March 2018 Report to the Legislative Assembly
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Dear Madam Speaker,

Accompanying this letter is my report to the Legislative Assembly on matters arising from audits, reviews and assessments conducted during the three months from 1 November 2017 to 31 January 2018 and I request that you table the report in the Legislative Assembly.

This report presents the results of financial statements audits completed during the period. A number of performance management system audits designed to test the adequacy of performance management systems within agencies as they related to strategic goals presented in Budget Paper 3 or to specific programs or projects were completed and the findings included in this report.

The results of reviews of the governance processes in place at two selected agencies are provided.

The report also presents the findings from audits of information technology systems that were undertaken to assess whether access to those systems together with controls over data maintained within such systems were adequate.

Yours sincerely,

Julie Crisp
Auditor-General for the Northern Territory
Auditor-General’s Overview

Audits Included in this Report
This report outlines the results of 14 separate audits and other tasks completed during the period 1 November 2017 to 31 January 2018. This report summarises the results of the following types of audits and legislated tasks conducted during the period:

- Statutory Audits of Financial Statements;
- Information Technology System Audits; and
- Performance Management System Audits.

Agencies and entities are provided with the opportunity to comment on any of the matters reported in relation to their audit results. Where they choose to do so, their responses are detailed at the end of the relevant section.

Also included are the results of audits of financial statements for those entities with a financial year ended 30 June 2017 where the audits were completed after 31 October 2017 and before 31 January 2018.

The Audit Act provides a legislative requirement for the Auditor-General to report to the Legislative Assembly on at least an annual basis. This is the third report I have provided for tabling within the Legislative Assembly for the year ending 30 June 2018, my last report was tabled during November 2017.
The Role and Responsibilities of the Auditor-General

Responsibilities of the Auditor-General

The Auditor-General's powers and responsibilities are established in the Audit Act by the Northern Territory’s Parliament, the Legislative Assembly. The Auditor General is required to report to the Legislative Assembly at least once each year on any matters arising from the exercise of the auditing powers established in that Act. Each report may contain findings from financial statement audits, agency compliance audits, information technology audits, controls and compliance audits, performance management system audits and findings from any special reviews conducted. Results of any reviews of referred information under the Public Information Act are included when the reviews are concluded.

In reporting to the Legislative Assembly, the Auditor-General is providing information to the Parliament to assist its review of the performance of the Executive Government, particularly the Government’s responsibility for the actions of the public sector entities which administer its financial management and performance management directives. The Parliament has a responsibility to conduct this review as the representative of the people of the Northern Territory.

The Auditor-General is also able to report to management of public sector entities on matters arising from the conduct of audits.

Reports provided to Parliament and public sector managers should be recognised as a useful source of independent analysis of government information, and of the systems and controls underpinning the delivery of that information.

The Auditor-General is assisted by personnel of the Northern Territory Auditor General’s Office who plan audits and tasks conducted by private sector Authorised Auditors.

The requirements of the Audit Act in relation to auditing the Public Account and other accounts are found in:

- Section 13, which requires the Auditor-General to audit the Public Account and other accounts, with regard to:
  - the character and effectiveness of internal control; and
  - professional standards and practices.

- Section 25, which requires the Auditor-General to issue a report to the Treasurer on the Treasurer’s Annual Financial Statement.
Audit of the Treasurer’s Annual Financial Statement

Using information about the effectiveness of internal controls identified in the review of the overall control environment, Agency Compliance Audits including End of Year Reviews and the results of financial statement audits, an audit approach is designed and implemented to obtain assurance that the balances disclosed in the Treasurer’s Annual Financial Statement are in accordance with the disclosure requirements adopted by the Treasurer, and are within acceptable materiality standards.

The audit report on the Treasurer’s Annual Financial Statement is issued to the Treasurer. The Treasurer then tables the audited Treasurer’s Annual Financial Statement to the Parliament as a key component of the accountability of the Government to the Parliament.

Statutory bodies, Government Owned Corporations and Government Business Divisions are required by various Acts of Parliament to prepare annual financial statements and to submit those statements to the Auditor-General for audit. Those statements are audited and audit opinions issued accordingly. The opinions are included in the various entities’ annual reports that are tabled in the Legislative Assembly. If matters of concern were noted during the course of an audit, specific comment is included in my report to the Legislative Assembly.

In addition, the Northern Territory Government controls, either directly or indirectly, a small number of companies that have been incorporated pursuant to the Commonwealth Corporations Act 2001. These audits are performed subject to the provisions of the Commonwealth legislation, with the Auditor-General being deemed by the Corporations Act 2001 to be a Registered Company Auditor.

Audits by my Office are conducted in accordance with Australian Auditing Standards. Those standards are issued by the Australian Auditing and Assurance Standards Board, a Commonwealth statutory body established under the Australian Securities and Investments Commission Act 2001. Auditing Standards issued by the Board have the force of law in respect of audits of corporations that fall within the ambit of the Corporations Act 2001, while the Audit Act also requires that I have regard to those standards.

The Public Account

The Public Account is defined in the Financial Management Act as:

- The Central Holding Authority; and
- Operating accounts of Agencies and Government Business Divisions.
Audits of Performance Management Systems

Legislative Framework
A Chief Executive Officer, as an Accountable Officer, is responsible to the appropriate Minister under section 23 of the Public Sector Employment and Management Act for the proper, efficient and economic administration of his or her agency. Under section 13 (2)(b) of the Financial Management Act, an Accountable Officer shall ensure that procedures “in the agency are such as will at all times afford a proper internal control”. Internal control is defined in section 3 of the Financial Management Act to include “the methods and procedures adopted within an agency to promote operational efficiency, effectiveness and economy”.

Section 15 of the Audit Act complements the legislative requirements imposed on Chief Executive Officers by providing the Auditor-General with the power to audit performance management systems of any agency or other organisation in respect of the accounts of which the Auditor-General is required or permitted by a law of the Territory to conduct an audit.

A performance management system is not defined in the legislation, but section 15 of the Audit Act identifies that: “the object of an audit conducted under this section includes determining whether the performance management systems of an agency or organisation in respect of which the audit is being conducted enable the Agency or organisation to assess whether its objectives are being achieved economically, efficiently and effectively.” Performance management system audits can be conducted at a corporate level, a program level, or at a category of cost level, such as capital expenditure.

Operational Framework
The Northern Territory Auditor-General’s Office has developed a framework for its approach to the conduct of performance management system audits, which is based on the premise that an effective performance management system would contain the following elements:

- identification of the policy and corporate objectives of the entity;
- incorporation of those objectives in the entity’s corporate or strategic planning process and allocation of these to programs of the entity;
- identification of what successful achievement of those corporate objectives would look like, and recording of these as performance targets;
- development of strategies for achievement of the desired performance outcomes;
- monitoring of the progress toward that achievement;
- evaluation of the effectiveness of the final outcome against the intended objectives; and
- reporting on the outcomes, together with recommendations for subsequent improvement.
Guide to Using this Report

Auditing

There are two general varieties of auditing undertaken in the Northern Territory Public Sector, independent auditing and internal auditing. Only independent audits are undertaken through the Office of the Auditor-General. I, and my Principal Auditors (as my representatives), do attend meetings of agencies’ audit and risk committees where invited, but only in the role of observer.

Independent Audit (also known as External Audit)
Independent audits are generally undertaken in order for an entity to achieve compliance with statutory or legal arrangements. Independent audits may be mandated by legislation or be required by a contractual arrangement. The audit work and resultant opinion is undertaken by an individual or entity independent of the agency or entity subjected to audit. These audits can take the form of financial statements audits, compliance audits or performance management system audits.

Internal Audit
Treasurer’s Direction Part 3, Section 2 requires an Accountable Officer to ensure his/her agency has an adequate internal audit capacity. Internal audit is a management tool designed to provide assurance to the Accountable Officer that systems and internal controls operating within agencies are adequate and effective. It carries out its functions by undertaking audits, reviews and other related tasks for improving the performance of organisations. The selection of audit topics, risk management and audit framework and delivery of internal audit services are the responsibility of the Accountable Officer.
Types of Financial Reports
Financial reports submitted for independent audit are prepared under either a general purpose or special purpose framework.

General Purpose Financial Report
A general purpose financial report comprises a complete set of financial statements, including the related notes, and an assertion statement by those responsible for the financial report, prepared in accordance with a financial reporting framework designed to meet the common financial information needs of a wide range of users. The financial reporting framework may be a fair presentation framework or a compliance framework.

Special Purpose Financial Report
A special purpose financial report comprises a complete set of financial statements, including the related notes, and an assertion statement by those responsible for the financial report, prepared in accordance with a special purpose framework. The requirements of the applicable financial reporting framework determine the format and content of a financial report prepared in accordance with a special purpose framework.

Types of Assurance Engagements
The amount of audit work performed, and the resultant independent opinion, varies between an audit and a review. The level of assurance provided by the opinion is either reasonable or limited.

Reasonable Assurance
A reasonable assurance engagement is commonly referred to as an audit. A reasonable assurance engagement is an assurance engagement where the auditor is required to perform sufficient work to reduce the risk of misstatement to an acceptably low level in order to provide a positive form of conclusion.

Limited Assurance
A limited assurance engagement is commonly referred to as a review. A limited assurance engagement is an assurance engagement where the assurance practitioner’s objective is to perform sufficient audit procedures to reduce the risk of misstatement to a level that is acceptable in the circumstances but where the risk is not reduced to the level of a reasonable assurance engagement. A negative opinion is provided that states that nothing has come to the attention of the reviewer that indicates material misstatement or non-compliance with established criteria.
Audit Opinions

There are two overarching categories of audit opinion, an unmodified audit opinion (sometimes referred to as a “clean” opinion) and a modified audit opinion.

Unmodified Audit Opinion

Unmodified opinions provide a reasonable level of assurance from the auditor that the financial statements present a true and fair reflection of an entity’s results for the period reported.

Notwithstanding an audit opinion may positively attest to the truth and fairness of the financial statements, additional paragraphs may be included in the audit opinion in relation to a matter the auditor believes requires emphasis.

An “Emphasis of Matter” paragraph means a paragraph included in the auditor’s report that refers to a matter appropriately presented or disclosed in the financial report that, in the auditor’s judgement, is of such importance that it is fundamental to users’ understanding of the financial report. The inclusion of an emphasis of matter paragraph in the audit opinion is intended to draw the reader’s attention to the relevant disclosure in the financial report.

An “Other Matter” paragraph means a paragraph included in the auditor’s report that refers to a matter other than those presented or disclosed in the financial report that, in the auditor’s judgement, is relevant to users’ understanding of the audit, the auditor’s responsibilities and/or the auditor’s report.

Modified Audit Opinion

Australian Auditing Standard ASA705 Modifications to the Opinion in the Independent Auditor’s Report, paragraph 2, establishes three types of modified opinions, namely, a qualified opinion, an adverse opinion, and a disclaimer of opinion. The decision regarding which type of modified opinion is appropriate depends upon:

a) the nature of the matter giving rise to the modification, that is, whether the financial report is materially misstated or, in the case of an inability to obtain sufficient appropriate audit evidence, may be materially misstated; and

b) the auditor’s judgement about the pervasiveness of the effects or possible effects of the matter on the financial report.
Guide to Using this Report cont…

Qualified Opinion
An auditor shall express a qualified opinion when:

a) the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are material, but not pervasive, to the financial report; or

b) the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, but the auditor concludes that the possible effects on the financial report of undetected misstatements, if any, could be material but not pervasive.

[ASA705, paragraph 7]

Adverse Opinion
An adverse opinion is expressed when the auditor, having obtained sufficient appropriate audit evidence, concludes that misstatements, individually or in the aggregate, are both material and pervasive to the financial report. [ASA705, paragraph 8]

Disclaimer of Opinion
An auditor shall disclaim an opinion when the auditor is unable to obtain sufficient appropriate audit evidence on which to base the opinion, and the auditor concludes that the possible effects on the financial report of undetected misstatements, if any, could be both material and pervasive.

[ASA705, paragraph 9]

The auditor shall disclaim an opinion when, in extremely rare circumstances involving multiple uncertainties, the auditor concludes that, notwithstanding having obtained sufficient appropriate audit evidence regarding each of the individual uncertainties, it is not possible to form an opinion on the financial report due to the potential interaction of the uncertainties and their possible cumulative effect on the financial report. [ASA705, paragraph 10]
Assurance Engagements Conducted by the Auditor-General

The types of audits conducted through the Auditor-General's Office include:

- Statutory Audits of Financial Statements;
- End of Year Reviews;
- Information Technology Audits;
- Controls and Compliance Audits; and
- Performance Management System Audits.

Statutory Financial Statements Audits

Statutory audits of financial statements are conducted on the full financial reports of government business divisions, government owned corporations and other government controlled entities that prepare statutory financial statements.

Agencies are required, by Treasurer’s Directions issued pursuant to the Financial Management Act, to prepare financial statements that comply with Australian Accounting Standards. Agencies are not, however, required to submit those statements to the Auditor-General unless directed to do so by the Treasurer pursuant to section 11(3) of the Financial Management Act. As no such direction has been given, agencies’ financial statements are not audited separately, but are reviewed as part of the audit of the Public Account and of the Treasurer’s Annual Financial Statement.

In the case of a financial statement audit, an ‘unqualified audit opinion’ means that I am satisfied that the agency or entity has prepared its financial statements in accordance with Australian Accounting Standards and other mandatory financial reporting requirements or, in the case of acquittal audits, the relevant legislation or the agreement under which funding was provided. It also means that I believe that the report is free of material error and that there was nothing that limited the scope of my audit. If any of these conditions should not be met, I issue a ‘modified audit opinion’ and explain why I have issued a modified audit opinion.

The audit opinion and summaries of audit observations represent the more important matters relating to each audit. By targeting these sections, readers can quickly understand the major issues faced by a particular agency or entity or by the public sector more broadly.
Information Technology Audits
Information technology audits are undertaken as stand-alone audits of key agency or across government systems. Each of the systems selected for audit plays an important role in processing data and providing information for the purposes of financial management and, more particularly, for the purposes of financial reporting and the preparation of the Treasurer’s Annual Financial Statement.

End of Year Reviews
The End of Year Review provides an audit focus on year end balances particularly within agencies. The nature of the review is determined annually whilst planning the audit of the Treasurer’s Annual Financial Statement, but includes testing of transactions occurring around year end to provide a degree of confidence about the data provided to Treasury and which will form part of the overall reporting on the Public Account.

Controls and Compliance Audits
Controls and Compliance Audits are conducted of selected systems or accounting processes to determine whether the systems and processes achieve compliance with legislated or otherwise mandated requirements. These audits are intended to assist me in my audit of the Public Account.

Performance Management System Audits
The audit process determines whether existing systems or practices, or management controls over systems, are adequate to provide relevant and reliable performance information that will assist intended users of the information make decisions relating to accountability and achieving results. These audits are also intended to assist me in my audit of the Public Account.

Public Information Act Referrals
The Public Information Act requires the Auditor-General, upon receipt of a written request of an Assembly member, or on the Auditor-General’s initiative, to conduct a review of particular public information to determine whether the Act is contravened in relation to the information. If review of the information suggests a contravention, I issue a preliminary opinion to the public authority that gave the relevant public information. When preparing my report about the review, I take into consideration any comments provided by the public authority following my preliminary opinion. The associated reports are included in my reports to the Legislative Assembly.
Reports on the Results of Audit, Reviews and Assessments
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Enterprise Hospital Billing System

Scope and Objectives
The objective of the audit was to assess the design and implementation of general computer controls over the Enterprise Hospital Billing System (eBilling) as part of the ongoing audit plan of the Auditor General’s Office.

The following areas of controls relating to eBilling were the focus of this engagement:

- Application and database security configuration;
- Operating system security for the system hosting the application;
- User access management over the system and its underlying components;
- Change management and system development processes for the application and supporting database and operating system;
- Business continuity management and disaster recovery planning for the system; and
- Interface/validation controls between eBilling and key external systems.

The audit findings are based on a review of documentation, system configuration and discussions with relevant department personnel.

Background
The eBilling solution was implemented in November 2016 to support the management of billing for services provided by NT hospitals. This includes calculating charges for inpatient services, generating invoices and receiving payments for services.

The Health eBilling solution is based on a commercial off-the-shelf product developed and supported by the vendor. The eBilling solution currently has 119 active users and does not provide any external facing customer access or functionality. The eBilling solution interfaces with a small number of other government systems.

The eBilling solution is hosted on infrastructure located at the Royal Darwin Hospital and supported by an internal team in conjunction with the vendor. The underlying Oracle database is supported by the contractor and the underlying Windows server is supported by Business System Management.

Conclusion
Based on the scope of testing performed, a number of key areas of general computer controls tested in relation to eBilling require improvement to protect the integrity and resilience of the system.
Audit Observations
A number of key control weaknesses across the eBilling application and its underlying system components were noted which need to be addressed:

*Deficiencies were identified in eBilling user access revocation and periodic review processes*
The Department had not established a formal procedure for the revocation of access from eBilling.
The Department had not established a formal process for the periodic review and certification of user access within eBilling.

*Insufficient logging capability has been enabled within the eBilling application to capture transaction level audit events*
It was identified that limited logging was currently enabled within the eBilling application due to hardware storage restrictions.

*Security administration presents deficiencies due to system limitations and lack of business definition over groups and permissions*
Interviews with management identified there was limited confidence in the consistency and appropriateness of security roles within eBilling. Due to system reporting limitations, extracts of user access configuration cannot be readily obtained for analysis.

During the audit, it was not possible to readily determine which users and roles have been assigned with sensitive privileges, such as the ability to adjust patient debts, override invoice amounts or change system configuration.

An analysis of potential segregation of duties conflicts within roles had not been performed since the eBilling application went live in production. During this audit a segregation of duties conflict within eBilling was identified. I acknowledge that manual reconciliation processes have been established to detect eBilling receipts issued without payment.

*Opportunities exist to strengthen application controls within the application*
A high level review of embedded application controls identified two opportunities to improve application control configuration in order to reduce the risk of error or fraud.

*Information security configuration weaknesses exist within the Oracle database*
A number of security weaknesses were identified within the Oracle database supporting the eBilling application relating to administrator accounts, the Oracle database listener service and password configuration requirements.
Business continuity and IT disaster recovery plans relating to the application have not been developed

Business continuity plans had not been established to address the key business requirements for patient billing and receipting processes in the event of a major failure or outage with the eBilling application.

It was also noted that an IT service continuity plan had not yet been developed for the eBilling application to define processes for restoring or rebuilding the system in the event of a significant failure or disruption. It is also noted that testing had not been performed to confirm the recoverability of backups or to confirm that assumptions relating to recovery of the system were appropriate.

The password for the default administrator account on the Windows server hosting the eBilling application has not been changed on a regular basis

Whilst it is acknowledged that the name of the default Windows administrator account had been changed within the Windows operating systems upon which eBilling is hosted, it was noted that the password for the renamed default local administrator account had not been changed on a regular basis.
### The Department of Health has commented:

The Department of Health acknowledges the findings and has addressed recommendations for logging capability, security related to business defined groups and permissions, and information security configuration within the databases supporting the eBilling application.

Additional controls and processes will be implemented to strengthen general computer controls and business continuity planning and recovery.
Department of Housing and Community Development

Tenancy Management System

Scope and Objectives
The objective of this audit was to assess the effectiveness of key general computer controls and application controls within the Department of Housing and Community Development (the Department) Tenancy Management System (TMS).

In addition to obtaining and documenting an understanding of the design and implementation of IT general controls relating to the Tenancy Management System, the audit considered:

- Key controls relating to system development and change management;
- Design and operating effectiveness of access management controls including controls over the appropriateness of security roles provided within TMS;
- Interface management including the scope, design, configuration, integration and testing of the interface; and
- Business Continuity Plan and Disaster Recovery.

Background
The TMS is a system that performs tenancy management functions and processes including waitlists, application and assessment, allocation, rental rebates, inspections and debt management.

Conclusion
Based on the scope of testing performed, a number of key areas of general computer controls tested in relation to Tenancy Management System require improvement to protect the integrity and resilience of the system.

Audit Observations

Business Continuity and Disaster Recovery
A formalised Business Continuity Plan that considers the risk of loss, damage or compromise of assets and interruption to services had not been defined by the Department.

Disaster Recovery testing for the TMS application had not been performed by Data Centre Services (DCS) as a part of their disaster recovery plan.
Change Management

A formally documented change management process is defined for the changes developed in association with DCS. Through inspection of the DCS tickets and the corresponding supporting evidence my Authorised Auditors were able to get reasonable assurance that the change management process was being followed for all system changes managed by DCS.

Configuration changes to maintain code values within the housing tables were the responsibility of the Department and were developed and supported by the Business Services team. Users within the Department had access to move these changes to production however a change management process for these internal configuration changes had not been defined. Further, a central repository that maintains the complete list of all configuration changes made within the application was not available for inspection.

Appropriate approvals and user acceptance testing sign offs are provided for internal changes and saved on an ad-hoc basis within the agency’s records management system, referred to as TRM and e-Assist, however they were not maintained centrally. Due to the lack of a complete list of internal changes, my Authorised Auditors were unable to select a sample for testing from a defined and full population. I note these were configurational changes for maintaining valid values for drop down lists and consequently present a low risk.
The Department of Housing and Community Development has commented:

*The department agreed with the findings. The department has since requested Data Centre Services conduct a Disaster Recovery Test of the Tenancy Management System in consultation with the Department of Housing and Community Development. The department has also progressed activities to establish a Business Continuity Plan and already improved its change management practices.*
Berrimah Farm Redevelopment

Scope and Objectives
The primary objective of the Berrimah Farm Redevelopment audit was to assess the performance management system/s in place at the Department of Infrastructure, Planning and Logistics to manage land development, including greenfield and infill sites.

The secondary objective was to provide the Legislative Assembly with an overview of the project to redevelop the Berrimah Farm site.

The third objective was to test whether the process for releasing the Berrimah Farm site for redevelopment was undertaken in accordance with the performance management system framework identified in the primary objective. This includes an assurance that the processes leading to the award of contracts to the successful tenderer/s associated with the redevelopment of the Berrimah Farm site were undertaken in accordance with an approved Northern Territory Government Framework.

The audit covers the period from 2014 when the government developed the Berrimah Farm Area Plan through to 30 September 2017. The fieldwork supporting this audit was conducted between October 2017 and December 2017.

The machinery of government changes following the Northern Territory Election in August 2016 resulted in the merger of a number of former agencies and functions resulting in the formation of the Department of Infrastructure, Planning and Logistics. The functions relating to management of land were the responsibility of the former Department of Lands, Planning and the Environment and were transferred to the Department of Infrastructure, Planning and Logistics (‘DIPL’) upon its creation. Both the current and former Departments are referred to as “the Agency” hereafter.

Background
The Agency is responsible for management of the release and development of land owned by the Northern Territory Government. This responsibility includes strategic planning with regard to the future direction of land use, transportation networks and infrastructure in the Northern Territory.

