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Administration of Non-judicial Functions of the Magistrates' Court of Victoria

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Victorian Auditor-General's Office
Auditing in the Public Interest

The Hon. Robert Smith MLC
President
Legislative Council
Parliament House
Melbourne

The Hon. Jenny Lindell MP
Speaker
Legislative Assembly
Parliament House
Melbourne

Dear Presiding Officers

Under the provisions of section 16AB of the *Audit Act 1994*, I transmit my report on
Administration of Non-judicial Functions of the Magistrates' Court of Victoria.

Yours faithfully



DDR PEARSON
Auditor-General

20 June 2007

Foreword

The Magistrates' Court of Victoria sits in 52 locations, deals with some 250 000 criminal and civil cases each year, and accounts for approximately 90 per cent of court appearances in the State.

The Court's current strategic directions emphasise modernisation and access. They focus on reformed administrative and work practices, alternative methods of dispute resolution, and therapeutic justice programs. In this context, the administrative functions supporting the Court's operations and performance are critical to its mission and objectives.

This audit examined whether key administrative functions of the Magistrates' Court, such as corporate planning, asset management and security, staff recruitment and retention, and customer service, efficiently and effectively support the operations of the Court. The audit included a follow-up of our 2005 special review of the Geelong Magistrates' Court which examined whistleblower allegations regarding the misuse of Court funds.

The audit found that the key administrative functions of the Magistrates' Court of Victoria are operating efficiently and effectively, and that improvements have been made to financial and administrative controls, including those relating to the Court fund. The Court is also endeavouring to address increasing demands and pressures on its services and operations through various means, including improvements to work force planning and recruitment.

The audit found, however, that current arrangements for facility maintenance and security within the Court are in need of review, and that the service needs of public users of the Court should be given more emphasis.

The future holds many challenges for the Court as it continues its program of change. This includes the introduction of new technologies via the *Integrated Courts Management System* and plans for a new service delivery model via the *Magistrates' Court 2015 Project*. These major initiatives should make a significant contribution to further improving the Court's services and standing in the community.



DDR PEARSON
Auditor-General

20 June 2007

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1 Executive summary

1.1 Introduction

The Magistrates' Court of Victoria (the Court) is an organisation in transition. It has jurisdiction to hear and determine summary offences, such as road traffic offences and minor assaults, some indictable offences including burglary and drug trafficking, and some civil disputes. The Court comprises 108 magistrates, 6 acting magistrates and 3 judicial registrars, supported by 537 administrative staff. The Court sits at 52 locations in metropolitan, suburban and country areas. Approximately 90 per cent of people who appear before a court in Victoria appear in the Magistrates' Court of Victoria.

In an environment where there is increasing scrutiny of the court system by the executive branch of government and the media, and growing public expectations for a more client-focussed, responsive and affordable justice system, the Court is attempting to respond to a number of challenges. These include changes to the justice system arising from the introduction of alternative dispute resolution, and therapeutic and restorative approaches to criminal and civil matters.

Over the past few years the Court, with the support of the Department of Justice, has changed its administrative and work force policies and practices to handle the Court's business more efficiently. Some of these changes are at an early stage of development, but over time they are expected to assist the Court in its efforts towards modernisation.

1.2 Findings

Structure and governance

The Court's governance structure and reporting lines for administrative functions are clearly articulated. Court administrators and management work to maintain an effective and cooperative working relationship with magistrates to ensure the proper functioning of Court systems.

The Court is implementing a risk management plan, however, there is scope to improve reporting against the plan.

Corporate planning, performance monitoring and reporting

Overall, the Court's corporate planning processes are sound but the inclusion of timelines, more targeted performance measures and resource information linked to strategies would improve the usefulness of the Court's strategic, business and action plans.

The Court is using performance monitoring and reporting to drive improvements to the management of its administrative functions and recently established special court programs. However information on services delivered through the special court programs should also be reported.

Budget planning, financial monitoring and reporting

Existing financial monitoring and reporting systems enable the effective management of the Court's budget and expenditure.

Asset management and security

Although the Court has a well-developed asset management plan, facility maintenance projects must be funded from within its recurrent budget and prioritised by the necessity of works and need to maintain a safe and functional work environment. This has implications for the overall sustainability of court facilities in terms of safety and functionality.

There is a need to review the adequacy of the existing security infrastructure and arrangements which are variable across court locations.

Staff recruitment and retention

The Court has developed and implemented a nationally recognised qualification to train registrars that provides enhanced technical skills and career options.

The Court has recognised that the roles of senior administrators and managers have become more complex and is moving towards more open and contestable recruitment practices. Court retention rates have improved significantly.

The Department of Justice is working with the Court to identify future work force needs using a critical positions and functions approach to work force planning.

Customer service

Professional users of the Magistrates' Court of Victoria have a high level of satisfaction with the performance and service they receive from Court administration staff.

The Court is working to ensure that information for court users is more easily accessible across court locations and electronically.

Although the Court has made substantial efforts to communicate and cooperate with its professional stakeholders, it needs to better canvass the needs of other court users.

Management of the Court fund and other court controls

The Court has implemented new practice directions regarding the administration and disbursement of Court funds which satisfy the recommendations made by the Auditor-General to improve the management of the Court fund.

However, the ongoing management of the Court fund presents a number of risks to the Court. Alternative options exist for the future administration of the Court fund, including the outsourcing of the function.

The Court satisfactorily manages its trust account operations, mail, receipting and banking procedures, and management of accountable documents.

1.3 Recommendations

Structure and governance

1.1 That the Magistrates' Court of Victoria:

- reports against its risk management plan on a monthly basis
- undertakes more frequent reporting of risk management issues by exception.

Corporate planning, performance monitoring and reporting

1.2 That the Magistrates' Court of Victoria:

- incorporates specific performance indicators that reflect the broader strategic directions of the Court and timelines for key strategies
- includes, within its business plan, a detailed allocation of the Court's resources against its key service delivery and administrative functions
- includes in local court action plans:
 - specific milestones such as indicators of progress, timelines and progressive outputs for the Court's actions and strategies
 - performance measures related to specific Court initiatives.

1.3 That the Magistrates' Court of Victoria reports the performance of its special court programs.

Asset management and security

1.4 That the Department of Justice checks that the Magistrates' Court of Victoria discharges its asset management responsibilities to ensure the safety and functionality of court locations, in particular:

- the treatment of asbestos in high risk locations
- addressing its medium-term works requirements
- the maintenance of essential court services.

1.5 That the Department of Justice and the Magistrates' Court of Victoria determine the feasibility of applying enhanced security and electronic weapons detection technology across the State's court locations.

- 1.6 That the Department of Justice and the Magistrates' Court of Victoria ensure that the Hopetoun, Omeo and Ouyen Magistrates' Courts are fitted with duress alarms.

Staff recruitment and retention

- 1.7 That the Magistrates' Court of Victoria actively pursues opportunities for court administrators to broaden their work experience, including enhancing its existing staff rotation policy and secondments within the Department of Justice, preferably outside the court system.
- 1.8 That the Magistrates' Court of Victoria works with the Department of Justice to progress the development of its work force planning capacity.

Customer service

- 1.9 That the Magistrates' Court of Victoria and the Department of Justice consider the incorporation of complaints management measures, such as the number of complaints received and the time taken to resolve complaints, into the Court's service delivery indicators as specified in *Budget Paper No. 3*.
- 1.10 That the Magistrates' Court of Victoria investigates methods of gathering information about the needs and perceptions of public court users, as it does with professional stakeholders.

Management of the Court fund and other court controls

- 1.11 That the Magistrates' Court of Victoria and the Department of Justice periodically audit courts for compliance with the practice direction regarding the management of the Court fund.
- 1.12 That the Magistrates' Court of Victoria incorporates into its risk management strategy:
 - regular monitoring and reporting of compliance by courts with the practice direction governing the management of the Court fund
 - periodic verification that the expenditure of court funds by funded organisations is in accordance with practice direction guidelines.
- 1.13 That the Magistrates' Court of Victoria and the Department of Justice consider alternative methods to administer the Court fund to reduce pressure on the workload of magistrates and senior registrars of the Court.

RESPONSE provided by the Chief Magistrate, Magistrates' Court of Victoria

The Court welcomes the involvement of the Auditor-General and recognises the benefit of external scrutiny of the Court's administration.

The Court has worked hard in recent years to bolster its structure and governance framework, and its planning and reporting processes. The positive achievements in this area are reflected in the outcome of your audit and confirms to me that the Court is managed effectively.

It has been pleasing to be involved in the introduction of a nationally accredited qualification for court registrars and the developments generally in staff recruitment and retention. I believe this places the Court well to deliver on a vision currently being developed by the Magistrates' Court 2015 project.

Increasing diversity within our community and the complexity of cases has presented a challenge to this Court. We must continue to examine how the Court can remain dynamic and responsive. Parallel to this is engaging with the community in a range of ways and providing easily accessible information to court users about the range of services we offer. The high level of satisfaction with the Court's performance and service delivery by professional users of the Court is pleasing.

In response to an earlier audit, the management and administration of the Court Fund has been enhanced. Members of communities around the state benefit from the Court fund and we are committed to its ongoing existence. The Court would welcome any review of the current method of administering funds to those in need.

RESPONSE provided by the Secretary, Department of Justice

My department appreciates the opportunity to be involved in this review and to provide comment on the proposed report.

I can confirm that the report as received is both fair and factually correct, and provide the following response for incorporation into the final report.

The report notes the frequency of the Court's reporting obligations against the risk management plan. With the relevant protocol due to be commenced on 1 June 2007, the department's audit committee is expected shortly to convey its support for the administrative merits of moving to monthly reporting.

Proposals relating to corporate planning and performance monitoring are broadly accepted by the Court, and appropriate provisions will be made for amendment of the next iterations of the Court's strategic directions, business plans and local action plans. In respect of the recommendation that the Magistrates' Court of Victoria communicates the performance of its special court programs, it is considered that this is adequately addressed by current monthly reporting to stakeholders, and by details provided in the annual report.

RESPONSE provided by the Secretary, Department of Justice - continued

The application of enhanced security and weapons detection technology is an ongoing challenge. The Chief Magistrate and I have been collaborating to identify risks and ensure the protection of staff and Court users. A tender is to be issued on 1 June 2007 for professional advice to assist the Government in developing a safe and cost-effective solution.

