

Part 2 | **Management and accountability**

Corporate governance and performance

Enabling our people

Environmental management

External scrutiny

Information strategies and technology management

Ministerial and parliamentary services

Partnerships for people

Right payments to the right people

Social Security Appeals Tribunal

Corporate governance and performance

FaCS includes the Child Support Agency (CSA) which, as a semi-autonomous entity within the department, has distinct governance arrangements that recognise the specialist nature of its business in comparison with the rest of FaCS. Where applicable, these distinct governance and management arrangements are highlighted in this report.

Boards and committees

FaCS Executive Board

The Executive Board is an important forum for collegiate senior leadership in FaCS; it also assists the Secretary in the exercise of his responsibilities. The board is supported by a set of committees that are established in line with Australian National Audit Office (ANAO) guidelines on good practice for governance arrangements in Australian Public Service (APS) agencies.

The FaCS Executive Board consists of the Secretary (chair); both deputy secretaries; the Chief Financial Officer; all executive directors; the General Manager, Child Support Agency; the senior state and territory office manager; the Assistant Secretary, People Branch; another branch head on a rotating basis; and a senior representative of Centrelink.

The board met 12 times during the year. Meetings usually followed a set agenda that focused on:

- ▶ strategic priorities
- ▶ strategic risks
- ▶ management of major projects and the department's finances
- ▶ human resources issues
- ▶ performance reporting.

From time to time meetings were devoted wholly or largely to threshold issues for the department such as developing a greater whole-of-business approach in both the state and territory office network and National Office.

Board committees

The following committees underpin the work of the board:

- ▶ **The Business Planning and Resource Allocation Committee** (BARAC) continued for most of the year to be the main group responsible for guiding business planning and determining and monitoring resource allocation and expenditure. From April 2004, the **Executive Budget Committee** (EBC) worked in parallel with BARAC until assuming responsibility as the primary body for business planning and resource allocation in FaCS.

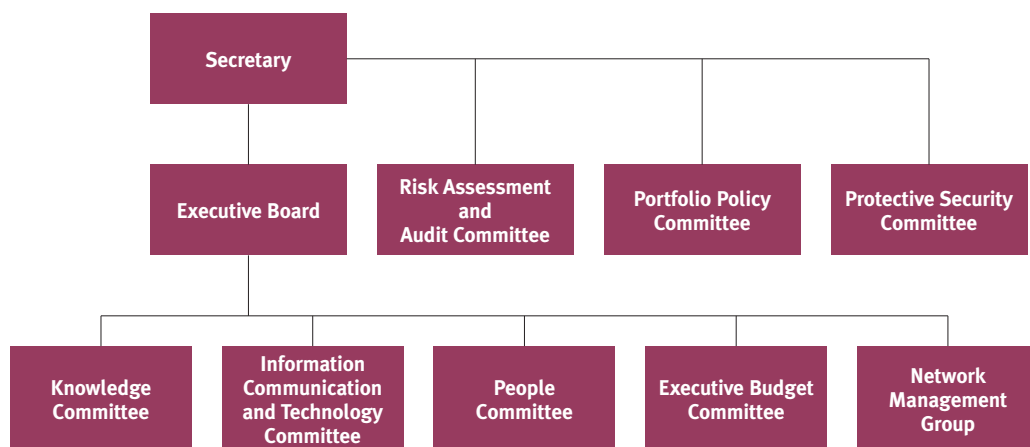
- ▶ The **Knowledge Committee** continued its program of setting the agenda for, and monitoring key strategies associated with knowledge management in FaCS. The committee has built on its previous information technology work to focus more on networking and information sharing. The importance of research in FaCS was formalised with the establishment of a **Research Committee** in its own right, run jointly with the Knowledge Committee.
- ▶ The **Information and Communication Technology Committee** facilitates information and communication technology (ICT) support for FaCS business activities. It does this by coordinating strategic directions and technical architecture standards for ICT investments while fostering a business-centred ICT asset management culture within the department. Significantly, the year saw the introduction of the 2004–07 ICT Strategic Plan.
- ▶ During the year the **People Committee** oversaw a range of projects aimed at strengthening the diversity, capability and wellbeing of FaCS employees. These included establishing a Diversity Council, producing a capability development framework and introducing the Compass program, an entry-level recruitment scheme aimed at both graduates and trainees and including some internal staff. Recruiting, developing and retaining Indigenous staff, succession planning, and the role of mature-aged workers were also key areas of focus for the committee.
- ▶ The **Network Management Group** (NMG) manages the state and territory office network. Its responsibilities include: setting the strategic directions for the state and territory office network within the context of FaCS' business priorities; making decisions in relation to the direction, operation and resourcing of the network; and managing the network's input into the policy development and implementation process. The group's members include the Executive Director—Alliance and Delivery Frameworks and each of the state and territory office managers.

Committees reporting to the Secretary

Three committees report directly to the Secretary:

- ▶ The **Portfolio Policy Committee** is charged with ensuring that the portfolio produces a focused and coherent set of Budget measures by establishing and identifying high-priority areas of focus that enhance the portfolio's strategic direction.
- ▶ The **Risk Assessment and Audit Committee** (RAAC) aims to ensure the department's approach to the implementation of its control framework is effective. It also provides assurance to the Secretary on the preparation and review of the annual financial statements. During the year the RAAC took a particular interest in the management of risk in FaCS, and increased its focus on the resolution of audit recommendations.
- ▶ The **Protective Security Committee** aims to ensure that the department's Security Action Plan is relevant, implemented and monitored effectively. It provides advice regarding changes in protective security policy, procedures and standards as appropriate.

Figure 19 FaCS committee structure



Senior management

FaCS—senior management

Two deputy secretaries, Wayne Jackson and Stephen Hunter, assist the Secretary in managing FaCS. Stephen Hunter transferred to FaCS from the Department of the Environment and Heritage on 1 July 2003.

Wayne Jackson worked with the following executive directors:

- ▶ David Kalisch—Family and Children
- ▶ Robert Knapp—Strategic Framework and Ageing
- ▶ Serena Wilson—Welfare Reform
- ▶ Peta Winzar—Economic and Social Participation (apart from disability payments and services)
- ▶ Cate McKenzie—Alliance and Delivery Frameworks.

Stephen Hunter worked with the following executive directors:

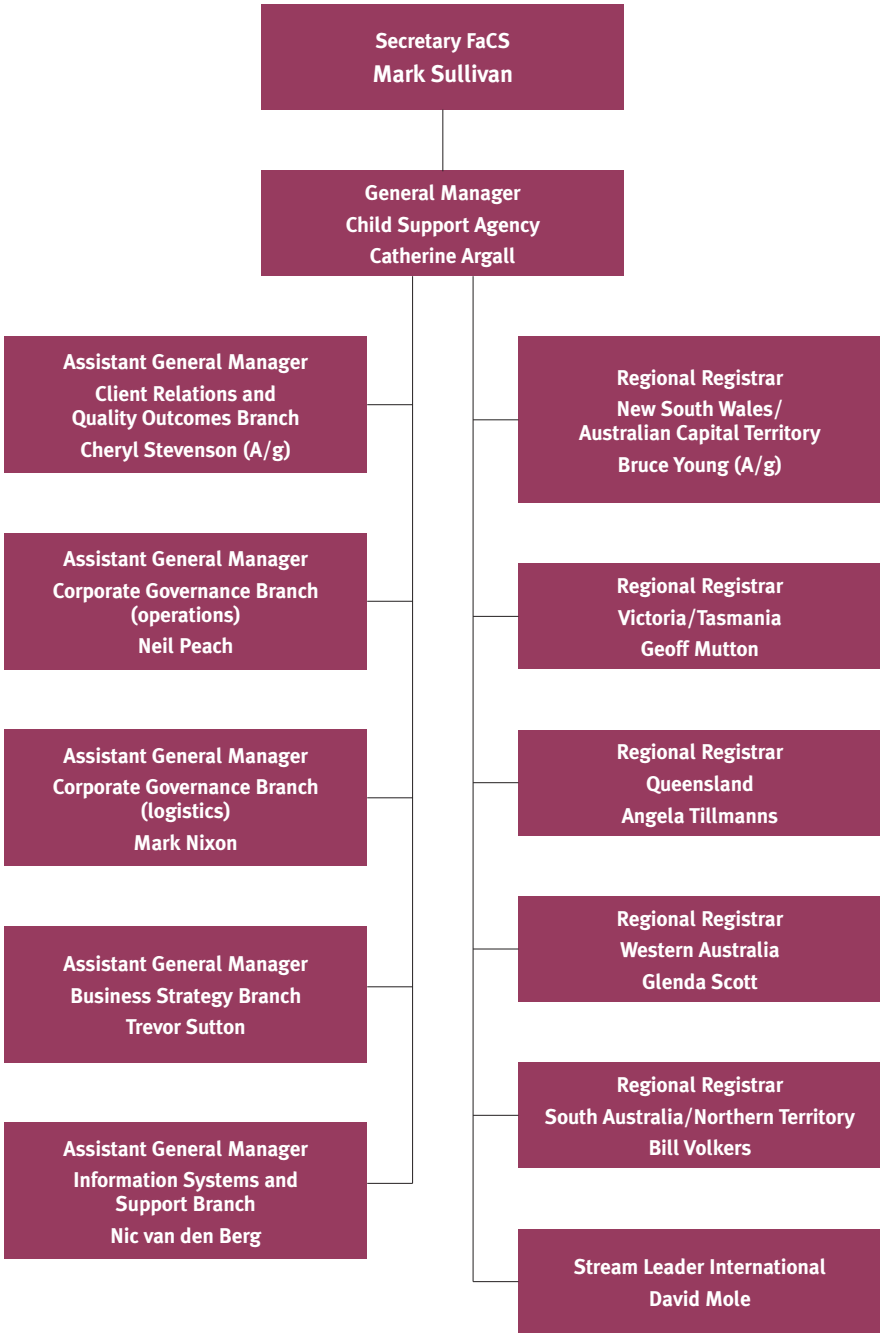
- ▶ Glenys Beauchamp—Community Development and Support
- ▶ Peta Winzar—Disability Payments and Services (part of the Economic and Social Participation cluster)
- ▶ Virginia Mudie—People, Business Improvement and Support
- ▶ Serena Wilson—Ministerial and Communications (part of Welfare Reform cluster).

The Chief Financial Officer and the General Manager of the Child Support Agency report directly to the Secretary.

Executive directors are responsible for achieving nominated strategic outcomes. They are responsible for the systemic management of ‘cluster’ outputs and making sure that branches work together to achieve policy interests. Branch outputs support outcome achievements, and clustering of branches around outcomes reflects this. Assistant secretaries and state and territory office managers are responsible for managing their respective branches or offices and delivering particular outputs, including programs and services.

CSA—senior management

Figure 20 Child Support Agency top organisational structure



Integrated governance

FaCS—strategy and planning

During 2003–04 FaCS continued to be guided by its Strategic Statement 2002–05. The statement was reviewed through the FaCS Priorities Plan, an annual reassessment that allows flexibility and responsiveness to the changing environment while maintaining the vision inherent in the longer-range statement. The priorities for FaCS continued to be:

- ▶ investing in children and strengthening families
- ▶ participation
- ▶ implementation and service delivery
- ▶ financial integrity
- ▶ people
- ▶ knowledge.

Guided by these priorities, and working in a cohesive and collegiate fashion, the FaCS Executive Board and committees, including the Network Management Group, planned and implemented a number of significant changes in response to emerging needs.

These included a departmental restructure that formally took effect from 1 July 2004. It places greater emphasis on the Participation and Family and Children’s agendas through the formation of a Participation group and a Family and Children group.

The restructure also has the People function reporting directly to a deputy secretary.

Other major planning initiatives, all of which aimed to enhance governance principles and processes, included:

- ▶ formation of an Executive Budget Committee (EBC), which replaced the Business Planning and Resource Allocation Committee.
The committee guides internal resource allocations and this year introduced a revised approach to business planning that focuses on a cluster level—that is, an organisational element managed by executive directors—rather than previous planning at branch level.
- ▶ greater emphasis on the management of strategic risks
- ▶ a range of state and territory office initiatives aimed at greater business integration, and a focus on site-based service.

Child Support Agency—strategy and planning

CSA’s annual Business Plan clearly links its business priorities to FaCS’ strategic statement and priorities. The CSA works closely with FaCS, particularly with branches within the Family and Children cluster of the department. The CSA draws on its experience with parents and knowledge of community interests to contribute to FaCS’ policy development and consideration of implementation issues.

During the past year CSA has enhanced its business management systems, which include frameworks to guide parents, resource and project management and to promote quality and innovation. This integrated system contributes to comprehensive and consistent corporate governance throughout the CSA.

Internal audit

FaCS—internal audit

FaCS finalised 12 internal audits in 2003–04 and commenced seven more from the audit work plan as originally approved by the Risk Assessment and Audit Committee (RAAC). Several planned audits were cancelled or delayed due to a variety of circumstances; these were replaced with three other audits approved by RAAC as amendments to the work plan. Ernst & Young was the primary provider of FaCS' internal audit function; the secondary provider, KPMG, was not called upon to undertake any audit work this year.

