



Tasmanian
Audit Office

Tasmanian Prison Service Use of Resources

Report of the Auditor-General
No.3 of 2019-20

Today's presentation

- Objective and scope of the audit
- Audit approach
- Auditor-General's conclusion
- Major themes of the audit including Auditor-General's recommendations:
 - Is TPS managing its custodial facilities efficiently?
 - Is TPS effectively managing its human-resource costs?

Objective

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

What we looked at

- Is TPS using information to manage its custodial operations efficiently?
- Is good quality information used to predict demand for prison services?
- Is good quality information used to set appropriate yearly budgets?
- Is service performance effectively monitored?
- Are staffing and non-staffing costs regularly monitored and understood?
- Are rostering practices efficient and effective?
- Are personal leave and overtime costs effectively managed?
- Are workers compensation and other employee costs effectively managed?
- Are there regular reviews of cost information with identified variations properly managed and supported by evidence?



Auditor-General conclusion

It is my conclusion TPS's financial management of the prison service did not perform, in terms of efficiency and effectiveness, with respect to the audit criteria or the objective of the performance audit, as a whole.

This is because:

- TPS did not have a strong approach to modelling of future inmate numbers and associated staffing
- Reporting of key areas of both financial and operational performance has not been as developed as they could be
- Workforce planning has not been fully developed

1. Introduction

TPS – A Challenging Environment

- Rising inmate numbers
- Challenging environment to work in
- Difficulties in recruiting Correctional Officers
- The need to meet rising demand for secure accommodation

Prison facilities

Risdon Prison

Risdon Prison Complex

Opened in 2006

Current design capacity
299 male inmates in
maximum and medium
security

Operational capacity
290

Ron Barwick Minimum Security Prison

Opened in 1960

Current design capacity
296 male inmates in
minimum security and
independent living units

Operational capacity
296

Mary Hutchinson Women's Prison

Opened in 2006

Current design capacity
63 female inmates of all
security classifications

Operational capacity
80

Other Tasmanian locations

Hobart Reception Prison

Opened in 1998

Current design capacity
36 inmates new to the
system, at-risk, requiring
protection or attending
court

Operational capacity
34

Launceston Reception Prison

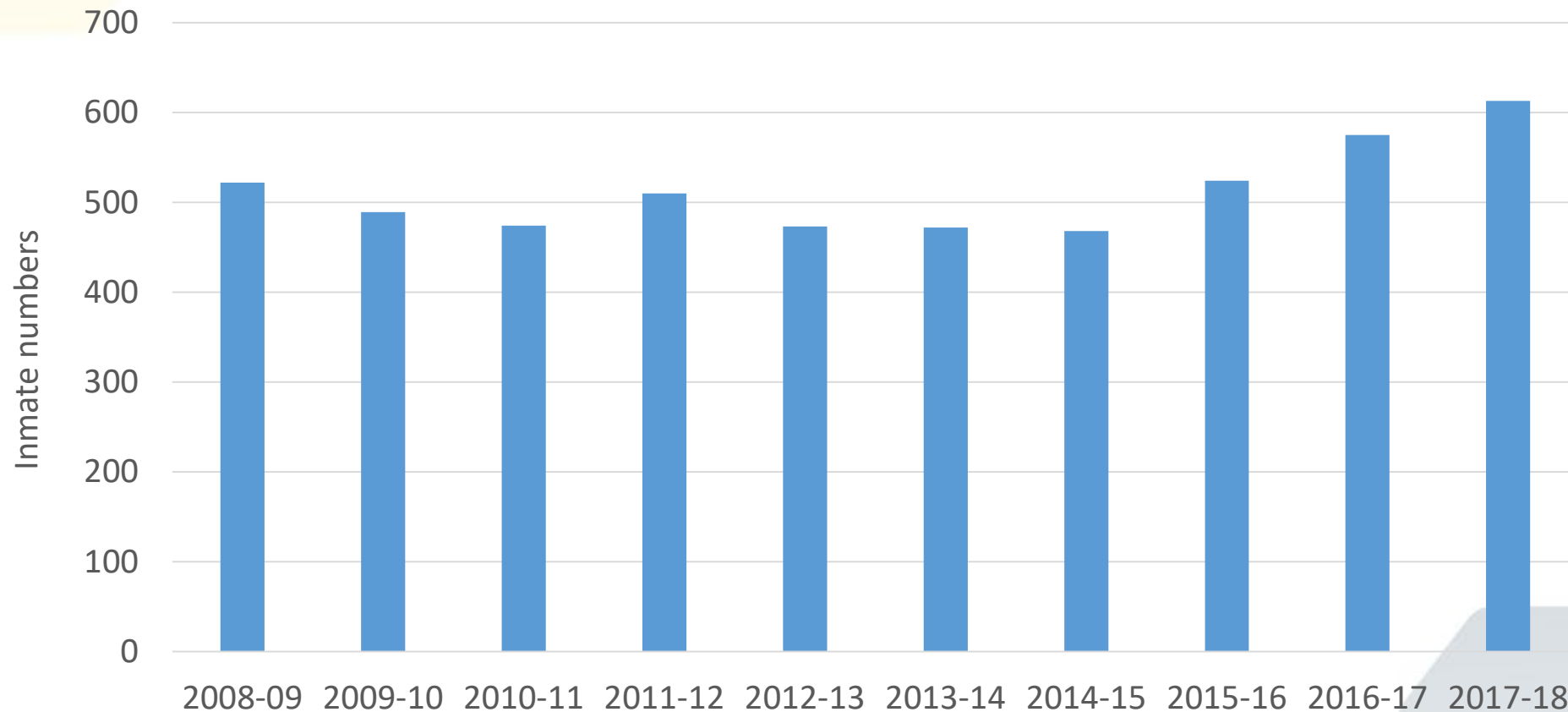
Opened in 1977

Current design capacity
26 inmates new to the
system, at-risk, requiring
protection or attending
court