Although the Agency is mandated with this function, there are a significant number of stakeholders that contribute to the process. The Agency, in consultation with these stakeholders, has developed and continuously maintains the Northern Territory Planning Scheme (‘NTPS’). This 411 page document identifies the future land use and development needs of the various regions across the Northern Territory.
From the NTPS, detailed Regional, Sub-regional and District & Neighbourhood Area Plans are developed. One such Sub-regional Plan is the ‘Berrimah Farm Area Plan’, which forms a significant part of the focus of this performance management system audit.

To assist me in understanding the processes within the Agency relating to land development, the Agency has produced a 10 phase lifecycle demonstrating the land planning and development process. This lifecycle extends from the initial ‘Regional Land Use/Infrastructure Planning Phase’, involving the forecasting of future population growth and the associated infrastructure requirements necessary to facilitate this growth, through to the ‘Infrastructure Asset Management’ phase for the maintenance of the completed infrastructure.

The primary focus of this performance management system audit was on the procedures and processes in place during the sixth phase of this lifecycle, being the ‘land release’ phase.

For completeness, an initial understanding of all ten phases was obtained during the audit process. This understanding enabled the audit scope to be refined to focus on the Land Release phase directly relevant to the Berrimah Farm Redevelopment project.

Conclusion

The primary objective of the audit was to identify the systems and processes in place at the Agency to manage land development and to evaluate whether these systems enable the Agency to assess whether its objectives are being achieved economically, efficiently and effectively. The second objective of the audit did not require a conclusion as it relates to informing the Members of the Legislative Assembly. The third objective was to test whether the process for releasing the Berrimah Farm site for redevelopment was undertaken in accordance with the performance management system framework identified in the primary objective and provide assurance that the processes leading to the award of contracts to the successful tenderer/s associated with the redevelopment of the Berrimah Farm site were undertaken in accordance with an approved Northern Territory Government Framework.

The findings from my audit have resulted in me forming the following conclusion in relation to the primary objective:

- Systems and processes are in place at the Agency to manage land development however an opportunity for improvement was identified in relation to the establishment of relevant Key Performance Indicators.

The findings from my audit have resulted in me forming the following conclusion in relation to the third objective:
Department of Infrastructure, Planning and Logistics cont...

- Review of the actions undertaken by the Agency in relation to the Berrimah Farm Redevelopment found that the Agency had complied with the systems and processes in place at the Agency to manage land development although some opportunities for improvement exist.

Recommendations

As identified throughout the report, there are some opportunities for the Agency to enhance its systems and process to demonstrate that it has developed and implemented an effective performance system that enables public reporting against established performance outcomes in relation to the management of land development.

- The Crown Land Estate Key Performance Indicators, as presented in Budget Paper 3, do not appear to be a meaningful indication of the business units’ performance and there is no regular monitoring or reporting against these targets throughout the year. The existing key performance indicators do not appear to be directly relevant to the outcome statement within Budget Paper 3 to “Manage the Crown estate including provision of land to support economic development and provide advice and related administrative activities on land”. It is recommended that the Agency develops key performance indicators that are directly relevant to the strategy and assist users of the Budget Paper and the Agency’s Annual Report to assess whether the Agency is meeting its strategic goals.

- One declaration of interests and confidentiality form was not completed and returned in a timely manner. All evaluation Panel members and persons with access to Panel business and confidential information should formally submit a declaration of interests and confidentiality form prior to undertaking any task that may compromise the integrity of the Panel should a conflict exist.

- There was no documentary evidence provided to my Authorised Auditors that all financial and reputational risks to the Territory in relation to the process undertaken by the Agency to redevelop Berrimah Farm were adequately considered and mitigated. Where financial and non-financial risks are identified, the Agency should clearly document how risks have been mitigated to an acceptable level, or the rationale for accepting a level of risk that is higher than initially envisaged.

- Sufficient appropriate information should be obtained, assessed and retained to demonstrate the value for money principle has been applied to each transaction entered into by the Agency and that complete and accurate information has been provided to the ultimate decision maker. Such documentation must be thoroughly and independently reviewed prior to release.
There was no documentary evidence that the Project Development Agreement has been comprehensively reviewed to identify the existence of contingent liabilities – Treasurer’s Direction A3.7 – Contingent Liabilities requires every Accountable Officer to implement appropriate controls to mitigate risk exposure arising from contingent liabilities. It is recommended that all contracts be appropriately reviewed to identify contingent liabilities and, where identified, contingent liabilities should be recorded in the Agency’s Register of Contingent Liabilities on a timely basis.

The Project Objectives and Deliverables identified in the Expression of Interest (EOI) represented the Territory’s expected outcomes from the redevelopment of the Berrimah Farm site at the time the EOI was released. A review of the provisions of the PDA and those contained in the EOI, the Request for Detailed Proposals (RFDP) and the successful proponent’s Best and Final Detailed Proposal (BAFDP) reveal significant changes in the deliverables established at the outset of the process by the Territory as key requirements of the development. Significant changes from the expected outcomes present a risk that the Territory will not realise the outcomes expected from this redevelopment. When there are significant changes between the intended value and/or outcomes to the Territory and the proposed value and/or outcomes to the Territory, the financial impacts must be determined and communicated to the ultimate decision maker to ensure decisions to proceed or not proceed are sufficiently informed.

Content within the valuer’s report suggest the time provided for the completion of the valuation was insufficient to conduct a thorough and complete valuation process. Had the valuation been requested at an earlier stage of the process and been able to be completed to the valuer’s satisfaction, the valuation outcome may have resulted in the Territory having a better informed and improved position during the final negotiation stage. Information material to the transaction should be sufficiently complete and robust to support the decisions and the underlying value of the transaction to the Territory.

Audit Observations
The primary objective of the audit was to identify the systems and processes in place at the Agency to manage land release and development and to assess whether these systems enable the Agency to assess whether its objectives are being achieved economically, efficiently and effectively.

In addressing this objective, my Authorised Auditors reviewed the current policies and procedures in place at the Agency, gaining an understanding of practical application of the policies and procedures and documenting the land planning, release and development process. My Authorised Auditors then obtained supporting documentation and tested the processes and procedures as they specifically applied to the Berrimah Farm redevelopment.
Land development/release framework


Policies and procedures

The policies currently in use by the Agency were initially developed in 2002 as Policy Guidelines to support the execution of the requirements of the Crown Lands Act. In subsequent years, these policies have been expanded to form the documentary basis for the Agency’s procedures with regard to the release of Crown Land and the management of Crown Leases.

The Agency’s documented policies do not differentiate between the release of greenfield and the release of infill sites. All Crown Land releases and management of Crown Leases are to be performed in accordance with the policies.

Once a decision to release Crown Land has been determined by the Minister, the Agency uses a competitive process for sale or lease through one of three approved methods, these being:

- expression of interest;
- auction; and
- ballot.

In limited and exceptional circumstances, land release requests can be made directly to the Agency from an external entity.

Internal checklists have been developed by the Agency to assist staff in ensuring compliance with these policies.

Triggers for land development/release

The most common trigger for land release and development is through a structured release process guided by the regional and area plans within the NTPS. Occasionally, the land development and release process is triggered by direct Ministerial request.

Northern Territory Planning Scheme

As described earlier, the NTPS is a high level documented plan detailing the Northern Territory Government’s future land use and development objectives for the whole of the Northern Territory.
The NTPS was developed and is continuously maintained by various business units within the Agency, in consultation with the NT Planning Commission, the Environmental Protection Agency, Aboriginal Areas Protection Authority, the Department of Environment and Natural Resources and the Land Development Corporation.

The Development Consent Authority (DCA) assists the public and industry by providing interpretation of the NTPS. The DCA utilises the instructions, guidelines and assessment criteria contained in the NTPS when assessing development applications.

From the guidance contained in the NTPS and the provisions of the Agency’s 10 year Infrastructure Plan, detailed Regional, Sub-regional and District & Neighbourhood Area Plans are developed.

From these detailed Plans, the NT Government establishes a release process for the development of Crown Land. This process is dictated by factors such as market supply, the need for specific regional economic stimulus, and the private development of land parcels by entities independent of Government.

**Land development undertaken by government or developer**

The majority of Crown land development initiated by the Minister is released to private developers. Release is undertaken by means of a public competitive tender process in accordance with S12(2) of the *Crown Lands Act* and clause 4 of the Release of Crown Land Policy.

In the event a development is considered not to be economically viable and thus not attractive to a private developer, the Agency will either act as the developer itself or will appoint the Land Development Corporation as the developer. The types of developments that are not economically viable commonly occur in regional or remote locations.

**Development commencement**

The headworks infrastructure is constructed during the initial phases of the development. Typically responsibility for this construction is held by various government controlled agencies and entities (predominantly Power and Water Corporation (PWC) and DIPL – Land Development), however construction of some headworks infrastructure is undertaken by the developer.

At completion of the development, asset acceptance and handover documentation is prepared handing ownership of these assets over to the asset owner responsible for the ongoing maintenance of the assets.
Developers have historically paid a royalty to the Territory when developing residential subdivisions on serviced Crown Land. The royalty is a negotiated rate applied to the sale price of each finalised lot in the development.

Developers of private land are currently able to connect new developments to existing infrastructure free of charge provided sufficient capacity exists. Whilst an initial developer (either the Territory or a private entity) may be required to pay for increased infrastructure capacity, subsequent developers could connect with no charge due to the surplus capacity existing as a result of the first development. The Agency is currently preparing a policy for Government’s consideration to establish an ‘infrastructure contribution levy’ which will be payable by developers and represents a contribution toward the cost of the established and new infrastructure.

During the construction of the subdivision works, the NT Government is involved to ensure the subdivision is constructed in a manner consistent with the NTPS. This role is performed by the DCA. The design of power, water and sewer infrastructure must be approved by PWC prior to construction. These NT Government entities continually inspect the progress of the subdivision to ensure ongoing compliance with development requirements.

The zoning of the lots within the subdivision is determined by reference to the guidance within the NTPS.

**Building commences**

Once lots within the subdivision have been approved and title has been issued for the developed lots in the subdivision, the construction of houses and/or commercial premises can commence. During this phase the DCA and DIPL – Building Services ensure that construction complies with the NTPS and NT Building Regulations.

**Infrastructure asset management**

As reported earlier, at completion of the development and the relevant defects period, infrastructure assets are handed over to the relevant authority who is then responsible for maintaining the assets.

**Key Performance Indicator Targets**

2017-18 Budget Paper 3 states that “The agency is responsible for:

- strategic planning to focus the direction for land use, transport networks and infrastructure to meet the community’s needs and support future growth of the Territory;

- managing land belonging to government and developing, maintaining and holding land related spatial information and data used to support long-term planning;”
Department of Infrastructure, Planning and Logistics cont...

Table 1: Output Group; Outcome and Divisions reported within Budget Paper 3

<table>
<thead>
<tr>
<th>Output Group:</th>
<th>Lands and Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outcome:</td>
<td>Long-term integrated planning is undertaken and land is released and managed to support community needs and economic development in the Territory.</td>
</tr>
<tr>
<td>Divisions:</td>
<td>Land Development</td>
</tr>
<tr>
<td></td>
<td>Plan for and deliver land and related infrastructure to support development across the Territory.</td>
</tr>
<tr>
<td></td>
<td>Crown Land Estate</td>
</tr>
<tr>
<td></td>
<td>Manage the Crown Land Estate including provision of land to support economic development and provide advice and related administrative activities on land.</td>
</tr>
<tr>
<td></td>
<td>Lands Planning</td>
</tr>
<tr>
<td></td>
<td>Provide strategic and long-term integrated planning that supports community needs, sustainable economic development and future growth of the Territory.</td>
</tr>
</tbody>
</table>

Source: Budget Paper 3

The Key Performance Indicators included in 2017-18 Budget Paper 3 that were selected for this audit related to the Crown Land Estate and Lands Planning divisions and are presented in Table 2.

Table 2: Key Performance Indicators attributable to Crown Land Estate and Lands Planning

<table>
<thead>
<tr>
<th>Key Performance Indicators</th>
<th>2016-17 PEFO</th>
<th>2016-17 Estimate</th>
<th>2017-18 Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crown Land Estate</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Release infill/greenfield sites for residential development</td>
<td>9</td>
<td>8</td>
<td>5</td>
</tr>
<tr>
<td>Release infill/greenfield sites for community purpose, commercial and industrial development</td>
<td>5</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Lands Planning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major land use and urban planning projects undertaken to cater for future growth</td>
<td>14</td>
<td>10</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: Budget Paper 3
The Agency's Annual Report discloses information regarding the release of ‘infill/greenfield’ sites for both ‘residential’ and ‘community purpose, commercial and industry’ development against the Key Performance Indicator targets for the Crown Land Estate division. Discussions held with Agency personnel identified that these targets are not continually monitored or reported against throughout the year.

Overview of the Berrimah Farm Redevelopment
The audit results relating to the Berrimah Farm Redevelopment, as documented below, address the second and third objectives of the audit, those being:

- to provide the Legislative Assembly with an overview of the project to redevelop the Berrimah Farm site.

- to test whether the process for releasing the Berrimah Farm site for redevelopment was undertaken in accordance with the performance management system framework identified in the primary objective and provide assurance that the processes leading to the award of contracts to the successful tenderer/s associated with the redevelopment of the Berrimah Farm site were undertaken in accordance with the Northern Territory Government’s Procurement Framework, or an alternative approved Northern Territory Government Framework.

The Berrimah Farm site is Vacant Crown Land of approximately 168 hectares (ha) in size. As the site has been used for many years as a research farm and contains numerous existing structures, it is considered an ‘infill’ site.

In 2013 the NT Government identified the land as a desirable location for residential and commercial development.

In May 2014, the Berrimah Farm Area Plan was developed and in October 2014 the NTPS was updated to include the Berrimah Farm Planning Principles.

The Berrimah Farm site was considered advantageous for development as it is centrally located between the Darwin CBD, Casuarina and Palmerston and is supported by key arterial roads in the Stuart Highway to the north and Tiger Brennan Drive to the south.

In August 2014, the Northern Territory Government endorsed plans to release the Berrimah Farm site as an ‘englobo’ release, whereby the developer is responsible for the construction of all required headworks to the boundary of the site. Agency representatives advised that these headworks costs are commonly borne by government.
On completion, the development was expected, at the time of planning, to deliver the following to the Darwin market:

- over 2,000 residential housing lots,
- two schools,
- a research precinct,
- a retail/restaurant precinct, and
- a bus interchange.

The EOI that was released to the market identified that the Territory had allocated $4 million in its capital works program to support the release. In a subsequent stage of the process it was clarified that the $4 million would be provided, by way of capital grant, to the successful developer to increase the capacity of infrastructure to support future development in the surrounding area. The EOI identified that construction of the headworks infrastructure by the successful proponent was a requirement of the release and that the infrastructure would be provided to the asset owners for nil consideration.

Following the conclusion of negotiations, the Territory had also agreed to pay $4.9 million to secure a non-government school site.

Identifying suitable developers

As identified above, one of the mechanisms for releasing Crown Land is by seeking expressions of interest from potential developers. This was the process undertaken in relation to the Berrimah Farm Redevelopment.

My audit reviewed the process undertaken by the Agency from inviting expressions of interest through to the awarding of the contract to the successful proponent. A description of the process is detailed below.

Going to market

An Invitation for EOI was released on 10 October 2014, consistent with the requirements of the Agency’s Release of Crown Land Policy. The EOI identified a two stage process for proponents, commencing with the initial EOI. Nine proposals were received of which one was found to be non-compliant and eight were subject to further assessment. The Assessment Panel (‘EOI Panel’) formed by the Agency evaluated each EOI received against the criteria within the EOI and shortlisted three proponents, who were then invited to participate in the RFDP process.
Department of Infrastructure, Planning and Logistics cont…

The RFDP documentation provided the shortlisted proponents with:

- an outline of the Project’s objectives and requirements;
- details of the assessment criteria;
- details as to the RFDP process and timeframes;
- specific information required to be provided by proponents in their detailed proposal; and
- the terms and conditions for participating in the RFDP process.

To ensure due process, a Probity Plan was enacted, with a local professional services firm being engaged to provide probity advisory services. A report was issued at the completion of each of the EOI and RFDP stages with no negative findings documented in the reports.

An Assessment Panel (‘the RFDP Panel’) was established, consisting of representatives from the Agency, the Department of the Chief Minister, the Department of Treasury and Finance and the Department of the Attorney-General and Justice, with various professional service providers and other key departmental personnel assisting with the process.

The role of the RFDP Panel was to assess each of the three proposals received in response to the RFDP against the requirements of the RFDP and the documented assessment criteria. Following the evaluation of the RFDP, the RFDP Panel issued their final report in October 2015.

The recommendation included within the RFDP Panel’s report was for the Territory to enter into dual negotiations with two of the proponents. The RFDP Panel’s report identified a list of key matters needing to be addressed during these negotiations.

The RFDP Panel provided its recommendation through the Agency to the then Minister for Lands and Planning, who made the ultimate decision concerning the outcome of the RFDP process.

On 7 October 2015, the acting Minister for Lands and Planning approved the Territory to enter into further negotiations with each of the two shortlisted proponents in order to reach a BAFDP.
Selecting the successful proponent

The EOI listed a number of objectives that the Territory viewed as critical in realising the site’s potential.

The Territory subsequently entered into dual negotiations with both proponents. Following the negotiation phase, each proponent was requested to provide their BAFDP to the Agency.

Subsequent to these negotiations, on 30 October 2015, a Brief was prepared for the then Minister for Lands and Planning. The Ministerial Brief communicated that advice had been sought and received from both the legal and probity advisors and the advice from each supported the options provided in the Brief. The Brief provided three options for the Minister’s consideration:

1. Continue negotiations with a single preferred proponent;
2. Continue negotiations with both proponents as dual preferred proponents; or
3. Reject all BAFDPs, close the process and look at other options for the site.

The Agency recommended the Minister approve Option 1 and continue negotiations with a single preferred proponent. Key to this decision was that the BAFDP provided by one proponent was determined by the Agency as more closely reflecting the Territory’s negotiation position.

On 3 November 2015, a media release from the then Minister for Lands and Planning announced the Territory had entered into negotiations with the preferred proponent for the redevelopment of Berrimah Farm.

On 10 February 2016, the acting Minister for Lands and Planning approved the removal of the requirement for the development to include a 15ha International Grammar School.

On 9 March 2016, the then Minister for Lands and Planning approved inclusion of a 4ha non-government school site within the Berrimah Farm development, as an existing non-government school in Darwin region had made preliminary representations relating to the establishment of a new campus at Berrimah Farm.

The removal of the International Grammar School site and the inclusion of the new non-government school site resulted in 11ha of land being retained by the developer rather than being returned to the Territory.

On 23 May 2016, the then Minister for Lands and Planning approved the execution of the final Project Development Agreement (PDA) and awarded the development. This involved granting the successful proponent a Crown Lease over Sections 7348 and 7349, Hundred of Bagot, for nil consideration.
Establishment of contract/s

The awarding of the development was formalised on 27 May 2016 with the PDA agreed between the Territory and the successful proponent.

The PDA details all aspects of the development, the responsibilities of each party and provides for a 21 year Crown Lease of the Berrimah Farm site to the developer.

The Agency’s current role in the project is to administer the provisions of the contract ensuring reporting milestones are being met and that the required financial security is collected at the completion of each stage of the development.

The Agency was unable to provide evidence to my Authorised Auditors that a thorough review of the PDA has been undertaken in order to identify the existence and/or value of any contingent liabilities that may be attributable to the Territory.

The Project Objectives and Deliverables identified in the EOI represented the Territory’s expected outcomes from the redevelopment of the Berrimah Farm site. Some of these objectives were viewed by the Territory as “critical in realising the site’s potential”. A review of the provisions of the PDA and those contained in the EOI, the RFDP and the successful proponent’s BAFDP reveal significant changes from the deliverables and outcomes initially established by the Territory and those accepted at the conclusion of the release process.

A summary of the changes to the expected outcomes is presented in Table 3.

Table 3: Changes in the Berrimah Farm Objectives and Deliverables

<table>
<thead>
<tr>
<th>EOI Project Objectives (October 2014)</th>
<th>RFDP Project Requirements (April 2015)</th>
<th>PDA Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of a scientific research precinct which provides both Government and private sector facilities.</td>
<td>Requirements are consistent with the EOI.</td>
<td>Requirement reflected in the Masterplan within the PDA.</td>
</tr>
<tr>
<td>Development of a mixed-use Secondary Activity Centre (SAC).</td>
<td>Plan for the Development of the SAC. Construction of a first stage of the SAC.</td>
<td>Development of a SAC. Development of first stage of SAC within three years of the completion of Stage 1.</td>
</tr>
</tbody>
</table>
A summary of the changes to the expected outcomes is presented in Table 3.

**Table 3: Changes in the Berrimah Farm Objectives and Deliverables**

<table>
<thead>
<tr>
<th>EOI Project Objectives (October 2014)</th>
<th>RFDP Project Requirements (April 2015)</th>
<th>PDA Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 A design that provides for education and aged care facilities.</td>
<td>Requirements are consistent with the EOI.</td>
<td>Provision of a serviced site for retirement living.</td>
</tr>
<tr>
<td>4 A design that caters for a mix of dwelling types including affordable housing.</td>
<td>Plan for Housing Diversity.</td>
<td>Requirement reflected in the Masterplan within the PDA.</td>
</tr>
<tr>
<td>5 A design that distributes traffic evenly and makes provision for a bus interchange.</td>
<td>RFDP states that an on-road solution is proposed rather than a bus interchange.</td>
<td>Establishment of on-road bus stops and a layover bay.</td>
</tr>
<tr>
<td>6 A design that responds to the constraints and opportunities of the site and effectively incorporates community purpose open space.</td>
<td>Requirements are consistent with the EOI.</td>
<td>Requirement reflected in the Masterplan within the PDA.</td>
</tr>
<tr>
<td>7 All development to be completed within an indicative timeframe of 10 years.</td>
<td>Requirements are consistent with the EOI.</td>
<td>Project to be completed by 2031, with a sunset clause to 2035.</td>
</tr>
<tr>
<td>8 Innovative mixed use residential subdivision that provides an integrated outcome which is consistent with Project Objectives (1-7 above) and considers the Berrimah Farm Area Plan.</td>
<td>Design and construction of a mixed-use subdivision.</td>
<td>Design and construction of a mixed use subdivision.</td>
</tr>
</tbody>
</table>
### EOI Project Objectives (October 2014)

<table>
<thead>
<tr>
<th>9</th>
<th>Delivery of all required headworks and subdivision infrastructure.</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Delivery of the Research Precinct that includes provision of the Lease-Back Facilities to Department of Primary Industry and Fisheries (‘DPIF’) and the Department of Land Resource Management (‘DLRM’).</td>
</tr>
<tr>
<td>11</td>
<td>Delivery of 5ha site at nil cost to the Territory for a sentinel herd of cattle.</td>
</tr>
<tr>
<td>12</td>
<td>Demolition of facilities in Area B and any further buildings located in Area A identified by DPIF and DLRM.</td>
</tr>
<tr>
<td>13</td>
<td>Provision of a serviced site for an International Grammar School at nil cost to the Territory.</td>
</tr>
</tbody>
</table>

### RFDP Project Requirements (April 2015)

<table>
<thead>
<tr>
<th>9</th>
<th>Design and construction of headworks</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Development of a research precinct.</td>
</tr>
<tr>
<td>11</td>
<td>Development of a 10ha site for a sentinel herd of cattle.</td>
</tr>
<tr>
<td>12</td>
<td>Demolition of facilities in the area vacated by the Territory.</td>
</tr>
</tbody>
</table>

### PDA Objectives

<table>
<thead>
<tr>
<th>9</th>
<th>Design and construction of the headworks.</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Development of the Research Precinct, subject to other clauses.</td>
</tr>
<tr>
<td>11</td>
<td>Requirement removed by the Territory during the negotiation phase.</td>
</tr>
<tr>
<td>12</td>
<td>Demolition of improvements in Section 7348 following vacation by the Territory.</td>
</tr>
<tr>
<td>13</td>
<td>Requirement removed by the Acting Minister for Lands and Planning in February 2016.</td>
</tr>
</tbody>
</table>
Department of Infrastructure, Planning and Logistics cont…

<table>
<thead>
<tr>
<th>EOI Project Objectives (October 2014)</th>
<th>RFDP Project Requirements (April 2015)</th>
<th>PDA Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>14 Provision of a serviced site for a Primary School at nil cost to the Territory.</td>
<td>Provision of a 5ha serviced site for a Primary School site.</td>
<td>Provision of two separate serviced sites, one for a Government primary school (5 ha) and one site for a non-government private primary school (4ha) at a cost of $4.9 million to the Territory.</td>
</tr>
</tbody>
</table>

Source: NTAGO developed

I note that the original EOI document communicated that the Territory would accept no risk in relation to the Project and intended that any commercial agreements relating to the development of the Berrimah Farm site would require the Successful Proponent to take the site on an ‘as is where is’ basis. The final position agreed between the Territory and the preferred proponent was reduced to the requirement to achieve an environmental audit certificate for any unaudited area of the property.