Work on the following audits was completed during 2003–04:

- ▶ IMPACT upgrade—quality and system control assurance audit
- ▶ review of ministerial correspondence
- ▶ follow-up audit of grant funding for child care services within the Stronger Families and Communities Strategy
- ▶ management of payroll, leave, flextime and entitlements
- ▶ audit on FaCS core data integrity and security
- ▶ spot check on leave—follow-up review (stage 3)
- ▶ spot check on leave—comparison and analysis of results
- ▶ FaCS–Centrelink relationship
- ▶ customer services in the Child Support Agency
- ▶ regulatory compliance and business processes (second quarterly review)
- ▶ regulatory compliance and business processes (third quarterly review)
- ▶ accessing customer records on Centrelink systems.

Work on the following seven audits commenced:

- ▶ Australians Working Together
- ▶ FaCS Online Funding Management System
- ▶ integrity and reliability of management information
- ▶ FaCS external stakeholder relationships
- ▶ IMPACT
- ▶ FaCS corporate governance and accountability arrangements
- ▶ further spot audit on leave.

The three audits added, and now under way, were:

- management of disability programs
- integrity of calculation of program payments developed by end users
- Emergency Relief Program.

Other major activities included:

- monitoring the implementation of recommendations from audits by the ANAO and the Joint Committee of Public Accounts and Audit (JCPAA) and from FaCS internal audits
- monitoring the findings and recommendations from audit activity undertaken by Centrelink where such recommendations have an impact on FaCS' program areas and the delivery of services
- continued enhancements to the audit monitoring database to improve the process for following up progress on implementing audit recommendations and for reporting to the RAAC.

In general, recent audit findings have indicated that the department's processes continue to improve and adequate controls are in place to ensure the mitigation of risk.

Child Support Agency—internal audit

Following through on recommendations in a previous ANAO report, audits finalised through the FaCS internal audit program examined CSA regulatory compliance, business processes and parent services.

To complement the departmental internal audit plan, CSA undertakes a planned series of quality audits. Audits performed this year covered Objections, the Tax Refund Interception Process, Reason 8 in the Change of Assessment process, Estimates, Coaching, Complaints and the Advancement process.

Risk management

FaCS—risk management

Under the overall direction of the FaCS Executive Board, FaCS continued to implement an integrated risk management framework. Risk assessment at cluster level was integrated with the new cluster-level planning process to provide better linkages between risk management at the strategic (departmental) and operational (branch) levels. In September 2003, the department conducted a successful simulation exercise to test its business continuity and disaster recovery plans.

Child Support Agency—risk management

This year CSA continued to work towards integrating risk identification and management into all aspects of CSA's business. The methodology used is sufficiently robust to withstand the changes facing the CSA as it disengages from corporate and systems managed through the Tax Office. In particular, CSA continued its focus on:

- ▶ delivering risk assessment and risk management training, fully aligned with the FaCS risk management framework
- ▶ establishing business continuity contingencies for information technology (IT) and telephony systems
- ▶ monitoring the security level of risk for all new and existing CSA accommodation.

Protective security

FaCS—protective security

FaCS has committed resources to strengthen and maintain areas of the department's protective security framework. Particular emphasis has been given to increasing staff security awareness and training and ensuring that staff are appropriately cleared to access classified information. The 2003–04 security risk assessment of all FaCS sites will inform the development of a revised security action plan for the department.

FaCS has integrated the IT security function within the department's protective security function for a more holistic approach to security that will achieve greater compliance with the *Commonwealth Protective Security Manual 2000*.

In 2003–04 FaCS had seven significant security incidents that are being dealt with by one formal investigation within FaCS.

Child Support Agency—protective security

CSA has a comprehensive security framework and reporting system. CSA has increased the security awareness of staff by conducting face-to-face training in conjunction with the recently implemented e-learning training package on security fraud and privacy.

Strong liaison points have been established between CSA and police authorities to help streamline the reporting of security incidents requiring police input.

Financial management

Asset management

In 2003–04, FaCS conducted a revaluation of its leasehold improvements. This resulted in an increase in value of approximately \$7 million. FaCS also carried out a stocktake of both IT and non-IT assets. The stocktake led to a refinement of FaCS asset management processes.

Purchasing

The department's purchasing activities are consistent with the department's Chief Executive Instructions and internal procurement guidelines, which are in accordance with the Commonwealth Procurement Guidelines.

Summary of consultancy services contracts

During 2003–04 the department (including the Child Support Agency (CSA) and the Social Security Appeals Tribunal (SSAT)) awarded 249 consultancy services contracts (Table 65). A summary of consultancy services expenditure is set out below in Table 66.

Table 65 FaCS (including CSA and SSAT) – number of consultancy services contracts let, 2003–04

Department/Agency	less than \$10 000	\$10 000 or more	Total
FaCS	14	147	161
CSA	63	8	71
SSAT	8	5	13
Total	85	160	245

Note: See Table 90 in Appendix 5 for details of new consultancies let to the value of \$10 000 or more during 2003–04.

Table 66 FaCS (including CSA and SSAT) – total consultancy services expenditure, 2003–04

FaCS	\$16 653 617
CSA	\$2 948 975
SSAT	\$217 388
Total	\$19 819 980

Note: The total expenditure for consultancy services in 2003–04 includes expenditure relating to consultancy services contracts let prior to 2003–04 and consultancies less than \$10 000 in value.

Project management

The department has been working to increase project management maturity and project management knowledge through its Project Management Integration Office (PMIO). The PMIO has seen a marked increase in activities during 2003–04, primarily achieved through education and increased reporting using project management tools.

Project management education has been increased through a series of education sessions provided to National Office and state and territory offices. Ongoing education packages are offered to all FaCS staff. Project facilitation and one-on-one education are also ongoing.

The first series of project management reporting for department-wide major projects such as strategic investment and new policy projects has concluded. In total, 80 projects have used project management processes and tools to plan, manage and report on the progress of their projects to the Executive. FaCS is also working closely with the Department of the Prime Minister and Cabinet and other APS agencies to implement project management processes and methodologies in major government initiatives.

A second benchmarking exercise is being conducted to analyse FaCS project management maturity and to determine how project management could better support FaCS projects. This process allows FaCS to benchmark itself against other APS agencies as well as a range of industries in the private sector.

Harm Prevention Charities Register

The Harm Prevention Charities Register (HPCR) was introduced on 1 July 2003 in response to the Report on the Inquiry into the Definition of Charities and Related Organisations. The HPCR is a category of Deductible Gift Register for institutions whose principal activities are to promote the prevention and control of harmful and abusive behaviour among humans.

The department assessed 13 applications for the HPCR during 2003–04. All applications were assessed against HPCR eligibility criteria. Eligible applications were then submitted to the Minister for Family and Community Services and the Minister for Revenue and Assistant Treasurer for their consideration. There are currently two institutions listed on the HPCR.

Child Support Agency—significant financial events

The 2003–04 year was the last of a four-year funding agreement between CSA and the Department of Finance and Administration. The agreement funded CSA based on the number of cases it handled and provided a strong basis for financial planning. It is based on CSA's output pricing model and has resulted in a pricing efficiency of 3 per cent per year. This meant that CSA services were delivered to a larger parent group at a lower price, indicating significant productivity improvements.

Such productivity improvements reflect the success of CSA's strategy of increasing voluntary compliance by encouraging parents, where feasible, to manage their child support payments with minimal intervention. Achievements are measured by the proportion of 'private collect cases' compared with

‘agency collect cases’ and with the overall collection rate. The agreed target for private collection was 50 per cent by 30 June 2003. CSA exceeded this target by achieving a private collect rate of 50.6 per cent by 30 June 2003 and 51.8 per cent by 30 June 2004. An overall collection rate exceeding 95 per cent further reflects the success of emphasising voluntary compliance.

The CSA has negotiated a new funding agreement to cover the period 1 July 2004 to 30 June 2008. This agreement provides funding to enable CSA to maintain its assistance to parents in meeting their responsibilities. The agreement requires further productivity gains at 1 per cent per annum with provisions for an expected average annual growth of 4.2 per cent in the number of cases to be handled and for an increasing number of complex cases such as non-wage and salary earners, non-lodgers of tax returns and nonresidents of Australia.

Competitive tendering and contracting

CSA adheres to the Australian Government’s policy in seeking value for money in service delivery. CSA’s strategy of sourcing services considers both internal and external service providers. CSA is considering alternative service options for delivery of the information technology and corporate services that have been previously provided by or through the Tax Office.

Office accommodation

CSA continues to rationalise its office accommodation. In 2003–04 CSA relocated three offices—in Hobart, Newcastle, and Melbourne—from sites co-located with the Tax Office to sites leased by the CSA. In Melbourne, the CSA Moonee Ponds office and a large portion of the CSA Box Hill office moved to a new site in the Melbourne central business district; the remaining staff at Box Hill will relocate into the Melbourne CBD site toward the end of the 2004–05 financial year. This brings to seven the total number of sites leased by CSA, or approximately half of all CSA offices. These moves will realise ongoing annual savings in excess of \$1 million in property operating expenses. As part of the Tax Office–CSA disengagement program, CSA will continue to relocate or secure space under CSA leases when opportunities, needs and circumstances allow.

Fraud control

FaCS—fraud control

In addition to the fraud control measures outlined in ‘Right payments to the right people’ in this volume, FaCS continues to address internal and external fraud through its formal Fraud Control Action Plan. In 2003–04 Ernst & Young commenced a new fraud risk assessment that will inform the development of the department’s new Fraud Control Action Plan 2005–08.

Certification of the departmental fraud control arrangements follows.

DEPARTMENT OF FAMILY AND COMMUNITY SERVICES

CERTIFICATION OF DEPARTMENTAL FRAUD CONTROL ARRANGEMENTS

I, Mark Sullivan, certify that I am satisfied that, for the financial year 2003-04, the Department of Family & Community Services, which includes the Child Support Agency (CSA), has had:

- appropriate fraud risk assessments and fraud control plans in place that comply with the Commonwealth Fraud Control Guidelines;
- appropriate fraud prevention, detection, investigation and reporting procedures and processes in place; and
- annual fraud data has been collected and reported that complies with the Commonwealth Fraud Control Guidelines.



Mark Sullivan
Secretary

13 July 2004

Management of ethical standards

FaCS—management of ethical standards

The FaCS Strategic Statement 2002–05 includes an ethics statement that sets out the behaviours staff should adopt in dealings with our ministers, partners, the people of Australia and our colleagues.

FaCS ensures that staff observe the Australian Public Service Code of Conduct and it takes appropriate action if it is determined that a breach has occurred. FaCS staff are aware that breaches of the code will be taken seriously and may result in disciplinary action.

Staff commencing in FaCS are provided with the *Australian Public Service Code of Conduct* and the *APS Values*. The orientation and graduate training programs include information on ethics and values.

The FaCS ethics statement, *Australian Public Service Code of Conduct* and the *APS Values* are available to all staff through the department's intranet.

Six investigations were completed to determine whether a breach of the code had occurred. Of these cases four investigations found that a breach had occurred and action was taken against the officers concerned.

Results of investigations

- ▶ All investigations resulted in a recommendation of counselling and additional training.
- ▶ Two investigations resulted in a transfer to alternative duties.

Causes of breaches of the code:

- ▶ two breaches arising from inappropriate use of Australian Government resources
- ▶ two breaches arising from inappropriate behaviour.

Child Support Agency—management of ethical standards

All CSA staff undertake training in recognising and preventing fraud in the workplace. Online training for staff relating to fraud awareness and prevention has been developed.

All CSA staff are also provided with the *Australian Public Service Code of Conduct* on commencement, and the values of this code, together with CSA core values, are built into the entry-level training program.

Service charters

FaCS—service charter and performance

The FaCS service charter sets out the standard of service that people who deal with FaCS can expect and the ways in which they can help FaCS improve service to its customers. The charter also helps FaCS staff develop a better understanding of their roles and responsibilities. An internal review of the

service charter was undertaken in 2002–03 by consulting with FaCS staff and branch service charter coordinators as well as with service charter officers from Centrelink, the CSA and the Tax Office. A revised charter, based on feedback, was published in December 2003.

FaCS' complaints recording system

FaCS has a complaints mechanism, linked to its service charter, incorporating the FaCS complaints recording system, established complaints 'protocols and procedures' and a network of complaints coordinators. It provides an effective means of capturing complaints, dealing with them in a consistent and timely manner and identifying systemic issues that require remedial action.

FaCS received 155 complaints in 2003–04. Of these, 137 complaints were resolved and 18 are being actioned.

Table 67 **Complaints recorded, 2003–04**

Category						Total	
FaCS business processes	FaCS service standards	Policy	Program design	Service provider	No category	Received	Finalised
2	33	18	7	90	5	155	137

Child Support Agency—Client Charter and performance

The client charter outlines CSA's commitment to quality service. It explains CSA's responsibilities towards parents and parent responsibilities towards CSA together with information about customer contact channels. The supporting charter package provides further information about the values and staff behaviours that enable CSA to meet its client charter commitments.

CSA reviewed the client charter and supporting package extensively to ensure they continue to meet parent and stakeholder expectations. In addition, CSA introduced a leading-edge evaluation system to measure parents' perceptions of how well CSA is meeting its service commitments.

Child Support Agency's complaints service

CSA's complaints service continues to be an effective mechanism for resolving parents' concerns. The complaints process is linked to CSA's client charter. It ensures that individual complaints are addressed responsively, while trends and emerging issues are identified and fed back in to business improvement processes. As well as complaints received directly from parents, CSA also managed complaints escalated by the Commonwealth Ombudsman, Members of Parliament and the Office of the Federal Privacy Commissioner. In 2003–04 the number of complaints received from all sources decreased slightly while the caseloads grew. This is a pleasing result.

