



Australian Federal Police (AFP) submission to the:

**Commonwealth Performance Framework inquiry by the
Joint Committee of Public Accounts and Audit (JCPAA)**

ANAO Report No. 58 *Implementation of Annual Performance Statements Requirements*

Submission deadline: 18 August 2017

Terms of reference: Any items, matters or circumstances connected with the selected
Auditor-General Report

Submission:

1. Introduction

The Australian Federal Police (AFP) welcomes the opportunity to provide further response to the ANAO Report No. 58 *Implementation of the Annual Performance Statement Requirements 2015–16* (the Report)¹ after its participation in the audit earlier this year. This opportunity is timely given that the AFP and all Commonwealth agencies are currently completing their second Annual Performance Statements (APS) (for 2016–17) and are publishing their third Corporate Plan (covering 2017–18 to 2020–21) required under the *Public Governance, Performance and Accountability Act 2013* (the Act). Further engagement and discussion are also valuable given that the AFP is continuing to develop its performance framework as part of broader strategic capability reform.

2. Background

The Report is the first performance statement audit under the Act. The AFP was one of two agencies audited. The AFP has also been the subject of other related ANAO performance audits: as one of nine agencies in the initial corporate planning audit (ANAO Report No. 6 published August 2016²), and one of three agencies in the ANAO's Pilot Project to Audit Key Performance Indicators (Report No. 21 published February 2014³). The AFP was also involved in the Proceeds of Crime audit (ANAO Report No. 43 published March 2017⁴). Despite some additional overhead, the AFP sees a net benefit from the audit processes, both from the positive feedback confirming any areas of best practice and the feedback highlighting opportunities for improvement. The AFP also recognises the importance of seeking a clearer exposition of performance in relation to purpose and use of public resources to improve understanding of the agency by the government and general public.

¹ <https://www.anao.gov.au/work/performance-audit/implementation-annual-performance-statements-requirements-2015-16>

² <https://www.anao.gov.au/work/performance-audit/corporate-planning-australian-public-sector-2015-16>

³ <https://www.anao.gov.au/work/performance-audit/pilot-project-audit-key-performance-indicators>

⁴ <https://www.anao.gov.au/work/performance-audit/proceeds-of-crime>

3. Audit outcomes

In keeping with previous audit results, the AFP rated reasonably well on all audit criteria (appropriateness of performance criteria (PCs), assurance mechanisms and record keeping). The ANAO concluded that the AFP met the minimum requirements for an APS under the Act. Rather than making formal recommendations, the ANAO identified areas of improvement for the agencies involved, as well as key learnings applicable to all agencies.

4. AFP response

The AFP has already addressed a majority of the issues highlighted in the audit. However it may take several planning and reporting cycles to fully realise the improvements. Many of the issues raised had already been identified in the internal review of the performance framework led by the AFP's Organisational Performance team in late 2016. Improvements to performance measurement (new PCs, layout and content) have been made in the updated AFP Corporate Plan 2017–18 (to be published 31 August 2017). Other changes have been made in the compilation of the APS 2016–17 (available October 2017) and in pre-planning for the APS 2017–18. The key AFP responses and follow-up actions which have been grouped by the high-level audit criteria and ordered by the Report's key learnings are provided (see annexure A).

5. Ongoing challenges

In 2017 the AFP launched a new vision – *Policing for a safer Australia*– and mission – *to protect Australians and Australian interests* –which have been incorporated into the AFP Corporate Plan 2017-18. Fully articulating success in relation to safety and protection will be a challenge. This is due to the wide range of beneficiaries, for example, specific victim groups, potential victims; the general community, government and business. Performance can also be expressed in how the criminal element will be affected.

In addition it is difficult to show change and impact in social arenas, with complex social and psychological environments. Simple causal links between police action and increased safety can be challenging to assert given multiple potential influences on agents and outcomes. The AFP continues to ensure better practice with both domestic and international law enforcement counterparts.....

Finally, consideration of how to show incremental progress over time to achieve broader overarching goals remains challenging with most AFP PCs based on annual surveys or data extractions.

The AFP plans to address these challenges by continued review and reform. This is facilitated by maintaining a central performance area, active participation in the Department of Finance performance community of practice and also by maintaining a corresponding localised, law enforcement/regulatory agency performance peer group.