In the areas of staff recruitment and retention, and customer service, it is expected that the advancement of the Magistrates' Court 2015 Project will render benefits. The project was established to develop a leading model of management and administration to support future service delivery in the Court.

While initial consultations have revealed a high level of staff support and career development, there remain opportunities to improve the balance of workload, resourcing and service levels. Accordingly, areas such as client relations and access to information will be a focus for the project. Further studies of technical training needs and recruitment issues at regional courts will also be undertaken.

Complaints regarding judicial officers are directed to, and managed by, the relevant Head of Jurisdiction. Complaints regarding administration are recorded and can be reported to the department or via the Magistrates' Court annual report, subject to the approval of the Council of Magistrates.

On the subject of court controls and the management of the Court fund, my department supports the spirit of the recommendations and welcomes consideration of alternative administrative methods. Arrangements for auditing compliance with the practice direction on the management of the Court fund can duly be made through the annual audit program.

Additionally, the Magistrates' Court of Victoria has initiated a comprehensive risk management strategy. The operation of an associated risk management tool, supported by training, has now commenced. In this regard, the Court reports to, and is supported by the Department of Justice.



2 Audit objectives and scope

At a glance

Background

In mid-2006, a performance audit protocol was endorsed by the Supreme, County and Magistrates' Courts to enable the Auditor-General to undertake performance audits of the administrative functions (non-judicial matters) of courts. This is the first performance audit by this Office to review selected functions and activities of courts within the Victorian judicial system.

The audit had the following objectives:

- Assess whether key administrative functions of the Magistrates' Court of Victoria efficiently and effectively support the operations of the Court.
- Determine whether improvements to financial and administrative control processes recommended following the October 2005 audit investigation of the Geelong Magistrates' Court have been adopted within that court and other Magistrates' Courts.

2.1 Background

The Public Accounts and Estimates Committee (PAEC) has for some time expressed the view that the Auditor-General should undertake performance audits of the administrative functions in courts, and this was reinforced by the Geelong Magistrates' Court report findings¹. In its November 2005 *Report on the 2005-06 Budget Estimates*, the PAEC recommended that the Department of Justice finalise the necessary protocols to allow the Auditor-General to conduct performance audits of the administrative systems and processes of Victoria's courts.

In mid-2006, a performance audit protocol was endorsed by the Supreme, County and Magistrates' Courts to enable the Auditor-General to undertake performance audits of the administrative functions (non-judicial matters) of courts. This is the first performance audit by this Office of selected functions and activities of courts within the Victorian judicial system under the new protocol.

While the protocol provides a framework for the conduct of performance audits in courts, it also enables the relevant Head of Jurisdiction (the Chief Magistrate in this audit) to ask for the suspension of an audit at any stage if he / she forms the view that the audit is encroaching on judicial functions. Consequently, the distinction between non-judicial or administrative functions and judicial ones was kept under close consideration during the conduct of this audit.

In July 2006, the former Auditor-General wrote to the Secretary of the Department of Justice and the Chief Magistrate advising that he intended to conduct a performance audit on the efficiency and effectiveness of the administration of non-judicial functions in the Magistrates' Court of Victoria.

This was in keeping with the annual audit plan which identifies administration of courts as an area of performance audit interest for 2006-07².

2.2 Rationale for the audit

Accountability is integral to the performance of public sector authorities. The community and parliament are entitled to expect that authorities will have in place robust governance arrangements and management processes that ensure their functions are carried out efficiently and effectively.

This audit is consistent with this approach, and throughout its conduct we have sought to assess whether the administrative processes of the Magistrates' Court of Victoria facilitate its efficient and effective performance.

¹ Public Accounts and Estimates Committee 2005, *Report on the 2005-06 Budget Estimates*, Parliament of Victoria, Melbourne, pp. 407-8.

² Victorian Auditor-General's Office 2006, *Annual Plan 2006-07*, Victorian Government Printer, Melbourne, pp. 29-30.

2.3 Audit objectives

The audit has the following objectives.

- Assess whether key administrative functions of the Magistrates' Court of Victoria efficiently and effectively support the operations of the Court.
- Determine whether improvements to financial and administrative control processes recommended following the 2005 audit investigation of the Geelong Magistrates' Court³ have been adopted within that court and other Magistrates' Courts.

2.4 Audit scope

The scope of review regarding the first audit objective included the following administrative functions:

- Governance and structure
- Corporate planning, performance monitoring and reporting
- Budget planning, financial monitoring and reporting
- Asset management and security
- Staff recruitment and retention
- Court user information and assistance.

For the second audit objective, we assessed actions taken by the Magistrates' Court of Victoria to address the Auditor-General's recommendations⁴ to improve financial and administrative controls regarding the management and operation of:

- the Court fund
- trust account operations
- mail, cash and cheques, and banking practices
- accountable documents.

2.5 Acknowledgement

We appreciate the cooperation and assistance of the Chief Magistrate, the management and staff of the Magistrates' Court of Victoria, and the Executive Director, Courts, Department of Justice.

2.6 Audit cost

The cost of this audit was \$380 000. This cost includes staff time, overheads and printing.

³ Victorian Auditor-General's Office 2005, *Results of special reviews and other investigations*, Part 5, Geelong Magistrates' Court: Investigation into alleged misuse of court funds, Victorian Government Printer, Melbourne pp. 107-34.

⁴ *ibid.*

3 Structure and governance

At a glance

Background

The Chief Executive Officer of the Magistrates' Court of Victoria (the Court) and all administrative staff in the Court are departmental employees. They are accountable to the Secretary of the Department of Justice (DoJ) through the Executive Director, Courts.

In Victoria, the resourcing of the Court is controlled by the DoJ. Both DoJ and the magistracy play a role in the Court's administrative functions.

Court officers are employed by the Secretary of DoJ under the provisions of the *Public Administration Act 2004*. Under these provisions, the Secretary is accountable for the overall administration of the Court.

Key finding

- The Court has a clearly defined governance structure over its administrative functions.

Key recommendation

3.1 That the Magistrates' Court of Victoria:

- reports against its risk management plan on a monthly basis
- undertakes more frequent reporting of risk management issues by exception.

3.1 Jurisdiction and structure of the Court

3.1.1 Jurisdiction of the Court

The Magistrates' Court of Victoria (the Court) is established under section 4 of the *Magistrates' Court Act 1989*. The Court's jurisdiction includes criminal proceedings; civil matters; family violence, family law and stalking; WorkCover disputes; an Industrial Division; the Municipal Electoral Tribunal; the Victims of Crime Assistance Tribunal; the Children's Court of Victoria; and the State Coroner's Office.

The Court operates a number of special programs designed to assist offenders, including ones related to physical or mental disability, drug and alcohol dependency, psychiatric illness, homelessness and youth offending. The Specialist Court jurisdictions¹ include:

- The Drug Court, which operates at the Dandenong Magistrates' Court.
- The Criminal Justice Diversion program, which operates in all magistrates' courts.
- The Koori Court, which sits in Mildura, Morwell, Bairnsdale, Broadmeadows, Shepparton, Warrnambool, Hamilton and Portland Courts, and at the Children's Court.
- The Neighbourhood Justice Centre at Collingwood.
- Court Referred Evaluation, Drug Intervention Treatment (CREDIT) / Bail Support Program.
- The Juvenile Justice Liaison program.

The Court sits across 12 regions at 52 locations in metropolitan and country areas.

3.1.2 The magistracy and Court staff

The Court comprises 537 staff, including registrars and administrative and support staff². There are also 108 magistrates, 6 acting magistrates and 3 judicial registrars.

The Chief Executive Officer of the Court and all administrative staff in the Court are departmental employees who report to the Secretary of the Department of Justice (DoJ), through the Executive Director, Courts. Court officers are employed by the Secretary under the provisions of the *Public Administration Act 2004*.

Under these provisions, the Secretary of Department of Justice (DoJ), and ultimately government, is accountable for the overall administration of the Court.

¹ The purpose of specialist courts is to improve outcomes for persons coming before those courts and for the community as a whole. The participants in these courts generally present with one or more underlying issues - be they social or cultural disadvantage, mental health, disability or substance abuse, and these cases may be more effectively resolved using a problem-solving approach. The specialist courts are generally less formal and more personal and flexible than traditional courts, and are designed to make the participants more comfortable and responsive to the orders that are made.

² Magistrates' Court of Victoria, *Annual Report 2005-06*, August 2006, p. 7.

3.2 Governance of the Court

3.2.1 Court functions: Government and judicial authority

The division of administrative authority between the government and the magistracy over the key financial, resource and administrative functions of the Court is summarised in Figure 3A.

Figure 3A
Court administrative authority

Function	Government	Magistracy
Budget development, allocation and management	✓	
Appointment/dismissal of magistrates ³	✓	
Appointment/dismissal of administrative staff	✓	
Infrastructure/asset management	✓	
Administrative processes	✓	✓

Source: Interviews with Court management and the Department of Justice.

In Victoria, the resourcing, and appointment and dismissal of administrative staff to the Court, is controlled by government. The determination and allocation of court budgets is undertaken by government in all court jurisdictions across Australia. In most jurisdictions there is both government and judicial influence over administrative functions. The exceptions are the Commonwealth and South Australian jurisdictions where budgets are allocated to the courts directly, and the judiciary controls staffing, infrastructure and administrative processes.

