

The Auditor-General
Audit Report No.34 2004–05
Performance Audit

Centrelink's Complaints Handling System

Australian National Audit Office

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Canberra ACT
9 March 2005

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in Centrelink in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit to the Parliament. The report is titled *Centrelink's Complaints Handling System*.

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. J. Barrett', is positioned above the printed name.

P. J. Barrett
Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

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Foreword

This report on Centrelink's complaints handling system is one in a series of reports that examine Centrelink's customer¹ feedback systems. The other reports in the series cover Centrelink's: Customer Charter and community consultation program; customer satisfaction surveys; review and appeals system; and Value Creation program. There is also a summary report that brings together the findings and recommendations of each of the reports, and provides an overall audit opinion in respect of Centrelink's customer feedback systems.²

Centrelink's prime responsibility is to deliver the Government's social policy agenda, which, until October 2004, occurred mainly as part of its Business Partnership Agreement (BPA) with the Department of Family and Community Services (FaCS).³ The agency also provides many other services and, in 2003–04, delivered products and services on behalf of 25 Commonwealth and State client agencies, involving total annual expenditure of approximately \$60 billion. Centrelink has over 25 000 staff and delivers services through a network of 15 Area Support Offices, 321 Customer Service Centres and 26 Call Centres located across Australia.

In 2003–04, Centrelink delivered services to 6.5 million customers, or approximately one-third of the Australian population. Customers include retired people, families, sole parents, people looking for work, people with disabilities, carers, Indigenous Australians⁴ and people from diverse cultural and linguistic backgrounds (DCALB).⁵ Revenues to Centrelink for the sale of its services totalled \$2.2 billion in 2003–04. FaCS contributed \$2.0 billion of this total.

¹ Customer is a term used by Centrelink throughout the organisation and in its dealings with, predominately, citizens. As such, this and related reports have similarly used the terminology.

² ANAO Audit Report No.31 2004–05, *Centrelink's Customer Feedback Systems—Summary Report*.

³ On 22 October 2004, the Prime Minister announced machinery of government changes affecting, among other things, the administration of policy relating to income support payments and related programs. Previously, Centrelink was located in the FaCS Portfolio and, while it had agreements in place with other agencies such as Department of Employment and Workplace Relations (DEWR) and the Department of Education Science and Training (DEST) for the delivery of some services, the overwhelming bulk of Centrelink's activities related to its delivery of services on behalf of FaCS. As a result of the changes announced by the Prime Minister, Centrelink is now part of the newly established Department of Human Services Portfolio. In addition, DEWR now has policy responsibility for the delivery of working age income support payments (including Newstart, Parenting Payment (partnered and single), Youth Allowance for non-students, Disability Support Pension and Mature Age Allowance) and DEST has policy responsibility for income support payments for students (including Youth Allowance for students which had previously been administered by FaCS).

⁴ 'Indigenous Australian' in this report means Aboriginal and Torres Strait Islander peoples.

⁵ DCALB is a term used by Centrelink to describe people of diverse cultural and linguistic background, other than Indigenous Australians.

The high number of customers, their reliance on Centrelink payments, and the \$2.2 billion service delivery costs, coupled with the \$60 billion in customer payments, require an assurance to the Parliament, client agencies, customers and the community, inter alia, that Centrelink's service delivery processes are readily accessible, timely and reliable. In addition, that assurance should encompass Centrelink obtaining and valuing the views of its customers, as well as using this information and other data sources to identify areas for improvement and cost savings.

The ANAO has previously conducted an extensive series of audits involving Centrelink. These audits have primarily investigated the efficiency and effectiveness of the payment and administration of various types of social security payments. The ANAO has not previously examined Centrelink's processes for promoting customers' rights, nor its systems for obtaining and responding to customer feedback.

Customer feedback systems are an important element in obtaining, analysing and reporting on customer views and experiences. The use of such information has the potential to improve an organisation's service delivery, and consequently increase customers' willingness to engage with the organisation. Using customer feedback may also assist in the identification of systemic problems with agency practices and procedures, which could result in cost savings from the development of better processes.

Centrelink, with over six million customers, has invested significant resources in a range of customer feedback systems, and gathers large amounts of information regarding customer experience. While Centrelink provides services to almost a third of the Australian population covering people from all walks of life, a number of its customers are the most vulnerable in our society, and are those who have a heavy dependence on Centrelink. Ensuring that these customers are aware of, and use, Centrelink's feedback systems is an added challenge for the organisation.

This series of reports examines Centrelink's major customer feedback systems, and makes a number of recommendations on ways to improve the systems to better obtain and utilise the allied information, with a view to capturing better the potential for service improvement and cost savings, resulting in more efficient and effective program outputs and outcomes.



P. J. Barrett
Auditor-General

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Abbreviations

AAT	Administrative Appeals Tribunal
ANAO	Australian National Audit Office
ARO	Authorised Review Officer
ASO	Area Support Office
CC	Call Centre
CEO	Chief Executive Officer
CFAD	Customer Feedback 'Approach' Database
CFS	Customer Feedback Sheet
CRUNET	CRU Homepage
CRU	Customer Relations Unit
CSC	Customer Service Centre
CSIT	Customer Service Improvement Team
CSO	Customer Service Officer
DCALB	Diverse Cultural and Linguistic Background
FaCS	Department of Family and Community Services
ISO	Indigenous Service Officer
MSO	Multicultural Service Officer
NSO	National Support Office
SRT	Service Recovery Team
SSAT	Social Security Appeals Tribunal
TTY	Telephone Typewriter

Glossary

Authorised Review Officer	A Centrelink Officer responsible for reviewing a decision at the request of the customer.
Business Partnership Agreement	<i>FaCS-Centrelink Business Partnership Agreement 2001–2004.</i> This document provides the basis for the relationship between the two Commonwealth agencies, which is a unique arrangement characterised by purchaser/provider responsibilities as well as partnership and alliance.
Customer Experience Strategy	The Customer Experience Strategy document describes Centrelink's Customer Experience Management Model and uses the model to build the Customer Experience Strategy for 2004–06. The focus is on the customer experience, encompassing the actual physical and emotional experience of Centrelink customers across all moments of contact with Centrelink.
Customer Relations Unit	The central point for handling customer feedback in a Centrelink Area. It provides a medium for customers to raise issues and have them resolved. Feedback is received in the form of complaints, compliments and suggestions. CRUs also receive general information requests.
Indigenous Australians	Aboriginal and Torres Strait Islander Peoples.
Telephone typewriter	Allows people who are deaf or hearing impaired to communicate by telephone
Vulnerable Customers	Vulnerable customers may include those customers who are homeless; have a drug or alcohol dependency; have low levels of literacy or numeracy; have a mental health condition; are Indigenous; and/or come from a diverse cultural and linguistic background.