Negotiation changes

There is no provision within the PDA for any financial return to the Territory in the form of a royalty payment or equivalent.

The Territory agreed the removal of the requirement to provide a site for a sentinel herd of cattle and the requirement to provide a serviced site for an International Grammar School.
Land valuation

As part of the process of finalising the PDA, the Territory engaged an independent valuer to value certain aspects of the Berrimah Farm site.

An independent valuation of the 168ha Berrimah Farm site was conducted by an independent real estate firm on 11 May 2016 and was subsequently verified by the Valuer-General of the Northern Territory. The value assigned to the ‘englobo’ development site on an ‘as is’ basis was $20 million. The valuation assumed an uncontaminated site with sufficient existing water, sewer and electricity infrastructure available for a proposed subdivision.

The valuation also assigned values to the two school sites, on an ‘as if complete’ basis. Both sites were valued at $5 million each.

The Executive Summary of the valuation report reported that the valuer was instructed to undertake the valuation on 10 May 2016, with the final report to be completed by the close of business on 12 May 2016. The valuer reported that due to the restricted time period, the valuer was unable to undertake all the research that would normally be required for a valuation of this scale and complexity. In addition, due to the very short time period in which the valuer was requested to complete the report and the lack of information, the valuer was unable to gain sufficient information to undertaken a hypothetical cashflow analysis of the proposed development. The report states that such analysis would be likely to produce a residual value which may differ significantly to the value provided.

Asset transfer and buy back

Upon conclusion of the project, certain assets were intended to be handed to the eventual asset owners. These include the site for the construction of a government school, valued at completion at $5 million, a bus interchange, estimated by the developer to be valued at $2.6 million, and external head works, estimated by the Agency’s engineering consultant to be valued at $28.6 million on completion.

The Territory is required to acquire a parcel of land from the successful proponent for the construction of a non-government school, at an agreed cost of $4.9 million.

The cost to PWC for the construction of necessary regional infrastructure works to facilitate the Berrimah Farm redevelopment and development of other sites in the sub regional area was estimated to be $42.5 million.
All relevant titles for identified sites, open land, parks and roads will be returned to the Territory at the completion of each stage of development. Headworks will be handed over to relevant authorities following the related defects period. Any residual property will be returned to the Territory at either the time the development is completed or the expiration of the 21 year Crown Lease term.

Other costs attributable to the Territory which are necessary to facilitate the redevelopment of Berrimah Farm however are not considered directly attributable to the redevelopment of the Berrimah Farm include the upgrades to PWC infrastructure and the construction of a road link through the Darwin Correctional Precinct.

I was not provided with a comprehensive cost benefit analysis demonstrating the impacts to the Territory of the options available to the Territory at the conclusion of the BAFDP process, those options being: 1) to enter into further negotiations with one preferred proponent; 2) to enter into further negotiations with dual preferred proponents; or 3) not to proceed with the development.

Compliance with Agency documented processes
At the time of the Berrimah Farm release, the documented Agency policy was the 2002 Sale or Grant of Government Land Policy, as developed by the former Department of Lands, Planning and the Environment.

Since its introduction in 2002, this policy has been continually updated and has evolved to two separate policy documents, being the Release of Crown Land Policy and the Leases of Crown Land Policy. Both policies were endorsed and effective from 2016.

The practical processes for the issuing of Crown Land and granting of Crown Leases remain ultimately the same as those initially introduced. Final approval of transactions involving Crown Land remains with the relevant Minister.

The policy in effect at the time the Redevelopment of the Berrimah Farm was proposed provided that prior to the offer of sale, the relevant Minister must be satisfied that the following six criteria have been met:

- the applicant has the necessary financial and other relevant resources including expertise to complete the proposed development within a reasonable period (consideration may be given to staged development within a proposed timeframe);
- the proposed development is of a scale appropriate to the particular site;
the proposed development is in accordance with the land use planning principles and the
Northern Territory Planning Scheme;

- in the case of subdivisions for new suburbs, adequate provision has been made for land to
the returned for open space, infrastructure, community facilities and public housing;

- the implications of native title have been addressed; and

- matters relating to the impact on the environment have been addressed.

The review of the processes undertaken during the granting of the Crown Lease over the
Berrimah Farm site found these required criteria had been incorporated into the two stage public
competitive process, those stages being the Expressions of Interest and Request for Detailed
Proposals.

Notwithstanding the identification of a number of opportunities for improvement during this audit,
the Agency has complied with the Agency’s documented processes for the granting of a Crown
Lease over the Berrimah Farm site.
The Department of Infrastructure, Planning and Logistics has commented:

The Department notes the Audit’s finding that the Department has systems and processes in place to manage land release and development and that the Department has complied with these systems and processes and Government policy in relation to the grant of a Crown Lease over the Berrimah Farm site.

The following is provided in response to the areas for improvement identified by the Audit.

1. The Department agrees that its key performance indicators (KPIs) could be enhanced and is currently reviewing these to develop more meaningful KPIs that are aligned to Budget Paper 3 and the Department’s Strategic Priorities.

2. The requirement for all government employees and consultants involved in the selection process to sign a Confidentiality Undertaking is clearly documented in the Probity Plan template used for Land Release projects. The Department will ensure that all declarations are provided in a timely manner prior to commencing an assessment process.

3. In response to the Audit opinion that there was no documentary evidence that all financial and reputational risks to the Territory had been adequately considered and mitigated, the Department advises that legal and probity advice was sought during the assessment process and the decision-maker was informed of this advice. The Department considers that the identified risk was effectively mitigated by entering into dual negotiations where two proponents were asked to submit best and final detailed proposals for assessment. Risk minimisation was a key consideration in selecting the preferred proponent for single negotiations.

To improve the documentation of its risk mitigation actions, the Department’s Land Release Risk Management Template has been updated to prompt Project Managers to update the Risk Management Plan should any previously unidentified risks become apparent during a Land Release process.
The Department of Infrastructure, Planning and Logistics comments continued:

4. The land release process for this project used five assessment criteria of which value for money was one element. The other assessment criteria were:
   - Achievement of Project Objectives (15 objectives identified)
   - Certainty of delivery
   - Financial capacity of the proponent
   - Risk to the Territory
   The Department considers that Government was fully informed of the financial implications at the time it made its decision to proceed with the successful Proponent.

5. In response to the Audit finding that there is no evidence that the Project Development Agreement (PDA) has been comprehensively reviewed to identify the existence of contingent liabilities, the Department considers that all financial risks to Government were documented in its advice to Government, with the department supported in this process through the use of a contract lawyer. Noting the specific recommendation, the Department has included a new step in its Land Release procedure to ensure that draft Development Agreements are reviewed for contingent liabilities.

6. With regard to changes made to the Project Objectives and Deliverable between the initial Expression of Interest and the final PDA, the Department notes these changes were undertaken either at the request of, or approved by the Government of the day and reflect the priorities of Government at that time. The Department considered the changes identified by the Audit were peripheral and did not have a material impact on the Project outcome, as the Project still met the key Project Objectives of a mixed use residential subdivision including sites for educational facilities, a research precinct, diversity of housing, secondary activity centre, preservation and enhancement of WWII heritage, provision of headworks and aged care facilities.

7. The short timeframe provided for completion of the valuation is acknowledged. A new step to obtain an updated valuation prior to the commencement of negotiations has been added the Department’s Land Release Procedures.
Licencing and Compliance System

Scope and Objectives
The objective of the audit was to assess the design and implementation of general computer controls applicable to the Licensing and Compliance System (LCS) maintained by the Department of the Attorney-General and Justice (the Department). The following areas of controls relating to LCS were the focus of this engagement:

- Application security;
- Database security over the application database;
- Operating system security for the system hosting the application;
- User access management over the system and its underlying components;
- Change management and system development processes for the application and supporting database and operating system;
- Disaster recovery planning for the system;
- Interface/validation controls; and
- Selected areas of application controls which support key processes within LCS.

The audit findings are based on a review of documentation, system configuration and discussions with relevant department personnel.

Background
The objective of the audit was to assess the design and implementation of general computer controls applicable to the Department's LCS.

LCS is a customised version of a commercial off-the-shelf product. LCS currently has 97 active NT Government users and also provides functionality for the public and businesses to apply for licenses. During the design and development phase of LCS it was identified that the LCS project and Licensing NT also required a Finance and Fees Processing Module to be developed and interfaced with the LCS application. This led to the implementation of a separate application developed by SBC, the third party developer of LCS, the General Cash Receipting Module (GCRM), a standalone payments module, which allows Licensing NT and the Territory Business Centre (TBC) to process transactions related to the licensing schemes managed by Licensing NT. The GCRM also caters for non-licensing requirements, enabling this module to also be used for general cash receipting purposes.
LCS and GCRM are hosted on the same Windows Server within the NT government data centre hosted by Data Centre Services (DCS). The Department is currently responsible for the ongoing support and maintenance of the LCS application, whilst supported by the vendor on a time and materials basis. General computer controls over the database, network and operating system components of LCS are managed through processes established by DCS.

The LCS is progressively being implemented to support the management of licensing requirements. The first phase of the LCS project went into production in early 2017, with only part of the NT Government license portfolio available externally for user application. The LCS application is still being managed as an ongoing project with further phases scheduled to be implemented over the coming months.

Conclusion
General computer controls have been implemented in relation to the LCS, however key opportunities for improvement were identified in relation to strengthening information security and access management.

Audit Observations
A number of key control weaknesses across the application and its underlying system components were noted which need to be addressed.

Deficiencies in user access assignment, revocation and review processes across the LCS application

User access assignment
The Department had established an informal process to request access to the LCS application as part of an access request process. During audit testing my Authorised Auditors observed that user request emails and corresponding approvals were unable to be provided for nine users from a sample of 15 users. All accounts were subsequently confirmed as appropriate with management.

User access revocation
The Department had not yet established a formal procedure for the revocation of access from LCS. The Department relied on the whole of government user termination process to disable a user’s network account, preventing the ability for a user to access LCS, rather than removing user access from LCS.

User access review
The Department had not yet established a formal process for the periodic review of the appropriateness of users’ access within LCS.
Exceptions were identified in privileged and generic account management across the LCS application

**Privileged access management:**

As part of the ongoing administration of the LCS application, a number of users were assigned a privileged level of access. My Authorised Auditors identified a user that no longer required this level of access as the user’s role has now changed.

In addition to this exception, it was noted that a significant number of users hold access privileges within the application. The large number of users with privileged access presents a risk given that the system is being used in production. Strategies had not been established to monitor abnormal activities performed using these privileged accounts.

**Users had been granted more access than their roles require resulting in a security access model that is not risk based or aligned to the principle of least privilege**

During the development of LCS, the business owners granted users with higher access privileges than their specific roles required. The Department asserted that this was to avoid any potential impact on services, with the intention of fine-tuning and reducing this access over time. This approach has resulted in a security access model which is not risk based or aligned to the principle of least privilege. This has also resulted in segregation of duties not being adequately considered or addressed within the application.

It was identified that 84 users within LCS had been assigned to the profile that provides access to critical LCS functions including creating, approving, and modifying license applications. Whilst I acknowledge that transaction level audit trails are enabled within LCS, there were a number of risks identified relating to segregation of conflicting duties.

**Business continuity and IT disaster recovery plans relating to the LCS had not been developed.**

Business and IT service continuity plans for the LCS application had not been developed. Key observations include:

- A business continuity plan defining key procedures for maintaining the continuity of the delivery of the LCS application in the event of system failure or IT disaster had not been developed.

- An IT service continuity plan had not been developed for the LCS application. Testing has also not been undertaken to confirm that system backups were recoverable or that recovery procedures were effective.
A formal change management process for LCS had not been documented. Changes were regularly made to the LCS application for application enhancements and fixes with support from the vendor. A process for making changes was in place, which required the approval of the Project Director and Project Sponsor. Changes should be tested in a user acceptance testing (UAT) environment before the change can be released into production. These important requirements had not been formally documented within a policy or procedure.

Changes made to the underlying infrastructure were governed by DCS change control processes and procedures.

An information security control weakness was identified relating to password security for the Windows server hosting the LCS application. The password for the default local administrator account ‘administrator’ on the windows server hosting the LCS application had not been subjected to change on a regular basis.

As observed in other jurisdictions, the failure to regularly update passwords exposes entities to significant risk as a result of unauthorised personnel obtaining access to data.

Information security configuration weaknesses were identified within the SQL database supporting the LCS application. Security weaknesses were identified within the Standard Query Language (SQL) database supporting the LCS application.
The Department of the Attorney-General and Justice has commented:

Licensing NT acknowledges the audit findings and advises that the majority will be addressed during the operational handover aspect of the project closure scheduled for completion by April 2018.

The remaining findings specifically relate to the security policy of Data Centre Services (DCS), Department of Corporate and Information Services. The Department of the Attorney-General and Justice Chief Information Officer is liaising with DCS in this regard.
Jabiru Town Development Authority

Audit Findings and Analysis of the Financial Statements for the Year Ended 30 June 2017

Scope and Objectives
The objective of the audit was to conduct sufficient audit work to form an audit opinion on the financial statements of Jabiru Town Development Authority for the year ended 30 June 2017.

Background
The Jabiru Town Development Authority (the Authority) has overall responsibility under the Jabiru Town Development Act for maintenance and development of the town of Jabiru, the issue of sub-leases of land, and for administration, management and control of the town. A head lease agreement between the Authority and the Commonwealth over the town is due to expire in 2021.

A 1985 cost sharing agreement set out the principles for the allocation between participating parties of expenditure required for the town development. The participating parties were principally the Commonwealth Government, the Northern Territory Government, Energy Resources Australia Limited and the Authority.

The Authority is indebted to the Northern Territory Government as a result of loans provided to the Authority for the construction of infrastructure. The initial value of loans provided was $8.40 million, but by 1986, the amount outstanding had increased to $8.80 million due to the capitalisation of net unpaid interest. In August 1986, the Northern Territory Government granted the Authority a moratorium on interest payments and principal repayments on existing loans. That moratorium continued to apply at 30 June 2017.

Audit Opinion
The audit of the Jabiru Town Development Authority for the year ended 30 June 2017 resulted in an unqualified independent audit opinion, which was issued on 13 November 2017.

The audit opinion, while unqualified, did include the following material uncertainty related to going concern paragraphs:

“Moratorium on loan repayments

The Authority refers to its expectation of the continuation of the indefinite moratorium on the Authority’s interest and principal repayment of loans due to the Northern Territory Government amounting to $8,804,916. Without this moratorium, there would be significant uncertainty as to whether the Authority would be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.
Jabiru Town Development Authority cont…

Audit Observations

Legislative changes

On 28 June 2013 the Aboriginal Land Rights and Other Legislation Amendment Act 2013 was passed by the Australian Parliament. One of the identified impacts of this legislative change is the potential cessation of the lease over the Town of Jabiru currently held by the Authority. Should cessation of the lease occur, the appropriateness of the Authority continuing to report on a going concern basis may be brought into question."

Performance Overview

The Authority currently prepares its annual financial statements on a going concern basis. As identified in previous years, there are two significant events which may bring the appropriateness of this assumption under question. These are:

- The Authority holds a loan owed to the Northern Territory Government totalling $8,804,916 as at 30 June 2017. There is currently a moratorium in place allowing the Authority relief from making the principal and interest repayments on this loan. Should this moratorium be lifted, it is uncertain as to whether the Authority would have access to sufficient liquid resources to meet these repayments.

- In June 2013, the Federal Parliament ratified the Aboriginal Land Rights and Other Legislation Amendment Act 2013. One of the possible ramifications of this Bill is the transfer of the lease over the Jabiru township from the Authority to the Kakadu Aboriginal Land Trust. Should this occur, the current lease between the Director of National Parks and the Authority will cease to exist.

Jabiru Town Development Authority (the ‘Authority’) generated a net deficit of $263,870 in 2017 (2016: $254,777) as total revenue decreased from the prior year by $10,576 predominantly due to a result of a reduction in interest income of $11,748 due to lower interest rates on lower cash balances.

As at 30 June 2017, the net liability position of the Authority was $7,001,149 (2016: $6,737,279), comprising:

- Cash and cash equivalents of $1,636,994;
- Current receivables of $6,908; and
- Non-current assets of $209,108, offset by
- Current liabilities (payables) of $49,243; and
- Loan due to the Northern Territory Government of $8,804,916.
### Financial Performance for the year

<table>
<thead>
<tr>
<th></th>
<th>2017 ($'000)</th>
<th>2016 ($'000)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grants</td>
<td>90</td>
<td>90</td>
</tr>
<tr>
<td>Interest</td>
<td>25</td>
<td>37</td>
</tr>
<tr>
<td>Sub-lease transfers</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>116</td>
<td>127</td>
</tr>
<tr>
<td><strong>Less expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administration expenses</td>
<td>(317)</td>
<td>(319)</td>
</tr>
<tr>
<td>Amortisation of town infrastructure</td>
<td>(63)</td>
<td>(63)</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>(380)</td>
<td>(382)</td>
</tr>
<tr>
<td><strong>Surplus/(deficit)</strong></td>
<td>(264)</td>
<td>(255)</td>
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</table>
### Jabiru Town Development Authority cont…

#### Financial Position at year end

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,637</td>
<td>1,839</td>
</tr>
<tr>
<td>Receivables and other current assets</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Less current liabilities</td>
<td>(49)</td>
<td>(49)</td>
</tr>
<tr>
<td><strong>Working Capital</strong></td>
<td>1,595</td>
<td>1,796</td>
</tr>
<tr>
<td>Add non-current assets</td>
<td>209</td>
<td>272</td>
</tr>
<tr>
<td>Less non-current liabilities</td>
<td>(8,805)</td>
<td>(8,805)</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>(7,001)</td>
<td>(6,737)</td>
</tr>
</tbody>
</table>

Represented by:

- Accumulated deficit | (7,001) | (6,737) |
- **Equity**           | (7,001) | (6,737) |
Nitmiluk (Katherine Gorge) National Park Board

Audit Findings and Analysis of the Financial Statements for the Year Ended 30 June 2017

Scope and Objectives
The objective of the audit was to conduct sufficient audit work to form an audit opinion on the financial statements of Nitmiluk (Katherine Gorge) National Park Board for the year ended 30 June 2017.

Background
The Nitmiluk (Katherine Gorge) National Park Board (the Board) was formed in 1989 under the Nitmiluk (Katherine Gorge) National Park Act to acknowledge and secure the rights of those Aboriginals who are the traditional owners of certain land in the Northern Territory of Australia, and certain other Aboriginals, to occupy and use that land, to establish a National Park comprising that land [to be known as the Nitmiluk (Katherine Gorge) National Park] and to provide for the management and control of that Park and certain other land and for related purposes.

Audit Opinion
The audit of the Nitmiluk (Katherine Gorge) National Park Board for the year ended 30 June 2017 resulted in an unmodified independent audit opinion, which was issued on 19 December 2017.

Audit Observations

Performance Overview
Total revenue for the year increased by $44 thousand to $1.064 million (2016: $1.020 million). This was attributed to:

- an increase in the goods and services revenue from the services and facilities provided within Nitmiluk National Park, primarily from boat tours, which saw an increase of $98 thousand; partially offset by:

- a decrease in income from canoe tours of approximately $28 thousand to $52 thousand (2016: $80 thousand) which was due to the late opening of some of the gorges as a result of the increased crocodile management required following the high rainfall wet season; and

- a decrease in catered tours income of approximately $28 thousand to $52 thousand (2016: $80 thousand) which was due to 28% less patrons this year.

Total expenses for the year increased by $44 thousand to $1.064 million (2016: $1.020 million), which is equivalent to the movement in revenue, as all revenue is expensed as cost allocations to traditional owners.
Nitmiluk (Katherine Gorge) National Park Board cont...

Financial Performance for the year

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Park income</td>
<td>964</td>
<td>927</td>
</tr>
<tr>
<td>Less payments to Traditional Owners</td>
<td>(609)</td>
<td>(575)</td>
</tr>
<tr>
<td>Less payments to the Parks and Wildlife Commission of the Northern Territory</td>
<td>(355)</td>
<td>(352)</td>
</tr>
<tr>
<td>Other revenue</td>
<td>100</td>
<td>93</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>100</td>
<td>93</td>
</tr>
<tr>
<td><strong>Less expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operational costs</td>
<td>(100)</td>
<td>(93)</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>(100)</td>
<td>(93)</td>
</tr>
<tr>
<td><strong>Surplus</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
## Financial Position at year end

<table>
<thead>
<tr>
<th></th>
<th>2017 $'000</th>
<th>2016 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Receivables and other current assets</td>
<td>316</td>
<td>249</td>
</tr>
<tr>
<td>Less current liabilities</td>
<td>(316)</td>
<td>(249)</td>
</tr>
<tr>
<td><strong>Working Capital</strong></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Add non-current assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less non-current liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Represented by:

- **Accumulated funds**
  - 2017: -
  - 2016: -

- **Equity**
  - 2017: -
  - 2016: -
Managing the Mental Health of Police

Scope and Objectives

Section 15 of the Audit Act provides that “the Auditor-General may conduct an audit of performance management systems of any Agency or other organisation in respect of the accounts of which the Auditor-General is required or permitted by a law of the Territory to conduct an audit.”

The objective of an audit conducted under Section 15 includes “determining whether the performance management systems of the Agency or organisation in respect of which the audit is being conducted enable the Agency or organisation to assess whether its objectives are being achieved economically, efficiently and effectively.”