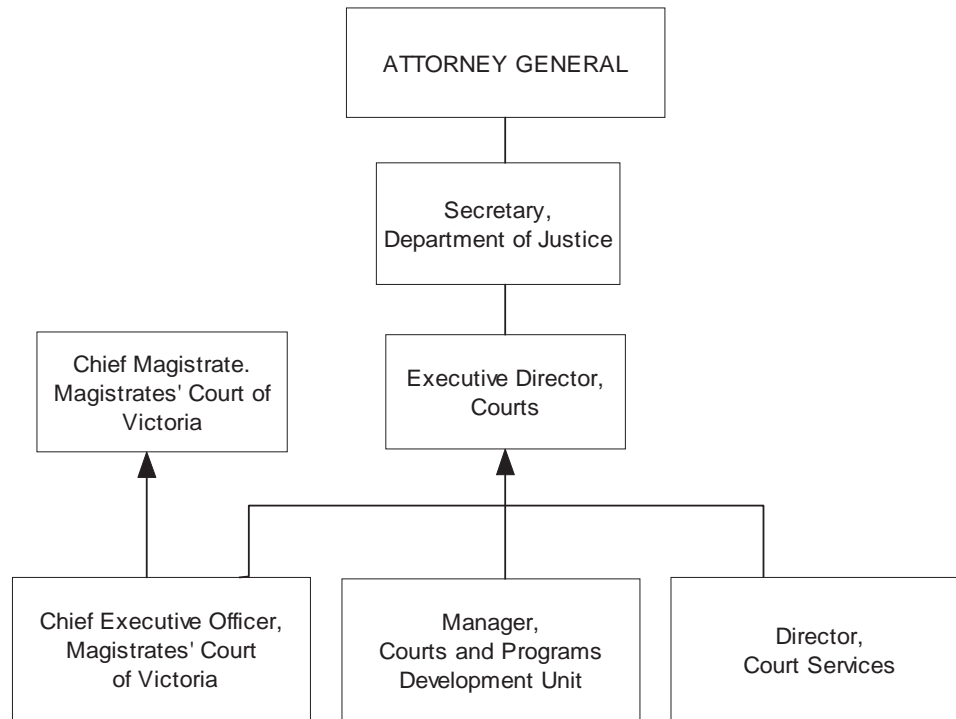
In Victoria, as in all other Australian court jurisdictions, the judiciary independently controls the hearing of cases and judicial determinations.

3.2.2 Administrative governance of the Court

DoJ controls the administration of the Court, and the delegation of authority for financial and human resource management is made to the administrators of the Court through the *Public Sector Management and Employment Act 1998*. The Court's judicial and administrative structure is shown in Figure 3B.

³ A magistrate is appointed by the Governor in Council on the recommendation of the government. A magistrate can only be removed (dismissed) from office by the Governor in Council on an address from both houses of parliament.

Figure 3B
Judicial and administrative governance structure



Source: Magistrates' Court of Victoria.

Through DoJ, the Court has position descriptions for administrative and support staff which clearly articulate the role of the Court, individual administrative responsibilities, and lines of accountability. For example, the administrative and judicial functions of the Court are described in DoJ position descriptions as follows:

“The Court has both judicial and administrative functions which work in close consultation with each other. The Magistracy, led by the Chief Magistrate, adjudicates in matters of dispute, whilst Court administrators, led by the Chief Executive Officer, provide logistical, managerial and administrative support to the Magistrates. This includes strategic and business planning, registry operations and functions, human resource management, financial management, information technology, and management of works and services (buildings, facilities and equipment)”.

Position descriptions clearly describe judicial and administrative responsibilities of the Court's registry staff and management. Reporting lines for registry staff are in accordance with the Courts/DoJ administrative structure shown in Figure 3B. The descriptions also state that administrative staff will liaise and work closely with the magistracy in the discharge of their responsibilities.

The Chief Magistrate assigns administrative “portfolios” to each of the 4 Deputy Chief Magistrates, which include technology, resources, human resources, relationships with other jurisdictions, communication and education, and finance.

While the judiciary has little or no formal managerial power over the administrative and registry staff, they do, in accordance with the *Magistrates' Court Act 1989*, give Court staff instructions and directions to facilitate the functioning of the Court.

While the formal lines of accountability are clear, the management of the Court's administrative functions is complex and challenging for administrators. In our discussions with Court management and senior registrars, this complexity was recognised and seen as "part of the business". Both Court administrators and magistrates interviewed described their relationship as cohesive.

3.2.3 Other governance mechanisms

The Court is subject to a number of other governance mechanisms, including:

- internal audit by DoJ's internal audit group
- the statutory requirement for the Chief Magistrate to table an annual report on the Court's activities and finances in the Victorian Parliament (as prescribed by the *Magistrates' Court Act 1989* and the *Financial Management Act 1994*)
- annual external audit of the Court's financial statements by the Victorian Auditor-General's Office.

In addition to these requirements, the Court is currently in the process of implementing a risk management plan. This will assist Court administrators in the overall management of the Court through the identification of key risks, the development of risk mitigation strategies, and reporting against these. It is proposed that weekly reports be provided to the Executive Director, Courts and that Court risks be assessed at weekly meetings of a "risk control board" (whose membership will include the Chief Executive Officer of the Court, the Executive Director, Courts and Director, Court Services).

3.2.4 Conclusion

The Court has a transparent governance structure for its administrative functions specified in role statements setting out individual responsibilities by classification and lines of accountability for staff to the Court and DoJ.

Court administrators and management have an effective and cooperative working relationship with magistrates.

The Court is in the process of implementing a risk management plan. This will assist Court administrators in the overall management of the Court through the identification of key risks, the development of risk mitigation strategies and reporting against these. There is scope to refine the risk management process through more periodic reporting against the risk management plan to Court and DoJ management.

Recommendation

3.1 That the Magistrates' Court of Victoria:

- reports against its risk management plan on a monthly basis
 - undertakes more frequent reporting of risk management issues by exception.
-

4 Corporate planning, performance monitoring and reporting

At a glance

Background

The Magistrates' Court of Victoria (the Court) has 3 levels of corporate planning. These are the development of a 3-year strategic plan, an annual business plan and action plans for each individual court. The Court has a number of internal and external mechanisms to monitor and report performance against output targets.

Key findings

- The Court's planning processes are sound. It has a well-developed, documented and communicated planning framework that reflects its mission, environmental constraints, stakeholder views, and Court and Department of Justice (DoJ) priorities.
- The Court receives high quality performance based information from DoJ which enables management to track performance against its output targets and identify potential issues which may affect performance.

Key recommendations

- 4.1 That the Magistrates' Court of Victoria:
 - incorporates specific performance indicators that reflect the broader strategic directions of the Court and timelines for key strategies
 - includes, within its business plan, a detailed allocation of the Court's resources against its key service delivery and administrative functions
 - includes in local court action plans:
 - specific milestones such as indicators of progress, timelines and progressive outputs for the Court's actions and strategies
 - performance measures related to specific Court initiatives.
- 4.2 That the Magistrates' Court of Victoria reports the performance of its special court programs.

4.1 Strategic and business planning

The Magistrates' Court of Victoria (the Court) has 3 levels of corporate planning. These are the development of:

- a 3-year strategic plan
- an annual business plan
- action plans for each individual court.

4.1.1 Strategic plan

The Court has a well-developed, documented and communicated strategic planning framework that reflects its mission, environmental constraints, stakeholder interests, and Court and DoJ priorities. It also incorporates:

- an annual planning workshop for all court staff
- stakeholder input, including the use of customer surveys, surveys of magistrates, and staff survey information.

There is scope to enhance the strategic plan by including performance measures reflecting the broader directions of the Court and by assigning timelines to key strategies designed to achieve the Court's objectives. Such measures should include the Court's objective to provide safe and accessible court facilities.

4.1.2 Business plan

The strategic plan drives the development of the Court's business plan. The Court's business plan links to the Court's objectives, goals and strategies, and to the key outcomes and corporate priorities as specified by Department of Justice (DoJ).

The Court's business plan could be enhanced by including information on the allocation of the Court's resources, both staff and budget, across its key service delivery and administrative functions.

4.1.3 Local court action plans

Local court action plans are developed for each metropolitan and regional court (action plans for surrounding country courts are incorporated within plans for major regional courts). The Court's local action plans are framed around the DoJ / Courts Division objectives and aim to link local court initiatives with overall Court efficiency and performance. They incorporate actions and challenges to achieve the Court's objectives at the "local court level". Senior registrars' monthly reports to senior management include indicators of progress, timelines and progressive outputs for the Court's overall actions, strategies and local court initiatives.

Court action plans could also be enhanced through the specification of performance milestones and more targeted measures of performance by developing, for example, indicators measuring how local court initiatives improve court efficiency.

4.1.4 Conclusion

Overall, the Court's planning processes are sound. The Court has a well-developed, documented and communicated strategic planning framework that reflects its mission, environmental constraints, stakeholder interests, and Court and DoJ priorities.

The Court's strategic plan drives the development of its business plan and action plans which are developed for individual courts in metropolitan and country regions.

There is scope to further develop performance measures that would:

- reflect the broader directions of the Court
- assign timelines to key strategies which are designed to achieve the Court's objectives.

There is also scope to enhance the Court's business plan and local action plans.

Recommendation

4.1 That the Magistrates' Court of Victoria:

- incorporates specific performance indicators that reflect the broader strategic directions of the Court and timelines for key strategies
- includes, within its business plan, a detailed allocation of the Court's resources against its key service delivery and administrative functions
- includes in local court action plans:
 - specific milestones such as indicators of progress, timelines and progressive outputs for the Court's actions and strategies
 - performance measures related to specific Court initiatives.

4.2 Performance monitoring and reporting

The Magistrates' Court of Victoria has a number of mechanisms that monitor and report its performance, including:

- monitoring the achievement of output measures specified in *Budget Paper No.3* (which includes measures such as throughput of cases, clearance rates and timeliness)
- monthly operational reports from senior registrars on the performance of individual courts
- monitoring of special court programs
- indicators used in the annual Productivity Commission *Report on Government Services*.

These mechanisms facilitate its internal monitoring of performance, external reporting of performance against output targets established by government, and national performance reporting that compares Court performance against other jurisdictions.

4.2.1 Court output targets

DoJ's Court Services Unit (CSU) produces performance management and monitoring information on the Court's performance against its output targets as specified in *Budget Paper No. 3*. This information is produced on a monthly basis and comprises statewide output statistics by court location and region:

- for the Victims of Crime Assistance Tribunal (VOCAT), the criminal jurisdiction, the civil jurisdiction, the Children's Court of Victoria, and intervention orders issued in the Magistrates' and Children's Court jurisdictions
- comparing actual performance for the month and year-to-date against the *Budget Paper No. 3* target for 4 performance measures, namely:
 - Quantity (substantive matters finalised)
 - Clearance rate (percentage of matters finalised to matters initiated)
 - Timeliness (cases finalised within target timelines)
 - Pending cases (this is a backlog measure of cases pending within target timelines).

