

Evaluating Indigenous Programs – Creating Public Value?

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The Office of Evaluation and Audit (Indigenous Programs) occupies a unique position in the Australian Government. It has legislative powers that are similar in many respects to the Auditor-General but where the Auditor General has power in relation to audits, OEA is additionally empowered by its legislation to undertake independent evaluations (and audits) of Indigenous Programs, organisations and individuals. OEA reports directly to the Minister for Finance and Deregulation and is therefore independent from the agencies that deliver Indigenous Programs, although not independent of government. Unlike most government evaluations which are commissioned by the agency that runs the program, OEA determines which programs it wishes to evaluate and the timing of these evaluations.

This raises a number of interesting questions about how these externally commissioned evaluations create value and for whom. The evaluation literature highlights that evaluations can be valuable by helping to re-shape programs, providing legitimisation and political support for programs as well as providing opportunities for those involved in programs to participate in the evaluation and learn from it. Arguably, where an evaluation is commissioned internally it can approach the way it intends to create value in a structured and deliberate way as the terms of reference, timing and methodology are within the control of the commissioning agency and there is usually sufficient senior management buy-in to provide political support to the evaluation and its outcomes.

It is a much harder proposition to determine in advance how value will be created by evaluations commissioned by an external agency such as OEA. I argue in this paper that OEA's evaluations can still provide internal value to agencies being evaluated, although the extent of this is dependent on the extent of collaboration and openness between OEA and the evaluated agency. But, the primary value created by OEA is public value. I argue that this public value derives from the knowledge that an independent evaluation agency exists for Indigenous Programs, that it sets its own agenda, has certain statutory powers and that it reports directly on its findings to Ministerial level independent of the portfolio Minister. Further public value is created by the fact that OEA publishes a three year Work Program so that the general community and any interested party can see what programs OEA intends to evaluate or audit and finally that the Minister may publish reports to close off the information loop back to the general community.

What is the Office of Evaluation and Audit and what is its history?

OEA is a statutory office established in the Department of Finance and Deregulation (Finance) by the *Aboriginal and Torres Strait Islander Act 2005* (the Act). Prior to its establishment in Finance, OEA had operated in the Aboriginal and Torres Strait Islander Commission (ATSIC) since 1991, mainly performing an internal audit and performance assessment role. OEA provides objective advice to the Australian Government, by reporting directly to the Minister for Finance and Deregulation (the Minister), about the management and performance of its Indigenous-specific programs. Specifically, OEA makes recommendations about how the management and performance of Indigenous specific programs can be improved and how the Australian Government can deliver better outcomes for Indigenous peoples. OEA's reports can be tabled in Parliament or published, increasing the accountability of Australian Government bodies delivering Indigenous-specific programs and putting greater emphasis on the quality of OEA's reports.

Being established in Finance, a central Australian Government agency with key roles in expenditure, financial management, the operations of government and more recently deregulation, gives OEA strength in all its dealings. The Act gives OEA a clear mandate to evaluate or audit any Australian Government program that aims to further the social, economic or cultural development of Aboriginal persons or Torres Strait Islanders. The scope of this mandate is broad, extending to the activities of Australian Government bodies, private sector organisations and even individuals as they concern the benefit they derive from Indigenous programs. The Act gives the Director of Evaluation and Audit and authorised persons access to premises and even special powers to require persons to produce documents and answer questions. The Act also provides the Minister for Finance with powers to request OEA to undertake an evaluation or audit of a program, organisation or individual.

OEA works in an area of government activity that is characterised by complexity and a high level of public interest. In our latest Work Program, we needed to determine how we would grapple with over 170 government programs and initiatives across eight portfolios worth some \$4 billion, with \$425 million in new spending from the 2007-08 Budget alone. Many services are delivered through community organisations. The task for OEA is to make a meaningful contribution to the management and performance of these programs with an annual budget of around \$4 million.

This is challenging as within this set of programs there are some which have existed for decades and there are some which have emerged very quickly, such as the Northern Territory Emergency Response. While there are some very large programs which account for most of the funding, there is also a myriad of small programs delivering services; around 75% of Indigenous specific programs are worth less \$5m per annum. Further challenges are presented by remoteness and the interactions between spending programs run by other tiers of government. OEA does not have a mandate to examine state government funding programs and it is often difficult to form an opinion about the impact of an Australian Government program when its outcomes and effectiveness are influenced by other funding initiatives, including mainstream programs.

Two commonly recurring themes that we have found in our work are that many programs have existed for a long time without independent review of their objectives, strategies and outcomes, and that the focus on performance measurement has largely been on financial accountability rather than outcomes.

Approach to creating value

In this section I describe the key elements of OEA's approach to creating value and the challenges involved. The first step in creating value is identifying OEA's audience. This has some challenges as OEA's legislation is not prescriptive. Unlike the Auditor-General, who is required by law to report directly to Parliament and so to the wider public, the Act provides that OEA reports 'in a manner required by the Minister'. In theory, this could mean anything from providing a report solely for the Minister through to publishing, or tabling in Parliament, a report and thus making it available to everyone. Recent practice has been for the Minister to forward copies of reports to the relevant portfolio Minister and Department, as well as to publish reports. The final decision on distribution rests with the Minister and is decided on a case-by-case basis once the report has been finalised. The Minister recently agreed to publish reports on the evaluations of Indigenous Business Australia and Family Violence programs and I expect he will agree to publish other reports soon.