The primary objective of the Managing the Mental Health of Police performance management system audit was to examine the systems and processes that Northern Territory Police, Fire and Emergency Services (“NTPFES” or “the Agency”) has in place to promote mental health, prevent mental health conditions, and monitor and manage the mental health of sworn members.

The scope of this audit was restricted to the mental health and wellbeing environment specific to sworn members. In the context of this audit, sworn members were defined as Aboriginal Community Police Officers (ACPOs); Auxiliary Police Officers (Auxiliaries); Constables and above; and Commissioned Officers.

Human resource related functions reviewed as part of this audit included: critical incident management; employee support services; employee wellbeing; recruitment; selection; personal leave; illness and injury management.

The focus of this performance management system audit was restricted to the holistic agency policies and procedures and how they interact with sworn members.

Contact with affected employees and external health service providers was outside of the scope of this audit.

The fieldwork supporting this audit was undertaken between February and May 2017 and considers the policies, procedures and processes in place during that period.
The assessment of the Agency’s performance management systems in place with respect to the mental health of sworn members has been structured around the three key areas of:

- Promoting mental health and preventing mental health conditions – those systems and processes the Agency has in place:
  - to raise an appropriate level of awareness in the Agency of the topic of mental health, to help reduce stigma associated with mental health conditions and highlight its importance to the overall health and wellbeing of sworn members; and
  - to proactively reduce the instance of mental health conditions through understanding and limiting/removing the possible events, circumstances or actions that are known to contribute towards mental illness.

- Monitoring mental health – those systems that the Agency has in place to help identify risk factors and sworn members that may be at risk of developing mental health conditions.

- Managing mental health conditions – those systems that the Agency has in place to respond when an instance of mental health conditions has been identified.

Report Outline
The structure of the report is as follows:

- Background:
  - The importance of mental health
  - Defining mental health
  - Types of mental illness
  - Prevalence in first responder entities
  - Good Practice Framework

- Conclusion

- Recommendations

- Audit Observations:
  - Promoting mental health and preventing mental health conditions
  - Monitoring mental health
  - Managing mental health conditions
Background

The importance of mental health

Healthy employees are vital to Australia’s economic prosperity. The World Health Organisation and Australian governments recognise the workplace as pivotal in the physical, mental and social health of workers and their families. beyondblue has reported that “research shows that high levels of mental health are associated with increased learning, creativity and productivity, more pro-social behaviour and positive social relationships, and with improved physical health and life expectancy. In contrast, mental health conditions can cause distress, impact on day-to-day functioning and relationships, and are associated with poor physical health and premature death from suicide.”

Workers may develop mental health conditions prior to employment or during employment. An ‘unhealthy’ work environment or workplace incident can cause stress and exacerbate, or contribute to, the development of mental health conditions.

Preventing mental health conditions from arising and limiting the impact of mental health conditions directly contributes to increased available resources, particularly in first responder organisations such as police, where recruitment and retention of employees are key challenges.

Defining mental health

Mental health, as defined by the World Health Organisation, is “a state of well-being in which every individual realises his or her own potential, can cope with the normal stresses of life, can work productively and fruitfully, and is able to make a contribution to her or his community.” The term is about “wellness rather than illness.”

Mental illness differs from poor mental health. It is:

“a recognized, medically diagnosable illness that results in the significant impairment of an individual’s cognitive, affective or relational abilities.”

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1 https://www.beyondblue.org.au/the-facts/what-is-mental-health
4 http://wmhp.cmhaontario.ca/workplace-mental-health-core-concepts-issues/what-is-mental-health-and-mental-illness
The Mental Health Continuum Model in Figure 1 shows a conceptual diagram of the mental health spectrum and demonstrates how an individual's mental health can be conceptualised in the context of their ability to function:

“The model goes from healthy, adaptive coping (green), through mild and reversible distress or functional impairment (yellow), to more severe, persistent injury or impairment (orange), to clinical illnesses and disorders requiring more concentrated medical care (red). The arrows under the four colour blocks denote the fact that this is a continuum, with movement in both directions along the continuum, indicating that there is always the possibility for a return to full health and functioning. There is a recognition that the earlier there is some sort of intervention, the easier it is to return to full health and functioning (green).”

Source: Road to Mental Readiness (R2MR), National Defence and the Canadian Armed Forces

Types of mental illness
Mental illnesses are also called mental disorders. Some of the main groups are:

- mood disorders (such as depression or bipolar disorder);
- anxiety disorders;
- personality disorders;
- psychotic disorders (such as schizophrenia);
- eating disorders;
- trauma-related disorders (such as post-traumatic stress disorder); and
- substance abuse disorders.

Source: Road to Mental Readiness (R2MR), National Defence and the Canadian Armed Forces

https://www.mindhealthconnect.org.au/mental-illness
Post-traumatic stress disorder (PTSD) is a mental health condition that may occur after a single traumatic event, or after multiple traumatic events. PTSD can happen after actual or threatened serious injury, death or sexual violence to the person experiencing PTSD or to others. PTSD can also occur after repeated and extreme exposure to the details of traumatic events. Acute mental illness is characterised by significant and distressing symptoms of a mental illness requiring immediate treatment. The onset is sudden or rapid and the symptoms usually respond to treatment.

**Prevalence in first responder entities**

Safe Work Australia’s “Work-related Mental Disorders Profile 2015” identified police as among the occupational groups with the highest rates of mental disorder claims. Mental health research suggests that both organisational and task-related stressors are contributors to poor mental health in high-risk professions. Organisational stressors can arise from a lack of resources, time constraints, poor leadership and overwork. In comparison, task related stressors are duty or role related, such as responding to dangerous or threatening situations, or dealing with disturbing or traumatic incidents. The National Coronial Information System (NCIS) reported 110 fatalities involving emergency services personnel who died as a result of intentional self-harm between 1 July 2000 and 31 December 2012, as shown in Figure 2. Of these, 62 cases involved police, 22 firefighters, and 26 ambulance officers. The data presented uses the location at the time of death, as opposed to residence, to determine jurisdiction. The NCIS is a data repository for mortality from all Australian State and Territory Coroners and New Zealand.

**Figure 2 – Fatalities by Jurisdiction**

![Fatality Chart](chart.jpg)

*Source: National Coronial Information System, Intentional Self Harm Fact Sheet: Emergency Services Personnel*

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Northern Territory Police, Fire and Emergency Services cont...

Good Practice Framework

beyondblue, in collaboration with Australian agencies and experts, developed the “Good practice framework for mental health and wellbeing in first responder organisations”, hereafter referred to as the “beyondblue framework”. It presents a framework (shown in Figure 3) for promoting the mental health and wellbeing of first responders and preventing suicide.

*Figure 3 – Good practice model for mental health and wellbeing in first responder organisations*

The beyondblue framework presents an integrated approach drawing upon the following three areas of focus:

1. Protection – protecting mental health by reducing work-related risk factors for mental health conditions and increasing protective factors.
2. Promotion – promoting mental health and wellbeing by developing the positive aspects of work as well as workers’ strengths and capabilities.
3. Intervention – addressing mental health difficulties and conditions among workers, regardless of whether the workplace was a contributing factor.

*Source: beyondblue’s “Good practice framework for mental health and wellbeing in first responder organisations” (page 14)*
The good practice principles underlying the beyondblue framework are described briefly below:

- **Shared responsibility** – A strong organisation is a shared responsibility. A shared, collaborative approach to mental health and wellbeing is fundamental to the health of any organisation. Strong organisations have a solid understanding of the day-to-day behaviours that create and maintain a healthy, resilient environment, and how each person can make a positive contribution.

- **Modifying risk and protective factors** – Action must be taken at the organisational, team and worker level. First responder organisations need to consider strategies to modify risk and protective factors at the organisational, team and worker level.

- **Strengths-based culture** – Build organisational resilience. Mentally healthy first responder organisations take active steps to create and maintain a culture that focuses on worker and organisational strengths.

- **Integrated, holistic approach** – There must be a broad focus to promote mental health. An effective, integrated approach promotes the mental health of all first responders. Doing so helps prevent the development of mental health conditions, which is equally as important as providing support and/or treatment to people with a mental health condition and/or at risk of suicide.

The beyondblue framework presents five core areas of action structured across a first responder's career, from recruitment, through the period of operational service and as they leave the service. These five core areas of action required of a first responder organisation are:

- Adopt a systematic approach to risk management.
- Develop and implement a mental health and wellbeing strategy.
- Develop leadership capability.
- Take action to reduce stigma.
- Educate and prepare the workforce.
Conclusion
I recognise that the Agency has invested considerable effort in developing a range of instructions, guidance, policies and processes to support the management of the mental health of sworn members and more broadly, employees across the tri-service. Whilst the Agency has also commenced developing a broader framework and model encompassing the existing operational elements, the framework and model are yet to be formally endorsed and promulgated by the Executive of the Agency. As a result, my audit determined that there exist opportunities to improve and entrench the performance management system in order to enable the Agency to assess whether the mental health of sworn members is being managed economically, efficiently and effectively. The Agency could implement and, in some circumstances enhance, policies, processes and procedures in order to demonstrate an effective performance management system is in place to prevent mental health conditions and promote, manage and monitor the mental health and wellbeing of sworn members.

Recommendations
In relation to the management of mental health of sworn members, opportunities exist to:

- finalise, endorse and promulgate the Agency’s strategy, framework and systems;
- increase the emphasis on the management of mental health in the strategic and business planning documents relevant to the Agency as a whole and NT Police as a component of the Agency;
- adopt consistent naming conventions, terminology and branding in relation to the framework and all supporting documentation and communication to sworn members;
- develop, communicate and monitor related performance and reporting metrics relevant at both an agency and individual level;
- clarify and communicate roles and responsibilities for managing mental health and incorporate roles and responsibilities into the rank capability framework;
- extend the delivery and accessibility of support services provided to sworn members, particularly those located in remote areas and those approaching retirement or transition from the service;
- improve the recording, documentation, monitoring, analysis and evaluation of results pertaining to mental health and wellbeing initiatives;
increase skills and knowledge through requiring the two-day Mental Health First Aid course to be mandatory for each promotion to any rank;

enhance the Workplace Inspections Checklist by including an assessment of likely psychological hazards;

improve evaluation of existing processes by including one or more questions in the ‘People Pulse’ survey and the online Exit Questionnaire to obtain current and exiting members’ views on the extent of employee support as it relates to physical and mental wellbeing;

progress the development of a business case scenario for the implementation of an integrated case management system as a key priority action to assist with caseload management and to enable effective reporting;

investigate options to reduce key person dependency risk related to the Agency’s Rehabilitation and Injury Management Consultant; and

enhance existing systems and processes to enable accurate, timely and regular reporting of statistical information relating to mental health and wellbeing initiatives to those charged with governance in order to assess the effectiveness of programs designed to support mental health.

Audit Observations

**Promoting mental health and preventing mental health conditions**

Promoting mental health and taking steps to prevent mental health conditions is a responsibility of the Agency and individual employees. This section of the report aims to look at the systems and processes the Agency has in place:

- to raise an appropriate level of awareness in the Agency of the topic of mental health, to help reduce stigma associated with mental health conditions and highlight its importance to the overall health and wellbeing of sworn members; and

- to proactively reduce the instance of mental health conditions through understanding and limiting/removing the possible events, circumstances or actions that are known to contribute towards mental illness.
Duty of care

The Work Health and Safety (National Uniform Legislation) Act section 19(1) mandates a primary duty of care which requires that a “person conducting a business or undertaking must ensure, so far as is reasonably practicable, the health and safety of:

a) workers engaged, or caused to be engaged, by the person; and

b) workers whose activities in carrying out work are influenced or directed by the person; while the workers are at work in the business or undertaking.”

Sections 19(2) and 19(3) require that a “person conducting a business or undertaking must ensure, so far as is reasonably practicable, that the health and safety of other persons is not put at risk from work carried out as part of the conduct of the business or undertaking” and that, “so far as is reasonably practicable”, must ensure:

a) “the provision and maintenance of a work environment without risks to health and safety; and

b) the provision and maintenance of safe plant and structures; and

c) the provision and maintenance of safe systems of work; and

d) the safe use, handling and storage of plant, structures and substances; and

e) the provision of adequate facilities for the welfare at work of workers in carrying out work for the business or undertaking, including ensuring access to those facilities; and

f) the provision of any information, training, instruction or supervision that is necessary to protect all persons from risks to their health and safety arising from work carried out as part of the conduct of the business or undertaking; and

g) that the health of workers and the conditions at the workplace are monitored for the purpose of preventing illness or injury of workers arising from the conduct of the business or undertaking.” [emphasis added]

“Health” is defined within the Work Health and Safety (National Uniform Legislation) Act, section 4, to mean both “physical and psychological health”.

This can be interpreted to mean that every organisation has a responsibility to ensure that awareness and the criticality of the mental health of employees is promoted and mental health conditions are prevented. This responsibility is heightened for first responder entities given their exposure to high organisational and task related stressors. Such responsibility extends across a first responder’s career. NTPFES has a Work Health and Safety Policy, which is discussed in detail later in this report.
Northern Territory Police, Fire and Emergency Services cont…

NT Police’s approach to mental health
The NT Police is unique to other Australian police jurisdictions due to the Agency configuration as a “Tri-service” with Police, Fire and Rescue, and Emergency Services forming the NTPFES. The Police Commissioner is also the Chief Executive Officer (CEO) of Fire and Rescue, and Emergency Services.

The Commissioner and CEO of the NTPFES stated in the Agency’s 2015-16 Annual Report (page 7):

“I have put a lot of emphasis on our people and supporting all NTPFES staff with the recruitment of peer support officers and a number of health and wellbeing strategies. The welfare of NTPFES staff is critical and I strive to ensure the wellbeing of all staff so that we can deliver the best service to the NT community.”

Agency structure and responsibility for mental health
As a high level summary, the chain of command for NT Police Service at the time of the audit fieldwork was:

- Commissioner/Chief Executive Officer
- Deputy Commissioners
- Assistant Commissioners
- Commanders
- Superintendents
- Officers In Charge
- Assistant Sergeants, Aboriginal Community Police Officers, Constables, Auxiliaries and operational staff.

A Vision 2020 framework document and Strategic Plan 2015-19 were implemented on 1 July 2015 together with a range of documents supporting the framework including the Vision 2020 Plan; Vision 2020 Map; NTPFES Business Plan; and NT Police Force Business Plan.

NTPFES has a specific Employee Support Services (ESS) unit which is incorporated within the NTPFES Human Resource Management (HRM) Branch. HRM sits within the NTPFES People and Capability Command. The lead position in People and Capability Command is an Assistant Commissioner of Police who reports to the Commissioner of Police.
The ESS Division provides a range of psychology as well as pastoral care (Chaplaincy) level services from Wellbeing and Health Officers and Peer Support Volunteer networks. The unit offers broad psychological services to personnel and immediate family members, organisational support and limited operational consultation to Police Negotiators. ESS provides these services to the entire tri-service Agency.

The NTPFES Illness and Injury Management Section (IIMS) is a separate business unit within NTPFES. IIMS manages work cover claims; personal illness management; return to work and restricted duties; and fitness-for-duty assessment. The ESS Principal Psychologist provides an internal consultation service to IIMS to assist in case and claims management.

The NTPFES Chaplaincy services were separated from the broader ESS Division in late 2015 and structurally reported to the Office of the Commissioner until March 2017 when they re-joined the HRM Branch.

The NTPFES Risk Management and Internal Audit Division assists with maintaining and updating the risk registers for the Agency, amongst other responsibilities.

Both the HRM Branch and the Risk Management and Internal Audit Division form part of the Operational Support Directorate. The Operational Support Directorate is directly accountable to the Commissioner.

**Strategy and programs to promote mental health and prevent mental health conditions**

Developing and implementing a mental health and wellbeing strategy is a fundamental step in ensuring effective promotion and prevention of mental health conditions. To be successful, the overarching strategy should be advocated, adopted and communicated throughout the Agency.

Specific policies and procedures underpinning the Agency’s performance management system for mental health are discussed in the “Managing mental health conditions” section of this report.

At the time of the audit fieldwork the Agency was in the process of developing and implementing a range of documents and programs to support this strategy, including:

- Vision 2020 framework;
- NTPFES Mental Health Framework:
  - NTPFES Mental Health Framework and Strategies;
  - NTPFES Mental Health and Wellbeing Executive Committee / Safety and Wellbeing Executive Committee;
  - NTPFES Safety and Wellbeing Service Map;
Northern Territory Police, Fire and Emergency Services cont…

- A one page document depicting the myCare initiative; and
- PFES Suicide Awareness and Prevention Working Group.

Vision 2020 framework

NTPFES implemented the Vision 2020 framework document and Strategic Plan 2015-19 on 1 July 2015. Vision 2020 is the strategic framework of the NTPFES, and is intended to inform decision making and strategic policy direction for NTPFES operations. The underlying documents supporting the Vision 2020 framework include:

- NTPFES Strategic Plan 2015-2019;
- NTPFES Strategic Plan 2015-2019 Map;
- NTPFES Business Plan 2016-17;
- NT Police Business Plan 2016-17;
- NT Fire and Rescue and Emergency Services Business Plan 2016-17;
- Diversity and Inclusion Strategy;
- Diversity and Inclusion Strategy Map; and
- Vision 2020 Program Overview.

Some of these elements are discussed in more detail later in this report.

NTPFES Mental Health Framework and Strategies

NTPFES has developed a document entitled "NTPFES Mental Health Framework & Strategies" (hereafter referred to as the “Framework”) which establishes a framework for addressing mental health within NT Police. The Framework was developed from the broad guidelines of the World Health Organisation relating to mentally healthy workplaces as well as the potential impacts of psychosocial hazards in the workplace.
The Framework identifies the:

- resources required for Employee Support Services; Chaplaincy; Illness and Injury Management Services; psychological screening; and technology support of employee support services;
- policies required to support Employee Support Services and Illness and Injury Management Services;
- programs required to deliver Employee Support Services and Illness and Injury Management Services;
- education required by relevant Employee Support Services staff;
- further research that may be required;
- organisational interventions required including establishment of relevant committees;
- performance and reporting metrics;
- leadership development requirements; and
- external stakeholder engagement that is required.

At the time of the audit fieldwork, the Framework was yet to be endorsed by the NTPF Senior Executive Group. Furthermore the performance and reporting metrics element of the Framework had not been defined beyond annual reporting requirements.

Supporting the Framework are the following components which are discussed in further detail within this report:

- NTPFES Mental Health and Wellbeing Executive Committee / Safety and Wellbeing Executive Committee;
- NTPFES Safety and Wellbeing Service Map;
- A one page document depicting the myCare initiative; and
- PFES Suicide Awareness and Prevention Working Group.
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NTPFES Mental Health and Wellbeing Executive Committee / Safety and Wellbeing Executive Committee

The Framework encompassed elements of the beyondblue framework and established commitments that would be the focus for the NTPFES Mental Health and Wellbeing Executive Committee (MHWEC) formed in 2015. This Committee was reformed in 2017 and is now called the Safety and Wellbeing Executive Committee (SWEC).

The commitments of the MHWEC continue to apply to the newly formed SWEC. The SWEC has a mandate to “enhance wellbeing within the Agency”. The SWEC is co-chaired by the Deputy Commissioner Operations and the Executive Director Fire, Rescue and Emergency Services thus placing responsibility/accountability for the delivery of the safety and wellbeing initiatives with two of the most senior personnel in the Agency. The primary function of the SWEC is to provide strategic level input and thinking into improving work health and safety together with mental health and wellbeing strategies across the NTPFES. The SWEC is to report directly to the NTPFES Executive Board.

At the time of the audit, the Terms of Reference for the SWEC were yet to be formally endorsed. Templates for standing agenda items and action points were yet to be developed and distributed.

The primary function of the SWEC is to provide strategic level input and thinking into improving work health and safety together with mental health and wellbeing strategies across the NTPFES.

NTPFES Safety and Wellbeing Service Map

Within the Framework, the NTPFES has developed a Safety and Wellbeing Service Map outlining the Agency’s actions against three elements which correlate to the three elements of the third focus area for the SWEC listed above at point 3 (manage risk, enhance resilience, improve recovery).

Programs and initiatives have been identified against each of the elements of the Safety and Wellbeing Service Map for:

- personnel and their families;
- operational input from health providers; and
- organisation service levels.
Specifically for personnel and their families, the following program and initiatives have been identified within the NTPFES Safety and Wellbeing Service Map:

a) **Responsive to risks:** WellChecks; support following critical incidents and early psychiatric intervention.

b) **Resilience at individual and organisational levels:** Hybrid Employee Assistance Program model including Agency personnel and external service providers; Peer Support; Pastoral care; and Spiritual care.

c) **Recovery incorporating early intervention and dual responsibility:** Personal illness management and Return to Work; Work related injuries management and Return To Work.

*myCare*

The Agency began developing an as yet unnamed model in 2015 (also known as the “myCare” initiative) based on an integrated approach to mental health and wellbeing. This occurred concurrently with the development of the beyondblue good practice framework. The Assistant Director of ESS was a member of the Steering Committee responsible for the development of the beyondblue framework and has led the development of the Agency’s strategy. The involvement of the Assistant Director in the development of the beyondblue framework resulted in the good practice elements of the beyondblue framework being considered during the development of the Agency’s own strategy. I was advised by the Agency that feedback from the NT Police Association, the representative organisation for NT Police members, was also incorporated into the strategy.

The core principles of the myCare initiative are:

- enhancing employee trust in existing support systems;
- mutual respect;
- responsibility to maintain physical, psychological and social wellbeing;
- courage to access help;
- building stronger community; and
- accountability through accessing, enabling and delivering evidence informed support services.
The Agency’s one page depiction of the myCare initiative lists the focus areas as:

- Health of Services Survey;
- Safe-space;
- Early intervention pathways;
- Peer support training enhancement;
- Mental health first aid integration;
- Healthy lifestyle program;
- Internal health promotion and education;
- Consultation pathways; and
- Family and transitional support.

At the time of the audit fieldwork the Agency’s “myCare” initiative had yet to be formally named and was awaiting approval from the NTPF Senior Executive Group. The approval process had been delayed due to several restructures affecting the NTPF Senior Executive Group and the various workforce committees designed to support the NTPF Senior Executive Group. Following approval by the NTPF Senior Executive Group, the strategy will go to the Board for endorsement and then be communicated throughout the Agency. It is recommended that the approval of the strategy and the establishment of clear roles and accountability for the implementation of each part of the strategy be a priority action for the Agency together with the necessary communication and promulgation of the strategy, roles and responsibilities throughout the Agency.

**NTPFES Suicide Awareness and Prevention Working Group**

The NTPFES Suicide Awareness and Prevention Working Group was introduced to provide strategic leadership in the development, implementation and sustainability of wellbeing programs and strategies directly applicable to suicide prevention and awareness in the workplace and is intended to work in conjunction with the NTPFES Mental Health and Wellbeing Executive Committee. The NTPFES Suicide Awareness and Prevention Working Group is chaired by the Director Northern Territory Emergency Services and is intended to be comprised of a diverse mix of NTPFES employees representing a range of NTPFES workplaces across a broad range of physical locations. All members of the NTPFES Suicide Awareness and Prevention Working Group are appointed by the Chair.
Supportive environment and culture

Having a supportive environment and culture that promotes mental health and wellbeing across the organisation is fundamental to achieving a mentally healthy workplace. Such a workplace culture is driven and influenced by leaders demonstrating positive behaviours and developing trusted relationships with employees.