This information is used by the Court's management and DoJ to monitor and assess Court performance. Monthly reports are provided to the Chief Magistrate, the Chief Executive Officer and other senior officers of the Court. Senior registrars also receive monthly statistical reports, and are notified by CSU officers if targets are not being achieved.

These monthly reports are also provided to DoJ which liaises with the Department of Treasury and Finance on the Court's performance in achieving its annual output targets.

Figure 4A shows the Court's performance for 2006-07, against its output measures, at 31 January 2007.

Figure 4A
Court performance data (31 January 2007)

Output measure	Target 2006-07	Actual January YTD
Quantity (matters finalised, number) -		
VOCAT	4 200	2 807
Criminal	131 000	71 971
Civil	8 000	5 097
Children's Court of Victoria	9 000	8 216
Intervention orders	25 000	13 438
Clearance rate (%)		
VOCAT	100	107
Criminal	94	89
Civil	94	97
Children's Court of Victoria	100	85
Intervention orders	94	97
Timeliness (%) -		
VOCAT (matters finalised within 6 months)	60	54
Criminal (finalised within 6 months of defendant's first appearance)	85	88
Civil (finalised within 6 months of defence notice being filed)	75	79
Children's Court of Victoria (finalised within 6 months of defendant's first appearance)	95	81
Intervention orders (finalised within 6 months)	97	98
Pending cases (%) -		
VOCAT (not more than 9 months)	40	37
Criminal (not more than 6 months)	15	10
Civil (not more than 6 months)	25	21
Children's Court of Victoria (not more than 6 months)	5	9
Intervention orders (not more than 6 months)	1	6

Source: Magistrates' Court of Victoria, 2007.

Figure 4A shows that the Court receives high quality performance-based information (which is also available on a statewide basis, and by regional and individual court location). This enables Court management to track performance against its designated output targets and identify potential issues for the whole organisation or at the individual court level.

4.2.2 Court monitoring reports

Senior registrars monitor the performance of courts in their region. They provide monthly reports against their annual action plans to Court management. These reports contain information on:

- the achievement of output targets
- staffing and resourcing issues, the performance of special court programs (such as the Criminal Justice Diversion Program and the Family Violence Court Division).

Issues are brought to the attention of Court management who work with senior registrars to address court issues at the individual court and regional level. The Court's business analyst also provides senior registrars with monthly performance data by region and assists them in interpreting reports generated by the CSU.

4.2.3 Monitoring special court programs

DoJ's Courts and Programs Development Unit (CPDU) works closely with the Court in monitoring the performance of special court programs and therapeutic justice programs. These include the Koori Court, Drug Court, Criminal Justice Diversion Program and the Court Referred Evaluation, Drug Intervention Treatment/Bail Support Program.

These programs are initially funded for pilot periods and the Court, in conjunction with the CPDU, monitors the performance of these programs against their allocated budgets and specified performance targets. The monitoring process also includes external evaluations of performance. The progress of these programs is assessed and reported to the Secretary, DoJ and the Expenditure Review Committee of Cabinet, the latter ultimately deciding the future funding of these special Court initiatives.

The Court also distributes a monthly newsletter to staff which provides information on the performance of the Court's special programs.

4.2.4 Report on Government Services

The annual Productivity Commission *Report on Government Services* is a national, comparative report on court performance in areas of court administration. The Court, with assistance from the CSU, provides statistical information on administrative functions to the Productivity Commission. Performance measures are produced which compare court administrative functions for the 3 court jurisdictions across the 8 Australian state and territory jurisdictions¹.

¹ Productivity Commission, *Report on Government Services*, Volume 1, Part C, Justice, Chapter 6, Court Administration, Australian Government, Canberra, 2007.

4.2.5 Integrated Courts Management System

The Integrated Courts Management System (ICMS) is a DoJ initiative that is being developed for implementation across the Victorian courts system. The ICMS is expected to provide the Court with, among other things, access to software which will facilitate the internal analysis of court data and the more timely production of management reports. It is expected that the introduction of the ICMS will benefit the overall management of the Court.

A departmental project team is currently interviewing senior managers in the Court and DoJ, including judicial officers, with a view to developing a management information reporting framework.

4.2.6 Conclusion

The Magistrates' Court of Victoria has made a concerted effort to promote a performance monitoring and reporting culture to improve the management of the Court's administrative functions and special court programs. Judged by its stated output measures, the Court is achieving its targets.

The Court's performance management and reporting system enables effective internal monitoring, reporting and management of the Court's output targets, and the administrative functions supporting them.

Internal and external monitoring and reporting of Court performance is enhanced by the involvement of DoJ's Court Services Unit and the Courts and Programs Development Unit.

There is scope to enhance the Court's reporting of output-based performance through the inclusion of information on court services that are delivered through the recently established special court programs.

Recommendation

- 4.2 That the Magistrates' Court of Victoria reports the performance of its special court programs.
-

5 Budget planning, financial monitoring and reporting

At a glance

Background

Most of the budget of the Magistrates' Court of Victoria (the Court) is non-discretionary, with around 80 per cent of its annual appropriation attributable to salaries and salary-related on-costs such as payroll tax and superannuation costs. Around 20 per cent of the budget is attributable to operating expenses.

The Court has systems in place to ensure that expenditure of the budget is monitored regularly, and comprehensive budget reports are produced for court administrators and management on a monthly basis.

Key findings

- The Court's budget process complies with the government's annual budget guidelines.
- The Court's financial monitoring and reporting system provides for comprehensive management of the Court's budget and expenditure.

5.1 Budget planning

5.1.1 Planning and allocation

The creation of the Department of Justice (DoJ) has separated the executive as the policy maker and purchaser of court services, and the Court as the service provider. The Court's budget is determined and allocated against its service delivery outputs as specified in *Budget Paper No. 3*¹.

The planning of the Court's budget involves the Chief Executive Officer (CEO), the Court's finance manager and input from DoJ's Court Services business unit (CSU) and the Courts and Programs Development Unit (CPDU). Figure 5A shows the Court's appropriation for 2004-05 and 2005-06.

Figure 5A
Court appropriation (\$'000)

Appropriation type	2005-06		2004-05	
	Budget	Actual	Budget	Actual
Special appropriations	52 467.9	50 572.3	49 052.4	49 578.2
Recurrent appropriations -				
Total salaries and associated expenditure	16 444.9	16 617.4	16 790.1	16 777.7
Operating expenditure	5 995.9	6 153.5	6 300.8	6 185.6
Revenue retention initiatives	1 000.0	998.2	960.0	950.3
Court support programs	6 210.4	5 994.4	4 766.8	4 628.6
Total recurrent expenditure	29 651.2	29 763.5	28 817.7	28 542.2
Departmental controlled expenditure	9 538.1	9 430.4	16 942.0	16 815.5
Capital expenditure	-	80.3	1 160.0	491.1
Total appropriation	91 657.2	89 846.6	95 972.1	95 427.0

Source: Magistrates' Court of Victoria, *Annual Report, 2005-06*; *Annual Report, 2004-05*.

Most of the Court's budget is non-discretionary, with around 80 per cent of its annual appropriation attributable to salaries and salary-related on-costs such as payroll tax and superannuation costs². Around 20 per cent of the budget is attributable to operating expenses, which includes travel and expenses, stationery and office requisites, communications, vehicles, maintenance and security.

¹ Government of Victoria, *Service Delivery 2006-07, Budget Paper No. 3*, Victorian Government Printer, Melbourne, May 2006, pp. 178-80.

² This includes the salaries and associated on-costs for the magistracy (special appropriations), the Court's management, registry and other administrative staff, and staff associated with the Court's special programs.

In accordance with the government's budget process (and the role of the Expenditure Review Committee (ERC), the CSU assists the Court with the preparation of the business cases to support Court-initiated priorities and requests for new funding. DoJ's Executive Committee considers and prioritises submissions to the ERC.

Special court programs are also funded through the ERC process. The CPDU works together with the Court to analyse the performance of these programs. Based on these results, further funding submissions are made to the ERC and, if new funding is approved, it is allocated to the Court through the CPDU for the ongoing management of these programs.

5.1.2 Conclusion

The Court's budget process is controlled by DoJ and the development of the budget complies with government's annual budget guidelines. DoJ, together with the Court, plays a key role in the development, allocation and monitoring of the Court's budget.

The Court's budget is allocated across all regions and courts in accordance with identified administrative and operational priorities. Funding for some of the Court's strategic priorities, such as the special court programs, is undertaken through the government's ERC process.

5.2 Financial monitoring and reporting

The Court has systems in place to ensure that:

- expenditure of the budget is monitored centrally in conjunction with the CSU
- a comprehensive budget report is presented to the CEO each month
- the CEO reports the monthly budget position to DoJ executive management.

Monitoring of the Court's budget is undertaken on a daily basis to ensure that expenditure is closely scrutinised and appropriations are not exceeded. Senior registrars are sent budget reports on a regular basis and significant expenditure variances are discussed with the Court's finance manager. Corrective action is initiated where required.

Monthly budget reports are presented to the CEO which show a "snapshot" of the Court's overall financial position, including explanations of variances between the monthly budget allocations and actual expenditure. Each month, a budget report is provided to the CEO by the CSU, which also seeks explanation of major budget variances. This report is also sent to the Executive Director of Courts.

5.2.1 Conclusion

The Court's financial monitoring and reporting system provides for comprehensive management of the Court's budget and expenditure.

6 Asset management and security

At a glance

Background

Asset management, including the maintenance of court locations, is the responsibility of the Magistrates' Court of Victoria (the Court). An overall asset management plan is in place for the Court which identifies works by location, cost and priority.

It is an objective of the Court to provide court facilities that are safe and secure.

Key findings

- The Court has a well-developed asset management plan. Maintenance is funded from within its recurrent budget and the works are prioritised on the basis of maintaining a safe and functional work environment.
- Only 2 of the 52 court locations conduct regular weapons searches. A number of the Court's metropolitan locations which process a high volume of cases, have recorded a significant number of reported security incidents. These courts have limited security infrastructure.