Summary and Recommendations

Summary

Background

1. In 2003–04, Centrelink delivered services to 6.5 million customers, or approximately one-third of the Australian population. A number of these customers are the most vulnerable⁶ in our society, and are those who have a heavy dependence on Centrelink.

2. Centrelink has recognised the importance of regularly seeking feedback from its large customer base on the quality of the services provided by the agency's extensive customer service network. To this end, Centrelink has a number of processes in place from which to obtain customer feedback. Some of these are Centrelink initiated, such as customer satisfaction surveys; others are customer initiated, such as complaints and use of the review and appeals system.

3. An important element of Centrelink's customer feedback system is its complaints handling system. The management of customer complaints is considered by Centrelink to be important to both its performance and reputation as a service provider. The former Chief Executive of Centrelink stated the following:

customer complaints are opportunities for us to find the weaknesses in our service delivery and to fix them.⁷

4. Centrelink deals with around six million customers and makes many millions of decisions a year. Given the number of customers and decisions, there are relatively few complaints. In 2003–04, Centrelink recorded 39 663 customer contacts which were complaints, and a further 17 399 customer contacts relating to a Call Centre being busy and unable to take their call.

Audit approach

5. The primary objective of this audit was to examine the effectiveness, efficiency and economy of Centrelink's complaints handling system as a tool for Centrelink to gather, measure, report and respond effectively to customer feedback, and the extent to which Centrelink uses the data obtained to improve service delivery. The ANAO specifically examined the following aspects of the complaints handling system:

⁶ Vulnerable customers may include those customers who: are homeless; have a drug or alcohol dependency; have low levels of literacy or numeracy; have a mental health condition; are Indigenous; and/or come from a diverse cultural and linguistic background.

⁷ Sue Vardon (then Chief Executive, Centrelink), *Australia Security in Government Conference—SES Seminar*, speech delivered 5 November 1998.

- methods for lodging a complaint;
- classification of complaints;
- customers' awareness of, and satisfaction with, the system;
- customers' willingness to use the system;
- monitoring and reporting; and
- cost and quality issues.

6. In addition to consideration of the Australian⁸ and International Standards⁹ for Complaint Handling, the ANAO examined Centrelink's complaints handling system against the Commonwealth Ombudsman's better practice guide, *A Good Practice Guide for Effective Complaint Handling* (the Guide). The Guide describes the essential elements of an effective complaints handling system from a theoretical standpoint, and then discusses how these principles can be put into action by any government agency. The Guide has been developed exclusively with the public sector in mind, and represents best practice in the handling of complaints by public sector departments and agencies.

Key findings

Overview

7. Obtaining and recording customer complaints provides Centrelink with the opportunity to gain customers' perceptions of service delivery in a timely manner, often immediately after a service has been provided. Unlike some of the other forms of customer feedback initiated by Centrelink, complaints that are initiated by the customer can cover a broad range of issues that may not have been identified or considered previously. Customer complaints can also play a significant role in highlighting issues with service delivery and organisational processes that could be addressed to improve customers' interaction with Centrelink.

⁸ Australian Standard *Complaints Handling* (AS4269–1995).

⁹ ISO 10002: 2004 on Complaints Handling.

Classification and resolution of complaints (Chapter 2)

8. A three-tier system has been established by Centrelink to deal with complaints made by customers, based on the complexity of the contact. This tier system applies to all complaints, regardless of the method by which they are lodged.¹⁰

9. Centrelink has sought to create an environment where staff feel empowered to deal with complaints directly at the first point of contact. This guiding principal is consistent with the Australian Standard *Complaints Handling* (AS4269–1995).

10. However, Centrelink's 2003 internal audit of Customer Complaint Management found that:

there is significant inconsistency across the customer service network in the frequency of prompt resolution of complaints at the point at which they are received.¹¹

11. The ANAO considers that such inconsistency significantly increases the risk that Centrelink is not capturing the benefits, for the organisation and its customers, available from resolving complaints, where possible, at initial contact.

Customer awareness and satisfaction (Chapter 3)

Overview

12. The evidence available to the ANAO indicates that there is a low level of awareness amongst Centrelink customers regarding the avenues available to them to lodge a complaint with Centrelink.

Survey data

13. The 2002 *Centrelink National Customer Satisfaction Study* asked those customers surveyed to identify ways in which they could make a complaint to Centrelink about its service. Some 26 per cent of customers were unable to

¹⁰ There are six main ways in which customers can lodge a complaint directly with Centrelink, these being:

- by telephone, through the Customer Relations Line (1800 number) on Freecall 1800 050 004, or Freecall 1800 000 567, which accepts telephone typewriter (TTY);
- by telephone to a Customer Service Centre (CSC), or a Call Centre (CC);
- by speaking to a Centrelink Customer Service Officer (CSO) directly at a CSC;
- by completing a customer comment card and lodging it either at a CSC or mail by reply paid post;
- by email, using a Service Feedback form that can be completed and forwarded via Centrelink's website; and
- by mail or facsimile.

¹¹ Centrelink Audit, *Performance Audit of Customer Complaint Management*, October 2003, p. 3.

identify at least one way in which they could make such a complaint. This figure rose to 39 per cent for participants identified as being Indigenous Australians.