Operational capacity
26

2. Is TPS managing its custodial facilities efficiently?

Actual annual average inmate numbers: 2008-09 to 2017-18



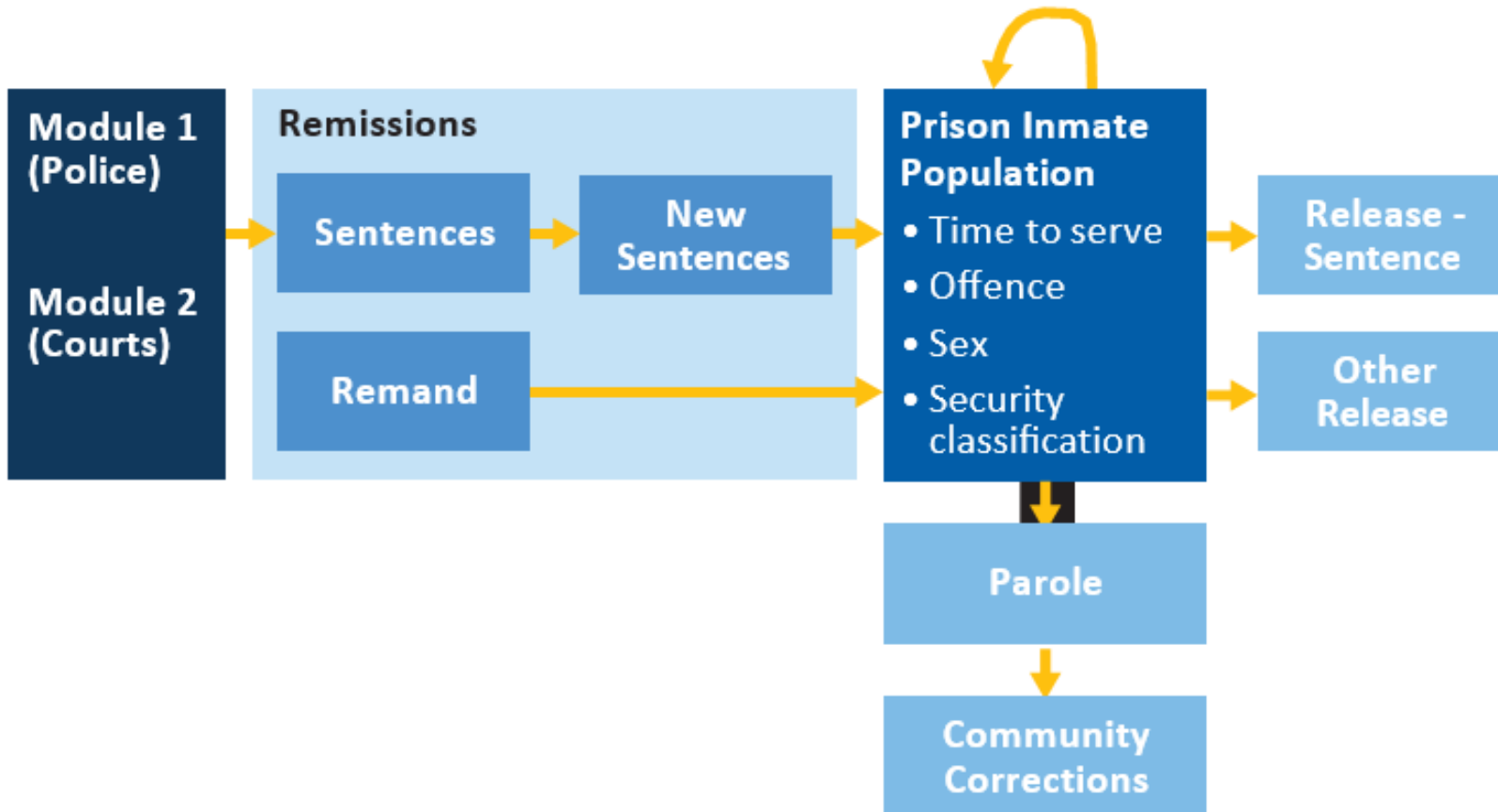
Source: Report on Government Services (ROGS)

Inmate numbers

- Significant increase in actual inmate numbers from 2015 onwards
- Increases in inmate numbers due to:
 - Criminal complaints lodged with the Magistrates Court increasing
 - Unprecedented increase in remandee numbers
 - Government reform agenda
- By 2010, TPS modelling became largely historical
- Prison utilisation – existing facilities nearing full capacity
- Improved modelling important with projected inmate numbers expected to continue rising

