

Tasmanian Prisons Audit Planning Memorandum

Background

In Tasmania, corrective services are primarily the responsibility of the Corrective Services Output within the Department of Justice (DoJ) which provides community and custodial correctional services via Community Corrections and the Tasmania Prison Service.

Corrective Services' objective is to enable people who are found guilty of offences to achieve socially responsible behaviour in their families and the community.¹ The Tasmania Prison Service (TPS) contributes towards this objective by ensuring the safe, secure containment of prisoners, and providing them with opportunities for rehabilitation, personal development and community engagement.²

TPS currently operates five custodial facilities³, the main facility being the Risdon Prison Complex which houses medium and maximum-security units.

TPS is primarily funded by government appropriation with a small amount of revenue derived from prison industry activities. TPS's total expenditure for 2015–16 was \$65.97m (an increase \$4.45m from 2014–15).⁴

The cost of housing a prisoner (on a per day basis) in Tasmania is relatively high when compared to other Australian states and territories at \$378 (2015–16) – 33 per cent higher than the Australian average.⁵

The higher cost is not necessarily an indicator of inefficiency:

- The recent *Inquiry into the Efficiency and Effectiveness of Western Australian Prisons*, confirmed that a cost per prisoner per day figure may not necessarily provide an accurate representation of whether the higher cost represents inefficiencies.⁶
- The measure overlooks a number of factors relevant when debating the cost of prisons, including that a jurisdiction may simply have higher cost drivers or that there is a trade-off between cost and quality in the prison system. The cost of custodial facilities varies greatly depending on the number of prisoners detained, the location of the prison and the type of prisoners held. For example, the security profile and demographics of the prison population have a significant

¹ Department of Justice, *Department of Justice Annual Report 2015-16*, Tasmanian Government, 2016, p. 29.

² *ibid.*

³ Productivity Commission, *Report on Government Services 2017*, Commonwealth Government, 2017, Table 8A.3.

⁴ Department of Justice, *op. cit.*, p. 84.

⁵ Productivity Commission, *op. cit.*, Table 8A.18.

⁶ Economic Regulation Authority, *Inquiry into the Efficiency and Effectiveness of Western Australian Prisons – Discussion Paper*, Western Australian Government, 2014, p. 9.

influence on how prisons are operated and the demand for particular prison accommodation.⁷

- Factors unique to Tasmania – for example, with an average daily prisoner population of 524 for 2015-16⁸, Tasmania’s correctional system is quite small meaning it cannot achieve the economies of scale accessible to some other jurisdictions.

This audit will assess the effectiveness of the financial management of custodial facilities by TPS including:

- management of significant areas of expenditure such as employee and asset costs
- identification and management of inefficiencies and wastage
- the impact of different factors on the cost of providing prison services.

A changed focus

The original focus of the audit as outlined in our *Annual Plan of Work 2016-17*⁹, was to ...review the management of Tasmanian prisons including security, reduction in recidivism and cost control/efficiency considerations... With the recent appointment of a Custodial Inspector, attached to the Office of the Ombudsman, the scope has been amended to avoid overlap and will now focus on the effectiveness and efficiency of TPS’s financial management of its custodial facilities.

Audit objective

The objective of the audit is to form an opinion on the effectiveness and efficiency of TPS’s financial management of its custodial facilities.

Audit scope

The audit will focus on TPS financial management of its operations, specifically:

- managing its custodial facilities efficiently
- cost management, including monitoring, reporting and responding to variations in performance
- human resources management
- asset management.

The audit will also consider the costs associated with TPS and the Tasmanian Health Service in providing prisoner health services.

⁷ Economic Regulation Authority, *Inquiry into the Efficiency and Effectiveness of Western Australian Prisons – Issues Paper*, Western Australian Government, 2014, p. 14.

⁸ Productivity Commission, *Report on Government Services 2017*, Commonwealth Government, 2017, Table 8A.4.

⁹ Tasmanian Audit Office, *Annual Plan of Work 2016-17*, Tasmanian Government, 2016, p. 17.

The audit will review performance data for the last five to ten years, where available.

Audit criteria

Criteria	Sub-criteria	Consider points
1. Is TPS managing its custodial facilities efficiently?	<p>1.1 Is TPS managing its custodial operations efficiently, when compared:</p> <ul style="list-style-type: none"> • over time • to other jurisdictions 	<p>Consider:</p> <ul style="list-style-type: none"> • cost per prisoner and marginal cost measures • offender-to-staff ratios (including consideration of the many staff functions within prisons) • prison utilisation • risk management policy, strategy and framework • any other relevant efficiency measures.
2. Is TPS effectively managing its human-resource costs?	<p>2.1 Are rostering practices efficient and effective?</p> <p>2.2 Are personal leave and overtime costs effectively managed?</p> <p>2.3 Are workers compensation and other employee costs effectively managed?</p> <p>2.4 Are there regular reviews of cost information and are identified variations properly managed and supported by evidence?</p>	<p>Consider:</p> <ul style="list-style-type: none"> • governance and controls over rostering practices (e.g. policies and procedures) • effectiveness of IT systems and use of data to track usage and improve efficiency • controls and monitoring of overtime, personal leave and workers-compensation costs • KPIs (e.g. average sick days per employee, number of workers compensation claims lodged) • ongoing monitoring and review of staffing expenditure • cost trends over time and comparisons with other jurisdictions where available.

<p>3. Is TPS effectively managing its asset costs?</p>	<p>3.1 Is maintenance completed in accordance with a preventative maintenance schedule?</p> <p>3.2 Is the replacement and renewal of major assets completed in accordance with strategic asset plans?</p> <p>3.3 Is there adequate forward planning of capital outlays?</p> <p>3.4 Are asset disposals effectively managed?</p>	<p>Consider:</p> <ul style="list-style-type: none"> • processes to identify assets in need of maintenance (e.g. inspections, complaints, work registers) • timing of asset renewals and life-cycle costing • KPIs (e.g. asset sustainability ratio, asset renewal funding ratio) • existence of asset management and funding plans to support scheduled works • forward modelling and population forecasting (e.g. scenario analysis) • cost trends over time and comparisons with other jurisdictions where available.
<p>4. Is TPS effectively managing other costs?</p>	<p>4.1 Is the procurement of supplies, consumables and other goods and services cost-effective?</p> <p>4.2 Are there regular reviews of cost information and are identified variations properly managed and supported by evidence?</p> <p>4.3 Are operational inefficiencies and wastage identified and minimised?</p>	<p>Consider:</p> <ul style="list-style-type: none"> • governance and controls over procurement practices (e.g. policies and procedures) • governance and controls over service utilisation (e.g. health services, prisoner transport) • effectiveness of IT systems and use of data to track usage and improve efficiency • responsiveness of management practices and expenditure to changing prisoner numbers and the composition of the prison population • ongoing monitoring and review of supplies and consumables expenditure • promotion of efficiency and savings initiatives • cost trends over time and comparisons with other jurisdictions where available.