14. This question was not asked in 2003. Accordingly a comparison of these results over time cannot be made. Without the ability to undertake such comparisons, Centrelink lacks a quantitative method for determining whether customers' awareness of the available systems for lodging a complaint has improved over a given period of time.

Commonwealth Ombudsman

15. The Commonwealth Ombudsman (the Ombudsman) is responsible for investigating complaints from individuals, groups or organisations about the administrative actions of Commonwealth officials and agencies. The numbers of complaints received by the Ombudsman, where customers have not utilised Centrelink's own complaints handling system¹², indicates that some customers may be unwilling to use this avenue in the first instance. This may be an indication of a number of issues, including a low level of awareness of Centrelink's complaints handling system or a fear of retribution if a complaint is made directly to Centrelink.

16. The ANAO considers that these indications highlight the need for greater effort on the part of Centrelink to publicise, and to encourage, the use of its complaints handling system by its customers.

Centrelink website

17. The ANAO found that it was difficult for customers and business and community stakeholders to locate information on Centrelink's complaints handling system from its website. The ANAO found that a search for the term 'complaints' on the Centrelink website did not provide customers or stakeholders with information as to all the avenues available to lodge a complaint (such as directly with a Centrelink staff member). The website does not contain information on the way in which Centrelink addresses the complaints that it receives.

Satisfaction data

18. Centrelink conducts a suite of regular customer satisfaction surveys. None of these surveys asks any questions of participating customers that

¹² The Commonwealth Ombudsman's *Annual Report 2002–03* (p. 20) documents that the Ombudsman received 9 642 complaints in regard to Centrelink during that year. In 59 per cent of these cases, the Ombudsman decided not to investigate the complaint because Centrelink had not yet been given the opportunity to address the complainant's concerns about its actions. In 2003–04, the Ombudsman received 8 084 complaints about Centrelink, and decided not to investigate in 55 per cent of these cases because Centrelink had not yet been given the opportunity to respond (Commonwealth Ombudsman, *Annual Report 2003–04*, p. 38).

would allow Centrelink to obtain information on their satisfaction with the complaints handling system, their expectations about the system, or whether they had any suggestions for its improvement. Centrelink also conducts a staff poll every six months. However, there are no questions that are asked of participants regarding the complaints handling system.

19. The ANAO found that Centrelink lacks sufficient information regarding the satisfaction of both its customers and staff with the complaints handling system. This lack of information prevents Centrelink from gaining valuable insight into the operation and performance of complaints handling in the agency, and limits the ability to identify and pursue opportunities for improvement.

Fear of retribution (Chapter 4)

20. During the conduct of the audit, the stakeholders interviewed by the ANAO¹³ indicated that many of their clients, particularly those from vulnerable groups, would be unlikely to make a complaint to Centrelink about its service, possibly because of their fear that Centrelink may discriminate against them in the future. This is not to suggest that Centrelink does discriminate, rather that there is a fear or perception that such may occur.

21. The Ombudsman's Good Practice Guide states that, in order to attempt to remove the fear of retribution, agencies should inform clients that they will not be discriminated against as a result of any complaint.¹⁴

22. There are no guidance or procedural documents within Centrelink that prescribe that all Centrelink staff should inform customers and stakeholders that the complaint information they provide will be treated as confidential, and that they will not be discriminated against as a result of making a complaint.

23. The requirement for organisations to have internal monitoring procedures for their complaints handling systems, to identify any cases of discrimination, is included in both the Ombudsman's Good Practice Guide and the International Standard ISO 10002: 2004 on Complaints Handling.

24. Centrelink lacks provisions for an internal follow-up procedure to address the risk of discrimination against customers or stakeholders who lodge a complaint. Such a follow-up procedure could involve contacting a sample of customers who had complained to check that the complaint had indeed been addressed and resolved and that the customer had not encountered any

¹³ The ANAO interviewed 28 stakeholder organisations, including advocacy groups, peak bodies representing various customer groups (ranging from the aged to the homeless), and organisations that provide services directly to customers (including assisting customers in their dealings with Centrelink).

¹⁴ Commonwealth Ombudsman's Office, *A Good Practice Guide for Effective Complaint Handling*, 1997, p. 33.

adverse consequences as a result of his/her complaint. The follow-up procedure would also provide an opportunity to inquire about the customer's satisfaction with the complaints handling process.

Management of Customer Relations Units (Chapter 5)

25. Customer Relations Units (CRUs) have been established for all Centrelink Area Support Offices (ASOs). CRUs act as a central point for the handling and recording of customer feedback, and provide a medium for customers to raise particular issues and have those issues resolved. The Service Recovery Team (SRT), based in Canberra at Centrelink's National Support Office (NSO), is responsible for overseeing¹⁵ the customer feedback system administered by CRUs.

26. However, the SRT does not assume responsibility for the allocation or management of resources within individual CRUs, and does not provide ASOs with specific funding for the operation of CRUs. The SRT does not have any role in defining, standardising, or managing the independent analysis and reporting activities undertaken by the various CRUs across the network.

27. The SRT has advised the ANAO that it is only able to influence, rather than directly manage, CRU operations. As such, the SRT lacks the mandate to ensure that a CRU adopts identified best practice, even where it is evidenced and implemented by other CRUs.

28. The inability of the SRT to exercise some management control over service delivery within CRUs, and to mandate the implementation of better practice, limits Centrelink's ability to deliver, across the network, consistency in the manner in which complaints are recorded, analysed and resolved. Furthermore, better practice and identified gaps in service delivery that have been addressed by one CRU, may not always be implemented by, or even known to, another CRU if they are not incorporated in the national protocols.

¹⁵ The SRT's role in relation to CRUs is to:

- provide information and support to Area CRUs about upcoming national initiatives;
- establish and maintain an endorsed set of national protocols and standards for CRU operation;
- act as a liaison point for Area CRUs wishing to feed national concerns into NSO;
- direct customer feedback lodged via the internet to the Area best equipped to respond;
- maintain a master copy of the CRU database; and
- maintain a helpdesk role for Area CRUs.