In order to build a supportive environment and culture, Agency representatives advised that senior leadership personnel of the Agency have established the following mental health initiatives over the past several years:

- introduction of the Peer Support program – these are NTPFES members, employees and volunteers who offer assistance and support to colleagues who are experiencing challenges in their work or home lives. Their main role is to listen. They also provide social and practical support, and, if required, encourage professional help and other support. The Peer Support Program had previously existed within the Agency and was reintroduced in 2015;

- introduction of Wellbeing and Health Officers – these are employees who deliver wellbeing services within NTPFES and assist the Support and Wellbeing Coordinator with coordination of the peer support services and provide peer support as required;

- expansion of the services provided by ESS, including increasing access to psychologists and external counselling services; peer support program; employment of Wellbeing and Health Officers; and employment of Rehabilitation and Injury Management Consultants;

- development of the Mental Health Framework and Strategy that is intended to recognise the inherent/potential psychological hazards related to first response occupations and promote a ‘whole of person’ and ‘whole of organisation’ approach to risk, resilience and recovery services;

- conduct of a ‘People Pulse Survey’ in November 2016. The survey includes a range of questions addressing possible workplace concerns such as bullying and harassment. The survey is designed to assist in assessing the culture of NTPFES. The survey provides contact details of Employee Support Services should an individual completing the survey feel distressed as a result of completing the survey. The results were not available at the time of audit fieldwork. Further discussion on the ‘People Pulse Survey’ is included within this report within the section entitled Monitoring Mental Health;

- introduction of the two-day Mental Health First Aid training for new recruits and for all officers. This is one of a number of nationally recognised courses authored by Mental Health First Aid Australia, a training organisation;
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- delivery of the two-day Mental Health First Aid training across stations; and
- entry into a partnership with ‘Alongside’ in November 2016 to provide additional education regarding mental health and wellbeing to new recruits and their family members. ‘Alongside’ is a not for profit organisation providing proactive education and support services for partners and families of Defence and Emergency Services personnel from recruitment through to discharge and beyond and those living with PTSD as a result of mental injury sustained in the line of duty.

Other measures introduced to assist in building resilience and preventing mental health conditions included the release of Information Sheets and Fact Sheets by the Agency.

Culture and reducing stigma

The beyondblue framework acknowledges that stigma and potential discrimination remain significant barriers to the effective management of mental health and wellbeing in first responder organisations. The beyondblue framework purports that a cultural shift is required to resolve these barriers and ensure that everyone in the organisation is committed to working together to improve mental health and wellbeing.

As part of the assessment of the systems in place to manage the mental health of police, this audit examined the actions the Agency is taking to promote mental health and wellbeing and to reduce the stigma associated with mental health conditions in the workplace.

Many of the initiatives recently introduced within the Agency have the underlying aim of reducing the stigma attached to mental health conditions. Consistent with good practice, the Agency has promoted and held events such as ‘World Suicide Prevention Day’; provided a number of mental health training opportunities to some employees; updated staff on the Agency’s actions to promote mental health and wellbeing through the use of email communications; and provided information resources regarding the support available by way of brochures, flyers and Intranet content. My Authorised Auditors were advised by those interviewed during this audit that personnel are becoming more outwardly spoken about mental health in the workplace. These initiatives are discussed in more detail in the section of this report entitled Communication and marketing of initiatives.

To help address the stigma associated with actual or perceived mental health conditions, management could consider the incorporation of key performance objectives associated with the promotion of mental health and wellbeing into the job profiles of Officers in Charge (OIC). This may contribute to a consistent ‘tone at the top’ at each location, positively influence a supportive environment and culture and lead to increased awareness and effectiveness of mental health initiatives undertaken and services provided by the Agency.
Sensitivity and confidentiality

There are privacy and confidentiality requirements imposed on professional staff within ESS, external counselling staff through contracts and professional standards and Peer Supporters. In the context of NTPFES, Peer Supporters are individuals who have a shared lived experience in common with NTPFES employees and who provide a supportive relationship to all NTPFES employees.

All NTPFES Information Sheets and Fact Sheets available in relation to employee support services available to Agency employees emphasise confidentiality.

Confidentiality of services is the underlying principle of all policies, procedures and guidelines issued by ESS. The ESS team was relocated in March 2017 and management advised that the location was expected to facilitate greater confidence of employees in the confidentiality and privacy associated with accessing support services.

My Authorised Auditors were informed that, despite the emphasis on confidentiality, there remains an embedded cultural distrust within members preventing them from openly addressing mental health issues and there remains a perception that suffering, or being suspected of suffering, a mental health condition would impair career progression. Documented research has demonstrated that the promotion of mental health issues by those formerly affected by such issues results in improved awareness and management of mental wellbeing. An ongoing challenge facing the Agency is identifying such individuals who are willing to share their experiences.

Communication and marketing of initiatives

Effective communication and promotion of initiatives and services is critical to raising employee awareness of Agency strategy in a geographically dispersed workforce. The Agency has sworn members located in urban, regional and remote areas across the Territory.

The Agency currently promotes its mental health initiatives using the following methods of communication:

- promoting the available support services through emailed broadcasts to all personnel within the Agency;
- endorsement and release of policies;

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- posters on the office/station notice boards and in kitchens;
- direct communication from Peer Supporters;
- direct communication during WellChecks;
- seminars and training; and
- internal announcements to groups of employees.

A significant proportion of Agency communication is delivered using email and the Intranet. Whilst acknowledging that this is a fast and efficient method for delivering information to all sworn members including those located in remote areas, it may not be effectively raising awareness of mental health and wellbeing matters or acceptance that risks and challenges to mental health and wellbeing exist. As many of the promotional and preventative processes in place were recently implemented at the time of the audit fieldwork, the Agency was yet to evaluate the effectiveness of many of these mechanisms.

Identification and management of mental health risks

Work health and safety legislation requires the Agency to effectively manage risks to physical and mental health. There is a central Risk Management and Internal Audit Division in the Agency that manages the Agency’s Risk Management Framework which comprises a Risk Management Policy, Instruction and Procedure and supporting templates.

The Agency Risk Overview 2015-2016 lists nine risk areas for the Agency of which one is Human Resource Wellbeing and Safety. In order to effectively manage all risks, including mental health risks, risks are rated in terms of their inherent and residual risk rating. Whilst Human Resource Wellbeing and Safety was not rated as one of the top four risks when collated for the tri-service Agency, it was the third highest rated risk area for NT Police in 2015-16.

All risk registers and treatment plans are reviewed and monitored by OICs, managers and supervisors at least on a quarterly basis. A summary of commentary from the review is captured in the risk register with historic comments being retained to allow the reader to understand the history associated with each risk. This process is designed to ensure that the greatest risks, which in the case of NT Police includes Human Resource Wellbeing and Safety, are being considered and managed on a regular basis.
The Manager Risk Management and Internal Audit collates the divisional risk registers on an annual basis for reporting to the NTPF Senior Executive Group. The report to the NTPF Senior Executive Group presents an overview of the major risk areas for the Agency, the number of identified risks attributable to each major risk area and the four significant risks faced by the Agency. The four significant risks faced by the Agency form the basis for developing or refining the Agency’s key strategies. As Human Resource Wellbeing and Safety is not one of the identified top four risks at the Agency, there is a risk that appropriate focus may not be directed toward ensuring mitigating actions are designed, implemented and effective.

Some strategies associated with mitigating mental health and wellbeing risks identified within the Agency’s operational risk registers included the following core, discretionary and local interventions:

- “divisionally Organised "Well Checks";
- high level supervisory capacity to monitor the well-being of staff;
- open door policy/debrief;
- team building day;
- Performance Plus;
- HRM – ESS Psychology Services;
- high level supervisory capacity to monitor the well-being of staff;
- Welfare Officers;
- Peer Support Officers; and
- Personal Fitness Trainers.”

Recruitment of suitable applicants

The recruitment process is the entry point for all sworn members into the Agency. Screening processes are designed to identify applicants who may be vulnerable to developing a mental health condition in the future and to enable a balanced assessment that will facilitate equity in employment. There are four recruitment pathways to become sworn members that are currently managed by the College at the Agency, these being: Constables; Auxiliaries; ACPOs and Accelerated Entry. The assessment and selection process is the same for all four recruitment pathways.
Accelerated Entry may be available to individuals who have completed two years’ service as a Police Officer with any Police Service within Australia or New Zealand, having obtained the Diploma of Public Safety (Policing) or equivalent.

Those applying for recruitment into NT Police are required to undergo a written assessment which includes psychometric testing, followed by a panel interview, then finally the physical fitness test.

The Agency was previously conducting the physical strength test prior to the psychometric test resulting in a number of candidates not being shortlisted as the focus was on physical attributes. From February 2017, with the order of the tests being reversed, the Agency is able to recruit people demonstrating the desired psychometric qualities whilst acknowledging that physical fitness and strength can be developed in many candidates. The physical fitness test was also modified at this time to become a “Fit for purpose” assessment to enable the Agency to recruit applicants with both the physical and mental capacity and capability needed for a long and healthy career in policing.

As part of the screening and assessment process, the candidates undergo a psychometric test, which assesses their capability in relation to aspects such as numeracy and literacy. Candidates’ mental health characteristics are also identified at this stage with a psychometric test being conducted by an external vendor (SAFESELECT). The SAFESELECT website states:

“SAFESELECT provides a group of tools that have been tailor made for screening applicants to Public Safety jobs. These include psychological tests, an empirically derived Risk Prediction Index, a unique and powerful interview system, techniques for evaluating the applicant’s level of candour and an objective decision making process.”

The testing is tailored for screening first responders, such as sworn members. The vendor’s psychometric testing approach includes an interview with the applicant designed to identify and report risk factors applicable to the applicant. The interview includes critical questions designed to determine the applicant’s true personality characteristics and traits during testing and assist in assessing the applicant’s suitability for the role. The psychometric test report provided by the vendor is intended to highlight any potential existing mental health issues or indicators of mental health risk factors.

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13 [http://www.safeselect.net.au/AboutUs](http://www.safeselect.net.au/AboutUs)
Following the psychometric and “Fit for purpose” assessments, the candidates are interviewed by an interview panel which consists of three people: a sergeant, senior sergeant and a psychologist. The inclusion of a panel member with psychological assessment skills is intended to increase the likelihood that suitable applicants are recruited leading to a reduced risk of mental health conditions. This interview includes standard questions asked of all applicants and critical questions developed using the results of the applicant’s individual psychometric test. The candidates are questioned based on the psychometric test results, to assess whether the response in the interview is in line with what is reflected in the report.

The interview enables the interview panel and the applicant to further discuss identified risk areas and to assess the suitability of applicants. A review of the recruitment process within the College in late 2016 led to further diversification of the panel being introduced in February 2017 through the rotation of panel members during each recruitment assessment to reduce the risk of unconscious bias.

The files of all the candidates along with the list of short listed candidates are forwarded through to a Challenge Panel. The role of the Challenge Panel is to consider all information relevant to each candidate; question the decisions arrived at by the interview panel and resolve any conflicting views held by members of the interview panel. The Challenge Panel comprises: the College Commander, the Commander Darwin, and the Director of the HRM Branch. The chronology of the testing and evaluation, combined with the diversity of the qualifications and experience held by the panel members are intended to result in the most suitable applicants from being recruited. The continued presence of a psychologist throughout the process was introduced by the Agency in February 2017 to minimise the risk that a successful applicant will present with mental health conditions in the future. A summary report is submitted to the Deputy Commissioner Capability and Specialist Services for a final decision on recruitment of the applicant.

The changes to the recruitment process introduced between 2016 and 2017 indicate that NT Police has analysed the effectiveness of the recruitment processes and systems and implemented changes to allow for continuous improvement.

**Assessment of the existence of psychological hazards**

The Agency has a Workplace Inspections Checklist which includes a section for assessing the existence of psychological hazards. This section of the form is empty with no psychological hazards identified. The Workplace Inspections Checklist is required to be completed by ‘competent personnel’ at least annually, with copies of each inspection forwarded to the Work Health and Safety Unit. The term ‘competent personnel’ is not defined.
Ongoing assessment of mental health risk factors

Pre-employment testing occurs through the Police Recruitment and Selections Section using external services provided by Australian Institute of Forensic Psychology / SAFESELECT for assessment. ESS psychologists provide consultancy to the Police Recruitment and Selections Section and participate as interview panel members.

The following psychological testing occurs during the career of a sworn member in the NT Police:

- Sworn members from Special Groups undergo a regular general integrity level assessment conducted by the Superintendent which includes no psychometrics.
- Generalised oversight of sworn members which consists of psychosocial assessment through general ESS intervention and is dependent on the qualification levels of sworn members.
- Consideration of any health or risk related interventions / assessments are completed by Wellbeing and Health Officers and Peer Supporters. Identified concerns are notified to and managed by the Wellbeing and Health Officers or by the On-Call Psychology staff if required after hours.
- Occupational level assessments and screening is undertaken as required by the Rehabilitation and Injury Management Consultant.
- The Agency seeks specialist assessments in response to identified specific mental health risks.
- Supervisors and managers of involved personnel are responsible for reporting all critical incidents to ESS in a timely manner to enable identification of further employee support services that may be required.

Identifying risks to mental health during employee exit procedures

Review of forms required to be completed upon an employee's exit from the NT Police Force did not identify any specific inquiry as to whether the exiting staff member had a view on whether mental health and wellbeing was supported in the Agency, if the exiting employee had concerns or views to express generally in relation to the culture or the employee’s reasons for leaving. The exit interview is not compulsory. The online Exit Questionnaire is available for employees who do not wish to participate in an exit interview and does seek feedback from the employee in order to inform management and assist in them identifying areas of organisational improvement. As well as offering the opportunity to provide open comment, the questionnaire requests respondents to rate a number of elements on a 5 point scale from "Very Satisfied" to "Very Dissatisfied".
These elements include, among others: grievance resolution processes; recruitment and selection/internal transfer processes; value placed on diversity/Equal Employment Opportunity; security and safety in the workplace. There is no specific question in relation to employee support or physical and mental wellbeing. At the time of the audit, data from exit interviews was not being reviewed for comparative analysis.

Monitoring mental health
This section of the report looks at the systems that the Agency has in place to help identify risk factors and sworn members that may be at risk of developing mental health conditions.

Information regarding mental health
There is comprehensive information available to all staff on the Intranet regarding:

- the support services that are available to all NTPFES employees;
- current events that employees may be involved in;
- contact details for employee support services personnel; peer supporters; and external service providers;
- links to useful websites such as beyondblue and Lifeline;
- descriptions of peer support services;
- information regarding privacy and confidentiality of information;
- explanations of health conditions and the injury management services provided to employees;
- feedback mechanisms;
- links to work health and safety information including policies; roles and responsibilities; incident reporting; health and immunisations; workplace injury early intervention programs; emergency planning including hazard identification and risk management; Health and Safety representatives; ergonomics; legislation; committees including minutes of meetings; and health surveillance; and
- training calendars.

Additional guidance and information for specific situations
Additional information is provided for specific incident management such as critical incidents (refer to the subsequent section in this report entitled Critical incident management for further information) and 'person at risk' management.
The Agency has a Clinical Governance Policy known as an ESS Protocol ('Person at Risk' Management) in place, which establishes the protocol to be followed by ESS staff in case of high risk episodes. The document was promulgated in August 2013 and has not been subject to review since promulgation.

The Person at Risk' Management protocol includes a Risk Assessment Tool (RAT) called the “AISRAPS Protocol - Suicide Risk Assessment” and a safety plan document, which defines the actions that must be taken by all ESS personnel “when a client (or new intake) is either very distressed or is at high risk for imminent suicide or intentional self-injury according to the Suicide Risk Assessment Tool”. AISRAPS is an acronym for the Australian Institute of Suicide Research and Prevention, an organisation within Griffith University which developed a screening tool for assessing the risk of suicide.

The relevant OIC will, when possible, hold a pre-incident discussion with all the officers involved prior to attending any critical incident.

Roles and responsibilities of management and staff

Everyone in the Agency has a role in mental health and wellbeing. NTPFES is required to comply with National Uniform Work Health and Safety requirements. Work Health and Safety (WHS) encompasses the social, psychological and physical wellbeing of workers.

The NTPFES WHS policy issued on 19 July 2012 (pages 4 to 5) states: “A safe working environment and healthy culture is the responsibility of everyone. This can be accomplished through the implementation and integration of the Work Health and Safety Management System (WHSMS) within all elements of NTPFES business”. The policy goes on to list outcomes intended to eventuate from the implementation and integration of the WHSMS.

The obligations of personnel are explained in detail and accessible by all employees on the Intranet site which also explains the obligations of contractors and visitors.

Rank Capability Framework

In order to understand the responsibility and accountability required of sworn members in relation to achievement of the mental health strategies established in the strategic and business planning documents, I undertook a high level review of the Rank Capability Framework developed by NT Police to demonstrate the expectations of capability for each rank.
One attribute applicable to the ranks of Auxiliary; ACPO; Constable; Senior Constable and Senior Constable First Class was:

"Maintains effective work/life balance and respects the competing demands that affect others. Takes personal responsibility to maintain physical and mental wellbeing."

The equivalent attribute applicable to the ranks of Sergeant and Senior Sergeant was:

"Considers the personal health and well-being of team members in the allocation or work and achievement of objectives; directs staff to engage support or undertake counselling, where appropriate. Encourages staff to take personal responsibility for their physical and mental wellbeing."

There were no capability attributes related to health and wellbeing applicable above Senior Sergeant. I note the Agency was undertaking a review of the Rank Capability Framework at the time of the audit fieldwork with the intent to introduce a greater focus on interpersonal and adaptive skills training for members such as communication, leadership, and additional mental health components. The actual content was as yet undefined. There is an opportunity for management to work collaboratively with ESS to ensure that there is appropriate coverage of mental health and wellbeing within the Rank Capability Framework for senior staff consistent with the Agency’s overall mental health and wellbeing strategy.

The increased profile of, and attention toward, mental health within the Agency will necessitate the continued evolution of responsibilities of senior leadership and staff. As a result, the Agency will need to clearly define and communicate responsibilities for health and wellbeing for each role.

**Employee’s concerns**

Employees can report concerns relating to signs of poor mental health and mental health conditions through the following mechanisms:

- direct contact with Employee Support Services;
- undertaking a WellCheck; and/or
- speaking with an immediate supervisor, Wellbeing and Health Officer or Peer Supporter.
Agency employees are encouraged to self-report any concerns about their own mental health and wellbeing and there are a variety of mechanisms for self-reporting, all of which are clearly documented in the policies and procedures displayed on the Intranet. These mechanisms include:

- contacting an NTPFES psychologist;
- speaking with a General Practitioner; and
- accessing an external counselling service.

ESS Factsheets include contact details for each support service provider such as Chaplains; Wellbeing and Health Officers; psychologists (NTPFES and external counsellors); and peer supporters.

My Authorised Auditors were advised that employees are generally not proactive in identifying and reporting signs of poor mental health in themselves or their colleagues. As a result, many cases reach ESS and the case managers only when the cases have reached a stage where psychological intervention is necessary. In the absence of robust reporting systems and evaluation frameworks for mental health and wellbeing matters, it is difficult to objectively and effectively evaluate the extent of proactive reporting within the Agency.

Despite the efforts to encourage early self-reporting, my Authorised Auditors were advised that the principal barrier to achieving a more proactive reporting culture is the stigma associated with mental health and wellbeing. The Agency's investment in the promotion of mental health and the prevention of mental health conditions, is seen as a positive step to increasing proactive reporting.

**Training and education**

Training and education around mental health and wellbeing is an essential mechanism to ensure that members have contemporary knowledge and skills to assist them in dealing with mental health and wellbeing issues that they or their colleagues may experience during their career and following their retirement. Attendance at, and participation in, training and education around mental health and wellbeing will assist in embedding a culture where mental health and wellbeing is an active topic of conversation.

The quantity of mental health and mental health conditions awareness information and training provided to staff has increased over the last few years with mental health and mental health conditions awareness now featuring strongly in recruit training and ongoing sworn member training for all members, including those located in remote areas. The focus on the provision of awareness information and training is intended to be further enhanced as other key initiatives are introduced.
Induction and Recruit Training

Induction and recruit training for all four aforementioned career paths is currently led by College Command within the Agency. In November 2016, the College undertook a major refresh of the induction and recruit training programs for all career paths to increase the focus on mental health and wellbeing. These refreshed courses came into effect for all recruits in 2017.

The College maintains detailed training schedules for all paths for new recruits. These schedules are stored on the College’s section of the Intranet. Training of all new recruits commences at the NTPFES College situated at the Peter McAulay Centre in Darwin and is followed by on-the-job training.

The refreshed programs are tailored to the experience of the recruits entering each recruitment pathway and now incorporate a range of elements directed at mental health and wellbeing.

Mental health first aid strategies are evidence-based training courses authored by Mental Health First Aid (MHFA) Australia and delivered by accredited MHFA Instructors across the country. Completion of the two-day MFHA course enables participants to seek Mental Health First Aider Accreditation through MHFA.

Any sworn member or employee can nominate to undertake the Mental Health First Aid course which is the two-day course offered to constable and accelerated entry recruits.

Beyond the initial training provided at the time of recruitment, the Agency’s Wellbeing and Health Officers deliver wellbeing and self-care training to all personnel in major centres (Darwin and Alice Springs) however attendance is voluntary.

The increased focus on mental health and wellbeing introduced to the training programs in 2017 represents good practice and establishes the foundation for a positive attitude and culture towards mental health and wellbeing from the time of recruitment. This change also demonstrates that the College has assessed the current processes and systems in place and implemented changes to allow for increased early engagement around mental health and wellbeing demonstrating a culture of continuous improvement of processes.

Ongoing training

The ESS Division commenced delivering the two-day ‘Mental Health First Aid’ training during the latter half of 2016. This course is being delivered by ESS team members who are accredited to deliver the course. The training program is scheduled within each ESS trainer’s diary rather than within a formal training records management system. Attendance records are currently maintained within the College’s attendance recording system named ADAPT. The course is not mandatory.
The Capability and Development Division of the College is responsible for delivering promotional training courses for Senior Constables through to Senior Sergeants. These promotional courses, while held in Darwin, are provided to everyone in the promotion cycle and participants that do not reside in Darwin are required to travel to Darwin to participate in the training course. Recently delivered training courses have primarily been technically focused but have included mental health and wellbeing training delivered by the ESS team.

Management is considering mandating attendance at the two-day course on ‘Mental Health First Aid’ prior to promotion of members to leadership roles. This is consistent with good practice and will ensure that new managers have sufficient training and education to promote positive mental health and wellbeing in the workplace and understand the requirement to role model positive behaviours. The provision of mandatory refresher training at regular intervals throughout a sworn member’s career should also be considered.

Officers that volunteer to be Peer Supporters must complete a mandatory five-day training course to become eligible to be appointed. This course includes the two-day Mental Health First Aid course.