A reading of the Act indicates that the intended audience for OEA's work is primarily the Minister and to a slightly lesser extent the Minister with responsibility for Indigenous Affairs. The Act sets out a number of important roles for the Minister, including a requirement for his/her priorities to be given due regard during the development of OEA's three-year Work Program, the power to request OEA to undertake particular projects, and the final say about how OEA reports on its work. It is clear that the legislation contemplates a minister who is actively involved in helping to set the direction of OEA's evaluations and in making conscious decisions about the audience for this work. The Act requires that OEA also take into account the priorities of the Minister responsible for Indigenous Affairs in developing its Work Program and that OEA may report to other Ministers in accordance with the direction of the Minister.

It would be open to OEA to operate within this very strict view of its audience and simply focus on the Minister alone. But, this would imply that the only contribution to creating value would be through acting as an accountability institution. We take the view that departments and agencies delivering programs are a key audience for our work, even though they may not have wished for the work to be done. There are many examples of where an OEA evaluation or audit has, in a sense, been inflicted on an agency and has started off on a footing based on obligation and wariness. Some evaluations and audits continue on that footing, but there are a significant number of others which, through engaging with agency staff throughout the process, have added considerable value in a symbolic and instrumental sense to that agency. We even have examples of agencies suggesting programs to us as they have identified the potential value that they can derive from an independent evaluation.

Underlying OEA's approach is a desire to make a difference and improve program outcomes for Indigenous people. We feel that we can best do this through a collaborative approach with agencies. The Office aims to produce reports that are readable and fair, which present a balanced, consistent perspective, which place primary emphasis on lessons learned, good practice and matters requiring attention, and which assist departments in the future management of their programs in association with service delivery organisations.

Timeliness is a major factor in ensuring OEA creates value. This has several dimensions. An evaluation can be less or more useful to agency depending on where the particular program is in its life cycle and whether it is undergoing or about to undergo reforms. Our aim is to seek to undertake our work in a timeframe that would enable agencies and decision makers to make use of findings. As an independent body, OEA does not have easy access to the sort of

information that allows it to time its evaluations perfectly. It is not uncommon to consult agencies and schedule programs on the Work Program and for further events to unfold that impact on proposed timing and scope. It is a constant challenge for OEA to balance the desires of agencies to find a more suitable time with OEA's own obligations to the Minister to implement its Work Program in a timely manner.

The other relevant dimension of timing is the length of time that an evaluation should take. To be useful to an agency, we take the view that our evaluations and audits should be short and reported to the Minister within a year; as agreed in our Operational Protocol with Agencies. This is based on experiences where evaluations have dragged on and by the time they have been completed the program has already changed, our likely recommendations often already implemented and agency staff have moved on. It is difficult to see how we would create any value in that environment. Clearly, there is a need for long ranging and deep evaluations over a long period of time but with OEA's somewhat limited resources we have chosen not to focus on those and leave that to agencies themselves to implement.

Furthermore, given the vast array of Indigenous Programs, we have taken the view that we create more value by trying to cover as many different sectors and agencies as we can. By way of illustration, over the last 18 months this approach has taken us into Family Violence Programs of FaHCSIA, Indigenous Business Australia, the Torres Strait Regional Authority, Small Business Programs, Legal Aid and Restorative Justice Programs, Aboriginal Rental Housing, the Aboriginal Benefits Account, English Language Programs, Arts and Crafts Programs and Hearing services as well as land councils and other organisations.

Right now we have major pieces of work underway examining programs in Primary Health Care, Service Delivery in Remote Communities, CDEP, Capacity Development, Volunteering, education retention through sport, Child Care support services, aspects of the Northern Territory Emergency Response, money management programs and a governance audit of the Northern Land Council. Our forward Work Program reflects a similar level of variety.

The legislation does not specify what sort of evaluation methodology OEA should undertake and it would be open to us to adopt any available approach. But, in practice, and with a view of getting wide coverage and timely reports, we have chosen to concentrate on tightly defined evaluations and audits of program management. In particular, OEA places a strong emphasis on evaluating systems, such as monitoring and evaluation frameworks and feedback loops between these frameworks and decision-making rather than evaluating the actions of particular people. This kind of focus has high potential for empowerment as OEA shares lessons learned from research and international better practice, usually offer scope to highlight something that's working well, helps evaluation stakeholders to build something and so have ownership of recommendations, and generates findings that have broad application in other contexts.

OEA generally seeks to determine whether a program is likely to achieve its intended outcomes, taking into consideration its design, the capacity of its administration, and the quality of its monitoring and evaluation framework. Short, targeted surveys and a limited number of visits to the field usually provide enough data to give a credible statement about plausibility, unlike attribution approaches that seem to struggle in Indigenous affairs where interventions are numerous, interrelated and constantly changing and outcomes are often distant specks on the horizon that have themselves changed by the time you arrive.