Monitoring of the complaints handling system (Chapter 6)

Oral complaints received at a CSC

29. ANAO considers that there is a substantial risk that Centrelink's data regarding the total number and types of complaints received by the agency are inaccurate, as data on oral complaints received at (Customer Service Centres) CSCs are severely limited.

30. In order to facilitate the recording of oral complaints received at a CSC, Centrelink staff who receive such a complaint are required to complete and submit a Customer Feedback Sheet (CFS). However, CSC staff members interviewed by the ANAO advised that it was not common practice to complete a CFS when they received or resolved a complaint made directly to them by a customer. Centrelink data show that in April 2003, of the 2 543 complaints recorded by CRUs, only two were recorded as being made by customers to staff in a CSC.

31. Limitations in the design of the CFS results in a range of important information about individual oral complaints reported to CRUs not being recorded, even when the CFS form is completed by staff in CSCs. These issues compromise the reliability and integrity of Centrelink complaints data, and the ability to identify opportunities to improve service delivery and organisational processes.

Customer comment cards

32. The Centrelink customer comment card entitled *Tell us what you think* (comment card) is available to Centrelink customers in each CSC. The comment card allows customers to provide feedback on any aspect of Centrelink service.

33. Evidence available to the ANAO indicates that there is a low awareness amongst customers regarding the ability to lodge a complaint via a comment card. The ANAO considers that the design of the comment card may be a contributing factor to this low awareness. In particular, there appears to be a low awareness, or a general reluctance, amongst customers from a diverse cultural and linguistic background (DCALB) to use comment cards as a mechanism to lodge a complaint, despite the availability of translated versions of the forms.

34. Contrary to the relevant Centrelink national instruction, it is not the practice of all Centrelink CSC Managers to forward copies of completed comment cards to the local CRU. This limits opportunities for this feedback to be taken into account by Centrelink more broadly. Centrelink is also inhibited from adequately reporting information regarding this feedback to Parliament and the public.

Stakeholder complaints

35. Feedback by the community and business sectors can provide a rich source of intelligence for Centrelink. At present, feedback from these stakeholders cannot be recorded (other than from the Welfare Rights Network) in Centrelink's complaints database (CFAD).

36. The absence of any record of other stakeholder complaints means Centrelink is unable to monitor that they are resolved in a timely and satisfactory manner, and are appropriately analysed to identify opportunities for improvement in service delivery and organisational processes.

Multiple complaints

37. Centrelink is unable to identify where a customer has made multiple complaints about the same issue, or where a particular staff member or a CSC has been the subject of multiple complaints. CRU staff taking calls on the 1800 number are reliant on customers' explanations of the nature of their complaint and/or their own memory or experience in order to identify multiple complaints. The ANAO considers that, without a process to systematically collect information on the existence, nature and scope of multiple complaints, Centrelink's ability to identify emerging or significant trends in its complaints data is impaired.

Reporting (Chapter 7)

38. The ANAO found that there was a lack of consistency in the reporting and use of customer feedback received by CRUs, amongst ASOs and Centrelink staff more generally. In addition, Centrelink does not fully employ the functionality of the telephone system used by each of the CRUs, to report on telephone call wait times, and telephone call drop out rates, across the CRU network.

39. The manner in which Centrelink reports information on its complaints handling system in its annual report is misleading as it labels customer contacts incorrectly. Also, Centrelink's annual report does not include performance information in line with that identified in the Ombudsman's Guide as good practice.

40. The ANAO considers that the absence of such performance information in the annual report impacts adversely on Centrelink's ability to improve the accountability of its complaints handling system. It also prevents Centrelink from providing a more robust assessment of its complaints handling system, such as demonstrating its effectiveness, value for the investment in the system, and the impact it has had in improving its service delivery to customers and stakeholders.

Cost and Quality Assurance (Chapter 8)

Cost

41. During audit fieldwork, the ANAO found that the overall cost of the complaints handling system was unknown to Centrelink. Therefore, the average cost of processing a complaint was also not known. The total number of complaints received by Centrelink through all sources is also unknown.

42. Given the known number of customer contacts to the CRU network, and the associated resources required to process and respond to these contacts, there is a potential for cost savings and increased efficiency, without compromising the integrity and effectiveness of customer service provided by the CRU network. Centrelink would benefit from better monitoring of the cost of the complaints handling system to ascertain relative productivity and cost efficiency, and to achieve future cost savings which would enhance effectiveness.

Quality assurance

43. The SRT in NSO plays no role in mandating or applying a consistent measure of quality assurance in the resolution of complaints made to Centrelink regarding its service. The responsibility for ensuring the quality of CRU customer service, complaints handling and the quality of complaints data, rests with the local Area Manager and CRU team leader.

44. During the conduct of the audit, no evidence was provided to the ANAO by Centrelink to establish the existence of a quality assurance mechanism that would assist each Area Manager or CRU team leader to adequately discharge these responsibilities; nor ensure consistency across the national network in quality assurance activities.

45. The ANAO considers that the lack of an effective quality assurance mechanism for the handling of complaints prevents Centrelink from ensuring that all complaints are recorded, analysed, reported and resolved in an appropriate and timely manner. In addition, customers and stakeholders may be without redress for a considerable period of time, where Centrelink does not identify instances where complaints have been finalised on the agency's systems, but that in fact adequate resolution action has not been undertaken.

46. The ANAO considers that the lack of an effective quality assurance mechanism may also adversely affect the reliability, integrity and quality of the information Centrelink obtains through complaints, and the subsequent analysis of this information.

Overall audit conclusion

47. Centrelink has a well developed complaints handling system, supported by a network of CRUs. The CRUs deal with around 200 000 customer contacts each year, including around 40 000 complaints.

48. The ANAO concluded that, while Centrelink's complaints handling system is well developed, there are opportunities to improve the effectiveness, efficiency and economy of the system through improvements to Centrelink's methods for gathering, measuring, reporting and responding to complaints. Such improvements would make the system more accessible to customers, and provide more robust complaints information to Centrelink for use in enhancing service delivery.