Enabling our people

FaCS and its agency, the Child Support Agency (CSA), recognise that their people are their key resource. FaCS supports its people in achieving FaCS outcomes with initiatives that address capability, diversity and health.

Certified and workplace agreements

FaCS—certified agreement

The third and final pay increase under the FaCS Certified Agreement 2002–05 was paid on 1 April 2004 after the parties to the agreement noted that sufficient progress had been made against performance improvement milestones regarding the completion of individual performance agreements, the implementation of an organisational performance measurement framework and the development of revised work level standards for FaCS job classifications.

The current agreement nominally expires in May 2005. The agreement provides that the department will commence consultation with FaCS employees and their representatives, including the unions, about a subsequent agreement by November 2004.

Child Support Agency—agency agreement

The Child Support Agency (General Employees) Agreement has a nominal expiry date of 15 December 2004. Negotiations are currently being held on the subsequent agreement, which is expected to be completed prior to the expiration of the current agreement.

Advancement

CSA's Advancement model continued to improve organisational capability. The introduction of a robust performance management tool has resulted in improved feedback to staff, effective performance management processes and improved staff satisfaction. The performance management framework is being reviewed to confirm effectiveness and identify opportunities for improvement.

CSA has recently identified five key priorities to address to maintain continuous improvement of the Advancement process. Over the coming year the focus will be on implementing strategies that further streamline the Advancement process and improve the management tools used to complement advancement and performance management within CSA. The streamlined process will align with CSA business needs and APS merit principles and will operate within the CSA Advancement framework in conjunction with the principles agreed to in the agency agreement.

SES remuneration

All FaCS senior executive service (SES) staff have Australian workplace agreements (AWAs) in place.

FaCS' executive remuneration policy provides for an annual review of SES salaries taking account of the *Australian Public Service SES Remuneration Survey* published each year.

FaCS executive remuneration and performance pay are set out in Volume two, Part four, 'Financial statements'.

Australian workplace agreements

FaCS (including CSA) offers AWAs to all SES staff and key non-SES staff. These agreements provide flexible or specially tailored remuneration and conditions. AWAs also are used to recruit or retain specialist staff and/or to recognise particular expertise, additional work responsibility and complexity, or especially valuable individual contributions to FaCS outcomes.

See Volume two, Part three, 'Appendix 1' for more information on AWAs.

Capability development

FaCS—capability development

Strategic capability development framework

FaCS is seeking to take a more strategic approach to developing capability, including establishing a greater match between individual requirements and FaCS' capability needs.

FaCS has developed a capability development framework that identifies and addresses both organisational and individual capability needs, including leadership and priority skills. The aim of the framework is to ensure that the development needs of staff at all levels are addressed, with a particular emphasis on strategic organisational capabilities.

By defining capability requirements it is anticipated that development activities in future will reflect a greater focus on the strategic needs of the organisation.

Development programs

FaCS continues to support training for staff and managers, with a focus on identified workforce capability and skills gaps. Learning activities in 2003–04 covered the following themes:

- ▶ senior executive development—using strategic planning processes and individual coaching
- ▶ leadership development—including residential workshops and peer coaching
- ▶ financial management
- ▶ contract management
- ▶ partnering and relationship management
- ▶ policy development and writing
- ▶ project management.

As part of its approach to identifying and strengthening leadership potential, FaCS also participated in the following external development programs:

- ▶ Australian and New Zealand School of Government (ANZSOG): Executive Fellows Program and Executive Master in Public Administration
- ▶ Australian Public Service Commission (APSC): Career Development Assessment Centres (CDACs).

Child Support Agency—capability development

Leadership

CSA recognises the importance of having strong, skilled leaders in the organisation. As a follow-on from the success of the CSA leadership conference held in May 2003, a CSA business focus has been on increasing leadership capability at the operational, stream and strategic levels. Key initiatives included:

- ▶ conducting stream leadership forums to assist in the ongoing development of the strategic operational management capacity of CSA's leadership network
- ▶ recruiting 18 graduates to join nine current staff in participating in a graduate leadership program, including undertaking a CSA-tailored Graduate Certificate in Public Administration through the University of Canberra.

Business coaching

The CSA national business coaching model was implemented in May 2003, as part of the improvement process for the coaching model that was originally developed in 1999. The four key messages of business coaching are to:

- ▶ improve organisational capability by ensuring coaches are trained, and accountable for developing staff skills
- ▶ align coaching with business priorities
- ▶ establish a sustainable infrastructure to support coaching
- ▶ provide tools to support coaches and a commitment to continuous improvement of products and resources.

A recent audit indicates that 74 per cent of staff that participated in the audit are satisfied with the level of coaching they receive and that staff are happy with the change from reactive coaching to pro-active coaching.

Corporate health

CSA's corporate health survey is designed to measure organisational values and associated culture, aspects of communication and perception of quality of service by staff.

The most recent corporate health index was established in December 2003. Issues rated comparatively highly are those relating to strategic direction, role clarity, focus on customers, immediate supervisor, teamwork, job security, job satisfaction, and job and personal growth. Issues relating to procedural justice, cross-stream cooperation, change management and resources necessary to do the job are focus areas for improvement.

Rewards and recognition

The CSA rewards and recognition program provides a way for CSA to acknowledge the valuable contributions of its people to business objectives and values. Every three months one individual or team in each CSA site is recognised for their input to the business. A national award is given annually to the top nomination(s) from the site winners.

At the 2004 Rewards and Recognition—General Manager’s Awards, winners were presented with their awards by the Hon Christopher Pyne, MP, Parliamentary Secretary to the Minister for Family and Community Services. The awards were made for Innovation, Excellence in Change Leadership, Client Service, Commitment to Purpose and Service to the Community.

National Consultative Forum

The National Consultative Forum is a formal channel for consultation within CSA. The forum has been in place for several years and continues to provide valuable input into a wide range of initiatives, including current negotiations for a new agency agreement. The forum consists of management representatives and representatives elected by staff.

Diversity

FaCS—workplace diversity

FaCS has continued its commitment to workplace diversity this financial year by undertaking initiatives directed at mature-age and Indigenous employees as well as establishing a diversity council to monitor our effectiveness and promote activity in providing a safe, equitable, accessible and inclusive work environment.

In December 2003 the inaugural FaCS Diversity Council was convened. The council, which meets quarterly, is chaired by the Secretary; its members represent a range of FaCS employees and diversity networks. The council has begun identifying issues and priorities to be addressed in the next Diversity Plan by conducting a FaCS-wide diversity survey.

Our Mature Workers Strategy was launched in March 2004. It contains activities to support a greater number of career and life style choices for those beginning to consider retirement, including strategies for transferring knowledge, mentoring and encouraging employment beyond an age at which people may otherwise have chosen to retire.

FaCS addressed Commitment 7 of our Statement of Commitment to Aboriginal and Torres Strait Islander People by developing and launching our Indigenous Recruitment and Retention Strategy in July 2003. Activity to implement this strategy is ongoing.

Staff with disabilities

In early 2003, FaCS proposed a whole-of-government project to explore how information and communication technology (ICT) investment and usage can be better used to support flexible work practices across the APS. Subsequently, two new better practice checklists: the first on assistive technology for employees of the Australian Government, and another on the ICT to support for telework (work conducted outside the controlled office environment) were developed.

FaCS' Disability Stakeholder Group (DSG) met in May 2004 to assist People Branch to plan for recruitment and retention of staff with disabilities. The strategy that was developed will be incorporated into the new FaCS Diversity Plan and will include a Reasonable Adjustment Policy.

Child Support Agency—workplace diversity

The CSA Workplace Diversity Plan was developed in 2002–03. The plan consists of overarching principles and strategies that guide relevant events, activities and day-to-day operations. The 'diversity wheel' provides a ready-reference tool for staff to reinforce their awareness of their diversity responsibilities.

The diversity plan will be re-evaluated in 2004 with a view to developing a new plan for 2004–05.

Occupational health and safety

FaCS—occupational health and safety

FaCS has an occupational health and safety (OHS) policy, agreement and infrastructure that ensure cooperative consultation with FaCS employees about health and safety matters. FaCS' National Office develops national work environment policies, coordinates the delivery of nationally consistent work environment policies and delivers work environment services to National Office staff. In each state or territory office, the human resources or business services manager is responsible for delivery of work environment services and national policies, local policy development and local compensation management.

FaCS incident reports

There were nine OHS incidents and these resulted in incapacity of 30 or more days.

Child Support Agency—occupational health and safety

CSA has developed an OHS operational plan for the next two years. The plan is designed to underpin a safe and healthy CSA workplace in which managers and employees recognise and acknowledge their respective roles and responsibilities for occupational health and safety. Occupational health and safety is recognised as an integral component of management systems and daily work practices, and CSA performance and outcomes of occupational health and safety achieve a standard of best practice.

Key result areas of the operational plan are based on the National Occupational Health and Safety Commission (NOHSC) strategy 2002–12:

- ▶ prevention of injury and disease in the workplace
- ▶ effective management of injured employees
- ▶ improved OHS performance leading to reduced premium costs.

The OHS operational plan will be the basis for reporting to the CSA National Occupational Health and Safety Committee, which acts as the primary advisory body for OHS and meets quarterly.

CSA incident reports

During 2003–04 CSA reported four notifiable occurrences.

This is an increase of one from the previous year. There were no provisional improvement notices or improvement notices received, a decrease of one in each category from last year.

Internal communication

FaCS—internal communication

Staff can draw on a range of internal communication media and mechanisms for information on current FaCS activities, policies and programs and changes to organisational processes, systems and procedures affecting business. Internal communication vehicles include a weekly all-staff electronic newsletter and quarterly hard-copy magazine, targeted topic-specific newsletters and fact sheets, an intranet, and seminars and presentations.

Major issues communicated to staff this year included:

- ▶ the launch of the first FaCS triple bottom line report in October 2003 and associated changes to business operations throughout 2004
- ▶ the new Stronger Families and Communities Strategy
- ▶ the restructure of the department
- ▶ the transfer of functions to FaCS from the Aboriginal and Torres Strait Islander Commission (ATSIC) and Aboriginal and Torres Strait Islander Services (ATSIS)
- ▶ the launch of the FaCS Mature Workers Strategy.

Child Support Agency—internal communication

CSA has a strong internal communication program, which has achieved awards for excellence on a number of occasions. Key internal communication vehicles include:

- ▶ regional newsletters
- ▶ a monthly national newsletter (available in both hard copy and electronic format)
- ▶ communication representatives in each CSA site
- ▶ C3—the CSA intranet site
- ▶ ‘The Guide’—an online legal resource to help staff make decisions on child support cases that is also available for parents on the CSA web site
- ▶ the *Community Services Directory*—to help staff refer parents to appropriate community services in their local area.

Major issues communicated to staff included the agency agreement, Budget measures, inquiry recommendations, government processes and outcomes of the CSA national leadership conference.

Environmental management

FaCS and ecologically sustainable development

FaCS has adopted a triple bottom line (TBL) approach to considering ecologically sustainable development in the way it thinks, acts and makes decisions.

The first FaCS TBL report covering the 2002–03 year provided an environmental performance baseline and made a number of commitments for FaCS to work towards better understanding and improving performance in targeted areas. The second FaCS TBL report provides environmental performance information for the 2003–04 year and progress against these commitments.

Measures to minimise FaCS' environmental impacts

In 2003–04 FaCS implemented a number of initiatives designed to improve the environmental performance of its operations. These included:

- ▶ a new property services contract that includes provisions to improve environmental data collection and reporting as well as the environmental performance of leased buildings
- ▶ a new cut paper contract with a supplier who meets FaCS' environmental standards and requirements
- ▶ a new contract for the supply of printers and photocopiers with a supplier who meets FaCS' environmental standards and requirements
- ▶ entering into the Greenhouse Challenge Agreement with the Australian Greenhouse Office, FaCS has agreed to report greenhouse emissions resulting from its operations and to implement measures to reduce these emissions
- ▶ commencing an arrangement with Cartridges 4 Planet Ark to recover and recycle or remanufacture all used printer toner and ink cartridges
- ▶ working towards implementing an environmental management system (EMS) and gaining ISO 14001 certification on two sites
- ▶ leasing an electric–petrol hybrid car for ministerial courier functions.

A full description of these initiatives, along with environmental performance data, can be found in the FaCS TBL report for 2003–04.

FaCS triple bottom line reporting

FaCS has adopted TBL reporting for the second consecutive year as a way of considering and recording the wider economic, social and environmental implications of its decisions and actions.

Once again, the indicators used in preparing the TBL report are drawn from the Global Reporting Initiative (GRI) and the guide to reporting against environmental indicators published by the Department of the Environment and Heritage. The second TBL report tracks progress made in meeting commitments made in the first, published in October 2003, and makes new commitments (or renews commitments) to improve performance in a number of areas. In this way continuous improvement is monitored and areas needing more attention are identified.

Both the Child Support Agency (CSA) and Centrelink worked closely with FaCS in producing these reports.

Summary of impacts

The areas of greatest impact for TBL reporting are:

- ▶ electricity consumption
- ▶ transport
- ▶ paper consumption
- ▶ waste and recycling
- ▶ water consumption.

Further details can be found in the FaCS triple bottom line report, available online at www.facs.gov.au, by emailing TBL@facs.gov.au or by writing to the Assistant Secretary—Resource Management Branch, Box 7788 Canberra Mail Centre ACT 2610.