Key recommendations

- 6.1 That the Department of Justice checks that the Magistrates' Court of Victoria effectively discharges its asset management responsibilities to ensure the safety and functionality of court locations, in particular.
 - the treatment of asbestos in high risk locations
 - addressing medium-term works requirements
 - the maintenance of essential court services.
- 6.2 That the Department of Justice and the Magistrates' Court of Victoria determine the feasibility of applying enhanced security and electronic weapons detection technology across the State's court locations.

6.1 Asset management and minor works and services

Asset management, including the maintenance of court locations is the responsibility of the Magistrates' Court of Victoria (the Court). The Department of Justice (DoJ), through the Court Services Unit, manages major capital works and the construction of new court houses.

6.1.1 Asset management

The Court's asset management involves a comprehensive and structured approach to the management, maintenance, upgrading and operation of assets to facilitate the proper functioning of the Court.

The Court has strong controls over its asset management function, including:

- controls that are clearly documented and consistent with DoJ asset accounting and policy guidelines (for example, senior registrars provide an annual certification that all assets have been managed in accordance with DoJ guidelines)
- asset management plans for all courts
- asset registers which show asset movements for newly acquired and retired assets
- the identification and prioritisation of key risks associated with asset management which are monitored on a weekly basis (the Court has identified and prioritised long-term risks)
- monitoring of court compliance with asset management controls, with performance reported to senior court management (Chief Executive Officer or principal registrar) on a monthly basis.

The Court advised that while asset replacement is undertaken in accordance with the asset management plan, it is dependent upon funding availability. The Court does not have an allocation of capital funding and, therefore, asset management involves maintaining existing equipment and facilities to a satisfactory operational level until such time as funding for its replacement is provided. For example, computer equipment upgrades, due in August 2007, have been deferred until 2008.

6.1.2 Minor works and services

An overall asset management plan is in place for the Court. This is known as the Courts Upgrade Program (the program). The program identifies works by court location. The cost of these works is estimated and prioritised in accordance with safety requirements and the level of works needed to meet the operational requirements of the Court. However, under the program, DoJ makes no funding allocation to these identified asset management needs.

The Court does not have a specific minor works budget. The Court funds maintenance works through its recurrent budget allocation (for projects with a cost of less than \$20 000). This allocation is expended in a reactive manner on court works that are essential for safety and operational reasons. The Court advised that this does not allow it to be proactive and complete court refurbishments or facility upgrades as specified in the Court's upgrade program.

The Court's budget allocation for the depreciation of land and buildings is managed centrally by DoJ. Individual business units have no input into the allocation of funds from this source. The Court advised that no funding has been provided to it from this central allocation. At June 2006, the Court estimate of the value of essential capital asset maintenance projects to maintain safe and functional court facilities was almost \$ 4.7 million.

The Court has undertaken a review of the structure of its courthouses for asbestos and has identified 20 high risk sites. The Court is currently conducting an audit to identify the extent of the risk and the level of works that will be required to ensure that all sites are safe for court staff, users and visitors. While the Court has commenced works to address this, the full cost and time frames over which these works are to be undertaken have yet to be determined.

The management of the Court's essential services (such as alarms, generators and fire security infrastructure) is undertaken by a private contractor. The Court advised that a number of issues have arisen regarding the quality of the service, and future options are being considered.

6.1.3 Conclusion

The Court has a well-developed asset management plan, however the works identified under this program are not funded by the Department of Justice via a specific allocation. This has implications for the timing of works identified by the Court. Maintenance is funded from within its recurrent budget and the works are prioritised on the basis of maintaining a safe and functional work environment.

There are a number of issues regarding the sustainability of court facilities in terms of safety and functionality, including:

- whether court houses can adequately accommodate changes in technology, work practices and service delivery requirements stemming from the introduction of special court programs
- upgrading of court facilities to ensure compliance with occupational health and safety standards.

Recommendation

- 6.1 That the Department of Justice checks that the Magistrates' Court of Victoria effectively discharges its asset management responsibilities to ensure the safety and functionality of court locations, in particular:
- the treatment of asbestos in high risk locations
 - addressing its medium-term works requirements
 - the maintenance of essential court services.

6.2 Court security

It is an objective of the Court to provide court facilities that are safe and secure.

The Melbourne Magistrates' Court and the Children's Court locations have advanced electronic security surveillance. However, there are 50 other metropolitan and country court locations that have limited security infrastructure. This could be improved.

Figure 6A shows security data for reported incidents¹ and weapons² searches and seizures across metropolitan and country courts.

Figure 6A
Court security data

	Reported security incidents		Weapons searches		Weapons seized	
	2006-07*	2005-06	2006-07	2005-06	2006-07	2005-06
Metropolitan (11)	266	295	7 437	8 724	563	819
Country (41)	9	14	n.a.	n.a.	n.a.	n.a.
Total	275	309	7 437	8 724	563	819

Note: 2006-07 data to 11 May 2007.

Source: Magistrates' Court of Victoria.

For 2005-06, Court security data show that:

- 8 724 weapons searches were conducted at the Melbourne Magistrates' Court and the Children's Court, of which 819 (9.4 per cent) resulted in weapons seizures. (For the period 1 July 2006 to 11 May 2007, 7 437 weapons searches were conducted, of which 563, or 7.6 per cent resulted in weapons seizures)

¹ A reported security incident constitutes any occurrence or incident that breaches, or threatens to breach, the integrity or security of court users, staff, judiciary or court buildings.

² Weapons in this context include for example, guns, knives, scissors, clubs, nail files and any other objects or instruments that could be determined as threatening and leading to a breach of security.

- 295 (95 per cent) of reported security incidents occurred in the 11 metropolitan courts, with:
 - 159 incidents at the Frankston Court
 - 45 at the Broadmeadows Court
 - 39 at the Heidelberg Court
 - 19 at the Ringwood Court.

Court security facilities are shown in Figure 6B.

Figure 6B
Court security facilities

Court location	Victoria Police presence		PSO presence		Security cameras		Duress alarms		Electronic hand wands	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
Metropolitan (11)	11	-	9	2	6	5	11	-	8	3
Country (41)	41	-	-	41	5	36	38	3	1	40
Total	52	-	9	43	11	41	49	3	9	43

Source: Magistrates' Court of Victoria.

All courts have a Victoria Police presence at some times, but not continuously during court sitting times. None of the country courts have a protective services officer presence. Court users and staff are at greater potential risk when there is neither police nor PSO presence, particularly at isolated, single person courts in country locations.

Forty-one courts do not have security cameras, 43 courts do not have access to electronic hand wands, and 3 isolated court locations do not have duress alarms. The Frankston Court, which has the greatest number of reported security incidents, does not have security cameras situated at the front entrance or inside the building.

6.2.1 Conclusion

The level of security infrastructure and physical presence by way of Victoria Police or protective services officers varies between court locations.

The rate of weapons seizures for 2005-06 at the Melbourne Magistrates' Court and the Melbourne Children's Court exceeded 9 per cent of searches conducted. It is likely that more exhaustive weapons searches across the remaining court locations would result in a greater volume of weapons seizures.

A number of the Court's metropolitan locations process a high volume of cases, and have recorded a significant number of reported security incidents. It is imperative that the Department of Justice and the Magistrates' Court of Victoria ensure that security risks to staff, court users and the general public are minimised.

Recommendations

- 6.2 That the Department of Justice and the Magistrates' Court of Victoria determine the feasibility of applying enhanced security and electronic weapons detection technology across the State's court locations.
 - 6.3 That the Department of Justice and the Magistrates' Court of Victoria ensure that the Hopetoun, Omeo and Ouyen Magistrates' Courts are fitted with duress alarms.
-

7

Staff recruitment and retention

At a glance

Background

More than two-thirds (68 per cent) of the administrators of the Magistrates' Court of Victoria (the Court) are either registrars or trainee registrars who are responsible for ensuring the functioning of the Court. Non-registry staff work in a variety of positions, such as financial and human resource management and in the various therapeutic jurisprudence programs delivered by the Court.

Key findings

- The Court has developed and implemented a nationally recognised qualification to train registrars. As a consequence, staff retention rates have improved in the Court.
- The Court has recognised that the roles of administrators have become more complex in management positions and has introduced contestable recruitment.
- The Department of Justice has begun working with the Court to identify future work force needs by enhancing its work force planning capability.

Key recommendations

- 7.1 That the Magistrates' Court of Victoria actively pursues opportunities for court administrators to broaden their work experience, including enhancing its existing staff rotation policy and secondments within the Department of Justice, preferably outside the court system.
- 7.2 That the Magistrates' Court of Victoria works with the Department of Justice to progress the development of its work force planning capacity.

7.1 Recruitment and retention

The Audit examined whether the Magistrates' Court of Victoria (the Court) recruitment and retention policies efficiently and effectively support the operations of the Court.

7.1.1 Administrative roles and recruitment in the Court

Although the Court's administrative work force is employed by the Department of Justice (DoJ), the Court maintains its own human resources function which is responsible for recruitment to the Court.

More than two-thirds (68 per cent) of these administrators are either registrars or trainee registrars¹. Around 32 per cent of administrators in the Court are not registrars and do not necessarily possess a court/justice background. They undertake a variety of different roles in the court, such as in financial and human resource management. They also work in the various therapeutic jurisprudence programs. The increasing number of non-registrar staff has led to a more diverse work force in the Court.

All registrars were previously required to attain the long-established Clerk of Courts qualification. The Court had a "closed system" with promotion to more senior registrar positions (above Grade 2) only open to employees who had attained this qualification. Consequently, no lateral entry was possible and all senior positions were filled from registrars already employed within the Court.

This practice resulted in a relatively high turnover of staff (14.1 per cent in 2003) and they expressed some concerns (through surveys) about how promotions were decided. These issues were recognised by the senior administrators of the courts. The 3 court jurisdictions collaborated to develop a standardised qualification for court registrars that would address inconsistencies in recruitment standards, training approaches and competency levels of registry staff in Victoria.

In 2005, the Certificate IV in Government (Court Services)² was introduced. This is a nationally recognised qualification that provides an enhanced career structure for court registrars not only across Victorian courts and tribunals, but also in other states which have decided to use this qualification. The Court considers that a specialist qualification is desirable in the interest of developing a registry work force which is adequately skilled to carry out quasi-judicial and managerial functions.