Recommendations

49. The ANAO made 12 recommendations to improve Centrelink's complaints handling system.

Agency response

50. The CEO of Centrelink advised the ANAO on 7 February 2005 that he welcomed the report and agreed with all the recommendations. No additional comments were provided for attachment to the report.

Recommendations

Recommendation

No.1

Para. 2.18

The ANAO recommends that Centrelink take prompt action to address the finding of its October 2003 internal audit report on Customer Complaint Management, which identified that there is a significant inconsistency across the customer service network in the frequency of prompt resolution of complaints at the point at which they are received.

Centrelink response: Agree.

Recommendation

No.2

Para. 3.16

The ANAO recommends that Centrelink:

- (a) re-commence surveying customers regarding their awareness of its complaints handling system; and
- (b) as part of its overall communications strategy, identify ways to enhance customer awareness of its complaints handling system.

Centrelink response: Agree.

Recommendation

No.3

Para. 3.29

The ANAO recommends that Centrelink redesign its Internet website to:

- (a) ensure that a search on the term 'complaint' provides pertinent information to customers and stakeholders on its complaints handling system;
- (b) provide customers and stakeholders with more explicit information as to the various avenues by which to lodge a complaint;
- (c) ensure that information on Centrelink's complaints handling system is easily identifiable by customers and stakeholders; and
- (d) allow customers, and stakeholders to lodge a complaint without being required to navigate through numerous webpages.

Centrelink response: Agree.

**Recommendation
No.4
Para. 3.44**

The ANAO recommends that Centrelink regularly survey its customers and staff regarding their satisfaction with the complaints handling process.

Centrelink response: Agree.

**Recommendation
No.5
Para. 4.12**

The ANAO recommends that Centrelink, in accordance with the Commonwealth Ombudsman's Good Practice Guide for Effective Complaint Handling:

- (a) include, in each avenue available for the lodgement of a complaint, an explicit statement that assures customers and stakeholders of the confidentiality of the information they provide; and
- (b) establish an internal follow-up procedure to address the risk of discrimination against customers or stakeholders who lodge a complaint.

Centrelink response: Agree.

**Recommendation
No.6
Para. 5.14**

The ANAO recommends that Centrelink implement a system to:

- (a) improve and monitor national consistency in the way in which complaints are recorded, analysed and resolved by CRUs; and
- (b) facilitate the timely promulgation and adoption of better practice across all CRUs.

Centrelink response: Agree.

**Recommendation
No.7
Para. 6.29**

The ANAO recommends that Centrelink:

- (a) improve controls for ensuring that all oral complaints are recorded in an appropriate and timely manner within the CFAD; and
- (b) revise the CFS to include a greater range of relevant information to facilitate improved recording and analysis of oral complaints lodged at a CSC.

Centrelink response: Agree.

**Recommendation
No.8
Para. 6.47**

The ANAO recommends that Centrelink:

- (a) improve controls for ensuring that all completed comment cards are forwarded to the relevant CRU;
- (b) redesign the comment card to enhance customer awareness of its availability as an avenue to lodge a complaint;
- (c) identify ways of more generally improving customer awareness regarding the availability of comment cards as a feedback channel; and
- (d) identify ways of improving the current communication strategies implemented by Centrelink to increase DCALB customer awareness regarding the availability of comment cards and DCALB fact sheets.

Centrelink response: Agree.

**Recommendation
No.9
Para. 6.55**

The ANAO recommends that Centrelink develop the necessary functionality within the CFAD to allow for the recording, monitoring and analysis of complaints lodged by all stakeholders within the business and community sectors.

Centrelink response: Agree.

**Recommendation
No.10
Para. 6.67**

The ANAO recommends that Centrelink develop the necessary functionality within the CFAD to allow for the recording, monitoring and analysis of multiple complaints about the same issue, a particular staff member and/or CSC.

Centrelink response: Agree.

**Recommendation
No.11
Para. 7.39**

The ANAO recommends that Centrelink:

- (a) report on the full range of performance information on its complaints handling system identified as good practice by the Ombudsman's Good Practice Guide;
- (b) commence monitoring and reporting on telephone call wait times and telephone call drop out rates across the CRU network;
- (c) accurately report the true nature of all customer contacts recorded by the CRU network; and
- (d) implement a system to develop national consistency in the reporting and use of data obtained by its complaints handling system.

Centrelink response: Agree.

**Recommendation
No.12
Para. 8.29**

The ANAO recommends that Centrelink implement an effective quality assurance mechanism for the administration and monitoring of its complaints handling system.

Centrelink response: Agree.

Audit Findings and Conclusions

1. Introduction

This chapter provides background on the role of Centrelink's complaints handling system; describes the audit approach, including, the role of this audit in the series of ANAO performance audits of Centrelink's feedback systems; and sets out the report structure.

Background

1.1 In 2003–04, Centrelink delivered services to 6.5 million customers, or approximately one-third of the Australian population. Customers include retired people, families, sole parents, people looking for work, people with disabilities, carers, Indigenous Australians¹⁶ and people from diverse cultural and linguistic backgrounds (DCALB).¹⁷ A number of these customers are the most vulnerable¹⁸ in our society, and are those who have a heavy dependence on Centrelink.

1.2 Centrelink has recognised the importance of regularly seeking feedback¹⁹ from its large customer base on the quality of the services provided by the agency's extensive customer service network. To this end, Centrelink has a number of processes in place from which to obtain customer feedback. Some of these are Centrelink initiated, such as customer satisfaction surveys; others are customer initiated, such as complaints and use of the review and appeals system.

1.3 An important element of Centrelink's customer feedback system is its complaints handling system. The management of customer complaints is considered by Centrelink to be important to both its performance and reputation as a service provider.²⁰ The former Chief Executive of Centrelink stated the following:

customer complaints are opportunities for us to find the weaknesses in our service delivery and to fix them.²¹

¹⁶ 'Indigenous Australian' in this report means Aboriginal and Torres Strait Islander peoples.