Audit criteria and key learnings (numbered)	AFP-specific issues	AFP response and follow up actions
Annual Performance Statements (APS) met obligations		
1. <i>Presentation and analysis: Analysis and context</i>	Limited discussion of environment and effect on performance	More detailed analysis for both individual performance criteria (PCs) and overall will be provided in the APS 2016–17 to assist the reader in assessing performance.
2. <i>Expression and identification of activities: Grouped activities aid 'clear read' plan and APS</i>	Improve linkage between activities, performance results and purpose	A structural framework has been introduced into the APS Corporate Plan 2017–18 with performance criteria, intended results and delivery strategies grouped according to four areas of policing activity (national, international, protection and community policing). A detailed rationale has also been provided for each PC.
Performance criteria appropriate		
3. <i>Relevance and reliability: Show who will benefit</i>	One out of 9 KPIs requires improvement to better identify the benefit or beneficiaries and link to activities	The result for KPI1 (external stakeholder satisfaction) in APS 2016–17 has been augmented with more detail about the survey (e.g. who the respondents are) and multiple case studies of joint operations to show how strong stakeholder relationships are integral to interoperability and successful case outcomes.
3. <i>Relevance and reliability: Need to explain methods & potential bias</i>	Two KPIs require improvement to limit potential bias in reported results	KPI 3 (CT outcomes) has been replaced in the Corporate Plan 2017–18 with new PCs measuring extent of disruption and prevention (not only in terrorism but for Commonwealth crime more broadly). KPI 8 (Assets restrained) has been replaced with a broader return on investment measure for confiscation of assets from 2017–18. Further analysis will be provided with the result for 2016–17 to describe the variability in this KPI and the complexity of proceeds of crime activities and the impacts that asset confiscation has on criminal activity.
4. <i>Completeness: Cover whole purpose and timeframes/methods</i>	There was no variation in targets to measure short, medium and long-term objectives; Could improve alignment between activity and PCs (evidenced through lack of PCs for specialist and supporting capabilities); Five out of 9 KPIs classified by ANAO as output measures considered too high.	The AFP has initiated substantial performance framework reform after a period of relatively minor changes. This is aligned with the APS's new vision/ mission/purpose statements introduced in the Corporate Plan 2017–18. Changes include the introduction of prevention and disruption measures (to augment prosecution outcomes), broader return on investment measurement (expanding to international operations and confiscation of assets) as well as expanded measurement of public perception – which is a more direct measurement against the AFP's new vision/ mission <i>Policing for a safer Australia / protecting Australians and Australian interests</i> . Further work is needed to articulate medium and longer term objectives and develop measures and targets to evaluate performance against these.

Audit criteria and key learnings (numbered)	AFP-specific issues	AFP response and follow up actions
Supporting frameworks effective		
5. Continuous improvement	Planning for the APS should be moved forward	The AFP will produce an interim/pilot APS earlier in the financial year which will be subject to an internal audit review.
6. Evaluation of data sources	The return on investment KPI is due for review. The ANAO assessed one KPI (cyber safety awareness) as being impacted by a low response rate.	The AFP is currently broadening its return on investment PCs and has recently commissioned research to scope new cost benefit methods applicable to a wider set of AFP activities. This will inform future PCs. The AFP will provide further information on representativeness in presenting the results for KPI9 in the APS 2016–17.
7. Reliance on IT systems	No issues raised.	
8. Management certifications	No issues raised.	The AFP will continue to follow similar processes with executive signoff of PC rulebook definitions and certification of final results prior to submission to the Commissioner for signature.
9. Audit committee (AC) role and responsibilities	Lacked evidence of final formal certification from the AC as to the appropriateness of performance reporting	The AC role has been reviewed and processes revised to ensure compliance with the Act, particularly regarding the execution of the AC representation letter to the Commissioner. In addition, the AFP proposes to instigate a biennial review of the performance framework and include this formally in the AC Charter. This is in line with the recent Department of Finance advice on the functions of ACs. ⁵
Records sufficient		
10. Record keeping	KPI 9 did not have complete records	The central performance area will receive and store interim data on all PCs throughout the year. This data will undergo a set of standard quality control checks to identify and address issues as they occur.

APS = Annual Performance Statements; KPI = Key Performance Indicator; PC = Performance criteria (term recommended by Department of Finance in the Enhanced Commonwealth Performance Framework for a performance measure – not necessarily limited to a single quantitative metric.
AC = Audit Committee

⁵ http://www.finance.gov.au/sites/default/files/Audit_Committees_Reviewing_appropriateness_of_Performance_Information_Jul17.pdf