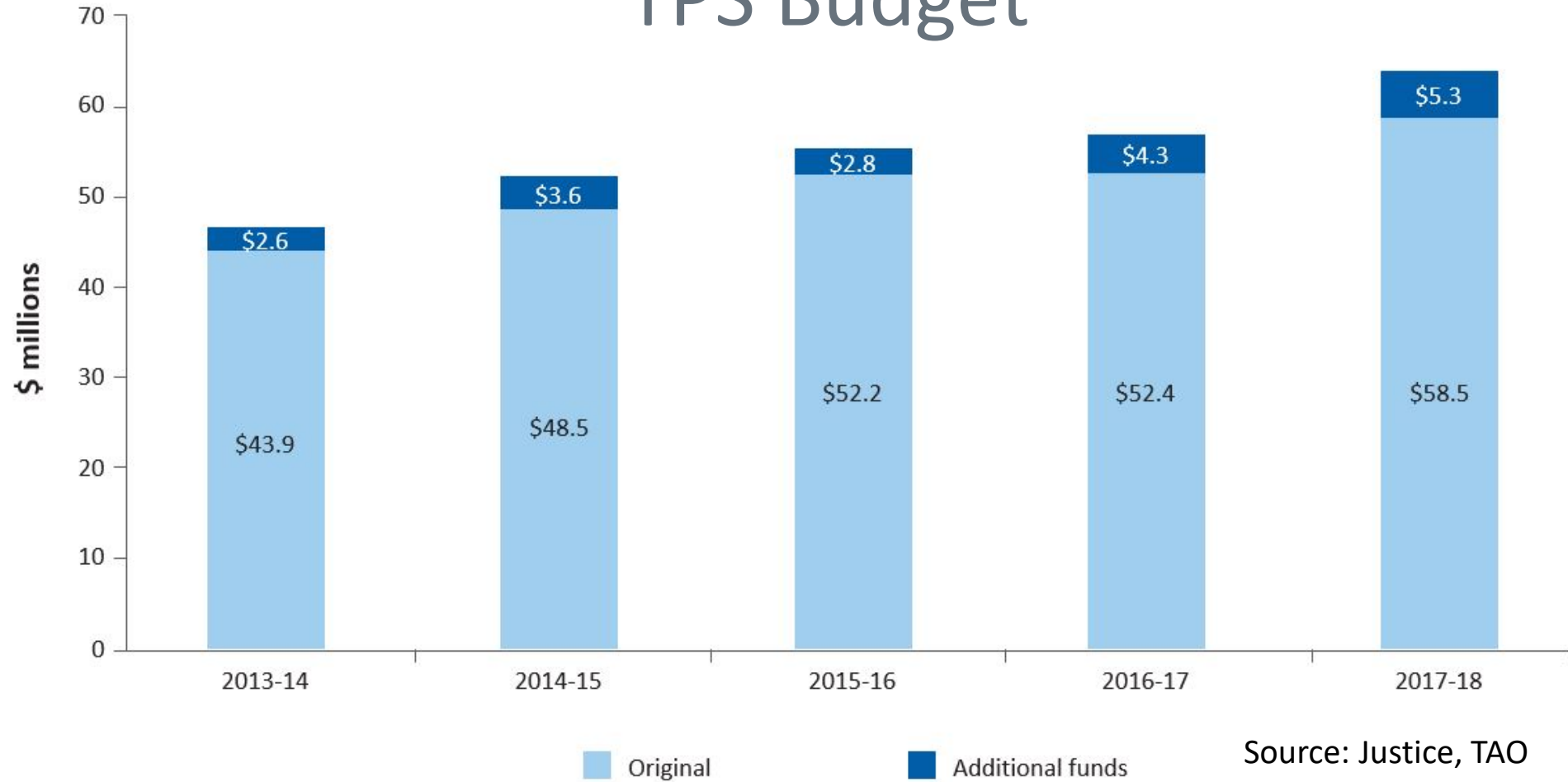


Module 3: TPS



Source: Justice

TPS Budget

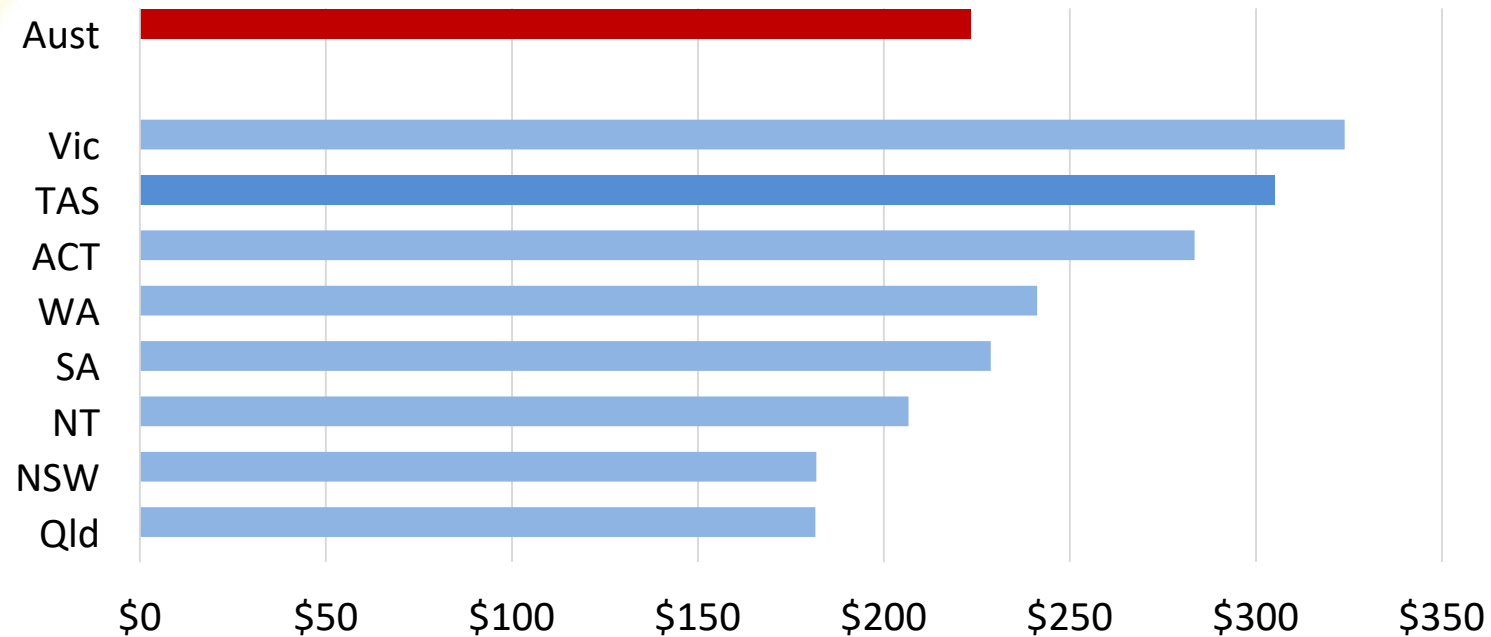


Above figure shows annual budget allocation together with additional funding

TPS Budget

- Despite annual increases in its budget, TPS has not operated within budget
- 2013, Legislative Council Committee (LCGAC) noted the absence of a properly constructed budget – not a zero-based budget
- 2014-15 prepared using a zero-based budget approach
- Since then, full zero-budgeting has not been used