¹⁷ DCALB is a term used by Centrelink to describe people of diverse cultural and linguistic background, other than Indigenous Australians.

¹⁸ Vulnerable customers may include those customers who: are homeless; have a drug or alcohol dependency; have low levels of literacy or numeracy; have a mental health condition; are Indigenous; and/or come from a diverse cultural and linguistic background.

¹⁹ Feedback is information received by Centrelink from customers and the community on Centrelink programs and service delivery. Feedback is received by Centrelink through a variety of ways including the complaints system, surveys, Value Creation Workshops, and the review and appeals system.

²⁰ Centrelink Audit, *Performance Audit of Customer Complaint Management*, October 2003, p. 1.

²¹ Sue Vardon (then Chief Executive, Centrelink), *Australia Security in Government Conference—SES Seminar*, speech delivered 5 November 1998.

1.4 Centrelink deals with around six million customers and makes many millions of decisions a year. Given the number of customers and decisions, there are relatively few complaints. In 2003–04, Centrelink recorded 39 663 customer contacts which were complaints, and a further 17 399 customer contacts relating to a Call Centre being busy.

Importance of complaints

1.5 In 1997, the Commonwealth Ombudsman's Office released *A Good Practice Guide for Effective Complaint Handling* (Good Practice Guide). The Good Practice Guide outlines the importance of effective complaint handling practices and states as follows:

A complaints system is an effective way to obtain feedback on problems clients are experiencing with your organisation and of which you may otherwise be unaware.²²

1.6 Obtaining and recording customer complaints provides Centrelink with the opportunity to gain customers' perceptions of service delivery in a timely manner, often immediately after a service has been provided. It is also more efficient for customers to be able to obtain a quick review of an issue by the organisation responsible for the program.²³

1.7 Unlike some of the other forms of customer feedback initiated by Centrelink, complaints that are initiated by the customer can cover a broad range of issues that may not have been identified or considered previously. These include both complaints that are the result of the correct application of the legislation or government policy as well as mistakes and/or poor service delivery.

1.8 Complaint information can act as an 'early warning mechanism for future problems' and can provide valuable information about an organisation's performance and the expectations of its customers.²⁴ Customer complaints can also play a significant role in highlighting issues with service delivery and organisational processes that could be addressed to improve customers' interaction with Centrelink.

1.9 Centrelink's draft Customer Experience Strategy 2004–2006 report acknowledges that 'the impact of the experiences our customers have with us is significant in shaping their preferences, expectations and behaviours'.²⁵

²² Commonwealth Ombudsman's Office, *A Good Practice Guide for Effective Complaint Handling*, 1997, p. 11.

²³ Commonwealth Ombudsman's Office, *Annual Report 2002–03*, p. 14.

²⁴ Commonwealth and Taxation Ombudsman, *Own Motion Investigation into Australian Taxation Office (ATO) Complaint Handling*, July 2003, p. 11.

²⁵ Centrelink, *Draft Customer Experience Strategy 2004–2006*, p. 2.

Therefore, using complaints information may not only assist Centrelink improve its service, but also lead to customers being more willing to comply with their reporting obligations, and to participate in required activities.

1.10 An effective complaints handling system provides the opportunity for Centrelink to avoid incurring the higher costs that can result from the escalation of customer complaints beyond the first point of contact. Centrelink procedures for handling customer feedback prescribed in *e-Reference 109.00110 Handling Customer Feedback and Complaints* note that an effective customer feedback system:

minimises the need for people to pursue the resolution of their grievances through channels external to Centrelink such as:

- the Social Security Appeals Tribunal (SSAT);
- by seeking representations to the Minister by Federal Members or directly seeking the intervention of the Minister;
- by raising their concerns with the Commonwealth Ombudsman or Public Assistance Groups (such as Welfare Rights); or
- by mounting a case with the Administrative Appeals Tribunal (AAT), the Federal Court or the High Court.²⁶

Audit approach

1.11 Until the machinery of government changes following the October 2004 Federal Election,²⁷ Centrelink's delivery of services on behalf of the Department of Family and Community Services (FaCS) constituted the overwhelming bulk of Centrelink's activities.²⁸ As indicated in the foreword to this audit report, given the importance of customer feedback to Centrelink's business, the ANAO considered it timely to conduct a series of performance audits relating to Centrelink's customer feedback systems, particularly in relation to its delivery of the services then provided on behalf of FaCS.

²⁶ Centrelink e-reference 109.00110.

²⁷ On 22 October 2004, the Prime Minister announced machinery of government changes affecting, among other things, the administration of policy relating to income support payments and related programs. Previously, Centrelink was located in the FaCS Portfolio and, while it had agreements in place with other agencies such as Department of Employment and Workplace Relations (DEWR) and the Department of Education Science and Training (DEST) for the delivery of some services, the overwhelming bulk of Centrelink's activities related to its delivery of services on behalf of FaCS. As a result of the changes announced by the Prime Minister, Centrelink is now part of the newly established Department of Human Services Portfolio. In addition, DEWR now has policy responsibility for the delivery of working age income support payments (including Newstart, Parenting Payment (partnered and single), Youth Allowance for non-students, Disability Support Pension and Mature Age Allowance) and DEST has policy responsibility for income support payments for students (including Youth Allowance for students which had previously been administered by FaCS).

²⁸ Accordingly, until October 2004, FaCS was Centrelink's major source of revenue, providing approximately 91 per cent of Centrelink's revenue in 2003–04. *Centrelink Annual Report 2003–04*, p. 196.

1.12 The overarching objective of the series of ANAO performance audits of Centrelink's customer feedback systems was to assess whether Centrelink has effective processes and systems for gathering, measuring, reporting and responding effectively to customer feedback, including in relation to customer satisfaction with Centrelink services and processes. More detail about this is included in the foreword to this report and in the overarching report, ANAO Audit Report No.31 2004–05, *Centrelink's Customer Feedback Systems—Summary Report*.