Table 68 Overview of FaCS environmental performance, 2002–03 and 2003–04

	2002–03	2003–04	% change
Total direct energy use	23 930 380 megajoules (Mj)	33 587 376 Mj	(a)
Total greenhouse gas emissions	2.65 tCO ₂ –e/employee	2.37 tCO ₂ –e/employee	–11%
Total paper consumed	87.6 tonnes	95.2 tonnes	+8.7%

a Cannot be compared because of the increase in available data.

External scrutiny

Privacy

FaCS—privacy

FaCS adopts practices to protect the privacy of the information obtained from people accessing portfolio services.

FaCS has developed assurance processes so it can be confident that Centrelink and the Family Assistance Office have effective mechanisms in place to protect customers' personal information. Centrelink also is bound by the Centrelink privacy guidelines, issued by the minister in June 1999, which complement the current privacy regime, ensure Centrelink fully complies with the principles underlying the *Privacy Act 1988*, and address privacy issues particular to the Centrelink environment.

FaCS' business partnership agreements with its partner service delivery agencies include mechanisms to allow FaCS to monitor and contribute to the protection of customer privacy. FaCS is a party to the Administrative Law Protocol with the Tax Office, the Health Insurance Commission and Centrelink, which provides for cooperation between the parties for the handling of matters related to privacy and freedom of information. FaCS also maintains a separate memorandum of understanding in its Business Partnership Agreement with Centrelink. As part of the protocols and memorandum, partner service delivery agencies are required to provide FaCS with quarterly reports on privacy, confidentiality and freedom of information matters. Centrelink and FaCS officers meet regularly to discuss and resolve privacy issues.

Liaison with the Privacy Commissioner

FaCS liaises with the Privacy Commissioner on issues concerning policy development relating to social security and family assistance, and on the handling of personal information. FaCS also liaises with the Privacy Commissioner on any complaints received about the department. Complaints about interferences with privacy alleged by customers of FaCS' service delivery agencies are forwarded directly to those agencies to investigate and resolve.

FaCS consulted the Privacy Commissioner on significant privacy issues as they arose. FaCS also participated as a member of the Privacy Contact Officers Network and participated in regular meetings of that network.

Complaints, reports and determinations by the Privacy Commissioner

In 2003–04, one complaint against FaCS was received by the Privacy Commissioner. The complaint concerned an alleged inappropriate disclosure of personal information under Information Privacy Principle 11. Preliminary inquiries were conducted into the complaint under section 42 of the Privacy Act. The complaint was then closed without formal investigation on the grounds that it did not appear that there had been a breach of the Act. FaCS had received no formal complaints from the Office of the Federal Privacy Commissioner in 2002–03.

Privacy compliance and investigations

FaCS considers that any improper use or disclosure of personal information by staff, and soliciting of personal information from staff, would be of serious concern. The confidentiality provisions of legislation that fall under the operational jurisdiction of the FaCS portfolio expressly forbid the release of customer information, except in limited circumstances. FaCS therefore investigates all complaints and allegations of breaches of privacy or confidentiality.

FaCS maintains a memorandum of understanding with Centrelink under which Centrelink investigates alleged breaches of privacy including contraventions of departmental procedures by FaCS staff or service providers. FaCS' Administrative Law Protocol with the Tax Office and the Health Insurance Commission requires those agencies to report to FaCS outcomes of investigations they conduct into alleged breaches of privacy involving the service delivery of family assistance to customers. The Tax Office and Health Insurance Commission are yet to report on any investigations carried out in 2003–04.

Information Privacy Principle 4 provides that a record-keeper ensure that a record containing personal information is protected against loss, unauthorised access, use, modification or disclosure and other misuse. In 2003–04, no complaints were received against FaCS in relation to Information Privacy Principle 4.

Child Support Agency—privacy

CSA has a strong commitment to protecting its clients' privacy, and privacy issues are covered in induction and other staff training programs. Most privacy concerns and potential privacy breaches reported by staff and customers of CSA are resolved internally through a national network of CSA privacy officers.

The Office of the Federal Privacy Commissioner refers child support matters to CSA in the first instance. Most concerns are resolved in this way.

At the start of 2003–04, four formal investigations were in progress into CSA matters by the Office of the Federal Privacy Commissioner. In 2003–04, four new investigations were also commenced, and there were seven matters finalised. In three cases CSA was found to have breached the Privacy Act, resulting in two compensation payments totalling \$750. The provision of an apology was considered sufficient to resolve the other matter.

For many years CSA has been a highly active member of the ACT and Australian Government Privacy Contact Officers' network. On behalf of the network, in March 2004 CSA delivered a farewell presentation to retiring Privacy Commissioner, Mr Malcolm Crompton.

Child Support Agency—customer compensation and waiver of debt

In 2003–04, CSA finalised 176 claims and requests made for compensation and waiver of debt, compared with 122 in 2002–03 and 144 in 2001–02. Of the 176 claims finalised, 35 were upheld. CSA paid \$30 385.08 in compensation during 2003–04 compared with \$45 487 in 2002–03. This comprised \$29 825.08 in payments under the Compensation for Detriment due to Defective Administration Scheme, and \$560 in payments for legal liability. Debts totalling \$17 518.96 were waived by the Parliamentary Secretary to the Minister for Finance.

Complaints to the Ombudsman

FaCS—complaints to the Ombudsman

The Commonwealth Ombudsman received 16 complaints about the department in 2003–04, which is approximately a 36 per cent reduction on the 2002–03 figure of 25 complaints. In certain cases a complaint may contain more than one issue ('complaint issue') requiring investigation. The Ombudsman's office therefore reports on complaint issues received, rather than complaints. During 2003–04, 13 complaints were finalised covering 14 complaint issues with only two of these complaint issues investigated by the Ombudsman. Of the two investigated, one complaint issue of defective administration against FaCS was found. Investigation into the other complaint issue was not continued as the Ombudsman found that further action was not warranted. The Ombudsman exercised his discretion not to investigate six complaint issues, which were referred back to the department.

Table 69 FaCS—complaint issues received by the Ombudsman, 2003–04

Department/Program	Number of complaint issues
Family and Children's Program	3
Disability programs	1
Family Assistance Office	1
Income security	2
Freedom of information	2
Other	5
Total	14

Child Support Agency—complaints to the Ombudsman

The Ombudsman received 2311 complaints about CSA in 2003–04, compared with 2435 received in the previous year. There were 823 complaints made to the Ombudsman in which the Ombudsman contacted CSA and conducted some investigation of the complaint issues. The difference in the number of complaints received by the Ombudsman about CSA and the number of complaints received from the Ombudsman by CSA is accounted for by the Ombudsman not pursuing an investigation in relation to 60 per cent of all complaints about CSA.

The CSA complaints service continues to be an effective mechanism for resolving parent concerns. In 2003–04, the Ombudsman referred a significant proportion of all complaints made about CSA back to the CSA complaints service without investigating. CSA continues to draw valuable lessons from issues raised through the Ombudsman to effect improvements in the quality of service provided.

Child Support Agency—Ombudsman’s ‘own motion review’

During the reporting year an ‘Own Motion Report into Change of Assessment Decisions’ made on the basis of income, earning capacity, property and financial resources was initiated by the Commonwealth Ombudsman.

The investigation involved the examination of eight decisions made between April and October 2002. It included a review of existing guidelines, procedural instructions and other relevant documentation, in addition to the review of each application and decision. In total, 1156 decisions were reviewed.

The key finding is that an overwhelming majority of the decisions reviewed (95 per cent) were assessed as being correct—that is, open to being made by the senior case officer.

The decisions can be categorised as follows:

- ▶ 71 per cent were assessed as being a ‘good’ decision
- ▶ 24 per cent were assessed as needing improvement (e.g. better explanation, unclear)
- ▶ 5 per cent only were assessed as not reasonably open to the senior case officer to make. (The Ombudsman stated that ‘on the information available to us, we considered that it would be likely that, had we received a complaint from one of the parents, we would have suggested that the CSA reconsider the decision’.)

CSA welcomes the Ombudsman’s analysis and recommendations as an opportunity to further improve the service provided to parents.

Australian National Audit Office (ANAO) activity

The Auditor-General tabled in Parliament 10 audit reports relevant to departmental operations: one audit examining the department's management of Internet portals; and nine cross-agency audits. The substance of the audit reports is as follows:

No. 7: Recordkeeping in Large Commonwealth Organisations (tabled 24 September 2003)

The objective of this cross-agency audit was to:

- ▶ assess whether recordkeeping policies, systems and procedures were in accordance with relevant government policies, legislation, accepted standards and recordkeeping principles, and applicable organisational controls
- ▶ identify better practices and recommend any improvements.

Key findings from this audit were that organisations audited met government policies, legislation, accepted standards and principles to varying degrees. However, there was a need for a consistent approach to improving current processes. The audit made several recommendations for better practices for recordkeeping in organisations.

FaCS supports the recommendations in the report and is developing strategies for better recordkeeping, including the implementation of an electronic document management system (EDMS).

No. 11: Annual Performance Reporting (tabled 4 November 2003)

The objective of this cross-agency audit was to determine whether agencies had:

- ▶ established a sound annual reporting performance information framework
- ▶ developed arrangements to ensure performance information is accurate and coherent
- ▶ appropriately analysed performance information in their annual reports.

Key findings from this audit included the following:

- ▶ in a number of instances, agencies did not have suitable performance measures relating to the quality of outputs/administered items or effectiveness/impact indicators for outcomes
- ▶ the performance information frameworks of many of the agency reports examined were not structured to allow an assessment of the efficiency of agency operations and the cost-effectiveness of outputs delivered
- ▶ there was little or no performance information that related to the individual contributions of each agency, and other stakeholders, to the achievement of shared outcomes.

Overall, FaCS is considered to be compliant and has in place the necessary framework to implement the recommendations where relevant.

FaCS agreed with the recommendations.

No. 19: Property Management (tabled 17 December 2003)

The objective of this cross-agency audit was to assess whether the property management function, including the management of leases, was being performed efficiently and was providing an effective level of support for the delivery of the organisations' services (outputs). The audit evaluated property management policies and practices across the following dimensions:

- ▶ planning and control
- ▶ business processes and practices
- ▶ information and performance management.

Key findings from this audit were as follows:

- ▶ performance management processes were largely informal and unstructured
- ▶ mechanisms and indicators included in contracts for measuring contractors' performance were rarely used
- ▶ the performance monitoring practices used by organisations were considered inefficient.

This lack of performance monitoring controls raises the risk of not detecting poor performance in a timely manner and taking appropriate and effective strategies for rectifying problems.

Most of the organisations included in this audit needed to improve processes for the management of property-related service contracts.

FaCS agrees with the findings from this report and is implementing the recommendations, including the development of a strategic property plan with the new service provider and a memorandum of understanding with Centrelink over future office accommodation in the National Office. The new contract with the service provider also provides for an extensive performance framework with bi-annual reviews and evaluation.

No. 24: Agency Management of Special Accounts (tabled 31 January 2004)

The objective of this cross-agency audit was to:

- ▶ identify all Special Accounts (and their predecessors) that have existed at sometime during the time since the *Financial Management and Accountability Act 1997* (FMA Act) commenced operation on 1 January 1998
- ▶ assess the efficiency and effectiveness of the establishment, management and abolition of these Special Accounts
- ▶ assess compliance with the legislative requirements (including those of the FMA Act and Finance Minister's Orders promulgated under that Act).

Key findings from this review included the following:

- ▶ there is uncertainty about the number and identity of Special Accounts that exist since the introduction of the FMA Act
- ▶ agencies need to improve their management of Special Accounts, particularly in the areas of nonreporting and the inaccuracies of the financial disclosures
- ▶ there has been noncompliance with a number of legislative requirements.

FaCS agrees with the audit recommendations and has in place the necessary framework to implement the recommendations.

No. 25: Intellectual Property Policies and Practices in Commonwealth Agencies (tabled 5 February 2004)

The objective of this cross-agency audit was to:

- ▶ form an opinion on whether Australian Government agencies have systems in place to efficiently, effectively and ethically manage their intellectual property assets
- ▶ identify areas for better practice in intellectual property management by those agencies.

The key finding from this audit was that only 30 per cent of agencies had developed specific policies for managing intellectual property.

FaCS was one of several government agencies that agreed with the audit recommendations and have a process in place for the implementation of these recommendations.

No. 27: Management of Internet Portals at the Department of Family and Community Services (tabled 9 February 2004)

The primary objective of this FaCS-specific performance audit was to assess FaCS' management of the Internet portals for which it had responsibility.

The ANAO also included in the audit a web site directed towards youth, *The source*, which provided many of the services expected of a portal. The audit considered governance structures for the portals; measurement and/or assessment of efficiency and effectiveness; and control factors, such as change management, security, and legal issues.

Key findings from this audit were as follows:

- ▶ FaCS had a business case for the development of the portals that identified costs but did not identify any benefits accruing to FaCS from providing the portals. This lack of a robust business case meant that there is no basis for a business driver for further developments.
- ▶ the responsibility for departmental structures and budgets relating to the FaCS' portals and *The source* web site were at an appropriate level. FaCS has developed its three portals to meet the basic level of functionality as required by the Government.
- ▶ the absence of a completed eCommunications strategic framework meant that FaCS did not have agreed development plans for the portals.

FaCS agreed with the recommendations and is developing a portal governance framework guideline document, which, when completed, will include proposals for analysing portal usage and managing promotion of the sites; provide for quality assurance; and provide guidelines for risk management and compliance.