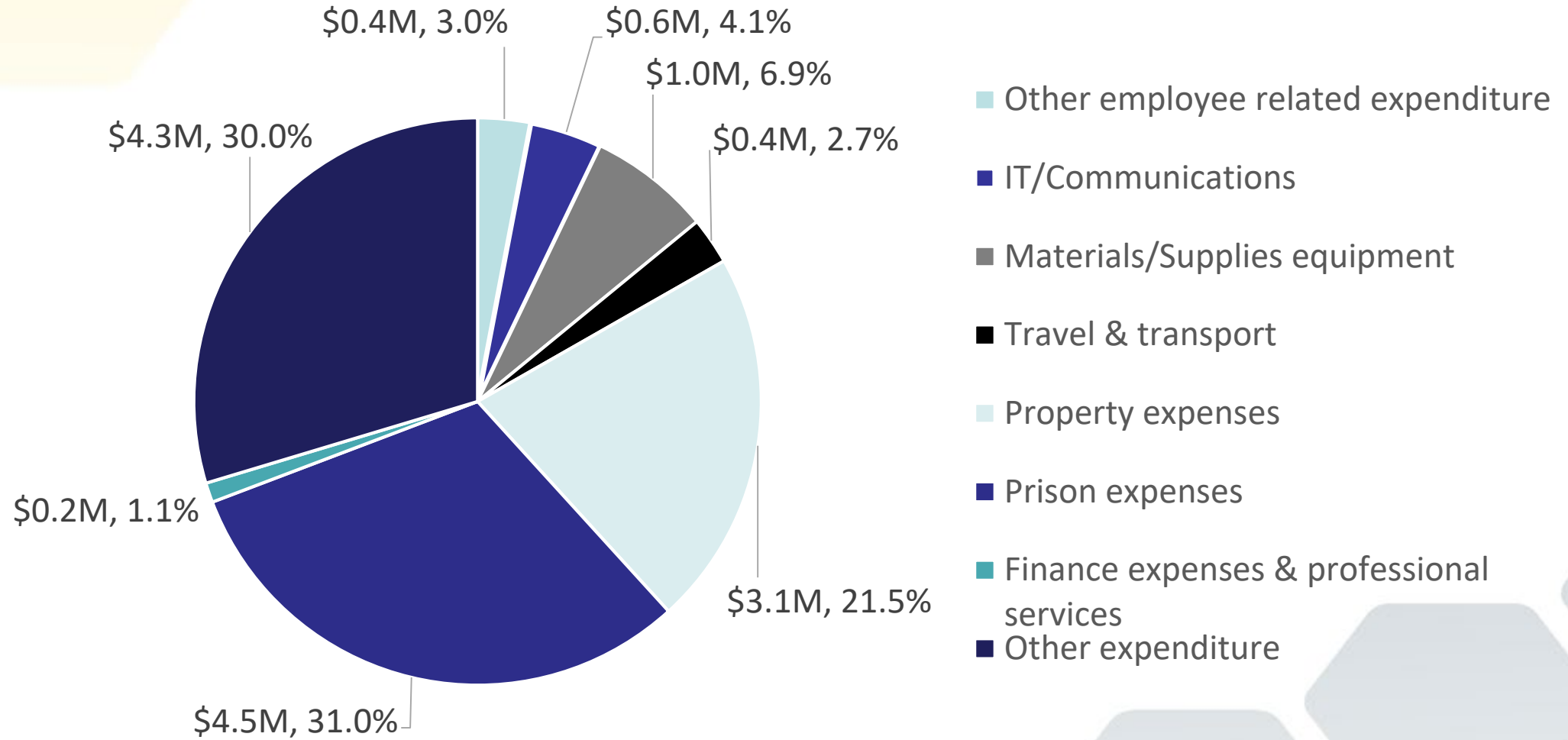
TPS's use of cost and benchmarking information