1.13 The ANAO consulted with Centrelink to establish the agency's key customer feedback systems to be included in the the series of audits to be undertaken to inform the ANAO's conclusions against this overarching objective. Centrelink's complaints handling system was considered to be an important part of its feedback system. Accordingly, it was selected for audit as part of this series.

1.14 The specific objectives of the audit of Centrelink's complaints handling system were therefore to examine:

- the effectiveness, efficiency and economy of the complaints handling system as a tool for Centrelink to gather, measure, report and respond to customer feedback; and
- the extent to which Centrelink uses the data obtained from the complaints handling system to identify opportunities for improving service delivery, and to inform its strategic planning and procedural development processes.

Audit methodology

1.15 The ANAO specifically examined the following aspects of the complaints handling system:

- methods for lodging a complaint;
- classification of complaints;
- customers' awareness of, and satisfaction with, the system;
- customers' willingness to use the system;
- monitoring and reporting; and
- cost and quality issues.

1.16 Fieldwork for this audit was conducted primarily between October 2003 and July 2004. The ANAO analysed key Centrelink documentation, files and information on Centrelink's intranet. The ANAO conducted interviews with Centrelink managers, key National Support Office staff and staff in Area Support Offices and Customer Service Centres in six of the 15 Centrelink Areas. The Areas visited by the ANAO are located in New South Wales, Victoria and the Australian Capital Territory. The ANAO also held discussions with key community and government stakeholders.

1.17 The ANAO examined Centrelink's complaints handling system against the Commonwealth Ombudsman's better practice guide *A Good Practice Guide for Effective Complaint Handling*. The Good Practice Guide describes the essential elements of an effective complaints handling system from a theoretical standpoint, and then discusses how these principles can be put into action by any government agency. The focus of the Good Practice Guide is on general service delivery complaints systems. However, the principles discussed in the Good Practice Guide are also applicable to requests for the review of decisions.

1.18 The Good Practice Guide was used more extensively in the analysis of Centrelink's complaints handling system than the Australian Standards AS4269–1995 (the Standard). This is because the Standard is only 12 pages long and was designed for both small and large organisations in either the private or public sectors. In comparison, the Good Practice Guide is over 80 pages long; has been developed exclusively with the public sector in mind; and represents best practice in the handling of complaints by public sector departments and agencies.

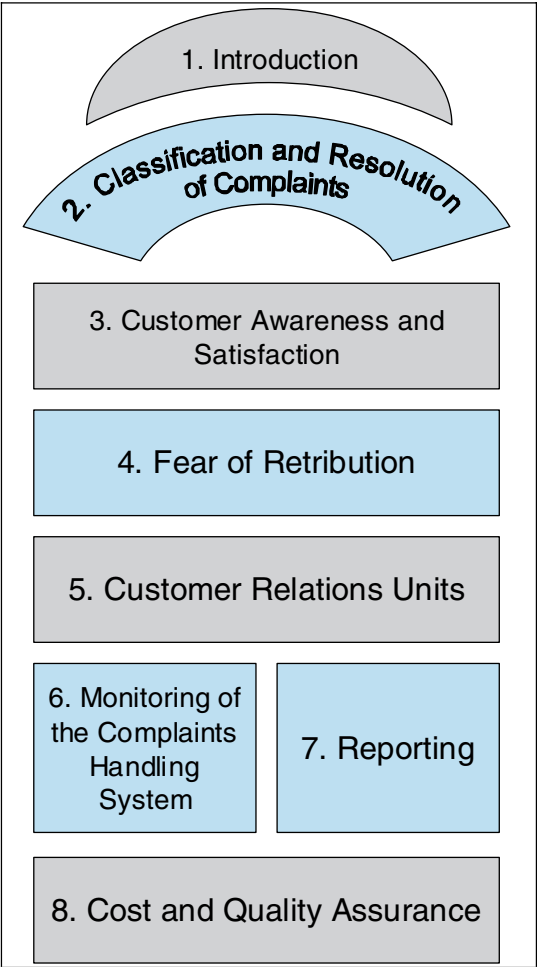
1.19 The audit was conducted in accordance with ANAO Auditing Standards at a cost to the ANAO of some \$169 000.

Structure of the report

1.20 This report contains eight chapters, as outlined in Figure 1.1 below.

Figure 1.1

Structure of the report



2. Classification and Resolution of Complaints

This chapter examines the tiered system of complaints resolution in Centrelink and issues with the resolution of complaints.

Methods for lodging a complaint

2.1 There are six main ways in which customers can lodge a complaint directly with Centrelink:

- by telephone, through the Customer Relations Line²⁹ (1800 number) on Freecall 1800 050 004, or Freecall 1800 000 567, which accepts telephone typewriter (TTY);³⁰
- by telephone to a Customer Service Centre (CSC), or a Call Centre (CC);
- by speaking to a Centrelink Customer Service Officer (CSO) directly at a CSC;
- by completing a customer comment card and lodging it either at a CSC or mail by reply paid post;
- by email, using a Service Feedback form that can be completed and forwarded via Centrelink's website; and
- by mail or facsimile.

2.2 Monitoring and reporting of these methods, and the role of Customer Relations Units (CRUs)³¹ in the complaints handling system are examined in later Chapters.

Tiered system of complaints resolution

2.3 A three-tier system has been established by Centrelink to deal with complaints made by customers, based on the complexity of the contact. This tier system applies to all complaints, regardless of the method by which they are lodged.

²⁹ Telephone calls made to this line are administered by the Customer Relations Unit (CRU) network and are examined in detail at paragraphs 7.12–7.16.

³⁰ The telephone typewriter (TTY) allows people who are deaf or hearing impaired to communicate by telephone.

³¹ Customer Relations Units provide a medium for customers to raise issues and have them resolved. They are the central point for handling customer complaints, and are examined in detail in Chapter 5.