Our focus on the administration of programs tends to mean a lesser focus on efficiency and effectiveness of service delivery bodies. This is deliberate. We understand the importance of well-functioning and effective service delivery organisations, yet isolated examinations of organisations outside of a program focus generally provide less valuable information to Government on the effectiveness of a program, and whether it is meeting its objectives, than a wider evaluation. Improvements made at the program level would generally have a greater impact on service delivery as they flow through to all of the organisations involved in the program, rather than being concentrated in just some of them.

Our legislation provides that OEA can undertake evaluations and audits. There are several schools of thought on the differences between evaluations and performance audits. The most scientific of these holds that an auditor is somebody who arrives after the battle is over and bayonets the wounded; if this is true, then evaluators are often those who arrive years later, exhume the bodies and ask them to complete a survey. We undertake both sorts of work and consider that, as techniques of creating public value, they both contribute greatly. However, as noted earlier we try not to carry bayonets and usually seek to arrive while the battle is in progress rather than waiting for it to end.

Have we created value?

This issue of value is a major consideration. Obviously if our work is of good quality, objective, evidence based and timely and if our Work Program is relevant to Government priorities in Indigenous affairs we have a good base on which to state confidently that the work of the Office creates value for Government. However it is more complex than that, I think.

A relevant consideration is whether programs, which we have examined, have improved outcomes and other programs take advantage of the learnings from our work, in the longer term, to contribute to closing the gap on Indigenous disadvantage. This is a medium to long term project which I leave to others to undertake.

At a more immediate level, we can measure how many of OEA's recommendations have been accepted by agencies and use that as some sort of proxy to begin to answer the question of whether value has been created. In 2007-08 OEA made 51 recommendations of which 48 were accepted by agencies; the year before OEA made a total of 107 recommendations of which 104 were fully or partially agreed. We have a deliberate policy to have a shorter number and more focussed recommendations.

To give more strength to the value of our recommendations we have recently started to follow up the implementation of recommendations of reports. In this process we write to Agencies some 12 months after the completion of a report and request they advise us of progress in implementing the recommendations. We will use this information to report to the Minister as well as to identify any further follow-up work.

We are confident that the actual process of the audit or evaluation creates value: that is program reform is influenced by the light which is shone on the program through fieldwork, consultation and provision of discussion papers. Agencies often tell us that the reforms were under way. In some cases this more apparent than in others, but in some respects as long as the reform occurs and it provides an improvement in the quality of services for Indigenous Australians it is a secondary issue as to whether it was something already planned or whether it stemmed directly from our evaluation.

In the Family Violence evaluation, which I consider is a good quality product, you will note that the Department in its response expresses disappointment that we had not acknowledged 'recent program improvements'. I have no doubt, because I have been a program manager myself and I know how committed Australian Government public servants are to improved Indigenous program management, that these improvements were being considered independent of our report but I also believe we provided some impetus to their delivery.

With the Torres Strait Regional Authority (TSRA) performance audit, we found that the TSRA is a small organisation with limited capacity to implement policy and program reform, they have an increasing number of coordination activities on behalf of other government agencies they are being asked to perform in the Torres Strait and they require more assistance from Government agencies in Canberra. In this case we have created value by independently highlighting a broad perspective to their overall responsibilities which was arguably less apparent to individual agencies. It gives the TSRA an opportunity to put this case to Government.

One of the most challenging areas for OEA is to understand how it can create value for Indigenous people. Under the Act, OEA has no capacity to report directly to Indigenous people and the Department's Key Performance Indicators for OEA focus on Ministerial and agency satisfaction, implementation of recommendations and timeliness. In a recent performance audit, not yet finalised, we have highlighted a stark difference in the funding formula between an Indigenous program and a very similar mainstream program in the same agency directed to people with similar needs. In this case I would argue that, assuming the difference is rectified, we have created value for Indigenous people-the clients of the program.

In the Indigenous Business Australia (IBA) evaluation, while we state that not enough was known by IBA about the long term economic and other benefits of *IBA Homes*, their housing loans program, we identify that it has been highly successful over 30 years, is near capital constraint and had a long waiting list. This is value to Government and Indigenous people because it identifies good practice, which Government may choose to build upon.

My final example is comes from our evaluation of the Legal Aid Program run by the Attorney- General's department. This has been completed but is not yet public, however, the Department has advised me that the evaluation's recommendations provided a sound basis for it to review its reform directions likely future management arrangements and that a national meeting of service providers will be held in 2008 to develop strategies to implement the reports recommendations.

Conclusion

I have endeavoured in this presentation to highlight some of the key practical issues faced by an independent evaluation body. There are advantages and disadvantages to being independent. On the one hand, independence brings with it a required objectivity and a reliance on observation and analysis of tangible evidence. On the other hand, it means we have to work harder to gain the historical knowledge of a particular program's development and where it may be headed. It also puts pressure on us to be objective and to justify our findings. Above all, it means we need to take a broader view of how value is created from our work. It is difficult from the outside to pinpoint exactly the value that each evaluation creates, however, the fact that an independent body exists and it reports independently and directly to the Ministerial level suggests a strong case that our work creates public value.