Source: ROGS

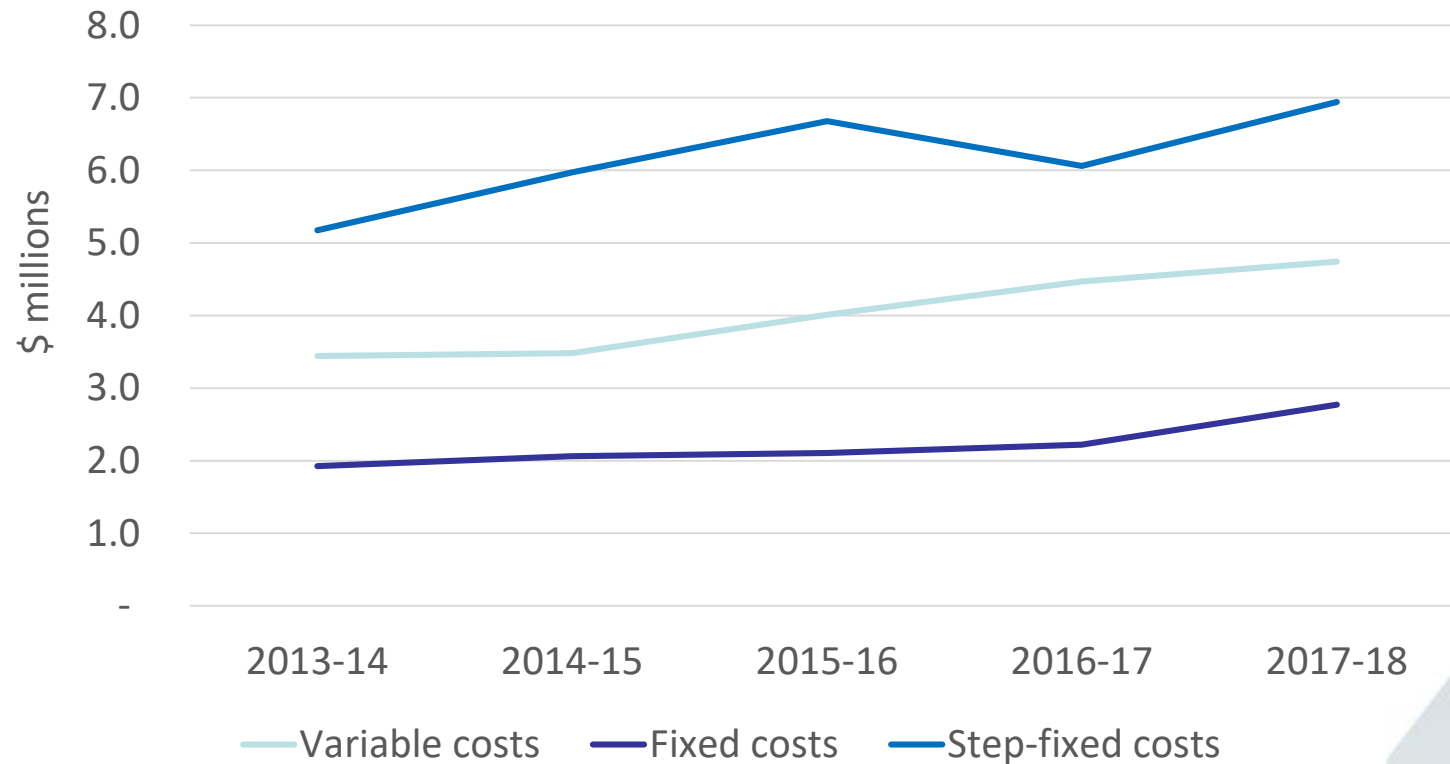
Real net operating expenditure incurred by Tasmania per inmate per day was \$305, second highest in Australia and 1.4 times higher than national average of \$223 per inmate

Non-salary costs



Source: TAO, Justice

Non-salary related costs – variable, fixed or step-fixed



Source: TAO, Justice

Change in categories 2013-14 to 2017-18

- We looked at the change in the three cost categories:
 - Variable costs increased by 7.6% each year
 - Fixed costs increased by 8.8% each year
 - Step-fixed costs increased by 6.8% each year
- Rise in fixed costs may be due to factors more to do with cost control
- TPS cannot control all costs

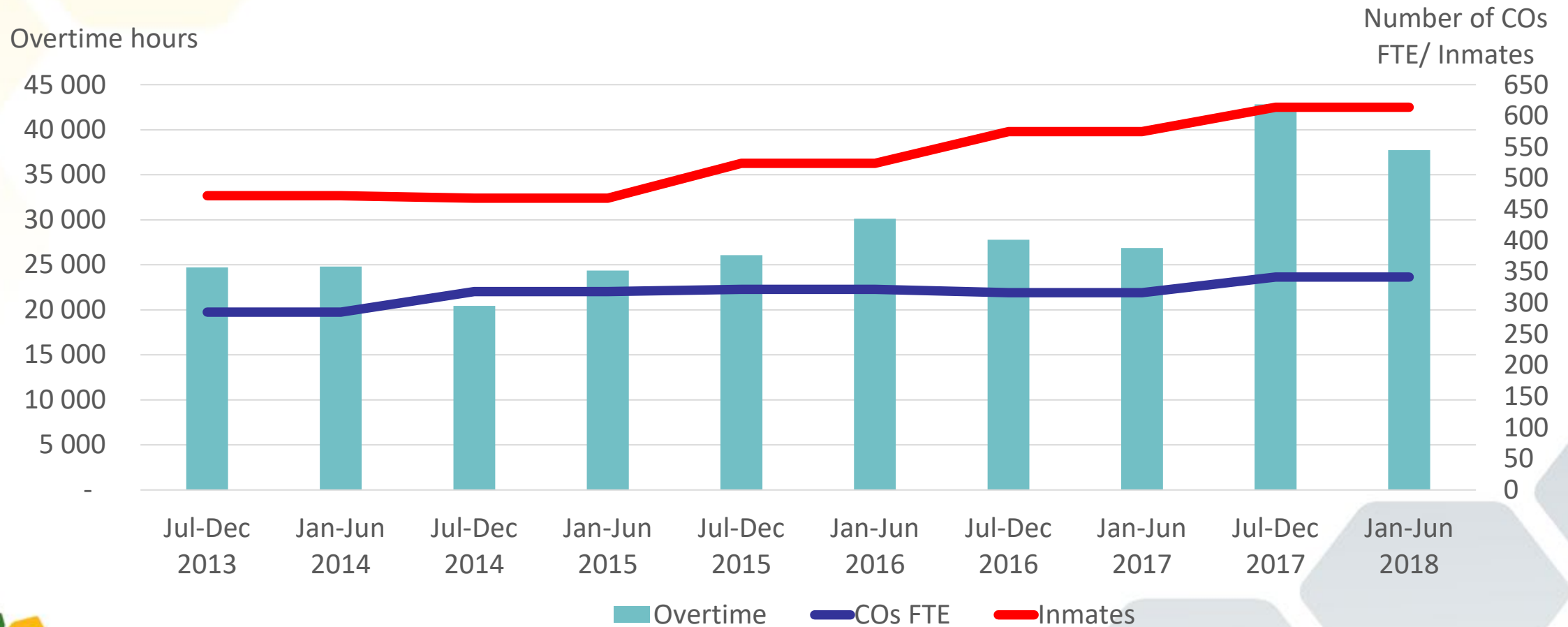
3. Is TPS effectively managing its Human-Resource costs?

