particularly given the often used 'excuse' for a lack of suitable programme outcome assessments/indicators, because of the time factor in implementation, programme managers and others should take note of the use of the notion of 'intermediate outcome indicators' as a practical measure of progressive programme performance leading to the ultimate achievement of stated programme objectives. While not a new concept, it would benefit from continuing reinforcement, particularly from the government and parliament.

A focus on evaluation and implementation research

The discussion to date has largely focused on 'external' and/or 'independent' review of performance and results. While this might give both those who are responsible/accountable some degree of confidence/assurance, it does limit the 'learning processes' within an organization and, perhaps, an insufficient understanding of the environment and of the 'practical' issues/attitudes associated with programme implementation. Unfortunately, at the federal level of government in Australia, particularly with the closure/cutbacks in research organizations over the years, and even in the capacities of large organizations such as the Australian Bureau of Statistics, there is now more limited capability and capacity available for evaluation and research.

Attempts have been made to involve both practitioners and academics in particular projects with limited success. Nevertheless, there clearly needs to be greater encouragement and facilitation of organizational capabilities more generally as well as in this particular respect. The communities of practice, mentioned earlier, have the potential to generate greater interest in, and commitment to, evaluation within entities- including shared knowledge, experience and better practice. The Australian Evaluation Society has had a catalytic effect in these respects in recent times. One of the few organizations that does have acknowledged evaluation capabilities is the Productivity Commission. That body could have a role in promoting such capabilities/approaches within the public service, perhaps by reviewing particular evaluations as a means of promoting

a 'culture' of evaluation.

My colleague Peter Graves recently drew my attention to the establishment, in 2017, of the University of New South Wales Public Service Research Group. Their first 'issues paper' focused on implementation research (PSRG, 2017). On the negative side, the group found that 'the current state of implementation research is limited at best and unhelpful at worst' and that 'researchers are a long way from a complete model of implementation' (*ibid.*, p. 26). However, more research 'might enable enhanced implementation design such that outcomes become, if not predictable, at least more understandable' (*ibid.*). In addition, he referred me to related United States government reports (Report of the Commission on Evidence-Based Policymaking, 2017 and the House of Representatives Committee on Oversight and Government Reform Report, 2017). It is not possible to do justice to these reports here, other than to note common concerns about the basis for decision-making and public confidence. The focus of the US reports is largely on data as a basis of evidence. Reference was also made to Government Accountability Office (GAO) reports referring to the continued lack of evaluation by agencies which constitutes 'a lost opportunity to improve the efficiency and effectiveness of limited government resources' (*ibid.*, p. 5). The requirement to appoint/designate a chief evaluation officer has also been suggested in Australia. The common concerns and focus continue to indicate the need for shared learning across similar jurisdictions, as has happened in the past.

Concluding remarks

At this stage, it is difficult to judge what the findings and recommendations of the Independent Review of the Australian public sector reforms might be. Discussions with the members were positive and encouraging, even if the most of the submissions simply endorsed the implementation approaches without any real indication of taking 'the reforms to the next level'. However, the recent JCPAA report provides some cause for optimism about creating an environment that will be more conducive to the aims of good governance and accountability for performance aimed at achieving programme objectives in a transparent fashion, not just economically and efficiently but, importantly, effectively. As in other similar jurisdictions, such as the United States, the lesson is that policy implementation and programme performance do matter and

that steps need to be taken to reinforce and meet that expectation in the community. Sound data, listening and learning, independent—as well as internal—evaluation. Reliable and informative performance information, parliamentary oversight and involvement are all part of the implementation process. Reform is likely to continue in a changing national and international environment and with it a public expectation of a sound implementation approach where those involved can be held accountable for its success or failure.

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IMPACT

Now that governments in many Westminster-type systems have either a very slim majority, or govern only with minority party support, the parliament can have a significant influence in demanding demonstrated accountability for performance from the government and the public service and, indirectly, in the development of, or change in, policy and its implementation. The JCPAA recommendations provide an operational framework for such involvement and demonstrates what could be an effective means of generating public confidence in policy implementation and the results (outcomes) being achieved. In the Australian situation, the JCPAA report will also be a valuable input to the Independent Review of the implementation of current reforms and the legislation that largely supports them. The review's report could be a catalyst to generate greater trust and confidence in government and is also likely to attract interest from other countries.

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