All of the Agency psychologists and the Rehabilitation and Injury Management Consultant are required to complete a minimum of 30 hours per year of recognised training to retain registration with their professional accreditation body. The Agency provides financial support up to a certain limit for psychologists to attend such training activities. Continuing professional development is necessary to ensure that the Agency’s internal psychologists remain informed of contemporary practices, external developments and practices and legislative and regulatory changes.

At the time of the audit fieldwork, there was limited evidence of mental health and wellbeing support provided to sworn members leaving the Agency. It is recommended that the Agency consider implementing pre-retirement awareness and education sessions to prepare members for the transition to retirement and the potential impacts that retirement can have on their mental health.

Awareness programs for families and partners of sworn members

As part of recruit training, ‘Alongside’ provides additional education and assistance relating to mental health and wellbeing to sworn members including recruits and families and partners of sworn members. This initiative commenced in November 2016 with a welcome barbecue provided to all recruits, their family and College staff. Family members also accompanied the recruits on a day trip around Darwin with ESS and an Agency Chaplain.
These initiatives are designed to provide opportunities to build relationships between recruits and those delivering the Agency’s support services from the commencement of the recruits’ careers. There was also a partners’ information session planned for mid-May 2017 during the recruit training program. These initiatives are to be delivered to all future recruit streams to better educate family members in mental health and wellbeing matters.

**Employee Support Services Model**

The ESS Division provides employees with a range of support services that can be tailored to meet the individual needs of all NTPFES employees. ESS comprises five internal psychologists, 1.6 full-time equivalent Chaplains, a rehabilitation consultant and three Wellbeing and Health Officers to provide advice, education and assistance for employees as required or where appropriate. The ESS facilitates the Peer Support Program which has 78 Peer Supporters across the Agency and enables access to an external counselling program.

ESS is available to all employees throughout the Territory from major centres to remote regions however face-to-face access in remote regions is significantly reduced as apart from one Wellbeing and Health Officer based in Alice Springs, the psychologists, rehabilitation consultant and Wellbeing and Health Officers are based in metropolitan locations. The external counselling program only offers telehealth services to remote regions. One Chaplain is located in Darwin with the other based in Alice Springs. Lack of face-to-face access for employees may reduce the effectiveness of health and wellbeing initiatives. Whilst acknowledging the challenges associated with all aspects of remote service delivery, it is recommended that management give consideration to a strategy to increase face-to-face remote support across all ESS streams. This may include broadening the use of telecommunications application software where practical.

**WellChecks**

WellChecks are a preventative screening mechanism designed to detect potential psychological injury incurred in the course of duty and assist NTPFES employees to monitor their own psychological resilience through the provision of regular psychological screening assessments. WellCheck assessments are undertaken periodically by members and are used to identify critical aspects of work and incidents members have been exposed to through the course of their duties and enable reflection on how members have managed these situations attitudinally and emotionally.

A WellCheck assessment is undertaken by the employee during an hour long structured meeting with one of the registered psychologists working within ESS. Preliminary feedback on the outcomes of the screening assessments is provided by the ESS psychologist within the session. Any additional support or treatment recommended to the employee by the ESS psychologist as a result of a WellCheck Assessment is discussed with the employee.
WellChecks are managed by ESS. When WellChecks commenced, they were primarily focused on high risk divisions such as child abuse and sex crime in order to mitigate the identified health and wellbeing risks prevalent in these Divisions as a result of consistent exposure to vicarious trauma. Over time this focus has broadened across work units and geographical location to meet demand for the services. Where employees are outside the identified high risk divisions and thus not automatically provided the option of a WellCheck, there is a self-referral option for employees to access this service if it is not more generally offered as a result of the risk rating attached to their work unit. WellChecks appointments are planned through liaison between ESS and Divisional Officers.

Records of scheduled WellChecks and attendance are maintained by the ESS team in an Excel spreadsheet, however discussion and review of the spreadsheet demonstrated that the Excel spreadsheet has not been fully completed for all the WellChecks completed. Where data is not maintained and retained in a complete and accurate form, statistical information and reporting is unable to be performed and relied upon. The absence of complete records may impair the ability of management to assess the effectiveness of the current processes or accurately inform decision making regarding the provision of such services.

WellChecks have been conducted within the Agency for nine years increasing from two WellChecks in the year of introduction to approximately 50 being undertaken during 2016. Agency employees advised that the increase is due to increased promotion of the services and greater awareness held by employees regarding mental health and wellbeing. My Authorised Auditors were advised that the registered psychologists within ESS are currently working at full capacity and consideration is currently being given as to how this service could be expanded within existing resource limitations. One option being considered is to introduce online WellChecks however face-to-face interaction with individuals is known to be a more effective method to provide assistance. WellChecks are conducted on an ad hoc “on-demand” basis in remote regions. Consideration of a strategy to ensure WellChecks are conducted for all sworn members, including those serving in remote regions is important to enable early detection and prevention of mental health conditions. It is recommended that management continues to assess options to increase the capacity of these services.

Agency personnel have indicated that there is generally good engagement and rapport between ESS and personnel at police stations and that the level of engagement of each station with health and wellbeing initiatives is directly attributable to the ‘tone at the top’ established by the OIC. The limited data captured prevents accurate reporting of the number of WellChecks conducted during visits to each station. Accurately recording and reporting such information would enable the Agency to more effectively direct efforts and result in more informed decision making.
To encourage accountability and proactivity from OICs, it is recommended that the Agency consider whether it is appropriate to incorporate key performance indicators relating to station participation in WellChecks into the OICs’ performance plans and reviews thus prioritising people-focused leadership capability.

Critical incident management

The Agency has a Critical Incident Response Policy which has a focus on the mental health of sworn members. The Critical Incident Response Policy was last revised in July 2012.

A critical incident is defined within NTPFES as any event with the potential to cause psychological injury to people directly impacted, or exposed to the event. This includes any threat, actual or perceived, to the life or physical safety of the individual, or colleagues, and exposure to events involving actual or potential harm to others. Critical incident management is the process established to mitigate and monitor mental health risks arising from critical incidents. The Agency’s Critical Incident Response Policy clearly states that the supervisors and managers of the involved personnel are responsible for reporting all critical incidents to ESS in a timely manner. The policy requires critical incidents to be allocated to either of two categories: Category A or Category B.

Category A incidents require direct contact with the on-call ESS team member who will attempt to attend the incident as soon as possible. Category B incidents require ESS to be notified within 72 hours of the incident. Beyond attendance of the ESS team member at the incident, the level of employee support is dependent on the individual circumstances of the employee irrespective of the category of incident.

The steps involved in notifying ESS and completing an online critical incident form are detailed for each category within the policy and supporting guidelines. There is an on-call roster covered by the five ESS psychologists to ensure appropriate support is always available. Psychologists do not attend critical incident sites at the point of the incident. Support to members is undertaken via telephone or face-to-face following the critical incident at a safe location. For members outside Darwin or Alice Springs that require face-to-face support following a critical incident, ESS staff travel to the relevant station.

Though it is the responsibility of the employee’s supervisor to ensure that each critical incident is reported, any employee can report an incident and complete the critical incident form. Personnel interviewed by my Authorised Auditors generally considered compliance with notification and reporting requirements as high and advised that ESS also attempt to stay informed of all critical incidents and follow up on any critical incident forms that have not been received within a few days of the incident.
On receipt of a form via email, the ESS team then allocate the incident to an appropriate member of the team to undertake an incident assessment and determine an appropriate response plan. Response plans could incorporate: providing advice to incident supervisors; education to personnel; ongoing individual support or referral to an external counselling service provider or other health provider. The planned response service is usually provided to employees within a couple of days of the incident dependent upon the nature and scale of the incident. There is then a subsequent meeting scheduled with the affected employee after four weeks or as necessary.

Case management

There is no electronic case management system in place at the Agency. The psychologists are responsible for maintaining physical case files for critical incident cases requiring ongoing management and subsequent meetings with employees and monitoring activities are scheduled and managed through the use of the psychologists’ individual diaries. No electronic records are maintained.

The Agency is in the process of developing a business case for the implementation of an integrated case management system, which will record the case history, employee support services availed, whether the employee is on sick leave or accessing workers’ compensation and other pertinent details. The implementation of a case management system should result in an improved ability to manage cases and caseload as well as resulting in improved reporting and increased accuracy and completeness of data used for decision-making purposes.

Reporting, analysis and audit

The Agency collates and reports information pertaining to the management of mental health in a number of ways. One example is through the monthly Workforce Planning HRM Report presented to the Executive which provides statistical information relating to the workforce profile; diversity (including age, gender and equal employment opportunities); and factors affecting supply such as workers’ compensation impacts and personal leave trends.

Information used to populate the Workforce Planning HRM Report relating to the number of claims and cost per month reported by injury type is collated within an Excel workbook entitled “Workforce Planning Data”. Statistics are included relating to incidents and accidents by category, of which one category is "Mental Factors". A significant amount of statistical reporting relating to leave taken and entitlements is reported however does not appear, based on my review of the reports, to be accompanied by detailed narrative analysis and explanation.
There is currently no formal reporting of incidents beyond that presented within the Annual Report. Statistics for the Annual Report are derived from manual records including emails and hard copy case files. This reliance on manual processes is not only inefficient but presents a greater risk of inaccurate reporting. The absence of a systematic reporting system reduces the ability of the Agency to assess the effectiveness and efficiency of mental health and wellbeing initiatives. Review of the Agency’s Annual Report for the year ended 30 June 2016 identified that statistical information reported in the Annual Report was limited to the number and nature of Work Health and Safety incident reports received. Whilst it is acknowledged that it would be inappropriate to report sensitive information in relation to mental health and wellbeing matters, statistical information relating to critical incidents may be useful to management when developing and implementing health and wellbeing initiatives.

The Agency captures information pertaining to mental health and wellbeing matters within various unconnected information management systems and manual processes. Data is captured within emails, manual case files and Excel spreadsheets. External counselling service providers supply ESS with quarterly de-identified reports. The only reporting undertaken by ESS and the rehabilitation consultant is that required for inclusion within the Annual Report. As noted above, the information reported in the Annual Report was limited to the number and nature of Work Health and Safety incident reports received.

There is no further data collation or reporting before or after this point. As a result, there is limited analysis of data or reporting to management on workforce mental health to inform decision-making. It is recommended that management determine the information and results that would be necessary to determine the effectiveness, efficiency and economy of mental health and wellbeing initiatives and the information and analysis which would support evidence-based decisions. Following this, management would benefit from establishing formal reporting procedures including those relating to quality control and timeliness of reporting.

During November 2016 the Agency conducted a ‘People Pulse Survey’ which is an end-user survey designed to gain feedback on a variety of human resource management areas such as equal opportunity, bullying and organisational values. At the time of this report the Agency was in the process of formulating an action plan based on the results of the survey. The Agency may wish to consider using future surveys to seek information to evaluate the effectiveness of mental health and wellbeing initiatives and services.
Managing mental health conditions

This section of the report examines those systems that the Agency has in place to respond when an instance of mental health conditions has been identified.

Policies and procedures

The Agency has a range of policies and procedures to guide employees in the management of mental health and wellbeing of themselves and others and to guide personnel responsible for managing cases of mental health conditions.

The policies and procedures are available in a dedicated HRM Policies, Procedures and Guidelines section within the Intranet and are readily accessible by all Agency personnel.

In the ESS section of the Intranet, there is an information sheet which details the range of services ESS offer and how an employee can access each of the services. The page also presents details pertaining to all the lines of available support with links directly to factsheets, guidelines, policies, Frequently Asked Questions (FAQ) documents, email addresses and telephone numbers. Information sheets available to employees range from behavioural activation and its benefits towards improving and maintaining mental health and wellbeing to potential reactions to critical incidents.

There are also a number of Information Sheets and Fact Sheets accessible by all Agency employees.

The front page of each policy, instruction and procedure provides details of the document owner, category, promulgation date, and the date and authority relevant to the most recent review. The established timeframe for review is three years from the promulgation date. This ensures that policies, procedures and guidelines remain contemporary and ‘fit for purpose’ for the Agency.

My Authorised Auditors observed that the Critical Incident Response Instruction and Procedure was last revised in July 2012 and the Clinical Governance Policy was due to be reviewed in August 2014. Both were past their review due date at the time of the audit fieldwork and should be considered for review in accordance with the Agency’s established triennial review cycle.

As identified earlier in this report, there is an opportunity for the Agency to develop policy and procedures to support members leaving the service and for post service support resulting in a comprehensive policy framework to support mental health and wellbeing.
Support Services

The Agency has had in place mechanisms for managing the health and wellbeing of sworn members for many years. This model has transitioned from predominantly consisting of accessibility to external support, to the employment of an Agency Rehabilitation and Injury Management Consultant approximately five years ago to establishment of the Illness and Injury Management Division within the HRM Branch and the further augmentation of ESS. The primary role of ESS is the delivery of services relating to employees’ mental health and wellbeing. Beyond the work undertaken by ESS, the main function of the HRM Branch in relation to mental health and wellbeing is to promote mental health and wellbeing as part of routine communication with employees. Personnel from the HRM Branch also provide support to ESS and the Illness and Injury Management Division in order to manage workers’ compensation claims. NTPFES has been progressively building upon a stepped-care model of service delivery for both critical incident responses and broader health and wellbeing services. The Agency has implemented a three tiered step-care model as depicted below.

Figure 4 – Three tiered step-care model

Source: NTPFES intranet page: PFES Employee Support Services

The Agency provides or coordinates six types of support services, managed through ESS, that are readily accessible to all Agency employees to assist in the management of mental health conditions. The type of support service provided to employees is dependent upon the nature of the mental health conditions and/or support required. There are processes in place to ascertain which support service is most appropriate for each employee seeking assistance. The six support services, discussed in greater detail below, are:

- Agency psychologists;
- External counselling program;
- Peer supporter program;
- Wellbeing and Health Officers;
Northern Territory Police, Fire and Emergency Services cont...

- Rehabilitation and Injury Management Consultant; and
- Chaplaincy.

Agency psychologists

At the time of the audit fieldwork there were five psychologists employed by the Agency within ESS. Their role is to provide short-term psychological and counselling support to all Agency employees and immediate family members. The psychologists are available at all hours through an on-call service as they are responsible for providing support to employees affected by critical incidents. All five of these psychologists are based in Darwin and undertake travel to other major centres in the Territory to the extent permitted by their existing workload. The psychologists endeavour to enhance the awareness of support services and develop relationships with employees based outside Darwin.

External counselling program

All employees are able to access the external counselling program through self-referral or through assisted referral by ESS. Referral by ESS is influenced by the capability and capacity of ESS at the time of referral. As an example, an employee may be referred to an external counselling service provider where specialist skills are required that are not available within the Agency. The employee is required to sign a consent form authorising and consenting to receiving psychological services. Upon signing the consent form, the employee is allocated a unique identifier and a copy of the form and identifier are provided to ESS.

There are two service paths available to employees through the external counselling program:

- Service path one offers general counselling services for employees, volunteers and their immediate family members or dependants. NTPFES pays for up to six counselling sessions.
- Service path two offers special early intervention clinical support for employees and volunteers.

- Service path two is intended to help people access psychological treatment as early as possible for clinical level disorders such as depressive disorders, post-traumatic stress disorder and anxiety disorders. Following referral, up to three assessment sessions are completed, then a proposed treatment plan is submitted to the ESS Principal Psychologist for consideration and, if appropriate, approval. The proposed treatment plan may involve access to services provided within the Agency and external to the Agency as required to meet the specific needs of the employee.
The external counselling service providers only have telehealth services for remote locations. It is recommended that broader consideration be given by management as to what alternate mechanisms may increase face-to-face support in remote areas.

Peer Supporters

The Agency has in place a Peer Support Program which consists of 78 appointed Peer Supporters from across the Agency that are coordinated by the Support and Wellbeing Coordinator and overseen by the Assistant Director of ESS. Of these, 50 Peer Supporters are within NT Police with the remaining 28 from Fire and Emergency Services and public servant employees. Peer Supporters and those seeking support share similar experiences of operational policing therefore their relationship is seen as one of equality.

The Peer Support Program was developed by the Agency in 2015 from the guiding principles set out in the Australian Centre for Post Traumatic Mental Health benchmark. There was also a broad consultation process undertaken throughout the Agency to obtain data on what employees were seeking from a Peer Support Program. The program was launched in late 2015 with the first group of Peer Supporters appointed having completed the recruitment and selection process. There have been approximately 400 individuals throughout the Agency responding to the Agency’s request to become a Peer Supporter since 2015.

The application and selection process is designed to ensure that Peer Supporters can deliver high quality services. The program provides training to Peer Supporters who provide social and practical support as well as connections to professional help to those who are experiencing challenges. The process for becoming a Peer Supported is summarised as:

- Expressions of interest are sought from employees and volunteers for the Peer Supporter role through advertising and promotion.
- Employees and volunteers who complete the Expression of Interest form are requested to complete the Peer Support Online Orientation and Questionnaire.
- A Peer Support selection advisory panel (consisting of the Peer Support Coordinator and another suitable person) is formed to short-list the applicants.
- Short-listed candidates are offered an interview.
- The Peer Support selection advisory panel assesses the suitability of each applicant through interview and referee checks.
- The panel selects the most suitable candidates and invites them to participate in a five day face to face peer supporter training program. Those candidates not selected are advised and provided with feedback by the panel as to why they were not considered suitable to progress to the training program.
Following the five day face to face peer supporter training program, successful candidates are appointed. Those candidates not successful are advised and provided with feedback as to why they were not successful.

The five day face-to-face Peer Supporter training course provides information relating to:

- Mental Health First Aid (two-day course);
- depression, anxiety, psychosis, substance use problems, trauma, burnout and stress;
- listening, helping and communication skills;
- professional support services and other support;
- post-critical incident responses;
- boundary management, confidentiality, ethics and self-care; and
- peer support practice.

Peer Supporters are provided with a Peer Supporter Practice Handbook which is a comprehensive document to assist Peer Supporters. The Handbook is supported by 14 related Information Sheets as attachments. There is a Support and Wellbeing Coordinator based within ESS who acts as a mentor to the Peer Supporters and provides professional guidance. Peer Supporters can also contact Wellbeing and Health Officers for practical support.

As the Peer Support Program was introduced in 2015, no further professional development had been provided to Peer Supporters at the time of the audit fieldwork. My Authorised Auditors were advised that the intent of management within the Agency that the current group of Peer Supporters be provided with enhanced Peer Supporter training prior to delivering the program to any additional new Peer Supporters. This intent is premised on the preference to provide a smaller level of high-quality peer support services to employees rather than a broader delivery of lesser-quality services.

Whilst some Peer Supporters are located in remote regions, there is not a Peer Supporter in every remote region. I acknowledge that NT Police are posted across the Territory and periodically rotated, thus the geographical profiling will change over time. Consequently, whilst a Peer Supporter may not be physically located where a member seeking support is stationed, the member may have worked with a Peer Supporter previously in another location and feel they can reach out to them for support.
Profiling by geographic location (as at April 2017) demonstrated that Peer Supporters are present across the Territory rather than being concentrated in the major centres:

- There is an average of 28 members per Peer Supporter.
- Darwin has an average of 32 members per Peer Supporter whereas Alice Springs has an average of 26 members per Peer Supporter.
- If combining all remaining regions the statistics present an average of 27 members for each of the 12 Peer Supporters. The number of remote and very remote locations remains a key factor inhibiting face-to-face contact between members and Peer Supporters.

More granular analysis of the geographical distribution of sworn members and Peer Supporters on a regular basis may enable management to determine specific locations that may be in greater need of Peer Support arrangements which could then be used to inform decisions relating to training, deployment, appointment.

Each Peer Supporter has a one page profile listing their name, photo, background and contact information. The Peer Supporter’s profile page is displayed on the Agency’s intranet and on the notice boards in each location where support is provided by the Peer Supporter.

Each time a Peer Supporter provides support, they are requested to report to ESS through completion of an online form hosted through the application ‘survey monkey’. This records the support provided, the issue at hand and the time taken to provide support to the member. The member is not identified in the report.

The purpose of this statistical information is to:

- ensure support is provided to personnel following critical incidents;
- record the amount of work that Peer Supporters are undertaking and
- provide a snapshot of the problems that peers are presenting to Peer Supporters.

There is no further collation or reporting of data and it was not possible to determine the completeness of the data reported to management as there is a possibility that not all forms are completed in a timely and accurate manner or completed at all.
Northern Territory Police, Fire and Emergency Services cont…

Wellbeing and Health Officers

At the time of the audit fieldwork the Agency had three Wellbeing and Health Officers located within ESS. The Wellbeing and Health Officers are selected from within the pool of sworn members. They are appointed through the Police Deployment Panel process that manages internal police position transfers and selections. The criteria to become a Wellbeing and Health Officer are:

- approximately five years’ experience in a sworn policing role – not exceeding the rank of Sergeant (or equivalent);
- achievement of baseline criteria of NTPFES Peer Supporter;
- successful completion of training in health promotion, mental health or a similar health related area and Mental Health First Aid Instructor course; and
- capacity to work within a multidisciplinary team under the direction of ESS supervisors.

Wellbeing and Health Officers help promote the physical health and mental health and wellbeing agenda of the Agency and also provide support to the internal psychologists in ways such as responding to critical incident responses. Wellbeing and Health Officers work closely with the internal psychologists.

Rehabilitation and Injury Management Consultant

At the time of the audit fieldwork the Agency had one Rehabilitation and Injury Management Consultant. The Rehabilitation and Injury Management Consultant is based in Darwin and visits Alice Springs for two days every month and also visits Katherine and Gove on an ad hoc basis. Given the capacity constraints experienced by the Rehabilitation and Injury Management Consultant, management may need to assess whether services are being adequately provided to all members in the Territory.

There is a strong focus in the Agency for the Return to Work (RTW) plans to bring the members back to pre-injury work hours and pre-injury work duties. Staff are supported when returning to work through the Agency’s Return to Work and Restricted Duties Instruction and Procedure whereby any member who has been on sick leave continuously for 10 days or more is required to have a RTW plan or stay at home plan. RTW is managed within the Agency by the Illness and Injury Management Division within the HRM Branch, which is co-located with ESS.

The rehabilitation consultant receives referrals of employees from various sources including: general practitioners, OICs, self-referral, ESS, Illness and Injury Management Division personnel and workers compensation insurers. Upon referral, the rehabilitation consultant meets with the employee within two weeks of receiving the referral to prepare an initial needs assessment.
The rehabilitation consultant liaises with the treatment team and the OIC in order to prepare a report containing recommendations. This can include treatment plans or RTW plans.

The rehabilitation consultant, Illness and Injury Management Division personnel and the Occupational Safety and Recovery Services team (structurally located independently of ESS) have a triage meeting every Monday morning to discuss allocation of resources.

Reliance on only one Agency rehabilitation consultant presents the Agency with a key person dependency risk in the event that the rehabilitation consultant leaves the Agency or takes extended leave. Consideration should be given to succession planning and contingency arrangements to ensure that, in the event of the rehabilitation consultant not being available, management of the caseload continues. Failure to address this key person dependency risk could reduce the effectiveness of the care given to the individual, impact the physical and mental wellbeing of the individual and increase the reputational risk of the Agency.