Staffing levels

- TPS has experienced long-standing staff shortages that have contributed to an excessive use of overtime and budget deficits
- Staffing levels have not kept pace with inmate numbers

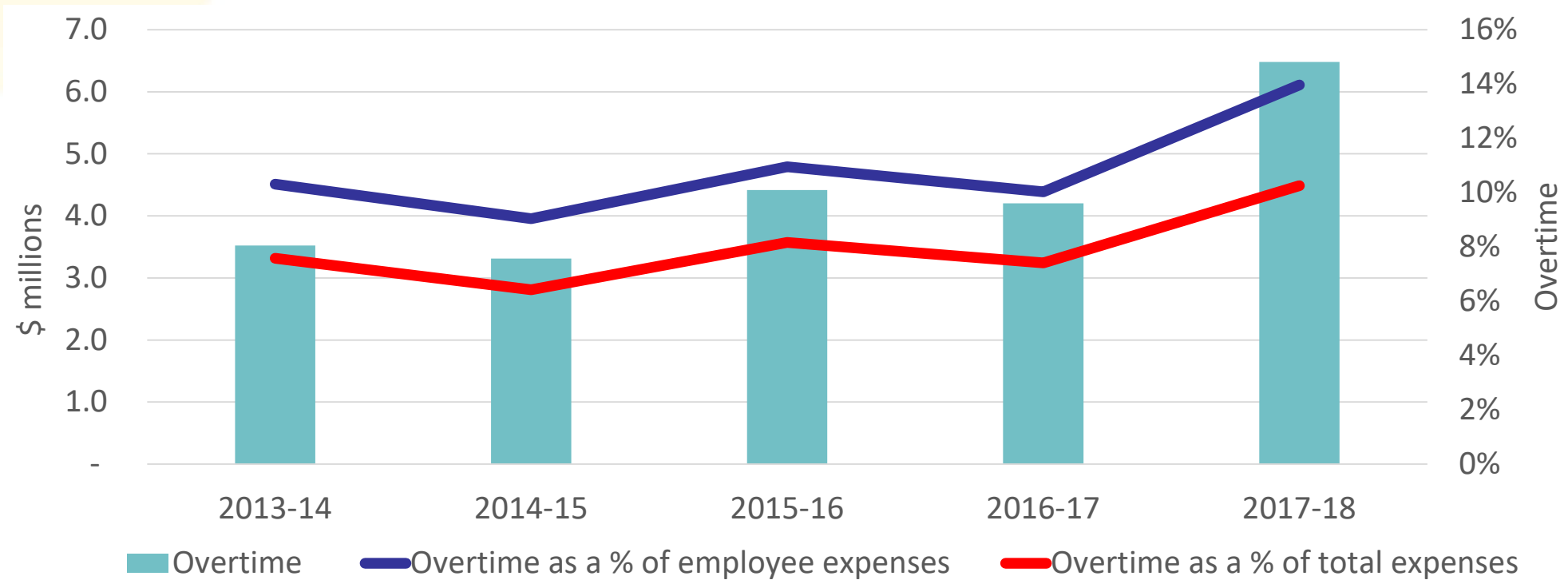


Overtime shift hours worked by COs, July 2014 to June 2018