No. 35: Compensation Payment and Debt Relief in Special Circumstances (tabled 24 March 2004)

The objective of this cross-agency audit was to:

- ▶ assess whether the management of claims for compensation and debt relief under the various discretionary mechanisms for granting relief was in accordance with relevant legislative requirements and Australian Government guidelines

- ▶ determine whether the current administrative policies and procedures for the various mechanisms of compensation and debt relief provided for the effective management and reporting of claims made under those mechanisms.

The ANAO concluded that overall the management of compensatory claims was in accordance with relevant legislation and guidelines, and that there were mechanisms in place for proper management of claims.

A key finding from this audit was the need for improvement in consistency and accountability across the mechanisms examined and in the timeliness of payments for claims.

FACS agreed with the relevant recommendations and, in consultation with the CSA, is in the process of implementing the recommendations resulting from this audit.

No. 42: Financial Delegations for the Expenditure of Public Monies in FMA Agencies (tabled 16 April 2004)

The objective of this cross-agency audit was to:

- ▶ assess whether financial delegations associated with the expenditure of public monies were determined, applied and managed in accordance with applicable legislation, government policy and applicable controls
- ▶ identify better practices and recommend improvements as necessary to current practices.

The key findings of this audit were the following:

- ▶ financial delegations were not always being managed in accordance with relevant legislation
- ▶ the statutory power for entering contracts, agreements and arrangements was incorrectly referenced in some organisations.

FaCS was one of several government agencies that supported the audit recommendations. FaCS has a process in place for the implementation of these recommendations.

No 55: Management of Protective Security (tabled 23 June 2004)

FaCS was one of four agencies that participated in this cross-agency audit.

The objective of the audit was to assess whether protective security functions in selected organisations were being managed effectively. The audit evaluated the broader management issues associated with protective security.

The key finding from the audit was that not all the audited organisations had, at the time of the audit, sufficient and reliable processes in place for the effective management of their protective security functions. However, at the time of the audit, there were several significant reforms in progress among the audited organisations. The implementation of these reforms is expected to address many of the shortcomings identified by the ANAO.

The ANAO made four recommendations designed to improve the management of protective security functions in all Australian Government organisations.

FaCS, along with the other agencies involved, supported the recommendations. These referred to security planning, security awareness, security risk management and monitoring performance.

In addition, FaCS considers that it already has processes in place to comply with all aspects of the recommendations. FaCS will also take action to explore the viability of introducing further measures to monitor the performance of protective security activities.

FaCS has also established a Protective Security Committee to oversee and monitor the delivery and implementation of the protective security framework across the department.

No 58: Control Structures as Part of the Audit of Financial Statements of Major Australian Government Entities for the Year Ending 30 June 2004 (tabled 30 June 2004)

This report updates the ANAO's assessment of audit findings relating to major entity internal control structures, including governance arrangements, information systems and control procedures through to March 2004. The report represents a summary of findings from the interim phase of the financial statement audit of major government entities for 2003–04.

The ANAO assessed FaCS' potential risk of material misstatement in the 2003–04 financial statements as moderate to high. This is based on the goals, priorities, objectives and strategies deemed necessary to achieve the initiatives established.

The ANAO considers that FaCS has an effective and robust financial reporting system in place through the use of monthly accrual reporting to the Executive Board using analysis of budget data and performance measures (financial and non-financial) in relation to the current financial position.

The ANAO did, however, identify a total of eight areas where reporting of administered financial information could be strengthened.

FaCS supports the findings and has initiated corrective action to ensure that the recommendations are addressed in a timely manner in order to further strengthen the control environment.

Information strategies and technology management

FaCS – information strategies and technology management

FaCS undertook a number of key information communication and technology initiatives during the year. These are summarised below.

Information and Communication Technology Strategic Plan 2004–07

The Information and Communication Technology (ICT) Strategic Plan was finalised this year after extensive consultation. The strategic plan provides the platform from which FaCS can maintain a level of market-accepted technology, support programs such as Australians Working Together, provide government-wide interoperability and connectivity, and offer information management solutions to enhance FaCS' ability to harness knowledge.

Information and communication technology support for flexible work practices

FaCS is committed to helping its people achieve a work–life balance. In early 2003, recognising that other Australian Public Service (APS) agencies also want to support their employees, FaCS proposed a whole-of-government project to explore how information and communication (ICT) investment and usage can be better used to support flexible work practices throughout the APS.

The proposal was strongly supported by the then National Office for the Information Economy (NOIE). During 2003–04, FaCS facilitated the project in partnership with NOIE, the Australian Public Service Commission and the Department of Employment and Workplace Relations. Twenty-two Australian Government agencies participated via an interdepartmental committee and three working groups.

The knowledge resulting from this broad pool of experience and practice enabled a set of recommendations to be developed and commitment secured for their implementation throughout the APS. Included in the recommendations were two new better practice checklists.

The Chief Information Office Committee (a cross-agency ICT leadership forum that addresses priorities determined by the Information Management Strategy Committee, the Australian Government's peak information, communication and technology strategy body) endorsed the recommendations (including the new checklists) on 30 June 2004.

Electronic Document Management System (EDMS)

In August 2003 a contract was signed with Inform Systems for the provision of iManage, the new FaCS Electronic Document Management System (EDMS). An extensive design and testing phase followed, which included some customisation of iManage to meet FaCS' specific needs.

A pilot of iManage was deployed successfully to 126 staff in the NSW state office in February 2004. Following a review of the pilot, full implementation of iManage commenced with the Victorian state office in April 2004. iManage implementation across the department will be completed in June 2005.

IT outsourcing

FaCS has entered into a contract with Getronics for the provision of IT services covering help desk, desktop and infrastructure support. The services commenced on 1 July 2004.

FaCS Online Funding Management System (FOFMS)

FaCS is developing an integrated solution for the department's funding management requirements. The enabling tool for achieving this solution will be the FaCS Online Funding Management System (FOFMS). The solution will facilitate the implementation of a common approach to managing the department's arrangements with service providers across all funding programs.

FOFMS aims to support the lifecycle of funding arrangements—from developing applications to establishing the service, managing the agreement and making payments through to reporting and evaluation. The system aims to deliver online claims-driven payments and case-based funding functionality. FOFMS also aims to meet the department's obligations under the Government's online initiative and will enable compliance with ANAO best practice for administration of grants.

A tender evaluation process conducted during the first half of the financial year resulted in Accenture being selected as the preferred implementation partner. Contracts were signed on 13 February 2004 and the design, development and implementation phase of the FOFMS project commenced on 16 February 2004.

Edge expert system

In view of the considerable changes that had occurred in family policy and its delivery, FaCS and Centrelink commissioned a review of the business case for the further development and deployment of the Edge expert system.

The review report was completed in November 2003. The review found that a viable business case for Edge no longer existed for deployment of the system in its then current form. However, Centrelink has commissioned a feasibility study to further explore the targeted use of expert systems in a way that would leverage off the work already undertaken and learnings gained. The feasibility report is yet to be finalised.

Information technology security

IT security has been integrated within the protective security function to provide a more holistic security approach for the department.

An IT security architecture project was completed this year; following on from that, an IT Security Migration Plan was developed to address gaps in the department's current IT security architecture as compared with the requirements of the Australian Government's minimum standards for IT security.

Child Support Agency – IT performance solutions

e-business

CSA will be piloting new e-business initiatives to provide parents with an alternative service channel. The pilot will consist of an online statement facility and, for employers, the ability to send information online. These products were chosen based on extensive research and internal analysis. The pilots will complement the existing range of tools available to help parents manage their separation and child support issues.

CSA Business Continuity Plan

This year CSA continued to consolidate the agency's Business Continuity Plan. This plan includes documentation on IT and telephony recovery in the event of a business interruption. CSA has developed a set of action cards and check lists for the resolution of outages and procedures for evacuations. CSA's aim is to ensure that staff are aware of all procedures relating to business continuity communication and action responsibilities.

Library and research services

The Library and Information Services section continued to expand its information delivery, research provision, research training and tailored information services to all four customer agencies: FaCS, Centrelink, CSA and the Social Security Appeals Tribunal. ATSI was accepted as a new customer agency, and service to that agency commenced in March 2004. The digital archive of the Guide to the Social Security Act was extended to include the re-creation of missing releases. The Library and Information Services section also became the secretariat of FaCS' Knowledge Committee, and contributed a major part of the draft information architecture for FaCS.

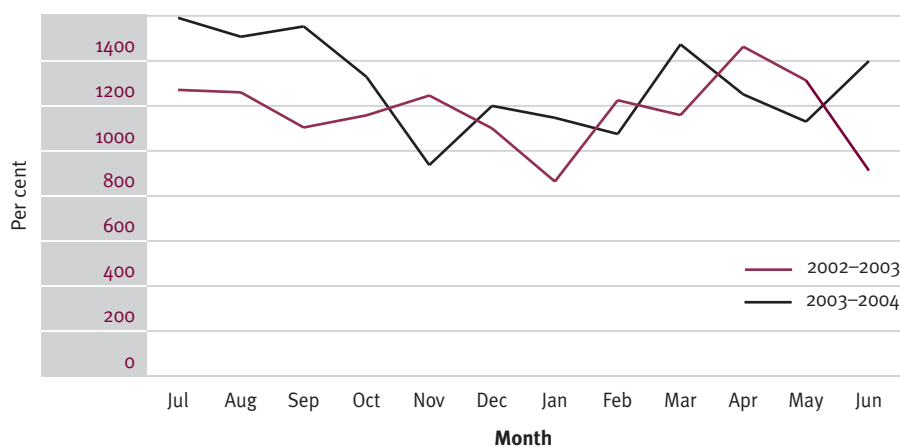
Ministerial and parliamentary services

FaCS delivered services to both ministers and to the parliamentary secretary on behalf of the Family and Community Services portfolio, including the Child Support Agency, Centrelink, the Social Security Appeals Tribunal and the Australian Institute of Family Studies.

In 2002–03 a project was undertaken to obtain more objective data about the quality of policy advice to the minister’s office, one of the major outputs of the department. It was necessary to reassess the quality standards in 2003–04 to take into consideration the preferences of the new ministers. It is intended to repeat the performance review in 2004–05.

Ministerial correspondence showed a significant increase of about 24 per cent from 17 571 in 2002–03 to 21 818 in 2003–04. Fifty-one per cent of draft replies were provided to Minister Vanstone and to her successor, Minister Patterson, within their agreed standard of 14 days, up from 28 per cent the previous year. Fifty-nine per cent were provided to other signatories within their standard of 21 days, compared with 45 per cent for the previous year — again a significant improvement over the 2002–03 results.

Figure 21 Volume of ministerial correspondence received by FaCS portfolio, 2002–03 and 2003–04

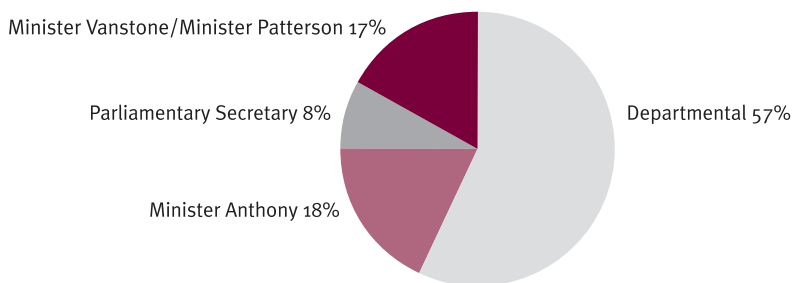


Note: Does not include replies to campaign mail.

The fluctuation during the quarter September to December 2003 is attributed to the change in minister from Senator the Hon Amanda Vanstone to Senator the Hon Kay Patterson. The increase in correspondence during the first quarter of 2004 is attributed to the release of the report of the inquiry into child custody arrangements. Correspondence increased again in June 2004 due to the announcement of the one-off \$600 per child bonus payment.

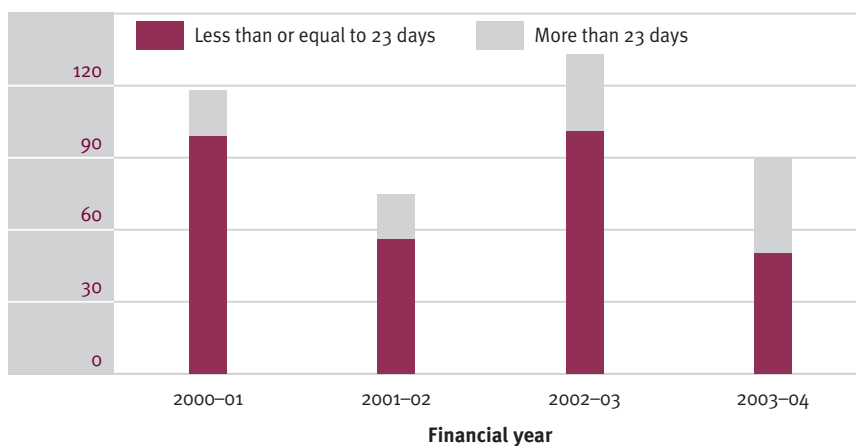
The ministers and the parliamentary secretary sign replies to other Members of Parliament and Senators, representatives of peak organisations, and to constituents from their respective electorates. The department replies directly to other correspondents.

Figure 22 Signatories for ministerial correspondence, 2003–04



The portfolio prepared a total of 2409 ministerial submissions/minutes during the year with sixty per cent of those being for Minister Patterson.