The accreditation for the provision of educational rehabilitation services for the Agency is held by the rehabilitation consultant thus the Agency may not meet accreditation requirements if the rehabilitation consultant takes extended leave or leaves the Agency.

The rehabilitation consultant meets regularly with RTW employees and maintains a record of each meeting within the employee’s manual file. The rehabilitation consultant also records all the data relating to the cases managed in an Excel spreadsheet. This reliance on manual processes presents a risk to the Agency that data may be lost if the rehabilitation consultant leaves the Agency or the Excel spreadsheet becomes corrupted and also limits the extent of reporting and data analysis that can be performed by the rehabilitation consultant or by Agency management.

When a sworn member returns to work, the sworn member’s OIC is responsible for maintaining regular contact with the sworn member and holding regular meetings with them to assess whether workplace stressors are being addressed effectively and how the RTW employee is reintegrating back into the Agency. In some cases, officers returning to work after twelve months need to requalify in operational training aspects such as defence tactics training, firearms training and first aid training. This training is incorporated into RTW plans. There are no formal reporting mechanisms in place to ensure RTW employees are adequately supported.

Where a sworn member is considered to be “in-operational” in the field (due to either physical or mental injury) other career opportunities are considered for the sworn member. Alternative career paths include transition to another Division within the Agency or, in some cases where there are no suitable options within the Agency, transition from the Agency.
My Authorised Auditors were advised that there exist negative perceptions by and of sworn members transitioning out of operational roles as a result of mental health impairment. This may be an area where the Agency could benefit from developing further pathways for transitioning members.

**Chaplaincy**

The role of the Chaplains is to assist the NTPFES community through providing pastoral care and support when appropriate, requested or in cases of critical incidents. At the time of the audit fieldwork the Agency had one full time Chaplain based in Darwin and one part-time Chaplain based in Alice Springs.

**Evaluation of the adequacy of support for members**

One of the challenges associated with effectively evaluating the success of initiatives undertaken by ESS rests with the two avenues available to sworn members when requiring medical (either physical or mental) assistance. These two avenues are:

1. to seek medical assistance whilst on personal leave, which is unlimited for sworn members where medical certificates are provided; or
2. to seek medical assistance through established workers’ compensation arrangements.

My Authorised Auditors were advised by Agency management that availing services under workers’ compensation arrangements generally results in more thorough treatment of the underlying issues and that affected members tend to rehabilitate and return to work earlier. Conversely, those who take personal leave tend to have a longer rehabilitation period as the rehabilitation processes are less structured and often less effective. The challenge for the Agency is that sworn members on personal leave continue to receive a number of remuneration allowances which are not paid to them under workers’ compensation arrangements.

Furthermore workers’ compensation arrangements generally require an additional amount of complexity for the employee in terms of responding to requests for information and undergoing assessments. As employees are financially better off in the short term if they apply for personal leave, they are less likely to seek help via workers’ compensation notwithstanding that the longer term outlook is likely to be more beneficial from a mental health perspective. Whilst the Agency can measure and monitor some costs associated with both personal leave and workers’ compensation arrangements, it is difficult to quantify the financial and non-financial benefits associated with early intervention and effective treatment. In the absence of established case management systems, all analysis and reporting of data must be prepared on a manual basis resulting in a resource-intensive, time-consuming process. As a result, beyond individual caseload management, there is no evaluation process designed and implemented to evaluate whether sworn members experiencing mental health conditions are adequately supported.
Northern Territory Police, Fire and Emergency Services has commented:

Northern Territory Police, Fire and Emergency Services (NTPFES) would like to take this opportunity to thank the Auditor-General for giving priority to the mental health of the Northern Territory Police Force. Police have a challenging role and our people are faced with difficult and complex situations on a daily basis. This can have an impact on their mental health both at home and at work. The mental health and wellbeing of our employees is a priority for the NTPFES leadership team and we will continue to invest resources to prevent, manage and support our members in their mental health wellbeing.

We continue to work in constructing our Safety, Health and Wellbeing Framework with particular emphasis upon a systemic approach to addressing the policy, prevention, and treatment needs of our personnel. As an outcome of our recent participation with the Beyondblue National Police and First Responder Survey, we will also be able to incorporate direct input from NTPFES personnel regarding their reported health needs and attitudes. In addition, we have committed to significant information and communication technology development, aiming to improve our capacity with information management, reporting and outcomes analysis regarding our internal health services.

We look forward to working with our key partners in addressing the findings of the audit.
NT Build

Audit Findings and Analysis of the Financial Statements for the Year Ended 30 June 2017

Scope and Objectives
The objective of the audit was to conduct sufficient audit work to form an audit opinion on the financial statements of NT Build for the year ended 30 June 2017.

Background
NT Build was established under the Construction Industry Long Service Leave and Benefits Act (the Act) which commenced in 2005. The role of NT Build is to administer a scheme, also established under the Act, to provide construction workers with entitlements to long service leave and long service benefits.

Audit Opinion
The audit of the NT Build for the year ended 30 June 2017 resulted in an unqualified independent audit opinion, which was issued on 20 November 2017.

Audit Observations
The audit did not identify any material weaknesses in controls.

The audit opinion on the financial statements of NT Build for the year ended 30 June 2017 was unqualified however an emphasis of matter paragraph was included to draw the attention of users of the financial statements to uncertainties related to the Long Service Leave liability valuation.

Due to the nature of the long service leave liability and the inability to complete the valuation based on long term scheme historical data, the estimate maintains a high level of uncertainty. It is noted that in particular the liability is moderately sensitive to the assumption that 30% of inactive members will reactivate. If a range of 20-40% of inactive members reactivates, the liability may change up to 4%, with higher reactivations leading to higher liability. Furthermore, the series of assumptions made regarding the benefit payments and timing of exit is uncertain and specific sensitivities include:

- decreasing withdrawal rates for active members by 25% would increase the liability by 4% ($2.24 million);
- increasing withdrawal rates for active members by 50% would decrease the liability by 7% ($3.92 million);
- increasing or decreasing the future benefit rate inflation by 0.5% would move the liability in the same direction by approximately 3% ($1.71 million); and
- increasing or decreasing the discount rate used in the valuation by 0.5% would move the liability in the same direction by approximately 3% ($1.71 million).
Changes to these assumptions can therefore result in significant differences and lead to material misstatement.

**Performance Overview**

NT Build reported a surplus of $12.61 million compared to the prior year’s deficit of $17.39 million. The improved position is attributed to:

- An increase in total income of $9.47 million (from $6.00 million in 2016 to $15.47 million in 2017) mainly due to an increase in market movement from the prior year of the investment by $8.14 million. In addition, reciprocal income and investment income increased from prior year by $1.82 million and $0.77 million respectively.

- A decrease in total expenses of $20.53 million to $2.86 million (2016: $23.39 million). The decrease was mainly due to a $23.92 million decrease in the long service leave scheme expense. This decrease was brought about by the changed approach to setting the discount rate from a risk free rate based on the Commonwealth bonds to an asset based discount rate. This was partially offset by an increase in the long service leave benefits payments of $3.12 million.

NT Build continues to hold a strong net asset position. As at 30 June 2017, the net asset position of NT Build was $30.48 million (2016: $17.87 million) which increased predominantly due to a decrease in long service leave provisions of $6.65 million and an increase in other financial assets of $8.53 million.
Financial Performance for the year

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from levy payers</td>
<td>2,446</td>
<td>3,665</td>
</tr>
<tr>
<td>Movement in equity investments</td>
<td>5,019</td>
<td>(3,118)</td>
</tr>
<tr>
<td>Other</td>
<td>8,009</td>
<td>5,449</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>15,474</td>
<td>5,996</td>
</tr>
<tr>
<td><strong>Less expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee expenses</td>
<td>(897)</td>
<td>(853)</td>
</tr>
<tr>
<td>Occupancy costs</td>
<td>(91)</td>
<td>(103)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(80)</td>
<td>(1)</td>
</tr>
<tr>
<td>Fees and allowances</td>
<td>(57)</td>
<td>(46)</td>
</tr>
<tr>
<td>Long service leave benefit payments</td>
<td>(7,848)</td>
<td>(4,729)</td>
</tr>
<tr>
<td>Long service scheme benefit/(expense)</td>
<td>6,650</td>
<td>(17,271)</td>
</tr>
<tr>
<td>Other</td>
<td>(541)</td>
<td>(385)</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>(2,864)</td>
<td>(23,388)</td>
</tr>
<tr>
<td><strong>Surplus/(deficit)</strong></td>
<td>12,610</td>
<td>(17,392)</td>
</tr>
</tbody>
</table>
### Financial Position at year end

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,700</td>
<td>5,951</td>
</tr>
<tr>
<td>Receivables and other current assets</td>
<td>83,940</td>
<td>75,059</td>
</tr>
<tr>
<td>Less current liabilities</td>
<td>(8,320)</td>
<td>(7,550)</td>
</tr>
<tr>
<td><strong>Working capital</strong></td>
<td>78,320</td>
<td>73,460</td>
</tr>
<tr>
<td>Add non-current assets</td>
<td>319</td>
<td>319</td>
</tr>
<tr>
<td>Less non-current liabilities</td>
<td>(48,162)</td>
<td>(55,912)</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>30,477</td>
<td>17,867</td>
</tr>
<tr>
<td>Represented by:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation funding</td>
<td>297</td>
<td>297</td>
</tr>
<tr>
<td>Accumulated surplus</td>
<td>30,180</td>
<td>17,570</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>30,477</td>
<td>17,867</td>
</tr>
</tbody>
</table>
Audit Findings and Analysis of the Financial Statements for the Year Ended 30 June 2017

Scope and Objectives
The objective of the audit was to conduct sufficient audit work to form an audit opinion on the financial statements of the Surveyors’ Board for the year ended 30 June 2017.

Background
The Surveyors Board of the Northern Territory of Australia (the Board) was formed under the Licensed Surveyors Act (the Act).

The Board consists of the Surveyor-General and four members and, under the Act, is required to prepare a report on its operations within six months immediately following the end of the financial year. The Financial Management Act applies as if the Board were a Government Business Division thus the report must be prepared within two months following the end of the financial year.

The Board regulates the practice of land boundary surveying and the registration of land boundary surveyors.

Audit Opinion
The audit of the Surveyors Board of the Northern Territory of Australia for the year ended 30 June 2017 resulted in an unmodified independent audit opinion, which was issued on 20 December 2017.

Audit Observations
The Board’s accounting and control procedures were found to be generally satisfactory.

I have again recommended that the Board review, and if necessary seek amendments to, the financial reporting and audit requirements of the Licensed Surveyors Act so as to ensure that the requirements imposed by the Act are consistent with the requirements of other similar statutory bodies.

Performance Overview
The Board has reported an operating deficit of $3,948 for the year ended 30 June 2017. This result was the product of a 14% increase in operational expenditure during the year.
Surveyors Board of the Northern Territory of Australia cont…

Financial Performance for the year

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income from fees</td>
<td>14</td>
<td>13</td>
</tr>
<tr>
<td>Services received free of charge</td>
<td>30</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td>44</td>
<td>41</td>
</tr>
<tr>
<td><strong>Less expenditure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services received free of charge</td>
<td>(30)</td>
<td>(28)</td>
</tr>
<tr>
<td>Audit expenses</td>
<td>(6)</td>
<td>(7)</td>
</tr>
<tr>
<td>Supplies and services</td>
<td>(12)</td>
<td>(6)</td>
</tr>
<tr>
<td>Membership fees</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>(48)</td>
<td>(42)</td>
</tr>
<tr>
<td>(Deficit)/Surplus</td>
<td>(4)</td>
<td>(1)</td>
</tr>
</tbody>
</table>
### Financial Position at year end

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>64</td>
<td>68</td>
</tr>
<tr>
<td>Receivables and other current assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less current liabilities</td>
<td>(7)</td>
<td>(7)</td>
</tr>
<tr>
<td><strong>Working Capital</strong></td>
<td>57</td>
<td>61</td>
</tr>
<tr>
<td>Add non-current assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Less non-current liabilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>57</td>
<td>61</td>
</tr>
</tbody>
</table>

Represented by:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated funds</td>
<td>57</td>
<td>61</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>57</td>
<td>61</td>
</tr>
</tbody>
</table>
Selected Agencies

Evaluation of performance management systems

Scope and Objectives
Section 15 of the Audit Act provides that “the Auditor-General may conduct an audit of performance management systems of any Agency or other organisation in respect of the accounts of which the Auditor-General is required or permitted by a law of the Territory to conduct an audit.”

The objective of an audit conducted under Section 15 includes “determining whether the performance management systems of the Agency or organisation in respect of which the audit is being conducted enable the Agency or organisation to assess whether its objectives are being achieved economically, efficiently and effectively.”

This audit concentrated on performance management systems and processes related to selected strategic goal/s of three agencies as included in the 2016/17 Budget Paper 3. Audits were performed in each of the following agencies:

- Department of Health;
- Department of Primary Industry and Resources; and
- Territory Families.

The fieldwork supporting these audits was conducted in October and November 2017.

Background
It is imperative for an Agency to know whether it is meeting its objectives and how economical, efficient and effective the Agency’s operations are. These audits focused on a specific performance management system within each of the three agencies. Performance management system audits complement other audits conducted by the Auditor-General that focus on compliance and controls to give a more holistic view of how an Agency operates and the manner in which it is delivering upon its stated outcomes.

The 2016/17 Budget Paper 3 explains that:

- “The Territory’s financial management framework utilises an accrual output-based methodology for budgeting, accounting and reporting, with performance reporting a central tenet.” (page 2);
- “The framework provides a consistent basis” for the content of the budget, “including output structures and key performance indicators for each Agency. Agency annual reports record actual performance and provide explanations of significant variations.” (page 2);
- Budget Paper 3 presents “a summary of the major emerging or strategic management issues for each Agency. The issues are organised to align with the Territory Government’s strategic plan.” (page 4);
Selected Agencies cont…

- “An outcome is provided for each output group with a description for each output.” (page 4); and
- “Key performance indicators are provided with estimates for each measure.” (page 4)

Thus, there should be a direct correlation between the strategic issue, output, outcome, key performance indicator and the performance information in an Agency’s annual report. To enable accurate performance reporting, an Agency should have a performance management system that enables the Agency to assess whether its objectives (outputs) are being achieved economically, efficiently and effectively.

In order for an Agency to effectively communicate progress against its objectives, there needs to be a clear linkage between an Agency’s publically stated strategic goals (as reported in Budget Paper 3) and the Agency’s performance against those strategic goals (as reported in the Agency’s Annual Report).

This audit assesses whether the following components of a performance management system are implemented and operating effectively within the Agency in relation to the Agency’s stated strategic goal selected for testing:

- A strategic plan exists for the Agency;
- The strategic plan reflects the Agency’s strategic goals as stated in Budget Paper 3;
- A business plan that includes the selected Budget Paper 3 Output Group and addresses the selected Budget Paper 3 output;
- The relevant business plan provides actions and performance targets aligned with the Agency’s strategic plan;
- There is a process for determining the performance measure appropriate to each strategic objective;
- Performance is actively monitored during the course of year within the Agency;
- Performance results are reported to those accountable within the Agency; and
- Performance results are reported in the Agency’s Annual Report and are accompanied by sufficient explanatory information that enables a reader to independently form a conclusion on the Agency’s performance.

The process flow diagram demonstrating the considerations to be had when determining the existence and effectiveness of a performance management system has been included on the next page.
Selected Agencies cont...

Figure 1 - Process flow diagram – Effective Performance Management System

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the Agency have a Strategic Plan?</td>
<td></td>
</tr>
<tr>
<td>Does the Strategic Plan reflect the Agency’s strategic goals as stated in Budget Paper 3?</td>
<td></td>
</tr>
<tr>
<td>Are there Business Plans for each Output Group selected for review within the Agency?</td>
<td></td>
</tr>
<tr>
<td>Does the relevant business plan provide actions and performance targets aligned with the Agency’s Strategic Plan?</td>
<td></td>
</tr>
<tr>
<td>Does the Agency have a process for determining the performance measure appropriate to the strategic objective?</td>
<td></td>
</tr>
<tr>
<td>Are the performance measures reported in the Original Budget (Budget) the same as those reported in the Revised Budget (Estimate) for the same financial year for the Output Group?</td>
<td></td>
</tr>
<tr>
<td>Does the Agency have a system for actively monitoring actual performance during the course of the year within the Agency that includes management reporting on the KPIs?</td>
<td></td>
</tr>
<tr>
<td>Does the Agency have a system in place to ensure actual performance results are correct, accurate, supported, reviewed and reported to those accountable within the Agency?</td>
<td></td>
</tr>
<tr>
<td>Does the Agency have a process for examining the actual results and assessing if the outcome has been reached and if not how to implement change to deliver the outcome?</td>
<td></td>
</tr>
<tr>
<td>Does the Agency have a system in place to report performance results in their Annual Report?</td>
<td></td>
</tr>
<tr>
<td>Does the Annual Report contain performance results reported against Original Budget by Output Group?</td>
<td></td>
</tr>
<tr>
<td>Does the Annual Report show trends in performance results by Output Group?</td>
<td></td>
</tr>
<tr>
<td>Does the Agency have a system in place to ensure performance results reported in the Annual Report are correct, accurate, supported, reviewed and reported to those accountable within the Agency?</td>
<td></td>
</tr>
<tr>
<td>Does the Agency have a system in place to ensure the narrative about performance results reported in the Annual Report matches the results reported?</td>
<td></td>
</tr>
</tbody>
</table>

**CONCLUSION:**
- Does the Agency have systems in place?
  - Budgeting system
  - Actual performance system
  - Public reporting system
Conclusion
Whilst elements of performance management systems were identifiable in each Agency, each Agency could implement some improvements in order to demonstrate the development and implementation of an effective performance system that enables public reporting against established performance outcomes in relation to the strategic goals identified in Budget Paper 3.

Recommendations
As detailed below, a number of recommendations to enhance the effectiveness of the Agencies’ performance management systems were raised as a result of these audits.

Strategic Plan
For two Agencies, there was no clear alignment between the strategic goals stated in Budget Paper 3 and those included in the Strategic Plan and supporting outputs. An Agency’s Strategic Plan should align with Budget Paper 3. The members of the Legislative Assembly that support the Appropriation Bill consider what an agency has stated it will deliver in return for the appropriation it receives. I recommended that the Agencies review their Strategic Plan and the strategic issues and outputs in their Budget Papers to ensure that they are aligned. During the 2016/17 financial year, one Agency utilised an outdated Strategic Plan that had been carried forward from a former Agency in existence prior to the machinery of government changes effective from September 2016. I recommended that the Agency finalise and implement its new Strategic Plan as soon as practicable. The new Strategic Plan should be regularly reviewed and updated where required to reflect changing priorities and incorporate the Agency’s strategic issues as documented in Budget Paper 3.

I recommended to one Agency that descriptions of strategic issues be clearly articulated in each of the Strategic Plan, Budget Paper 3 and Annual Report. Presenting clear descriptions in publicly available documents enables users of the information within the Annual Report to reach consistent conclusions in relation to the Agency’s performance against a strategic issue.

Business Plan
Development of a Business Plan (for each division, unit or operational area within the Agency) assists in achieving the key strategic goals (which are referred to as objectives) contained within the Agency’s Strategic Plan. I recommended that two Agencies develop and implement Business Plans and ensure the business/operational goals align with both the current Strategic Plan and Budget Paper 3.
A well-established Business Plan should:

- align the operational goals and activities with the strategic goals in the Strategic Plan;
- include details of what will be done and how it will be done;
- encompass the output of the strategic goals;
- include performance measures and targets; and
- detail how and when the performance measures will be monitored and reported.

Inclusion of such detail will enable responsibilities to be assigned to performance measures and enable the Agency to regularly report its progress toward achieving its strategic goals. I recommended each of the three Agencies review existing Business Plans to ensure they are appropriate to meet the business needs of the Agency.

**Performance Measures**

Performance measures and targets enable the Agency to assess and monitor its achievement of its strategic objectives efficiently, effectively and with economy. I recommended to one Agency that performance measures and targets be developed and specified in the Business Plans for the Agency’s business divisions to enable the Agency to assess and monitor its achievement of its strategic objectives efficiently, effectively and with economy.

Key Performance Indicators and targets enable the Agency to assess and monitor its achievement of its strategic objectives efficiently, effectively and with economy. A well-established Key Performance Indicator or target should:

- align with the Strategic Plan and Business Plan;
- be Specific, Measurable, Achievable, Realistic and Timely to show how the Agency has met the output goals;
- define the Key Performance Indicator to avoid ambiguity which can arise from differing interpretations;
- identify who is responsible for meeting the Key Performance Indicator or target;
- detail how and when performance will be monitored and reported; and
- be regularly reviewed and revised to ensure it remains meaningful and relevant.
Selected Agencies cont…

It is important that performance measures be established in the Business Plan. This will enable responsibilities to be assigned the performance measures and enable an Agency to regularly report its progress toward achieving its strategic goals. I recommended that each of the three Agencies develop Key Performance Indicators and targets that are specific, measurable, achievable, relevant and time-based.

In particular, it is recommended that an Agency:

- develop definitions to ensure that performance information is accurately and consistently captured and reported;
- develop Key Performance Indicators that are performance oriented and which are aligned to the strategic goals stated in the Agency’s Strategic Plan and Budget Paper 3;
- consider the Agency’s current priorities and challenges to ensure that established performance targets are realistic; and
- select Key Performance Indicators that demonstrate how efficiently and effectively the Agency is delivering against the Outcomes attributed to its Output Groups.

It is important for Agencies to develop appropriate processes to periodically monitor performance against Key Performance Indicators and targets. There exist opportunities to improve the systems and processes for recording, monitoring and reporting performance. For each key deliverable area, I recommended that each Agency establish clear guidance on:

- the type of data to be captured and reported,
- whose responsibility it is to capture, collate, review and report the data;
- how performance results are to be calculated based on the data;
- who the results will be reported to; and
- how frequently the results will be reported.

I recommended that each Agency establish a system whereby quality reviews of data and reports are performed to ensure the accuracy, completeness and timeliness of data. Documentary evidence should be retained to demonstrate the quality review process has been undertaken, who undertook the review and what was checked.

Evaluation should occur to determine whether required outcomes are being achieved in an economical, efficient and effective manner. This includes a formal process in place to evaluate the existing programs, that is, if the qualitative and quantitative outcomes have been attained or whether remedial actions and improvement opportunities can be implemented. I recommended that two of the Agencies audited implement a formal program evaluation system to assess if the outcomes of existing programs are being met. The key performance measures included in Budget Paper 3 should form the basis against which the evaluation is undertaken.
Selected Agencies cont…

**Annual Reporting**

The performance content of the Annual Report has greater relevance where there is a comparison of actual results against the original budget in addition to the trend analysis of actual results from prior years to assist users in evaluating the Agency’s performance. I recommended that each Agency:

- report actual performance against performance measures and targets specified in the original budget for the year;
- use the Key Performance Indicators from the Strategic Plan and Budget Paper 3 to undertake the performance review;
- provide explanatory information to enable users of the reports to comprehend the performance measures reported and understand the narration associated with key achievements presented by the Agency.