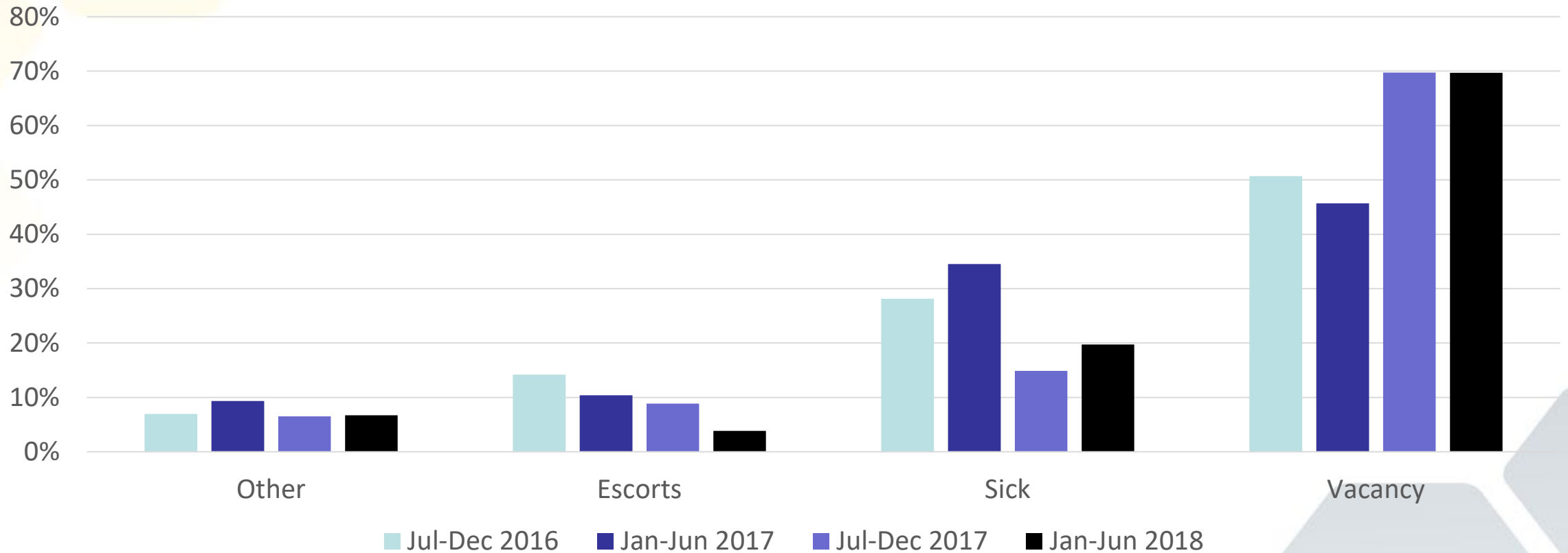
Source: TAO, TPS

Extent of overtime



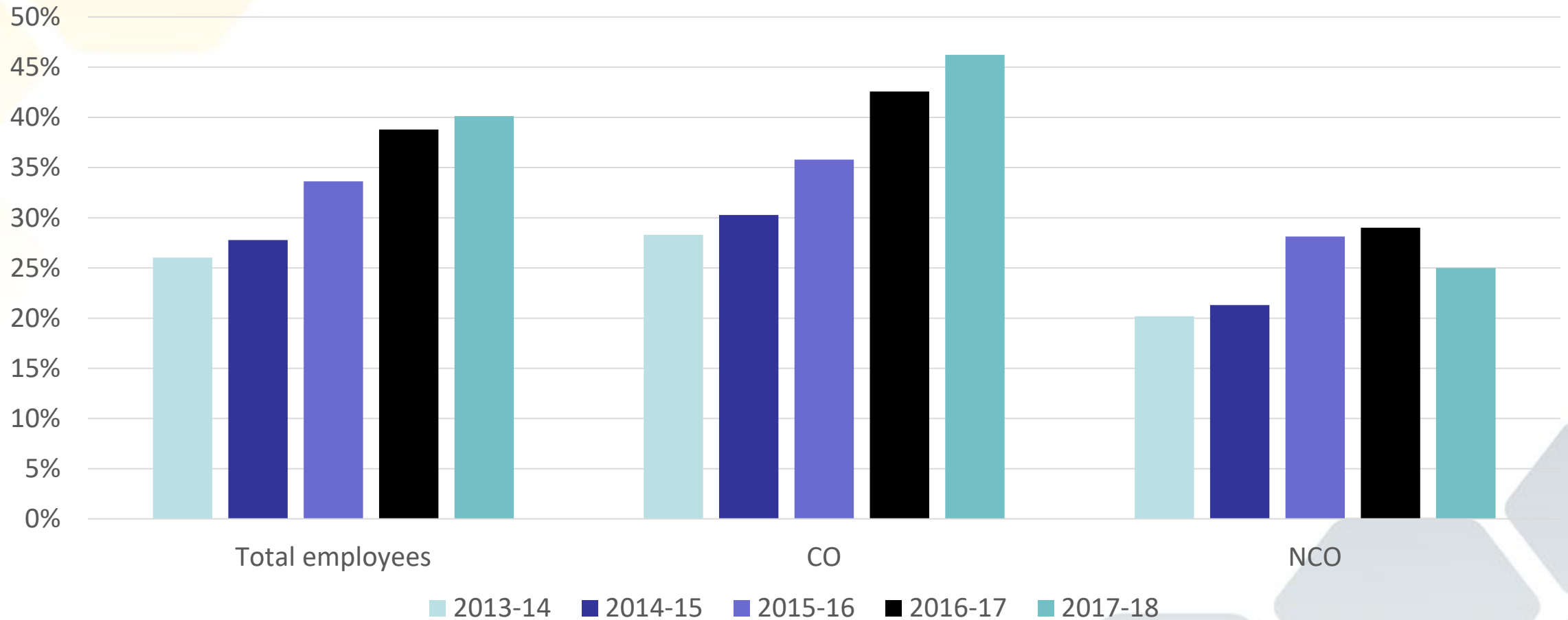
Overtime has been trending upwards since 2013-14 both in dollar terms and in percentage terms compared to total employee and total employee expenses