¹ The duties of registrars include coordinating the daily court list; providing oral and written procedural advice to the general public and court-users; maintaining court records; preparing and issuing of court process in the civil, family law and criminal jurisdictions; and accounting and distributing money paid to the Court. Registrars have duties and powers under the *Magistrates Court Act 1989*, including issuing warrants to arrest and scheduling cases for hearing. Trainee registrars spend a high proportion of their time working as "bench clerks". In this capacity, they are responsible for ensuring the smooth running of the Court which will involve calling witnesses, administering the oath, recording cases, preparing court orders, and generally facilitating the attendance and participation of parties in the proceedings.

² Trainee registrars receive 23 days paid leave to attend classes and undertake placements (rotations) in different Magistrates' Court of Victoria locations or other courts during the 2 years required to complete the qualification.

The Court also recognised the need to enhance the pool of potential recruits and, in February 2004, government increased the classification levels of trainee registrars from VPS Grade 1 to VPS Grade 2. This change, together with the introduction of the new training course, has been accompanied by a significant reduction in the turnover of trainee registrars or base grade staff (VPS 1 and 2) from 14.1 per cent in 2003 to 5.6 per cent in 2006.

7.1.2 Recruitment to senior management positions

Since the new certificate was introduced in 2005, all external recruitment of registrars to the Court occurs at trainee registrar level (VPS Grade 2) through an annual recruitment drive. Until recently, all registry positions (above VPS Grade 2 level) were advertised with a requirement that applicants be qualified as a court registrar.

One concern with internal recruitment is that it tends to perpetuate the status quo and makes cultural change difficult. Traditionally, court administrators have had negligible exposure to other work units within DoJ, or management practices. The *Magistrates' Court of Victoria Culture Snapshot 2005*³ identified that Court staff had concerns with the Court's "traditional" promotion practices, and considered that they were inequitable.

The Court recognises that this perception may have existed in the past; however, transparent recruitment practices now exist and the recent staff survey undertaken by the Court suggests that adverse perceptions are changing. Grievance provisions also provide staff with an avenue of redress if they are unsatisfied with outcomes. That there have been only 2 grievance appeals in the past 2 years suggests that selection practices are well managed.

The Court currently employs staff with responsibility significantly beyond the traditional registrar role, and senior registrar positions cover a range of sophisticated financial, policy and other management functions. There is increasing recognition that management skill and ability is paramount in roles from VPS Grades 4 to 6. Accordingly, the Court has also developed a number of training packages at these levels, including a 3-day leadership training program and training in financial management.

Recognising that management skills are desirable at higher levels (VPS Grades 4 to 6), the Court commenced advertising all registrar positions in March 2007 at VPS Grade 3 and above, with a court registrar qualification specified only as desirable rather than as mandatory. Therefore, in future, all registrar positions will be contestable.

³ The *Magistrates' Court of Victoria Culture Snapshot 2005*, is a commissioned report produced for the Court which identifies perceptions and attitudes of the Court's work force.

7.1.3 Linkage of recruitment and retention to work force planning and development

The Court has recognised the need to ensure that it has a work force with the capabilities required to achieve its strategic priorities.

Formal work force planning for the Court is at an early stage of development but has become a corporate priority for 2007. DoJ has developed a capability framework for the organisation but strategies to address skills and capability gaps have not yet been developed. DoJ has begun working with the Court to identify future work force needs using a “critical positions and functions approach” to work force planning.

The Chief Executive Officer and senior managers of the Court have recognised the need for capacity building and succession planning. The Court has developed a succession plan and is also currently seeking advice to address skill gaps at middle management level, particularly in the areas of financial and human resources management.

7.1.4 Conclusion

The Court’s recruitment practices are well-managed and in line with the policies of the Victorian Government. The Court is changing its recruitment policies and practices to better suit the present and future needs of the Court for a broader range of administrative and management capabilities. The development and introduction of the Certificate IV in Government (Court Services) has enhanced career opportunities for Court registry staff. In partnership with DoJ, the Court has begun to develop its work force planning capacity to better meet its future capability needs.

The increasing complexity of court administration requires today’s court administrators and managers to have a broader range of skills and competencies than in the past.

Recommendations

- 7.1 That the Magistrates’ Court of Victoria actively pursues opportunities for court administrators to broaden their work experience, including enhancing its existing staff rotation policy and secondments within the Department of Justice, preferably outside the court system.
 - 7.2 That the Magistrates’ Court of Victoria works with the Department of Justice to progress the development of its work force planning capacity.
-



Customer service

At a glance

Background

The Magistrates' Court of Victoria (the Court) has developed a comprehensive range of written and electronic information about the Court's processes, although these are not uniformly accessible to court users.

A number of current policies are being revised, including the *Court's Customer Service Charter* and *Complaints Policy*. Mechanisms to provide personal support to court users vary across court locations.

Key findings

- The Court is working to ensure that its written and electronic information for court users is more easily accessible across court locations.
- Professional users of the Court (police, barristers, solicitors, social workers) have a high level of satisfaction with the performance and service of court administration staff.
- Although the Court has made substantial efforts to communicate and cooperate with its professional stakeholders, it needs to canvass the needs of other court users and the community in general.

Key recommendation

8.2 That the Magistrates' Court of Victoria investigates methods of gathering information about the needs and perceptions of public court users, as it does with professional stakeholders.

8.1 Court user information and assistance

The audit examined what information and assistance was provided to court users by the Magistrates' Court of Victoria (the Court).

8.1.1 Information provided for court users

The Court has developed a range of written and electronic information for court users, however, these are not uniformly accessible.

The Court has a *Customer Service Charter* that is currently under revision. It is not available on the Court website or in evidence at court locations. In general, court information brochures were found not to be readily accessible at a number of court locations visited.

The Court has a website which provides a range of information about the Court, including its policies and practices, fines and penalties, family law, intervention orders, specialist court jurisdictions, and Court support and diversion services.

The Court's revised *Customer Service Charter* and general suite of brochures are intended to be distributed to all court locations by June 2007. These publications will also be available on-line.

The Court provides language services for users who do not speak English and a large number of information brochures in 23 different languages are provided through the Court's website. A multicultural liaison officer has recently been appointed to enhance services for the Court's culturally and linguistically diverse clients.

The Court is active in providing a wide range of public education resources, including school visits, teacher materials, internships and information pamphlets. In 2006, there were 792 school visits to various regional and metropolitan court locations and the Court has recently developed a booking database to streamline the booking process.

The way information and advice is provided to court users varies according to the court's location. The Melbourne Magistrates' Court concierge / enquiries desk was previously staffed by a registrar or administrative officer. This staff member was absorbed back into the registry to assist with service delivery demand in that area. Now protective services officers (PSOs) staff the counter.

Information and support services for court users and members of the public are also available through the Court Network¹. This service is provided by trained volunteers and operates in metropolitan courts and courts in the Geelong, Ballarat, Bendigo and Gippsland regions.

¹ Court Network is available in the Supreme Court, as well as the County Court, various Magistrates' Courts, the Coroner's Court and the Family Court. Court Network volunteers can provide support and information about going to court, and refer people to other services that can help, or explain how the courts and legal systems operate.

The Court is currently working with the Court Network to train new volunteers. Training is due to be completed in June 2007, and inquiry desks will be staffed by Court Network volunteers at all times. These volunteers, who will wear blue jackets and identification, will answer general enquiries and assist court users.

8.1.2 Court users' satisfaction

The Court has introduced a number of processes to improve relations with key stakeholders, such as Victoria Police and members of the legal profession. *Court User Forums* are held 4 times a year at each court location and provide a structured framework through which the Court is able to consult and cooperate more widely with key stakeholders.

The Court has also initiated a *Court Users Engagement Project* that obtained opinions and views of over 390 professional court users, including police and members of the legal profession. Survey respondents stated that these were excellent mediums in which to raise issues and solve problems². The survey found that more than 81 per cent of professional court users were satisfied with the service provided by the Court's administration staff.

However, the Court does not survey members of the general public (witnesses, defendants, victims) who use the Court. Although there may be difficulties in gaining a representative view of non-professional court users, this is an area that needs closer attention to assist the Court to better respond to the needs of all its clients.

A recent survey carried out by the Court Network found that members of the general public do not perceive the Melbourne Magistrates' Court of Victoria as user-friendly. The information desk at the Melbourne Magistrates' Court is only staffed by 2 armed police officers. This can be intimidating to some users. In the past, a court staff member was also present at the front desk, but we were advised this arrangement could not be maintained due to limited resources.

8.1.3 Complaints handling procedures

The Court's *Customer Service Charter* sets out the Court's current complaints management process. It states that complaints will be dealt with at the "appropriate level" within the Court, preferably where they arise. Written non-judicial complaints are generally dealt with by the Chief Executive Officer (CEO). However, complaints made directly to senior registrars may be dealt with at that level, unless the registrar believes the matter should come to the attention of the CEO.

The Court maintains records about complaints made in writing, but does not keep details of verbal complaints. Figure 8A shows data for Court administrative complaints.

² Magistrates' Court of Victoria, Court Users' Engagement Project Satisfaction and Feedback Report p.22.

Figure 8A
Complaints data

Court region	Complaints reported		Nature of complaint (a)
	2005-06	2006-07	Administrative
Melbourne	12	8	20
Broadmeadows	2	2	4
Children's Court (Melb)	1	2	3
Dandenong	1	4	5
Frankston	-	-	-
Geelong	1	1	2
Grampians	2	8	10
Heidelberg	3	7	10
Latrobe Valley	5	6	11
Loddon Mallee	3	6	9
Ringwood	2	1	3
Shepparton	-	1	1
Sunshine	-	4	4
Total	32	50	82

(a) All judicial complaints are directed to, and resolved by the Chief Magistrate. All data related to judicial complaints is retained within the Office of the Chief Magistrate.

Source: Magistrates' Court of Victoria.

The Court's complaints process is currently under review. A revised protocol is expected to be completed in late June 2007 and will be widely publicised (including on the Court's website, and in brochures and posters). The aim of this protocol is to ensure a consistent framework is applied to complaint management across the operations of the Court, and to facilitate a more systematic response to recording and reporting complaints data.