Figure 23 Timeliness for responding to questions on notice, 2000–01 to 2003–04



Minister Patterson expects to receive answers to questions on notice within 23 days. This allows sufficient time for clearance within the Parliament’s standard of 30 days (Senate) or 60 days (House of Representatives). The department is meeting the 23-day standard around 50 per cent of the time.

Table 70 Ministerial and parliamentary services— number of briefings, submissions, ministerial correspondence and questions on notice, 2003–04

Output group	Ministerial correspondence Processed ^a	Question-time briefs ^b	Briefings ^c	Submissions ^d	Questions on notice
1.1 Family assistance	2 418	454	104	231	2
1.2 Youth and student support	903	208	37	248	1
1.3 Child support	1 419	43	13	66	12
1.4 Child care support	707	184	39	147	7
2.1 Housing support	443	108	35	99	0
2.2 Community support	414	91	90	203	6
3.1 Labour market assistance	580	124	11	66	3
3.2 Support for people with disabilities	1 142	86	94	138	6
3.3 Support for carers	600	118	6	10	0
3.4 Support for the aged	1 458	166	17	67	5
Not directly attributable ^e	2 610	232	52	342	22
FaCS subtotal	12 694	1 814	498	1 617	64
Centrelink	3 311	125	17	277	35
Total	16 005	1 939	515	1 894	99

a These figures do not include replies to campaign mail.

b These figures include both new question time briefings and those that have been substantially revised.

c Written submissions requested by the ministers, the parliamentary secretary or their staff.

d Written submissions initiated by departmental officers, for the attention of the ministers or the parliamentary secretary.

e Material that cannot be attributed to any single output group. It includes policy that covers multiple programs and correspondence referred to other departments for a response.

Parliamentary committees

House of Representatives Standing Committee on Employment and Workplace Relations: *Inquiry into Employment: Increasing Participation in Paid Work*

The committee was asked to report on employment issues in both rural/regional and urban/outer suburban areas and on measures that can be implemented to increase the level of participation in paid work in Australia, particularly by income support recipients. FaCS lodged a written submission in October 2003 and appeared at the public hearings on 26 November 2003 and on 26 May 2004. FaCS took a number of questions on notice from the November hearing that were supplied to the committee in February 2004. In May 2004 FaCS also responded to a series of questions on notice taken from a separate hearing with various employer representatives. The committee's final report is expected to be tabled in August or September 2004.

House of Representatives Standing Committee on Family and Community Affairs: Report of the Inquiry into Child Custody Arrangements in the Event of Family Separation

FaCS contributed detailed and extensive submissions to this inquiry, and appeared before the committee to give further evidence on a number of occasions. FaCS' submissions focused on providing the committee with an understanding of the complexity and dynamic nature of contemporary Australian families; information on the range of family relationships services available to families and children with relationship difficulties; and information on policy issues and administration of the Child Support Scheme.

House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs: Report of the Inquiry into Capacity Building and Service Delivery in Indigenous Communities

FaCS provided a comprehensive submission in September 2002 discussing conceptual frameworks and issues relating to capacity building, responding to specific inquiry questions, and outlining how FaCS and Centrelink are contributing to building capacities in Indigenous communities. FaCS officers subsequently appeared before the committee on 25 June 2003 to give further evidence, and participated in a roundtable discussion with the committee on ways forward on 13 February 2004. The committee's report, *Many Ways Forward*, was tabled on 21 June 2004.

Senate Legal and Constitutional References Committee: Inquiry into Australian Expatriates

In February 2004, FaCS provided a submission to the committee's Inquiry into Australian Expatriates. The submission considered the reasons for Australians living overseas; the income support and services provided to Australian expatriates; Australia's international social security agreements; and the costs, benefits and opportunities presented. The submission emphasised the principle of 'shared responsibility'.

Senate Standing Committee on Community Affairs: Inquiry into Poverty and Financial Hardship

Following the appearance of FaCS witnesses before the committee on 20 June 2003, FaCS provided written answers on 13 August 2003 to eight questions taken on notice or received in writing from committee members.

Senate Legal and Constitutional References Committee: Inquiry into Legal Aid and Access to Justice

On 1 October 2003 FaCS provided a submission to the committee that outlined the comprehensive and accessible arrangements in place for the review of decisions made by Centrelink and the Child Support Agency. The submission also addressed other possible methods of redress, including payments under the Compensation for Detriment caused by Defective Administration Scheme, payments under regulation 9 of the Financial Management and Accountability Regulations and act of grace payments.

Senate Standing Committee on Economics: Inquiry into the Structure and Distributive Effects of the Australian Taxation System

The committee was asked to examine the structure and distributive effects of the Australian taxation system. The main areas of investigation were the tax burden on individuals, businesses and taxpayers' families, the use of tax and expenditure incentives to influence social and economic conduct and the role of the different levels of government in collecting and distributing tax revenue. FaCS lodged a written submission in July 2003, which focused on the interaction of the tax and social security systems in the context of the broader social support system. Officials also appeared before the committee on 28 July 2003.

Senate Standing Committee on Regulations and Ordinances: Social Security (Attribution of Income-Ineligible Deductions) Determination 2004

FaCS wrote to the committee addressing two concerns raised by the committee in relation to the above determination. The committee answered that it had considered the department's response and agreed that the advice provided addressed its concerns.

Senate Standing Committee on Community Affairs: Inquiry into Family and Community Services and Veterans' Affairs Legislation Amendment (Income Streams) Bill 2004

The committee examined the Family and Community Services and Veterans' Affairs Legislation Amendment (Income Streams) Bill 2004. Certain non-commutable insurance-based income streams products receive a 100 per cent exemption from the social security assets test. The Bill:

- ▶ changes the assets test concession from 100 per cent to 50 per cent for products purchased from 20 September 2004
- ▶ extends the assets test concession to a new market-linked income stream product from 20 September 2004.

FaCS lodged a submission in June 2004 to further explain how the initiatives would increase the investment options available to retirees and ensure the Age Pension is paid to those in need.

FaCS witnesses appeared before the committee on 18 June 2004. The report was tabled on 21 June 2004 and legislation passed on 24 June 2004.

Joint Standing Committee on Treaties

An agreement on social security between Australia and Croatia was tabled in Parliament on 17 June 2003. FaCS witnesses appeared before the committee at its public hearing on 18 August 2003. The committee recommended that binding treaty action be taken and the new treaty came into force on 1 July 2004.

Partnerships for people

This section describes how FaCS implements the Government's commitment to encouraging the wider community to become involved in creating and delivering its policies, programs and services.

To help make this happen, FaCS:

- ▶ administers Australian Government funding to service providers and peak community organisations
- ▶ works collaboratively with business, the community and other government organisations through a 'social coalition'
- ▶ works with Centrelink to make sure government policies are effectively delivered to the Australian community.

Service providers

Funding to communities and organisations to deliver services

FaCS has a service delivery relationship with nearly 16 000 non-government service delivery outlets, funded either directly—for example, Personal Support Programme, Disability Employment Assistance, and Job Placement, Employment and Training—or indirectly—Supported Accommodation Assistance Program and child care providers receiving Child Care Benefit.

In 2003–04, FaCS administered \$969.2 million in direct funding to non-government service delivery outlets to deliver services to individuals, families and communities on behalf of the department. The funding covered a diverse range of services that strengthen families, communities and economic and social participation, including:

- ▶ employment assistance and other services for people with disabilities
- ▶ child care support through direct subsidies to child care providers
- ▶ family support, including child abuse prevention, family relationships support and services for families with children
- ▶ community support, including emergency relief and homelessness
- ▶ support for youth and students.

FaCS also administered \$1.898 billion in special purpose payments to states and territories in 2003–04. These payments include:

- ▶ the Commonwealth–State Housing Agreement (CSHA), which provides affordable public housing
- ▶ the Commonwealth–State/Territory Disability Agreement, which provides services for people with disabilities

- ▶ the Supported Accommodation Assistance Program (SAAP), which provides crisis intervention and stabilisation for people who are homeless
- ▶ compensation for the extension of fringe benefits (such as transport concessions) provided by state and territory governments to pensioners and other beneficiaries
- ▶ concessions for Commonwealth Seniors Health Care Card holders.

FaCS service delivery framework

In 2003–04, FaCS has been developing a service delivery framework that will provide the basis for FaCS business to be managed in a consistent way. The aim of the framework is to encourage accountable and transparent practices between FaCS and organisations funded to deliver services on the department’s behalf.

As a first step toward establishing a ‘FaCS way of doing business’, FaCS has commenced work on developing a practical guide that sets out the currently accepted best practice for program administration with FaCS-funded service providers. This practical guide will also reflect what the minimum requirements are from a FaCS perspective—what is mandatory and what is optional for managing relationships with FaCS-funded service providers. The guide will include chapters on developing program guidelines, management of funding agreements, program review and evaluation, policy development, program design and selection of service providers.

Working collaboratively

FaCS is committed to using a partnership approach to service delivery, working collaboratively with other agencies—those of the Australian Government, state and territory governments and the non-government business community sector—to develop, plan, fund and deliver services. The transfer of some ATSIIS programs into FaCS and the establishment of 22 Indigenous Coordination Centres (ICCs) across regional Australia are a current example. FaCS is using the new whole-of-government mainstreaming approach to work collaboratively and flexibly with others to address both the challenges and opportunities that this new model presents for FaCS in the way it delivers programs and services.

State and territory office network—engaging the community

Lead state roles

Various offices within the department’s state and territory office (STO) network take on ‘lead state’ roles, contributing to specific policy areas (see Table 71).

With their unique expertise and local networks, lead states added value to FaCS’ work by:

- ▶ assuring ministers that FaCS’ advice is informed by community input
- ▶ enhancing the department’s capacity to do business in a ‘joined-up’ way
- ▶ providing links across programs and with other levels of government

- ▶ using local knowledge to give FaCS a competitive advantage in a contestable policy environment
- ▶ highlighting hot spots and trends
- ▶ gathering and disseminating information within the department and between Centrelink and other service providers.

Table 71 FaCS lead state responsibilities

Area of focus	Output group	Lead state
Families	1.1	South Australia
Youth	1.2	New South Wales
Children	1.3 & 1.4	Victoria
Housing/Homelessness	2.1	South Australia
Community	2.2	Victoria
Indigenous	2.1 & 2.2	New South Wales
Labour market	3.1	New South Wales
Disabilities	3.2	New South Wales, Western Australia and Queensland
Carers	3.3	Indigenous Policy and North Australia Office
Aged	3.4	Victoria
Corporate	Various	New South Wales
Service delivery	Various	Victoria

Engaging the community

The development of the Family Homelessness Prevention and Early Intervention Pilot (FHPEIP) scheme is an example of how the department, through the state and territory office network, engages the community. The FHPEIP was announced by the Government in the 2001–02 Budget. The aim of the pilot was to identify and help families at risk of homelessness before homelessness became a reality for them. Many families had been seeking help only when they reached a crisis point. FaCS wanted to trial early intervention to prevent families getting into crisis.

The FHPEIP program was developed in the FaCS National Office. Each state and territory office contributed local knowledge to the process of site selection. They researched areas of disadvantage, looking for locations with the greatest need for a homelessness prevention program. The Minister for Family and Community Services approved the selection of eight FHPEIP sites across the country—one in each state and territory. The Wyong Shire was the area selected in New South Wales for the pilot.

Advertisements for tenders were published in newspapers, and FaCS staff presented the concept to non-government organisations that were interested in operating the program in and around Wyong. FaCS NSW staff received the applications from interested organisations and worked with their colleagues in the FaCS National Office on the tender assessment process to select the successful tenderer.

In June 2002, the Minister announced the Wyong Burnside Uniting Church as the successful tenderer. They called their new homelessness pilot program ‘Habitat’.

Staff from the NSW FaCS office worked closely with Habitat from the start as they established the program—building partnerships, recruiting staff, drafting a memorandum of understanding with Centrelink, their close partner and the source of many of their referrals. FaCS NSW staff also worked with Habitat on defining what ‘homelessness’ meant in Wyong. Together they talked through the referral process and other ways to make the program successful.

NSW FaCS staff played an important role in building the partnership with Habitat and Centrelink. Habitat and Centrelink work closely to identify families at risk. They discovered that single fathers were not accessing many services around Wyong. Habitat was instrumental in setting up the first men’s program in the region—the Men’s Advocacy and Practical Strategies (MAPS) group. Habitat and Centrelink began building relationships with other agencies in the area that could potentially identify and refer families at risk. These organisations have now themselves formed successful partnerships.

Throughout the pilot, NSW FaCS staff monitored Habitat’s contract with FaCS and assisted the organisation in developing its annual plans and the other reports required under the agreement. FaCS staff attended face-to-face meetings with the organisation on a monthly basis until the program became established, when meetings were held once every two months. At the end of June 2004, NSW FaCS staff met Habitat workers to help them plan and prepare their final evaluation report.

In 2003–04, almost 100 families at risk of homelessness in the Wyong Shire had been in contact with Habitat.

The second phase of the homelessness pilots—the Household Organisational Management Expenses (HOME) advice program—will be coordinated through FaCS National Office.

Funding for peak bodies

Through the National Secretariat Program, FaCS supports peak organisations to contribute to government policy and service delivery and to channel information between their membership and government. It also provides a consultative mechanism for the ministers and the portfolio.