Reasons for Overtime

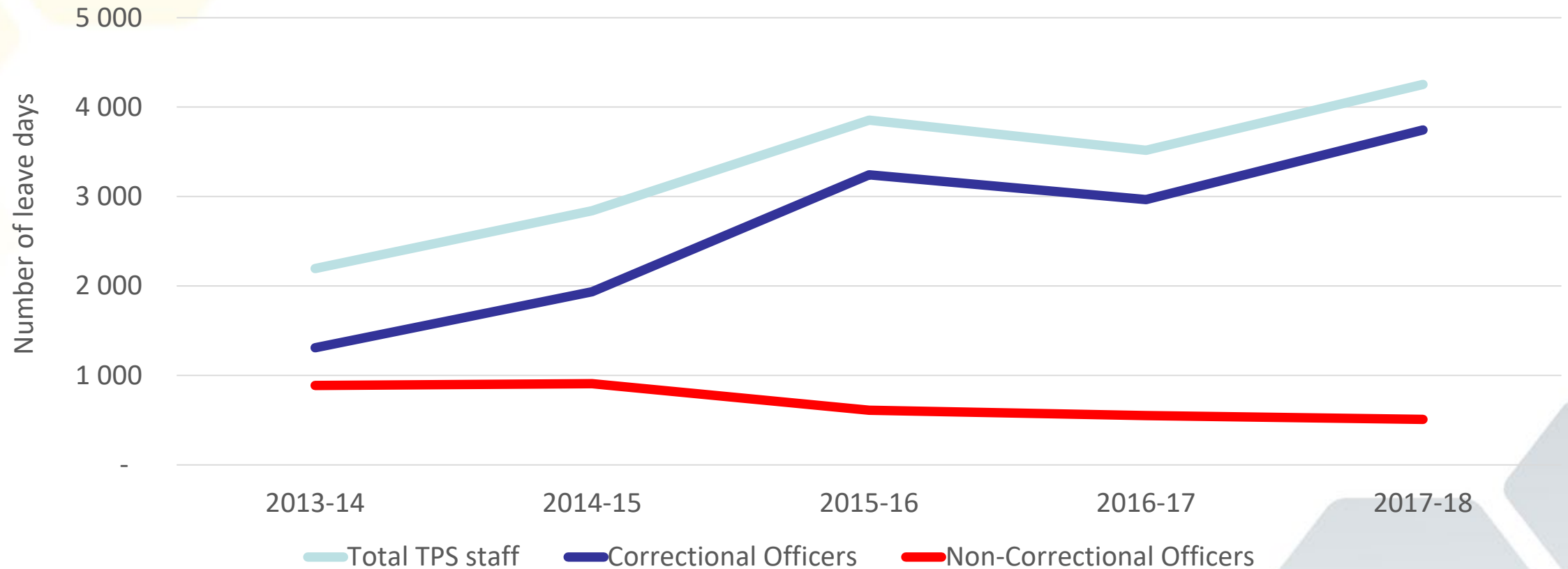


Source: TAO, Justice

TPS employees with significant sick leave



Workers Compensation leave

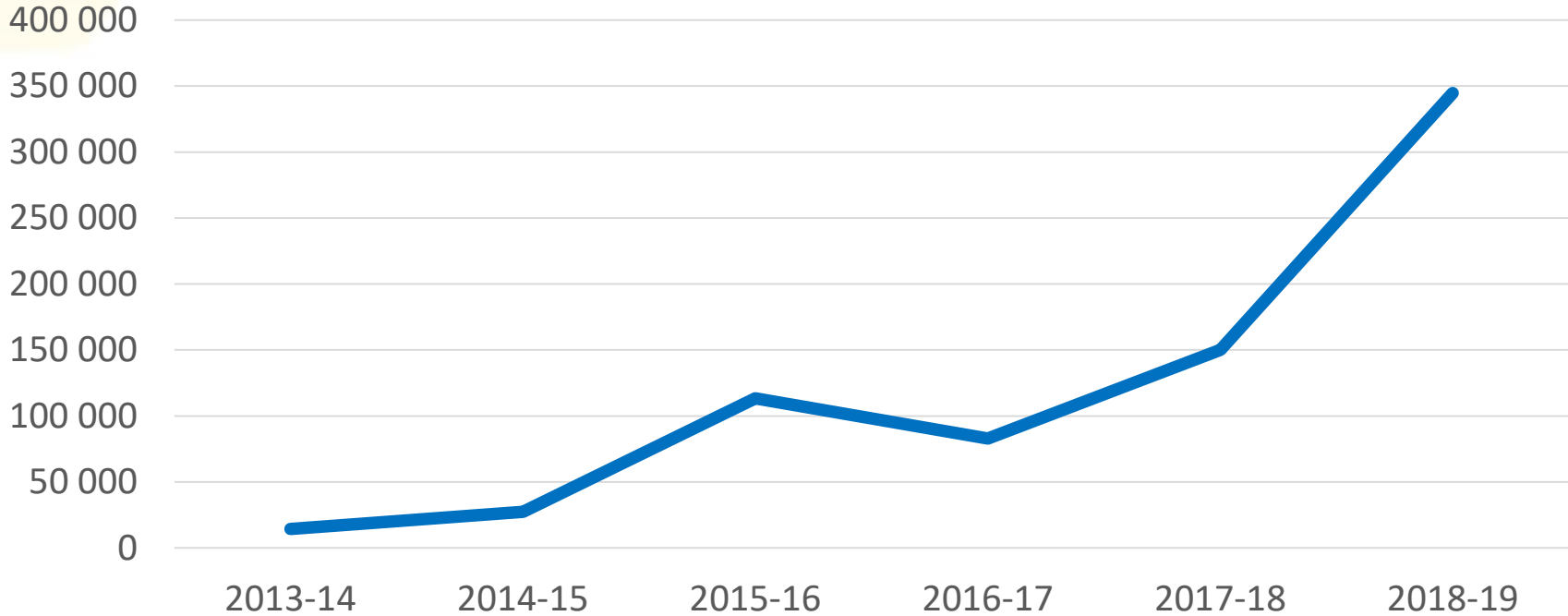


Source: TAO, Justice

Contributors to overtime costs

- Longstanding challenge of overtime was noted by Legislative Council review (2013) and PAC (1983)
- Legislative Council review identified the following as major contributors to overtime costs:
 - Short-notice sick leave
 - Workers compensation absences
 - Staff vacancies
 - Critical incidents

Inmate hours under lockdown: 2013-14 to 2018-19



Source: TAO, Justice

Persistent staff shortages have contributed to increase in hours inmates spend under lockdown

2018 Rostering review

- Two previous rosters reviews – 2014 and 2016
- 2018 roster review undertaken by external consultants
- On average 14.4 to 16.2 staff unavailable during week days (10% of rostered posts)



2018 Roster review

- Roster review had a number of options
- Option selected by Justice minimised the use of overtime and gave greater operational flexibility with increased COs
- TPS acknowledged achieving target would require three years
- TPS's roster review important initiative, but:
 - Aspirational assumptions relating workers compensation and sick leave
 - Historical analysis of shift patterns and related hours rather than comprehensive review of operating models

Recommendations

1. Implement appropriate governance arrangements to strengthen and oversee continued implementation of the improvement program to ensure improvements are strategically planned, communicated, integrated and delivered in a timely way
2. Review capability and capacity to be able to undertake the improvement program ensuring it is appropriately resourced
3. Improve resource and financial modelling that is more predictive and forward looking to more accurately reflect demand and therefore resourcing requirements, which should lead to more informed decision-making

Recommendations

4. Develop and implement improved workforce planning processes that:
 - ensure a more accurate approach to staff resourcing
 - inform recruitment, retention and succession planning
 - inform training requirements
 - deliver effective and efficient rostering
 - reduce overtime
 - reduce absenteeism

Recommendations

5. Improve the performance management framework to ensure reliable and comprehensive information to monitor and understand performance and enhance decision-making. In particular, develop dashboard reporting of financial Key Performance Indicators (KPIs) at the executive management level and consider benchmarking performance with other prison services

Thank you