Key features of the new complaints process include:

- publishing the revised protocol on the Court's website
- alignment of the protocol with the Department of Justice (DoJ) complaints handling policy
- a tracking system to register and monitor all complaints statewide
- responses to all written complaints within 14 days
- a mechanism for users to provide feedback or complain via the website.

The *Court Users Engagement Project Survey* showed that 53 per cent of respondents agreed and 6 per cent strongly agreed that "customer complaints were listened to by the Court", while 41 per cent of respondents gave a neutral or negative response. Many respondents to the survey were unaware that the Court had a formal complaints mechanism.

8.1.4 Future delivery of Court administrative services

The Secretary of DoJ is currently chairing the *Magistrates' Court 2015* project which aims to develop a new service delivery model for the Court that focuses on clients and engages with the local community.

The project encompasses all administrative aspects of the Court which fall within the responsibility of the Secretary, DoJ and the CEO of the Court, including:

- work force and succession planning
- performance management
- organisational output
- skills and capabilities
- culture, behaviours and accountabilities.

It is anticipated the proposed service delivery model will enable the Court to be more responsive to the changing needs of the community. A revised vision for the Court is under development that describes a set of principles for the Court, including that it will be:

- connected to, and understanding of, the community
- focused on clear, open and respectful communication
- ensuring timely and responsive processes.

8.1.5 Conclusion

While the Court provides a broad range of written and electronic information and assistance to Court users, there is scope for improvement.

The Court is currently revising information available to court users to make it more easily accessible. It has implemented processes to obtain feedback from court users and to improve services to regular, professional court users.

A recent survey of professional stakeholders shows that they have a high level of satisfaction with the performance and service of the Court's administrative staff. The Court does not survey other court users such as defendants or witnesses, and should explore ways to broaden its approach to incorporate the needs of non-professional court users.

The *Magistrates' Court 2015* project has the potential to assist the Court to better align the way its administrative services support the government's justice policies and the needs of the community.

Recommendations

- 8.1 That the Magistrates' Court of Victoria and the Department of Justice consider the incorporation of complaints management measures, such as the number of complaints received and the time taken to resolve complaints, into the Court's service delivery indicators, as specified in *Budget Paper No. 3*.
 - 8.2 That the Magistrates' Court of Victoria investigates methods of gathering information about the needs and perceptions of public court users, as it does with professional stakeholders
-

9

Management of the Court fund and other court controls

At a glance

Background

In 2005, the Auditor-General undertook a special review into the alleged misuse of funds at the Geelong Magistrates' Court. Improved management of the Court fund and internal controls over trust account operations, mail procedures, cash receipting, and the management of accountable documents were recommended.

Key findings

- The Magistrates' Court of Victoria (the Court) has implemented a practice direction which addresses the audit recommendations to improve the management of the Court fund.
- The Court's new procedures for the management of the Court fund involve a significant additional workload for magistrates and court administrators.

Key recommendations

- 9.1 That the Magistrates' Court of Victoria and the Department of Justice periodically audit the courts for compliance with the practice direction regarding the management of the Court fund.
- 9.2 That the Magistrates' Court of Victoria incorporates into its risk management strategy:
 - regular monitoring and reporting of compliance by courts with the practice direction governing the management of the Court fund
 - periodic verification that the expenditure of Court funds by funded organisations is in accordance with practice direction guidelines
- 9.3 That the Magistrates' Court of Victoria and the Department of Justice consider alternative methods to administer the Court fund to reduce pressure on the workloads of magistrates and senior registrars of the Court.

9.1 Management of the Court fund

9.1.1 Background

The Auditor-General's October 2005 report outlined the findings of an investigation into the alleged misuse of funds at the Geelong Magistrates' Court¹. The investigation was undertaken following a referral from the Ombudsman to the Auditor-General under Part 4 of the *Whistleblowers Protection Act 2001*. The audit review also included a review of the financial management systems and procedures operating in the Court.

The alleged misappropriation investigated involved court staff taking cash from daily takings and replacing the cash with Court fund cheques made out to fictitious persons. These cheques were opened "to cash" and included in the Court's daily banking.

The audit examination of the Court's systems and procedures indicated that the alleged misappropriation, as described, was not only possible, but also unlikely to be detected by the Court's internal control systems. A number of recommendations were made to improve the management of the Court fund as well as other internal controls over trust account operations, mail procedures, cash receipting, and the management of accountable documents.

The second objective of the current audit was to follow-up whether the Court had acted on the recommendations to improve the management of the Court fund and other internal control procedures.

9.1.2 Management of the Court fund

Where magistrates decide that a defendant has broken the law, but do not record a conviction or impose a fine, they can order the offender to make a payment to the Court fund. Money held in this fund is used to provide payments to welfare bodies who then distribute the funds to needy individuals. In 2005-06, over \$1.3 million was distributed from the Court fund.

Court fund operations

Our October 2005 investigation identified a number of inherent risks in the operation of the Court fund at the Geelong Magistrates' Court, and a lack of effective internal controls, including:

- the practice of opening Court fund cheques "to cash" was widely used
- a lack of a formal policy on how the Court fund should be administered, and a lack of reporting and accountability for funds provided to charities

¹ Victorian Auditor-General's Office, 2005, *Results of special reviews and other investigations*, Part 5, Geelong Magistrates' Court: Investigation into alleged misuse of court funds, Victorian Government Printer, Melbourne, pp. 107-134.

- junior court administrative staff effectively had discretion over who received assistance and how much they were paid
- inadequate documentary evidence for many Court fund payments.

As a consequence of the findings, the Auditor-General made the recommendations contained in Figure 9A to improve the management of the Court fund.

Figure 9A
Court fund recommendations, October 2005

- That the Court consider discontinuing the practice of making Court fund payments to individuals, with payments limited to recognised charities.
- That, in administering the Court fund, the Court:
 - develop appropriate policy and guidelines to assist staff in deciding on who receives financial assistance from the fund and the amount of assistance to be provided
 - ensure that its staff comply with the registrars' manual
 - ensure adequate documentation is retained supporting all payments made
 - provide quarterly reports to the magistrate administering the fund, which provide information on the amount of funding received by the fund, how it was distributed and the balance remaining in the fund.
- That the requirement in the registrars manual that Court fund moneys are not to be used for administrative purposes be strengthened to include a requirement for welfare agencies to periodically report to the Court on the use to which Court funds have been put.

Source: Victorian Auditor-General's Office, 2005 *Results of special reviews and other investigations*, Part 5, Geelong Magistrates' Court: Investigation into alleged misuse of Court funds, Victorian Government Printer, Melbourne, p. 120.

The current audit examined whether the Court had taken action to address the issues raised in October 2005, and whether any actions had been taken by the Court to act on the recommendations to improve the management of the Court fund. As a result, the audit reviewed:

- the implementation of the Court's practice direction² which mandates procedures and controls over the administration and distributions from the Court fund
- how procedures are being implemented at the Geelong, Melbourne, Broadmeadows, Bendigo and Swan Hill Magistrates' Courts.

Implementation and compliance with Court fund guidelines

To guide the administration and distributions from the Court fund, the Court has developed a formal practice direction which applies uniformly across the Magistrates' Court. The Court fund practice direction establishes procedures and guidance on:

- the functioning of Court fund committees, whose primary role is to approve distributions from the Court fund to eligible charitable agencies
- registrars' responsibilities regarding the management of the Court fund
- eligibility criteria for organisations applying for distributions from the Court fund

² Magistrates' Court of Victoria, *Practice Direction 25/2006, Guidelines for the distribution of court funds*, December 2006.

- obligations on organisations receiving distributions from the Court fund
- acceptable purposes and uses for distributions from the Court fund.

During our visits to metropolitan and country courts, we observed that appropriate documentation was maintained which supported applications for, and distributions from, the Court fund. This documentation included:

- applications from agencies seeking funding
- records of decisions by Court fund committees regarding funding applications
- formal documentation from funded agencies acknowledging the receipt of funds
- records of payments from the fund
- quarterly reports from funded agencies detailing funds received, and the amount and purpose for which funds were disbursed
- quarterly reports to the Court's Chief Executive Officer which detail approved disbursements by agency, amount, purpose and whether the agency has complied with its reporting obligations to the Court.

It was also noted that senior registrars are responsible for ensuring that Court staff comply with the practice direction governing the administration of the Court fund.

The courts visited were administering the Court fund in accordance with the Court's practice direction. Given that the practice direction is a major change for the Court and intended to mitigate a number of administrative risks, it would be prudent for the Court, in conjunction with DoJ, to undertake a review of the implementation of the practice direction and test individual court compliance with its guidelines.

Distributions from the Court fund

Each court visited had a dedicated cash book which is used to account for payments into the Court fund, and distributions from it. The Court's practice direction discontinues the practice of making Court fund payments to individuals, and has limited payments to recognised charities. However, since this direction was issued, 2 payments have been made from the Court fund to individuals. These instances involved:

- reimbursement to an individual for medical expenses incurred as part of a judicial order
- payment to a family in tragic and necessitous circumstances.

Application of Court funds by recipient agencies

The Court's practice direction specifies that approved distributions from the Court fund not be used for administrative purposes³. Funded agencies are also required to submit quarterly reports to the Court which detail the application of funds they have received and certify that they were not used for administrative purposes. However, there is no verification undertaken by the Court to certify that the distributions from the fund have been applied to the purposes for which they were granted. This should be tested where there are regular and large distributions from the Court fund.

9.1.3 Conclusion

The Court has implemented a new practice direction regarding the administration and disbursement of court funds which satisfies the recommendations made by the Auditor-General to improve the management of the Court fund.

The practice direction covers eligibility criteria; controls over the approval for the distribution of funds; certification of funds distribution; accounting for receipt and distribution of funds; and assurance by recipients over the application of funds they have received.

Recommendations

- 9.1 That the Magistrates' Court of Victoria and the Department of Justice periodically audit courts for compliance with procedures regarding the management of the Court fund.
- 9.2 That the Magistrates' Court of Victoria incorporates into its risk management strategy:
 - regular monitoring and reporting of compliance by courts with the practice direction governing the management of the Court fund
 - periodic verification that the expenditure of Court funds by funded organisations is in accordance with practice direction guidelines.