The National Secretariat Program provided financial support to 20 national community peak bodies representing six portfolio programs: community services, homelessness, welfare, disabilities, children’s services and family relationships.

Total expenditure in 2003–04 was \$3 871 212 (GST inclusive).

Table 72 Organisations funded under the National Secretariat Program, 2003–04

PEAK BODY	FUNDING (\$)
National secretariat	
Australian Council of Social Service	513 950
National Industry Association for Disability Services (ACROD)	275 000
Families Australia	275 000
Early Childhood Australia	275 000
Australian Federation of Homelessness Organisations	275 000
Volunteering Australia	165 000
Australian Federation of Disability Organisations	137 500
Secretariat support	
Blind Citizens Australia	132 000
Deafness Forum of Australia	132 000
Head Injury Council of Australia	132 000
National Council on Intellectual Disability	132 000
National Ethnic Disability Alliance	132 000
Australian Association of the Deaf	132 000
Physical Disability Council of Australia	132 000
Women with Disabilities Australia	132 000
Program support grants	
Catholic Welfare Australia	118 492
Family Services Australia	169 204
Relationships Australia	116 303
Secretariat of National Aboriginal and Islander Child Care	142 763
Lone Fathers Association	55 000
National Council of Single Mothers and their Children	55 000
Australian Early Childhood Association	55 000
Australian Federation of Homelessness Organisations	55 000
Australian Association of the Deaf	44 000
Blind Citizens Australia	44 000
Deafness Forum of Australia	44 000
Total	3 871 212

Note: The nature of this program means that some funding is also reported in the individual output group performance reports.

FaCS–Centrelink relationship

FaCS–Centrelink Business Alliance

Alliance 2004 project

The Alliance 2004 project was the main vehicle for building a new relationship between FaCS and Centrelink. The project aimed to improve the outcomes for customers and community, provide better reporting to government and improve the FaCS–Centrelink relationship.

The business alliance frameworks that FaCS has developed with Centrelink will reshape the relationship from one that has been largely focused on inputs and processes to one that is more clearly focused on achieving government outcomes. In addition to providing a clear ‘line of sight’ from inputs to outputs and outcomes, they provide FaCS and Centrelink staff with:

- ▶ clearly articulated roles, responsibilities and accountabilities
- ▶ an improved focus on what each organisation contributes to government outcomes and outputs, with fewer disputes about expectations
- ▶ evidence that gives confidence that the business relationship is effective, and risks to achieving business objectives are managed.

The Alliance 2004 project consisted of six frameworks:

▶ **Outcomes and Outputs Framework (OOF)**

This framework increases transparency to government by setting out performance measures for service delivery outputs, improving each organisation’s focus on what it contributes to government outcomes, and showing that the success of one organisation is integral to the success of the other.

▶ **Business Assurance Framework (BAF)**

This framework allocates responsibility for managing key risks and, for ensuring that appropriate controls are in place to mitigate these risks and that processes are in place to show that the controls are working.

▶ **Centrelink funding model**

This cost-based model ensures that Centrelink is funded for the work it undertakes on behalf of Australian Government agencies. The model improves the ‘line of sight’ from inputs through outputs to outcomes, provides transparency to government and enables FaCS and Centrelink to be more responsive to issues affecting our business.

▶ **Information and evidence base**

This framework improves FaCS and Centrelink’s transparency to government (on current measures) and their responsiveness to government (on future directions); recognises that information is essential for supporting decision making; and provides evidence that the organisations’ business relationship is being managed effectively.

► Relationship framework

This framework sets out the vision for the business alliance, clarifies the roles and responsibilities of FaCS and Centrelink, and acknowledges that each organisation makes different but equally valuable contributions to these outcomes.

► Business Alliance Agreement

This agreement documents the agreements between FaCS and Centrelink for all joint business interactions. It increases transparency to government and replaces the current 2001–04 Business Partnership Agreement.

Research partnerships

Longitudinal studies

The development of long-term partnerships with academic researchers and community organisations is a key factor in the success of FaCS' major longitudinal studies, including:

- the Household, Income and Labour Dynamics in Australia (HILDA) survey
- Growing Up in Australia: Longitudinal Study of Australian Children (LSAC)
- Footprints in Time: Longitudinal Study of Indigenous Children (LSIC).

All aspects of these studies—from the identification of research objectives to the type of information collected, the design of the study, and the use of the data—are supported by advisory committees involving academic experts in the subject matter, actual and potential users of the data sets, and community representatives who have knowledge of the issues and policy impacts. Other Australian Government agencies and state and territory government representatives are also actively involved in providing advice on the studies, recognising their important role as data users, policy makers and service providers.

The HILDA and LSAC studies are managed and operated by consortia of academic institutions representing experts in the relevant fields, in close partnership with FaCS.

The Melbourne Institute of Applied Economic and Social Research at the University of Melbourne manages the HILDA survey itself, and a group of academic researchers who are keen users of the data provides advice and support to the Melbourne Institute. These researchers include labour market economists, sociologists and demographers.

LSAC is managed by the Australian Institute of Family Studies (AIFS) and a consortium of researchers from 10 academic institutions, including child psychologists, paediatricians, early childhood educationalists, sociologists, and psychiatrists.

This partnership arrangement means that FaCS, as a policy and service delivery department, can work closely with research experts and community groups to ensure the longitudinal studies produce data that are relevant to policy and of high-quality scientific value.

With LSIC, particular attention is being paid to engaging with Aboriginal and Torres Strait Islander people, communities, organisations and service providers in recognition of the critical importance that the study is accepted by the Indigenous community and that the data collected will meet their needs.

Social Policy Research Services

The Social Policy Research Services (SPRS) agreements (2001–04) comprise research partnerships between FaCS and three university-based research institutions: the Social Policy Research Centre (SPRC) at the University of New South Wales; the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne; and the Social Policy Evaluation, Analysis and Research Centre (SPEAR) at the Australian National University.

The Melbourne Institute has expertise in empirical studies of the labour market and its interaction with the social security system, behavioural policy modelling, and economic and social research on families and communities. The SPRC focuses on the design and delivery of social policy programs and their impact on the living standards, behaviour and circumstances of income support recipients and their families, and community organisations. SPEAR has expertise in evaluation of the effectiveness of social policy programs and interventions, including alternative delivery options, advanced econometric and statistical methods, and longitudinal data design and analysis.

The SPRS agreements represent a mutually beneficial relationship whereby FaCS draws on the expertise of academics held in high repute who, in turn, benefit from access to FaCS' longitudinal data holdings.

In addition to the SPRS program, FaCS also has a research agreement with the Centre for Aboriginal Economic Policy Research at the Australian National University. This work focuses on priorities identified in FaCS' Indigenous research agenda.

Australian Research Council (ARC) Linkage Grant projects

From time to time, FaCS acts as an industry partner with universities in ARC Linkage Grant projects. Examples of current involvement include:

- ▶ Labour supply and savings of older Australians: behavioural responses and economic impact—FaCS partnership with the University of New South Wales and the University of Sydney
- ▶ Parents on low income study (POLIS)—FaCS partnership with the Australian Institute of Family Studies and the Australian National University
- ▶ Intergenerational transmission of dependence on income support: patterns, causation and implications for Australian social policy—FaCS partnership with the Australian National University.

Right payments to the right people

As part of the Alliance 2004 project governing the relationship between FaCS and Centrelink (see pages 270–271), the Outcomes and Outputs Framework (OOF) sets out the performance framework that reflects the organisations' roles in achieving government outcomes. It also sets out the measures that will be used to assess the organisations' respective contributions to the FaCS departmental outputs of service delivery and policy advice. FaCS and Centrelink are jointly accountable to Parliament for the payments and services that Centrelink delivers to the community.

The 2001–04 Business Partnership Agreement, governing the relationship between FaCS and Centrelink, specifies a monetary compliance benchmark of \$980 million in savings, which was achieved by Centrelink in 2003–04.

New debt-raising and recovery performance measures included as part of the OOF have been developed under the Alliance 2004 project for implementation in 2004–05.

The 2004–05 financial year will be used to benchmark performance with a view to setting compliance performance targets in 2005–06.

Control of program fraud and incorrect payment

On behalf of FaCS, Centrelink ensures that controls are in place to minimise the risk of fraud and payment incorrectness. The agencies' Business Partnership Agreement details these controls and provides a framework for maximising correct payment.

This framework consists of three key strategies:

- ▶ prevention—through systems and procedures to minimise the risk of incorrect payment
- ▶ detection and recovery—through processes to detect incorrect payments as soon as possible and to correct them promptly
- ▶ deterrence—promoting voluntary compliance through creating a public recognition of the risks and penalties involved in attempting to fraudulently receive payments, including likelihood of detection, recovery of debts and possible prosecution.

Under these key strategies FaCS requires Centrelink to:

- ▶ develop, implement, and support systems and procedures to prevent, identify, investigate and deter incorrect payments and fraud
- ▶ undertake activities in debt prevention; reviews; debt identification, raising and recovery; and prosecution
- ▶ monitor, analyse and report on performance.

Control strategies aim to prevent incorrect payments rather than detect them later. The controls are risk-based and Centrelink gives due consideration, in consultation with FaCS, to cost efficiency and good customer service.

The relevant legislation and the key performance indicators for debts seek to ensure that debts are identified and raised in an accurate and timely manner. Affected customers are notified of adverse determinations resulting from reviews that affect a rate of payment, result in a debt or action to recover a debt, or institute prosecution proceedings.

Reviews apply natural justice; in adverse determinations the customer can comment on the reasons for action taken. FaCS also requires Centrelink to provide an assurance of correct payment by:

- ▶ adhering to agreed procedures and processes to maximise correct payments, and providing ongoing assessment of control framework effectiveness, particularly proof-of-identity procedures to minimise identity fraud
- ▶ undertaking, in consultation with FaCS, comprehensive risk assessments of service and payment delivery for each income support program
- ▶ providing data on the accuracy of decision making to assure FaCS that the incidence of incorrect payment arising through incorrect decisions is minimal.

FaCS continually monitors performance to measure the success of the control framework and service provider performance. At a departmental level, the impact of compliance activities on outlays indicates performance.

Random samples

Rolling random sample surveys provide a key measure of the effectiveness of compliance and other review activity. The primary purpose of the random sample surveys is to provide a measure for accuracy of outlays, and a means to facilitate external assurance as required under the business assurance framework.

Random samples are a point-in-time analysis of customers' circumstances, designed to establish whether customers are being correctly paid in accordance with the Business Assurance Framework's 'four pillars' of payment correctness. During 2003–04 Centrelink undertook, on FaCS' behalf, rolling random sample surveys of 10 050 customers receiving benefits, including the Age Pension (1500), Youth Allowance (1500), Parenting Payment Partnered (1500), Parenting Payment Single (1500), Disability Support Pension (DSP) (1500), Newstart Allowance (1500), Wife Pension Age and DSP (350), Widow Allowance (350) and Partner Allowance (350). The ongoing program of random sample surveys will provide continuous information on the level of, and reasons for, incorrect payment as well as on the effectiveness of the overall control framework for managing payment accuracy. The results of random sample surveys undertaken to 31 December 2003 are provided in Table 73.

Table 73 Results of random sample surveys undertaken to 31 December 2003^a

Payment type	Residual inaccuracy
Age Pension	1.29%
Disability Support Pension	1.83%
Newstart Allowance	6.73%
Parenting Payment Partnered	6.80%
Parenting Payment Single	4.39%
Youth Allowance	8.45%
Widows Pension B	1.73%
Overall rate of inaccuracy	3.30%

^a The rate of inaccuracy is derived from the ratio of inaccurate payment to the amount being paid to the sample populations adjusted for the existing control framework. The overall inaccuracy rate of 3.3% is estimated by weighting by payment population and includes upward and downward variations. A similar proportion of inaccuracy would be expected across the entire population.

Maximising correctness of payments

Debt prevention

Through its business partnership with Centrelink, FaCS emphasises preventive measures for all dealings with customers by ensuring a framework of procedures, controls and systems, including:

- ▶ undertaking identification checks
- ▶ issuing appropriate claim forms to customers and alerting customers to their obligations and existing detection mechanisms
- ▶ verifying critical facts that customers supply
- ▶ selectively applying risk-based admission procedures to ensure resources go to those cases where perceived risk of incorrect payment is greatest
- ▶ requiring customers to provide their tax file numbers and where appropriate their partners' tax file numbers as a condition for receipt of payment
- ▶ requiring benefits be paid directly into customer accounts to reduce the occurrence of cheque fraud.

Detection and recovery

Review activity

FaCS funds Centrelink to undertake particular review activities to target identified risks. All review activity is conducted in accordance with the Privacy Act.

Profiling

Service profiling is a method of selectively identifying and reviewing customers who need a more focused level of service to help them meet program outcomes, including payment correctness, activity testing and economic and social participation.

Further Budget measures in 2003–04 provided for the introduction of service profiling for Disability Support Pension and Austudy, as well as providing additional resources to conduct more profiling reviews for Youth Allowance, Age Pension and Parenting Payment.

Data matching

Data matching involves comparing customer identity details, including in some cases tax file numbers, with records from other federal and state bodies, to identify declared income or assets changes.

Data-matching activities include:

- ▶ Tax Office individual and partners' tax data
- ▶ Tax Office employment declaration forms
- ▶ Tax Office rental assets data
- ▶ Tax Office Pay-As-You-Go payment summary information
- ▶ Tax Office Australian Business Number information
- ▶ state and territory registrars general deaths data
- ▶ Department of Immigration and Multicultural and Indigenous Affairs immigration records
- ▶ state and territory departments of corrective services data
- ▶ Defence Housing Authority data
- ▶ Commonwealth Superannuation Administration (ComSuper) data
- ▶ Department of Employment and Workplace Relations data
- ▶ enrolment status of Youth Allowance and Austudy customers.