Providing accompanying analysis of the performance trend over time with reference to an Agency’s key achievements would also enable a user of the report to understand and independently formulate a view on the Agency’s performance.

All results reported in the Agency Annual Report should be verified to their original source and reviewed by an appropriately knowledgeable employee independent of the employee preparing the Annual Report. Anomalies should be investigated and resolved prior to publication or sufficiently explained within the Annual Report.
### Department of Health has commented:

The Department of Health acknowledges the audit findings and will continue work to improve its systems. To address the key observations, the Department is committed to implementing the following measures:

- Revising the business plan for the Office of Disability following the release of the Northern Territory Strategic Plan 2018-2022 (expected March 2018)
- Reviewing the performance measures for disability services by 1 July 2019
- Assessing opportunities to improve the systems and processes for recording, monitoring and reporting performance
- Examining ways to enhance readers’ understanding of performance measures

### Department of Primary Industry and Resources has commented:

Thank you for your letter dated 23 February 2018 which included a summary of your findings related to the Department of Primary Industry and Resources (DPIR) to be tabled in the March 2018 Report to the Legislative Assembly.

I note your recommendations in relation to the evaluation of DPIR's Performance Management System and will take action to implement them.
Selected Agencies

Governance Framework – Lighthouse Review

Scope and Objectives
The primary objective of the Selected Agencies – Governance Framework – Lighthouse Review was to gain an understanding of the systems and processes Northern Territory Government Agencies have in place to manage governance arrangements and demonstrate effective governance controls are in place and operational. The Australian National Audit Office (ANAO) Better Practice Guide “Public Sector Governance – Strengthening Performance Through Good Governance” (June 2014) depicts an effectively designed governance framework as a lighthouse, hence the title of this review.

The review focused on only two Northern Territory Government Agencies: the Department of Corporate and Information Services and the Department of Treasury and Finance (the Agencies). My Office recently undertook a Fraud Assessment Survey at all Agencies. Whilst the comprehensive across government results were valuable, I considered that there may not be capacity across government for all Agencies to respond to a further detailed request for information at a time when faced with competing demands such as the machinery of government changes following the Northern Territory election in August 2016.

Two central agencies were selected for review because from a structural perspective they were not significantly affected by the machinery of government changes and were anticipated to have fairly stable governance practices in place due to their long-standing role as central Agencies. By reporting upon the practices within these two central Agencies and providing the survey content within my Report to the Legislative Assembly, other NTG agencies will be equipped with a resource to access when amalgamating governance arrangements or establishing or improving existing governance arrangements.

The review considers what governance arrangements were in place at the two agencies as at 31 January 2017. The majority of the fieldwork was conducted during 2017, with finalisation and reporting undertaken in November and December 2017.

Background
Agencies are required to comply with the Financial Management Act (FMA), Financial Management Regulations and Treasurer’s Directions (TDs).

The FMA specifies in section 13(2)(b) that the Accountable Officer must ensure that "procedures in the Agency are such as will at all times afford a proper internal control."
Each year the Accountable Officer is required to provide a written representation consistent with Appendix B of Treasurer's Direction R2.1 Agency Reporting – Agency Financial Statements. Whilst there are six specific statements required by this TD, one is particularly relevant to this ATA:

“As part of the presentation of the Agency’s Annual Report, and in accordance with Treasurer’s Direction R2.1.6, each Accountable Officer shall include a representation to the relevant Minister (with a copy provided to Northern Territory Treasury) that to the best of his or her knowledge and belief:

b) procedures within the Agency afford proper internal control and a current description of such procedures is recorded in the accounting and property manual which has been prepared in accordance with the requirements of the Financial Management Act;”

The ANAO Better Practice Guide “Public Sector Governance – Strengthening Performance Through Good Governance” (June 2014) (pages 7 and 8) stresses the importance and objectives of good governance:

“Most public sector entities receive public funding to achieve outcomes for government through the delivery of programs and services under their charters. In this context, good governance generally focuses on two key requirements of public sector entities:

- **performance** — governance arrangements and practices are designed and operate to shape the entity’s overall results, including the successful delivery of government programs and services
- **accountability** — governance arrangements and practices are designed and operate to provide visibility of results, to the entity’s leadership, the government, the Parliament and the community and conform with applicable legislative and policy requirements as well as public expectations of openness, transparency and integrity.

Good governance considers both performance and accountability within a risk management framework rather than trading one off against the other.”
Selected Agencies cont…

Figure 1: Performance with Accountability

Source: Figure 2.1, ANAO Better Practice Guide “Public Sector Governance – Strengthening Performance Through Good Governance” (June 2014), pages 7 and 8.

The Better Practice Guide continues:

“Key governance structures include the entity’s divisions, branches and teams, internal audit and other assurance activities, committees, including audit committees, control systems, and financial and performance reporting regimes.”

(page 13)

The ANAO Better Practice Guide asserts that in the pursuit of good governance there are three key focus areas, which are depicted in Figure 2 and described in in Table 1.

Figure 2: Focus areas to demonstrate good governance

Table 1: Three key focus areas in the pursuit of good governance

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance orientation</td>
<td>Efficient and effective program and service delivery are central to the performance of public sector entities. Efficiency is the best use of resources to further the aims of the entity, with a commitment to evidence-based strategies for improvement. Effectiveness is the extent to which the entity’s activities and deliverables make positive contributions to specified government outcomes. Efficiency and effectiveness require a clear understanding of objectives, a willingness to engage with risk to foster innovation, a clear understanding of how outcomes and achievements will be measured and assessed, and a willingness to tailor governance arrangements and program and service delivery approaches to achieve better outcomes.</td>
</tr>
<tr>
<td>Openness, transparency and integrity</td>
<td>Accountability is the process by which public sector entities, and the individuals within them, are held responsible for their overall results, decisions and actions and are subject to appropriate external scrutiny. Appropriate levels of openness, transparency and integrity are required to ensure that stakeholders have confidence in public sector decision making processes and actions. Openness and transparency involve meaningful consultation with stakeholders and the consistent communication of reliable information, having regard to charter responsibilities, privacy obligations and other legal and policy requirements. They are supported by good information and records management practices.</td>
</tr>
<tr>
<td>Effective collaboration</td>
<td>Collaboration is about engaging effectively with others to achieve mutual benefits and to build entity and community resilience. It allows entities to exchange information, make the best use of resources and consolidate knowledge for the benefit of more effective governance, and ultimately program development and service delivery. Successful collaboration requires an appreciation of the responsibilities of other parties. It benefits from clear purpose, defined outcomes, and the recognition of shared risks and accountabilities.</td>
</tr>
</tbody>
</table>

Source: Adapted from the ANAO Better Practice Guide "Public Sector Governance – Strengthening Performance Through Good Governance" (June 2014), Table 2.1, page 17.
Selected Agencies cont…

The ANAO Better Practice Guide “Public Sector Governance – Strengthening Performance Through Good Governance” (June 2014) states that commitment to these three key areas, shown in the diagram in Figure 2, “will aid in developing entity cultures and systems that consistently deliver good governance, enabling strong performance with accountability and enhancing stakeholder confidence in the public sector” (page 18).

Conclusion
The primary objective of the Selected Agencies – Governance Framework – Lighthouse Review was to gain an understanding of the systems and processes Northern Territory Government agencies have in place to manage governance arrangements and demonstrate effective governance controls are in place and operational.

Whilst both agencies surveyed have robust systems and processes in place to support governance arrangements and both have demonstrated that effective governance controls are in place and operational, this review identified some opportunities for agencies generally to enhance existing systems and processes.

Recommendations
Recommendations from the review are set out below:

- Agencies may wish to consider including responsibility for delivering the objectives within business unit plans, and thus the corporate/strategic plan, into personnel performance agreements to ensure that the corporate plan is delivered and the strategic goals of an Agency are met.

- Opportunities exist to improve timely updating of documentation. Good governance requires that documentation be reviewed with sufficient regularity to ensure that it remains contemporary, fit for purpose, and reflects current functions and processes within an Agency.

- Agencies may benefit from developing and broadly communicating their level of risk tolerance/appetite. Inclusion of a clear definition will assist personnel in understanding and applying a consistent approach to risk management across the Agency.

- Consideration could be given to the development of additional or alternative Key Performance Indicators as there may be measures that better demonstrate the delivery of the outcomes for the Agency on an ongoing basis, rather than annually.

- There is an opportunity to expand controls self-assessment and internal audit program across government Agencies. Agencies benefit from undertaking a full risk assessment across the entire Agency with a view to developing an internal audit program that is designed to address the areas of greatest risk.
Selected Agencies cont…

- Opportunities exist for committees to self-assess their performance. All committees should formally report to the Chief Executive on an annual basis in order to support the Chief Executive’s attestation to the Minister as included in the Annual Report.

- Opportunities exists to enhance identification, monitoring and testing of compliance with legislation. Agency may wish to consider enhancing governance frameworks and systems through development and maintenance of a register of legislation affecting the Agency and introducing a requirement to assess compliance to ensure that compliance obligations are met on an ongoing basis. Such registers may be used to assist in developing and implementing the compliance control self-assessment process as well as providing a level of assurance that compliance obligations have been identified and met on an ongoing basis.

- There is an opportunity for Agencies to formally identify and map stakeholders to ensure that all stakeholders are consulted and provided the opportunity to give feedback on interaction with the Agency. Agencies may also benefit from implementing a centralised documented program to facilitate two-way interaction with key stakeholders and the public where applicable.

- An opportunity exists to improve capturing and recording of exceptions identified as a result of audits and from control self-assessments to identify possible patterns of weaknesses and breakdowns in controls and to ensure controls are improved.

- There is an opportunity to enhance employees’ understanding of conflicts of interest. Agencies may wish to consider requiring senior employees, if not all employees, to undertake specific training to recognise conflicts of interest and understand their obligations under law and policy.
Audit Observations
The following better practice observations were identified within the Agencies during the review.

<table>
<thead>
<tr>
<th>Key focus area</th>
<th>Key focus area sub-group</th>
<th>#</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance orientation</td>
<td>Performance optimisation</td>
<td>1</td>
<td>The use of check boxes within the business unit plans to ensure there is alignment to the Agency’s strategic plan.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2</td>
<td>Delegations are available for all employees to access on the Agency’s intranet site. Delegations are at a high level and assigned to a position not an individual person.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3</td>
<td>The Terms of Reference for the Agency’s key committees are clear and specific, not overly complex and contain critical information, such as the roles and responsibilities of the committees.</td>
</tr>
<tr>
<td>Risk management and innovation</td>
<td></td>
<td>4</td>
<td>The Agency conducts a risk workshop every two years where the participants are not permitted to bring in the registers from the previous workshop or those that they use on a daily basis. This process prevents unintentional bias from previous risk evaluations and requires participants to consider current risks to achieving the strategic goals, business plan objectives and service delivery standards.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5</td>
<td>The inclusion in the Risk Management Policy of the diagrammatical structure presenting responsibilities and key features which enables employees to see how their roles relate to the risk process within the Agency (called “Figure 1 – Overview of the risk management process”).</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6</td>
<td>The Agency has a diagram in the document “Corporate Governance Overview” that shows the interrelationships and frequency of review and reporting which is colour coded to show the linkages between the elements and how they interrelate. The diagram is very easy to read and apply.</td>
</tr>
</tbody>
</table>
Selected Agencies cont…

<table>
<thead>
<tr>
<th>Key focus area</th>
<th>Key focus area sub-group</th>
<th>#</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk management</td>
<td>7 Risk management and innovation</td>
<td></td>
<td>The development of resources for use by Agency personnel that provide information to assist them in carrying out their roles. An example is the inclusion of sources of risk in &quot;Information sheet 2: Risk assessment - Potential sources of risk and procurement risks&quot;.</td>
</tr>
<tr>
<td>Understand the</td>
<td>8 Understand the interests and expectations of stakeholders</td>
<td></td>
<td>The Agency has been a leader in relation to formal engagement with Northern Territory Government, and other stakeholders. The Agency has taken the lead in coordinating meetings of peers in which Department of Corporate and Information Services personnel are strong outward communicators of changes to key across government systems and procedures.</td>
</tr>
<tr>
<td>Openness, transparency</td>
<td>9 Openness, transparency and integrity</td>
<td></td>
<td>The Agency has a comprehensive conflict of interest policy that is available to all personnel. The policy is clear, provides relevant examples and guidance and assigns clear lines of responsibility.</td>
</tr>
<tr>
<td>Actively manage</td>
<td>10 Report clearly on performance and operations</td>
<td></td>
<td>The Agency's performance reporting in the Annual Report is extensive and presents information on Key Performance Indicators (KPIs) beyond those listed in Budget Paper 3. Furthermore, the reporting style aligns achievements to the Agency’s strategic goals.</td>
</tr>
<tr>
<td>conflicts of interest</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Selected Agencies cont…**

<table>
<thead>
<tr>
<th>Department of Corporate and Information Services has commented:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Department of Corporate and Information Services (DCIS) notes the finding that both selected agencies were found to have robust systems and processes with demonstrated effective controls in place and operational, which is supported by the better practices observations in the agencies. The identified opportunities for improvement will be considered in the context of DCIS’ governance model and business operations.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Department of Treasury and Finance has commented:</th>
</tr>
</thead>
<tbody>
<tr>
<td>The reported findings and recommendations are noted and actions to implement the recommendations are underway. The department values the review observations which will contribute to our ongoing efforts to enhance corporate governance across the agency.</td>
</tr>
</tbody>
</table>
This page deliberately left blank.
## Appendix 1: Audit Opinion Reports Issued Since 31 October 2017

### Financial Statements for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Date of Financial Statements tabled to Legislative Assembly</th>
<th>Date of Audit report year ended 30 June 2017</th>
<th>Date of Audit report year ended 30 June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cobourg Peninsula Sanctuary and Marine Park Board</td>
<td>Not yet tabled</td>
<td>Not yet completed</td>
<td>14 November 16</td>
</tr>
<tr>
<td>Common Funds of the Public Trustee</td>
<td>7 February 18</td>
<td>4 December 17</td>
<td>30 November 16</td>
</tr>
<tr>
<td>Jabiru Town Development Authority</td>
<td>7 February 18</td>
<td>13 November 17</td>
<td>11 October 16</td>
</tr>
<tr>
<td>Nitmiluk (Katherine Gorge) National Park Board</td>
<td>6 February 18</td>
<td>19 December 17</td>
<td>19 September 16</td>
</tr>
<tr>
<td>NT Build</td>
<td>6 February 18</td>
<td>20 November 17</td>
<td>27 September 16</td>
</tr>
<tr>
<td>Surveyors Board of the Northern Territory of Australia</td>
<td>6 February 18</td>
<td>20 December 17</td>
<td>21 September 16</td>
</tr>
</tbody>
</table>

Not yet completed – as at 28 February 2018
Not yet tabled – as at 28 February 2018
Not required – Financial statements are not required to be tabled
N/A – Not applicable
Appendix 1: Audit Opinion Reports Issued Since 31 October 2017 cont...

### Acquittals or other returns for the year ended 30 June 2017

<table>
<thead>
<tr>
<th>Program</th>
<th>Deadline for submission of Audited Financial Statements</th>
<th>Date of Audit report year ended 30 June 2017</th>
<th>Date of Audit report year ended 30 June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interstate Road Transport Act 1985</td>
<td>31 December 17</td>
<td>7 November 17</td>
<td>9 September 16</td>
</tr>
<tr>
<td>National Land Transport Act 2014</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Black Spot Program</td>
<td>31 December 17</td>
<td>3 November 17</td>
<td>31 October 16</td>
</tr>
<tr>
<td>Infrastructure Investment Program</td>
<td>31 December 17</td>
<td>21 December 17</td>
<td>19 December 16</td>
</tr>
<tr>
<td>Roads to Recovery</td>
<td>31 October 17</td>
<td>3 November 17</td>
<td>29 November 16</td>
</tr>
</tbody>
</table>
Appendix 2: Status of Audit Activity

Listed below is the status of non-routine audits and review identified as not yet complete in my November 2017 report to the Legislative Assembly:

**Department of Corporate and Information Services**
- Asset Management System
  - No matters to report

**Department of Health**
- Evaluation of performance management systems
  - Refer page 112
- Enterprise Hospital Billing System
  - Refer page 19

**Department of Housing and community Development**
- Tenancy Management System
  - Refer page 23

**Department of Infrastructure, Planning and Logistics**
- Berrimah Farm Redevelopment
  - Refer page 26

**Department of Primary Industry and Resources**
- Evaluation of performance management systems
  - Refer page 112

**Department of the Attorney-General and Justice**
- Licensing and Compliance System
  - Refer page 47

**Department of Treasury and Finance**
- Revenue Systems
  - No matters to report

**Northern Territory Police, Fire and Emergency Services**
- Managing the Mental Health of Police
  - Refer page 59

**Selected Agencies**
- Governance Framework – Lighthouse
  - Refer page 120

**Territory Families**
- Evaluation of performance management systems
  - Refer page 112
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Appendix 3: Proposed Audit Activity in the Six Months Ending 30 June 2018

In addition to the routine audits, primarily being end of financial year audits of Agencies and of financial statements, and follow-up of outstanding issues in previous audits the following audits have been scheduled for the period:

**Department of Corporate and Information Services**
- Grants Management Systems
- Governance over Cloud Services

**Department of Health**
- Palmerston Regional Hospital – construction progress

**Department of the Chief Minister**
- Grants Management System

**Department of Tourism and Culture**
- Grants Management System

**Department of Trade, Business and Innovation**
- Darwin Ship Lift
- Palmerston Regional Hospital – Implementation of recommendations from Public Accounts Committee hearing

**Selected Agencies**
- Fuel Cards
This page deliberately left blank.
## Appendix 4: Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACPO</td>
<td>Aboriginal Community Police Officer</td>
</tr>
<tr>
<td>AISRAPS</td>
<td>Australian Institute of Suicide Research and Prevention</td>
</tr>
<tr>
<td>ANAO</td>
<td>Australian National Audit Office</td>
</tr>
<tr>
<td>ATA</td>
<td>Audit Task Assignment</td>
</tr>
<tr>
<td>Auxiliaries</td>
<td>Auxiliary Police Officer</td>
</tr>
<tr>
<td>BAFDP</td>
<td>Best and Final Detailed Proposal</td>
</tr>
<tr>
<td>CBD</td>
<td>Central Business District</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>DCA</td>
<td>Development Consent Authority</td>
</tr>
<tr>
<td>DCS</td>
<td>Data Centre Services</td>
</tr>
<tr>
<td>DIPL</td>
<td>Department of Infrastructure, Planning and Logistics</td>
</tr>
<tr>
<td>DLRM</td>
<td>Department of Land Resource Management</td>
</tr>
<tr>
<td>DPIF</td>
<td>Department of Primary Industry and Fisheries</td>
</tr>
<tr>
<td>eBilling</td>
<td>Enterprise Hospital Billing System</td>
</tr>
<tr>
<td>EOI</td>
<td>Expression of Interest</td>
</tr>
<tr>
<td>ESS</td>
<td>Employee Support Services</td>
</tr>
<tr>
<td>FAQ</td>
<td>Frequently asked question</td>
</tr>
<tr>
<td>FMA</td>
<td>Financial Management Act</td>
</tr>
<tr>
<td>GCRM</td>
<td>General Cash Receipting Model</td>
</tr>
<tr>
<td>ha</td>
<td>Hectares</td>
</tr>
<tr>
<td>HRM</td>
<td>Human Resource Management</td>
</tr>
<tr>
<td>IIMS</td>
<td>Illness and Injury Management System</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>KPI</td>
<td>Key Performance Indicators</td>
</tr>
<tr>
<td>LCS</td>
<td>Licensing and Compliance System</td>
</tr>
<tr>
<td>MHFA</td>
<td>Mental Health First Aid</td>
</tr>
<tr>
<td>MHWEC</td>
<td>Mental Health and Wellbeing Executive Committee</td>
</tr>
<tr>
<td>NCIS</td>
<td>National Coronal Information System</td>
</tr>
</tbody>
</table>
# Appendix 4: Abbreviations cont...

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>NT</td>
<td>Northern Territory</td>
</tr>
<tr>
<td>NTAGO</td>
<td>Northern Territory Auditor-General’s Office</td>
</tr>
<tr>
<td>NTG</td>
<td>Northern Territory Government</td>
</tr>
<tr>
<td>NTPFES</td>
<td>Northern Territory Police, Fire and Emergency Services</td>
</tr>
<tr>
<td>NTPS</td>
<td>Northern Territory Planning Scheme</td>
</tr>
<tr>
<td>OIC</td>
<td>Officer in Charge</td>
</tr>
<tr>
<td>PDA</td>
<td>Project Development Agreement</td>
</tr>
<tr>
<td>PEFO</td>
<td>Pre-election Fiscal Outlook</td>
</tr>
<tr>
<td>PFES</td>
<td>Police, Fire and Emergency Services</td>
</tr>
<tr>
<td>PTSD</td>
<td>Post-traumatic Stress Disorder</td>
</tr>
<tr>
<td>PWC</td>
<td>Power and Water Corporation</td>
</tr>
<tr>
<td>RAAF</td>
<td>Royal Australian Air Force</td>
</tr>
<tr>
<td>RAT</td>
<td>Risk Assessment Tool</td>
</tr>
<tr>
<td>RFDP</td>
<td>Request for Detailed Proposals</td>
</tr>
<tr>
<td>RTW</td>
<td>Return to Work</td>
</tr>
<tr>
<td>SAC</td>
<td>Secondary Activity Centre</td>
</tr>
<tr>
<td>SQL</td>
<td>Standard Query Language</td>
</tr>
<tr>
<td>SWEC</td>
<td>Safety and Wellbeing Executive Committee</td>
</tr>
<tr>
<td>TBC</td>
<td>Territory Business Centre</td>
</tr>
<tr>
<td>TDS</td>
<td>Treasurer’s Directions</td>
</tr>
<tr>
<td>TMS</td>
<td>Tenancy Management System</td>
</tr>
<tr>
<td>UAT</td>
<td>User Acceptance Testing</td>
</tr>
<tr>
<td>WHS</td>
<td>Work Health and Safety</td>
</tr>
<tr>
<td>WHSMS</td>
<td>Work Health and Safety Management System</td>
</tr>
<tr>
<td>WWII</td>
<td>World War 2</td>
</tr>
</tbody>
</table>
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<td>112</td>
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<td>Department of Housing and Community Development</td>
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<td>Berrimah Farm Redevelopment</td>
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<td>Department of Primary Industry and Resources</td>
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<td>47</td>
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<td>Governance Framework – Lighthouse</td>
<td>120</td>
</tr>
<tr>
<td>Jabiru Town Development Authority</td>
<td>Audit Findings and Analysis of the Financial Statements for the Year Ended 30 June 2017</td>
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</tr>
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<td>Audit Findings and Analysis of the Financial Statements for the Year Ended 30 June 2017</td>
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</tr>
<tr>
<td>Northern Territory Police, Fire and Emergency Services</td>
<td>Managing the Mental Health of Police</td>
<td>59</td>
</tr>
<tr>
<td>NT Build</td>
<td>Audit Findings and Analysis of the Financial Statements for the Year Ended 30 June 2017</td>
<td>105</td>
</tr>
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