³ Ibid, p. 2.

9.1.4 Future implications for the administration of the Court fund

The recently issued practice direction on the management of the Court fund provides guidance which improves the administration and financial controls over the management and distributions from the Court fund. However, this has created a significant additional workload for magistrates and court administrators.

The establishment of Court fund committees, which are required to meet at least quarterly but more usually meet on a monthly basis, require magistrates and senior registrars to review and decide on applications for distributions from the fund. This places a significant responsibility on Court fund committees to decide on the most suitable distribution of Court funds that are of maximum benefit to the community.

Further to this, and importantly from the perspective of the administration of the courts, the new practice direction place a considerable, additional, administrative burden on senior registrars. They have primary responsibility for the management of the Court fund and ensuring compliance with the required administrative and financial controls.

Given the increasing complexity and volume of cases before the Court, this additional administrative burden on magistrates and senior registrars increases their already considerable workloads. This is particularly so for senior registrars of regional courts who manage a number of surrounding courts, and for the senior registrars of larger metropolitan courts who manage a larger amount of Court funds.

Senior registrars interviewed estimated that managing the Court fund takes between half and one day a week. This is in addition to the time of magistrates, Court management and other administrative staff. This represents a significant commitment of the Court's resources to the administration of a relatively small fund.

Other options for the future administration of the Court fund include the outsourcing of the function. An alternative to complete outsourcing would be for the Court fund committees to continue to approve distributions from the Court fund and to outsource the mechanics of the operation, thereby freeing-up Court administrative resources. This option retains policy making within the Court, and is consistent with the current practice whereby a significant proportion of Court funds are distributed to recognised charitable institutions.

Recommendations

- 9.3 That the Magistrates' Court of Victoria and the Department of Justice consider alternative methods to administer the Court fund to reduce pressure on the workloads of magistrates and senior registrars of the Court.

9.2 Trust account operations

The Court's trust account represents funds held in trust, usually on behalf of another party. For 2005-06, almost \$11.9 million was received into the trust account and almost \$10.7 million was distributed. The balance of \$1.2 million included \$900 000 which was attributable to bail receipts. The trust account includes:

- maintenance payments for spouses and children
- compensation payments for damages, restitution and the like
- other payments, where a magistrate directs a person appearing before the court to make a payment to another party
- interstate and other jurisdictions' fines⁴.

Our 2005 audit identified a number of issues in relation to the operation of the Court's trust account, which included:

- inadequate controls over payments from the Court's trust account
- monies held in the Court's trust account for long periods of time were not adequately managed.

As a consequence of the findings, the recommendations in Figure 9B were made to improve the management of trust account operations.

Figure 9B
Trust account recommendations, October 2005

<ul style="list-style-type: none">• That the Court regularly review amounts held in the trust account, to determine those amounts that should be returned to their owners, and those that should be classified as unclaimed monies and paid into the government's Treasury Trust Account.
<ul style="list-style-type: none">• That the Court investigate options that enable interest to be paid on the funds held in the trust account.

Source: Victorian Auditor-General's Office, 2005 *Results of special reviews and other investigations*, Part 5, Geelong Magistrates' Court: Investigation into alleged misuse of court funds, Victorian Government Printer, Melbourne, p. 122.

As part of the current audit, processes for the management of the Court's trust account were examined.

We found that procedures for the management of the Court's trust account are documented in the Court's accounting practices guide. This document is provided to all staff involved in the management of the trust account.

The trust account is checked daily and reviewed on a monthly basis. Senior registrars conduct regular audits of trust accounts within their regions and have monthly reconciliations forwarded to the Court's finance and administration manager.

⁴ Victorian Auditor-General's Office 2005, *Results of special reviews and other investigations*, Part 5, Geelong Magistrates' Court: Investigation into alleged misuse of court funds, Victorian Government Printer, Melbourne, p. 122.

Monthly reconciliations of the trust account have revealed that the account is of limited risk to the Court and that reconciliations include un-presented cheques or limited write-offs.

The Court's guidance states that unclaimed monies should be paid into the Treasury Trust Account after a period of 3 months. Stale cheques are written-back and Court guidelines clearly provide advice regarding the treatment of lost or stolen money and its reporting, which is in line with the requirements of the Minister for Finance's *Financial Management Package*.

In response to the Auditor-General's recommendation, the Department of Justice proposed to undertake a review, with input from internal audit, to determine trust account balances across all court locations and the feasibility of centrally investing long term trust funds. In this regard, the Court has acted to reduce the number of trust accounts that previously existed and now has only one bank account segmented for each court, with interest earned paid to the Department of Treasury and Finance.

9.2.1 Conclusion

The Court has documented procedures for the administration of the trust account that satisfy the Auditor-General's recommendations to improve the management of the Court's trust account operations.

9.3 Mail, cash receipting, banking and accountable document procedures

The Court receives money over the counter or through the mail. Counter receipts are in cash or cheque, while mail receipts are by way of cheque or money order. The receipting and banking of these monies is regulated by the Court's guide on accounting practices.

Our 2005 special review into the Geelong Magistrates' Court reported that:

- the Court's mail opening procedures were deficient and exposed it to potential loss and/or manipulation of incoming receipts
- there was inadequate segregation of duties within the Court⁵.

As a consequence of the findings, the recommendations in Figure 9C were made to improve mail, cash receipting and banking procedures.

⁵ Ibid, pp. 125-9.

Figure 9C
Mail, cash receipting, and banking recommendations, October 2005

<p>Recommendations for mail and cash receipting procedures and banking:</p> <ul style="list-style-type: none">• The cashier be provided with a cash float.• Mail be opened by 2 staff members who list and take control totals of the cheques received before passing them to the cashier for receipting.• Staff opening the mail should not perform the function of cashier, and the cashier should not be responsible for the preparation of the court's monthly bank reconciliations.• A staff member be assigned responsibility for ensuring that all cheques received in the mail are banked at the end of each day.• On their receipt, cheques are immediately stamped "Not Negotiable - Pay Geelong Magistrate's Court Account Only".
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Source: Victorian Auditor-General's Office 2005, *Results of special reviews and other investigations*, Part 5, Geelong Magistrates' Court: Investigation into alleged misuse of court funds, Victorian Government Printer, Melbourne, pp. 128 -9.

9.3.1 Mail, cash receipting and banking procedures

The current audit found that the Court's accounting practices guide sets out procedures for mail procedures, segregation of tasks, cash receipting, recording and banking functions.

During the court visits, the following procedures were observed:

- 2 people open mail where practicable
- cheques are received and stamped "Not Negotiable", and separated into their appropriate jurisdiction such as civil or criminal
- all mail is entered into the inwards mail book and signed-off by the mail clerk
- the cash officer receipts the cash and cheques, and signs-off against the inwards letter book - this is counter-signed by the cash clerk and the receipts are totalled up and checked against the cash book total
- receipts are banked daily.

In remote court locations, it is not always possible to ensure that 2 staff are available to ensure segregation of duties over cash receipting. To mitigate against this risk, the Court has implemented an "off-site audit procedure" to monitor this function. This procedure was trialled in the Bendigo region and is now being implemented across all regional courts.

This procedure involves:

- court registrars being required to send a copy of their revenue return (details of daily banking of court receipts, which are received from DoJ) to their regional senior registrar at the end of each week
- senior registrars check and counter-sign reconciliation statements for each court in their region each month

- where it is impractical to personally visit remote courts, registrars email a copy of their reconciliation statement and a copy of the outstanding (unpresented) cheques to the senior registrar each month.

9.3.2 Accountable document management

Accountable documents comprise stationery used by entities that record transactions or commitments of the entity. Within the Court, accountable documents include stationery items such as price licence forms⁶, blank cheques and “kalamazoo” receipts⁷. The exercise of tight controls over these documents is important because unauthorised persons could use the documents to gain access to Court funds.

Our 2005 special review of accountable document management reported that:

- the register recorded the receipt, but not the issue of accountable documents
- the issue of, and accounting for, receipts was not managed well.

In consequence, the recommendations in Figure 9D were made to improve the management of accountable documents.

Figure 9D
Accountable documents recommendations, October 2005

- That, for accountable documents:
- staff sign the register of receipt books and priced license forms on receipt of these documents
 - the registrar check the consecutiveness of receipt numbers used and sight cancelled receipts to ensure all receipts are appropriately accounted for and that all cancelled receipts are suitably defaced to prevent re-use
 - the number of receipts issued to the cashier be limited to those that can reasonably be used in the immediate future, and blocks of receipts not in use must be securely stored to restrict unauthorised access
 - changes to receipt details recorded in the kalamazoo cash receipts book be strictly controlled.

Source: Victorian Auditor-General's Office 2005, *Results of special reviews and other investigations*, Part 5, Geelong Magistrates' Court: Investigation into alleged misuse of court funds, Victorian Government Printer, Melbourne, p. 129.

The current audit identified that the Court's accounting practices guide contains procedures for the management of accountable documents. These procedures address the issues that were raised in the Auditor-General's October 2005 report. Procedures sighted during visits to court locations conformed to the Court's guidance on the management of accountable documents, and included:

- the storage of all accountable documents (price licences, kalamazoo sheets, cheques and receipts) in a locked and secure place (a lockable cabinet or safe)
- maintenance of a register for licences, kalamazoo sheets, cheques and receipts

⁶ Price licences refer to commercial agents licences and commercial subagents licences issued by the Court and in accordance with the provisions of section 8 of the *Private Agents Act 1966*.

⁷ A receipt is issued by the court from the “Kalamazoo Receipting Book” for all monies received.

- obsolete price licences and receipt books are recorded and signed-off by the senior registrar and destroyed following internal audit notification
- receipts are reconciled on a daily basis against the record of payment received
- issue of price licences and payments is recorded by the court's cashier into the revenue account and kalamazoo sheets, and reconciled and deposited daily. These entries are subject to a monthly reconciliation, with results forwarded to the Court's finance and administration manager.

9.3.3 Conclusion

The Court's mail and cash receipting procedures, banking processes and management of accountable documents satisfied the recommendations made in the Auditor-General's report into the special review of the Geelong Magistrates' Court in October 2005. These administrative functions were being effectively discharged at the courts reviewed as part of this audit.

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