Other activities

Other methods to identify possible incorrect payments include:

- ▶ joint case work between Centrelink and the Tax Office
- ▶ information from members of the public
- ▶ risk-based review selections generated from statistical analysis of customer characteristics
- ▶ reviews to examine customer entitlements at a specific time in their duration on payment.

Identity fraud

FaCS and Centrelink continue to build relationships with other organisations with customers in common and where fraud prevention is of mutual interest. FaCS was involved in whole-of-government activities by participating in various committees to combat identity fraud through mutual cooperation in investigating the cash economy. Legislation was passed in November 2003 enabling Centrelink access to AUSTRAC financial transactions reporting information. Use of these data will enhance the ability to detect identity fraud and misrepresentations by Centrelink customers.

Sophisticated computer detection methods continue to detect identity-related fraud. In 2003–04, these methods identified 171 cases of identity fraud. This relates to 729 claims for payment, as a single fraudulent identity may be used to make a number of claims.

Debt recovery

FaCS, through Centrelink, recovers debts by withholding ongoing payments and recovering cash repayments. In certain cases, garnishee action recovers debts from tax refunds and other lump-sum payments. Care is taken that customers are not placed in undue hardship from ongoing withholdings of payments or garnishee action.

A contracted mercantile agent collects debts when the debtor's whereabouts are unknown to Centrelink or it is not cost-effective to pursue the debts through standard debt recovery processes.

Compensation

Compensation provisions reflect the principle that income support for people who suffer compensable injuries mainly lies with relevant compensation authorities rather than with the taxpayer-funded social security system. Compensation provisions provide for:

- ▶ recovery of past payments of social security from arrears payments of periodic compensation payments and lump-sum compensation payments
- ▶ preclusion periods within which social security payments cannot be paid due to the receipt of lump-sum compensation payments
- ▶ periodic payments, such as weekly workers' compensation payments, to reduce directly, dollar-for-dollar, the rate of social security payments otherwise payable.
Any excess is treated as income for partners of compensation recipients.

To ensure the community understands the social security implications of receiving compensation, Centrelink provides a high-level outreach and information service to compensation authorities and to legal, insurance, union and community representatives.

In 2003–04, application of the compliance provisions achieved estimated savings to outlays of \$404 million.

Deterrence

Dealing decisively with detected cases of incorrect payment encourages voluntary compliance. This helps the public recognise the risks and penalties involved in attempting to fraudulently claim payments. Centrelink must:

- ▶ promptly identify and investigate (or refer to the Australian Federal Police) possible offences
- ▶ refer appropriate cases to the Director of Public Prosecutions for possible prosecution.

Procedural requirements make customers aware of their obligations, and prosecution outcomes are publicised.

Customer Account

The Customer Account is a web browser interface to customer data currently stored in the Centrelink mainframe computer. Its purpose is to simplify, streamline and standardise the way staff use and manage customer data. The Customer Account re-uses customer information and offers staff a single-screen summary of customer data that would normally be accessed via 24 mainframe screens. Customer Account provides links to other tools and applications, including the mainframe. New claims processing software for Parenting Payment Single and Newstart Allowance/Youth Allowance continues to be developed for this financial year.

FaCS expects that by July 2006 customers will be able to view, update and in some instances make a claim via their personal accounts and supply simple updates via the Internet. FaCS keep a watching brief on Customer Account to monitor budgeted savings and ensure that policy is correctly applied within the technology.

Business Assurance Framework

The Business Assurance Framework (BAF) has been developed by FaCS and Centrelink to provide a comprehensive picture of the operation of controls and of the effectiveness of the risk management framework for the delivery of programs and services to customers through Centrelink. The BAF recognises that many controls are managed through the service delivery arrangements with Centrelink; it assigns responsibility for managing risks to the agency best placed to do so while seeking assurances that the management of those risks is effective.

The BAF builds on existing mechanisms of quality control and quality assurance to measure the quality of controls against key risks in the delivery of services to customers. It also relies on external assurance, such as ANAO audits and validation of data, to provide confidence in the quality assurance process and in the information upon which assurances are based.

The basic principles of the BAF are the following:

- ▶ there should be agreement between stakeholders about the outcomes to be achieved
- ▶ there should be alignment and consistency between quality control, quality assurance and external assurance processes through common definitions and agreement on what is to be measured and how
- ▶ the focus should be both retrospective (risks to outcomes are being effectively managed) and prospective (emerging risks are being identified and treated).

The rolling random sample surveys of payment correctness form an integral part of the BAF in relation to accuracy of outlays and payment correctness. Implementation of these surveys was completed during 2003–04. The surveys use definitions of accuracy of outlays, payment correctness and sources of error agreed between FaCS and Centrelink under the BAF. The information from the surveys is also used in identifying and analysing program steps deemed critical to payment correctness.

Further development of the BAF has been undertaken as part of the Alliance 2004 project with Centrelink and focuses on services to customers provided through Centrelink such as referrals to services, participation support and information on rights and responsibilities. FaCS and Centrelink have agreed key risks to the delivery of these services and are working together to develop definitions and methodologies for measurement of the quality of controls. The work is expected to be completed during 2004–05.

The development of the FaCS service delivery framework will guide program managers in establishing and managing service delivery arrangements with other providers. This will be informed by the work on the development of the BAF with Centrelink to support risk management within FaCS.

Achievements

Savings to outlays

- ▶ In 2003–04, the Integrated Review System and an interrogation of the Centrelink mainframe data indicated that review activity achieved \$104.16 million in savings to future fortnightly outlays.
- ▶ Review activity raised debts of \$452.82 million.

Review activity

- ▶ In 2003–04, the Integrated Review System and an interrogation of the Centrelink mainframe data indicated that Centrelink reviewed 4 108 593 social security payments. Of these, 958 772 were compliance reviews.
- ▶ It is estimated that compliance review activity resulted in 157 977 social security payments (16.48 per cent) being reduced. Overall, 18.72 per cent of compliance reviews identified an incorrect payment.

Debt raising and recovery

- ▶ Centrelink raised 1 538 486 FaCS and Family Assistance Office debts, valued at \$922.18 million. Of these, debts raised for recovery totalled \$891.82 million, with the balance being waived at determination.
- ▶ Recoveries of FaCS and Family Assistance Office debts by cash and withholdings amounted to \$678.55 million. These figures include compensation debts.
- ▶ Total recoveries were equivalent to 76 per cent of the amount of new debt raised over the same period, and 91 per cent of total recoveries were raised within 56 days (target: 80 per cent).

These figures exclude Child Care Benefit and Family Tax Benefit reconciliations and tax return non-lodger debts.

Prosecutions

In 2003–04, 4462 cases of alleged social security fraud were referred to the Director of Public Prosecutions. The courts dealt with 3043 cases resulting in 2977 (98 per cent) convictions. 87 per cent of cases met the quality requirements of the Director of Public Prosecutions (target: at least 80 per cent).

Budget measures

Prevention

Risk profile review activities for Youth Allowance and Austudy were aligned with those of other payments to minimise incorrect payments and debts for these customer groups. Face-to-face reviews of Parenting Payment customers were introduced to enable timely interventions for customers at risk of being incorrectly paid.

Detection

Expanded data matching enabled newly available data sources—such as income reported against Australian Business Numbers, Pay-As-You-Go payment summaries from the Tax Office and Job Network placements in casual employment data—to be accessed.

Risk profiling capability for the Age Pension program was expanded to review arrangements for customers at risk of failing to declare changes in their real estate holdings.

An increased focus on identity fraud investigations using increased external and internal data sources occurred. Additional services from the Australian Federal Police and the Director of Public Prosecutions were purchased.

Research and development

As part of the 2003–04 Budget, FaCS was provided with funding to coordinate the research, development and analysis of perceived risks to FaCS outlays, including:

- ▶ research into awareness and community awareness and attitudes towards biometric technologies
- ▶ research into the impact of the cash economy on FaCS outlays
- ▶ exploring the use of geographical risk mapping software to enhance existing profiling measures
- ▶ exploring the effectiveness of current prosecution arrangements in deterring fraud
- ▶ involvement in a cross-agency data-cleansing project to quantify dubious records in identity registers of the Australian Government and state and territory governments
- ▶ research into study-related debt.

An independent review of compliance arrangements was conducted as requested by ministers for consideration in the 2004–05 budget process.

Other projects included the purchase of data-mining software, research into compliance motivation, assessment of random sampling methodology, research into prosecution, marriage-like relationships, and research by the Securities Industry Research Centre of Asia–Pacific (SIRCA) to investigate and manage identity fraud.

Social Security Appeals Tribunal

The Social Security Appeals Tribunal (SSAT) is part of the FaCS portfolio and is responsible to the Minister for Family and Community Services. It is a statutory body created by the Social Security (Administration) Act 1999 to conduct merits review of administrative decisions made under a number of enactments, in particular the social security law and family assistance law.

Tribunal structure and membership

The SSAT consists of an Executive Director, directors, members and staff. The current Executive Director, Mr Les Blacklow, was appointed for a three-year term from 1 April 2002. The Secretary of FaCS delegates financial and employment powers to the Executive Director.

The Executive Director of the SSAT is responsible to the Minister for Family and Community Services for the overall operation and administration of the tribunal, including taking reasonable steps to ensure that its decisions are consistent and that it performs its functions efficiently and effectively.

The National Office of the SSAT is in Melbourne. The National Manager and staff in the National Office assist the Executive Director.

There is an office of the tribunal in each state and territory, each headed by a director. The director of the Victorian office is also responsible for the Tasmanian office, the director of the Queensland office is responsible for the Northern Territory office, and the director of the New South Wales office is responsible for the Australian Capital Territory office.

At 30 June 2004, the tribunal had 151 members, working either full-time or part-time. Members are selected for general skills such as an understanding of and commitment to the principles of administrative review, a knowledge of the social security system, interpersonal skills and particular expertise in disciplines such as law, welfare or community work, medicine or public administration.

The Governor-General in Council appoints the Executive Director, directors and members. This demonstrates a clear demarcation between FaCS personnel and tribunal membership.

In line with its reporting obligations under section 25 of Part 3 of Schedule 3 to the Social Security (Administration) Act, the Executive Director submits an annual report to the Minister for Family and Community Services, to be laid before both Houses of Parliament.

Governance

Under the tribunal's corporate governance arrangements, the Executive Group advises and assists the Executive Director in the overall operation and administration of the core business of the SSAT. Chaired by the Executive Director, with the National Manager and directors as members, this group focuses principally on the strategic direction and overall performance of the tribunal.

The SSAT is a member of the Council of Australasian Tribunals.

Appeal management and customer service

As provided for in the Social Security (Administration) Act, the tribunal provides a review mechanism that is 'fair, just, economical, informal and quick'. To this end, it is independent of Centrelink and FaCS.

The SSAT's Strategic Plan for 2003–05 sets out its core values and service standards, within the framework of its primary objectives.

In 2003–04, 9282 appeals were lodged with the tribunal. At the start of the year, 1392 appeals were on hand. During the year, the tribunal finalised 9328 appeals involving review of 10 271 separate decisions. The average time between the lodging and finalising of an appeal was 8.6 weeks. At 30 June 2004, 1346 appeals were on hand.

The SSAT provides a quarterly performance report to the minister.

Relationship management

Although the tribunal has the independent power to review appeals, the tribunal has a memorandum of understanding with FaCS for administrative services that support the tribunal in functioning effectively; an updated memorandum of understanding is being negotiated. The SSAT purchases the use of FaCS financial and personnel management information systems to assist in performing its purchasing, accounts payment, budgeting and staff management functions.

In June 2003, the tribunal signed an Administrative Arrangements Agreement with Centrelink, aimed at establishing a long-term professional relationship between both organisations. The key focus of this agreement is to enhance service delivery outcomes for appellants and to improve liaison across a broad range of administrative matters. Both parties monitor compliance with this agreement, which will be reviewed in December 2004 for a further three-year period.

Financial management

Funding for the tribunal's running costs (salary, administration, property and IT) is provided in the FaCS operational budget. While the tribunal prepares and submits budget bids to FaCS to incorporate into total portfolio requirements, it does so in aggregate. FaCS provides funds to the tribunal in fortnightly instalments of one twenty-sixth of the budget allocation.

The tribunal manages its own financial resources. In 2003–04, the tribunal operated within its budget of \$13.03 million.

People management

The tribunal is responsible for managing its human resources. It purchases human resource policy advice and administrative support from FaCS, as required, to perform this function.

As mentioned above, FaCS performs some administrative functions on behalf of the tribunal, such as leave processing and payment of salaries and fees for all tribunal staff and members.

Information management

The tribunal has its own electronic appeal management system to manage and administer the lodgment of appeals. The tribunal purchases IT infrastructure services from FaCS.

Risk management

The tribunal has a security and fraud control plan, and has implemented the Government Online Strategy and the Commonwealth Disability Strategy. It uses a comprehensive internal audit program to provide a framework for the measurement (both quantitative and qualitative) of performance and identification of risk across all areas of tribunal activity.

Service charter

The tribunal's service charter expresses its commitment to providing high-quality, timely and courteous services to its applicants and stakeholders.