2.4 Tier one complaints are categorised as those where the Centrelink officer who receives a complaint undertakes its resolution. The timeliness standard for the resolution of a tier one complaint is one working day from the time of receipt of the complaint in the CRU.³²

2.5 Tier two complaints are categorised as those complaints where responsibility for resolution is transferred to a CSC Manager, Customer Service Champion, or a Team Leader at the relevant CSC.³³ The timeliness standard for the resolution of a tier two complaint is three working days from the time of receipt of the complaint in the CRU.³⁴

2.6 Tier three complaints are categorised as those complaints where resolution is not possible under tier two. Complaints under this tier are generally referred directly to a Centrelink Area Customer Service Manager or Centrelink CSC Manager.³⁵ Complaints under this tier that are service related can be referred to an Area Business Manager or CSO. The timeliness standard for the resolution of a tier three complaint is five working days from the time of receipt of the complaint in the CRU.³⁶

2.7 Centrelink has set a target of finalising 90 per cent of tier one, two and three complaints within the timeliness standards. In its annual report for 2002–03, Centrelink reported that it had finalised 99.6 per cent of tier one complaints, 94.4 per cent of tier two complaints, and 88.6 per cent of tier three complaints, within the prescribed timeliness standards.³⁷

Resolution of complaints

2.8 Centrelink has sought to create an environment where staff feel empowered to deal with complaints directly at the first point of contact. Centrelink procedures for handling customer feedback and complaints prescribed in *e-Reference* 109.00110, specify that:

where possible feedback should be accepted and resolved at the initial contact. A customer-centered attitude where staff listen to what customers say, try to understand their needs and respond appropriately, minimises the incidence of internal reviews and external intervention.

³² Centrelink, *Annual Report 2002–03*, p. 39.

³³ CRU Database—Field Descriptions.

³⁴ Centrelink, *Annual Report*, op. cit., p. 39.

³⁵ CRU Database—Field Descriptions.

³⁶ Centrelink, *Annual Report*, op. cit., p. 39.

³⁷ *ibid.*, pp. 50–51.

2.9 This guiding principal is consistent with the Australian Standard *Complaints Handling* (AS4269–1995) which prescribes that a person who processes a complaint should:

resolve the complaint if possible or commit to doing something immediately, irrespective of who will ultimately handle the complaint.³⁸

2.10 An internal performance audit of Customer Complaint Management undertaken by Centrelink Audit in October 2003, found that:

there is significant inconsistency across the customer service network in the frequency of prompt resolution of complaints at the point at which they are received.³⁹

2.11 The internal audit examined the incidence of recorded tier one resolution among the 2 763 records of complaints recorded as being received during April 2003. It found that examination of these records revealed:

significant variations between the Areas, with the number of recorded tier one resolutions as a proportion of all complaints ranging from less than one per cent to more than eighty-four per cent.⁴⁰

2.12 The audit concluded that it was not possible to determine:

the extent to which the apparent variation in performance between Areas was attributable to differences in interpretation and recording practices, but concluded that such differences alone were unlikely to be the principal cause of the apparent variation, and that inconsistency of practice in the handling of customer complaints was likely to be a significant factor.⁴¹

2.13 In response, the National Manager of the Service Recovery Team (SRT) stated that the finding was accepted and that:

development of an action plan to address the matters noted by the audit will be canvassed at a conference to be attended by staff of the Service Recovery Team and Customer Relations Units in mid-November 2003.⁴²

2.14 However, during the course of this audit, Centrelink was unable to provide the ANAO with evidence of action taken to address this finding of the October 2003 internal audit report. This indicates that the issue of significant inconsistency across the customer service network in the frequency of prompt resolution of complaints at the point they are received, remains unresolved.

³⁸ Standards Australia, *Complaints Handling*, AS4269–1995, Section 4.2 (f).

³⁹ Centrelink Audit, *Performance Audit of Customer Complaint Management*, October 2003, p. 3.

⁴⁰ *ibid.*, p. 16.

⁴¹ *ibid.*, p. 17.

⁴² *ibid.*, p. 18.

2.15 Inconsistency in the operation of key business functions across the Centrelink network has been previously raised in an ANAO audit. In Audit Report No.4 2004–05, *Management of Customer Debt*, the ANAO found that ‘variations in Area Recovery Team structures reflected an inconsistent approach to debt recovery across the network’⁴³ and that:

‘both the customer’s outcome, and the effectiveness of operations depends disproportionately on the structure and processes of the relevant Area, and the priority the Area’s management places on the function’.⁴⁴

2.16 The audit report further found that:

Centrelink is a national organisation. Therefore, the quality of outcomes and customer service should not be dependent on the customer’s geographical location.⁴⁵

2.17 The ANAO considers that such inconsistency significantly increases the risk that Centrelink is not capturing the benefits for the organisation and its customers, available from resolving complaints, where possible, at initial contact. Accordingly, the ANAO considers it important that Centrelink take action to confirm that practices across the customer service network are consistent with *e-Reference* 109.00110, and Australian Standard *Complaints Handling* (AS4269–1995).

Recommendation No.1

2.18 The ANAO recommends that Centrelink take prompt action to address the finding of its October 2003 internal audit report on Customer Complaint Management, which identified that there is a significant inconsistency across the customer service network in the frequency of prompt resolution of complaints at the point at which they are received.

Centrelink response: Agree.

⁴³ ANAO Audit Report No.4 2004–05, *Management of Customer Debt*.

⁴⁴ *ibid.*

⁴⁵ *ibid.*, p. 122.

3. Customer Awareness and Satisfaction

This chapter looks at customer awareness of the complaints handling system, and Centrelink's systems for promoting and measuring awareness. It also examines complaints to the Commonwealth Ombudsman, and the implications of data about these complaints for customer awareness of Centrelink's system. Satisfaction with the complaints handling system, and the potential use of satisfaction data to improve the system are also examined.

Awareness of the complaints handling system

Survey data

3.1 The 2002 *Centrelink National Customer Satisfaction Study* (National Satisfaction Survey) asked those customers surveyed to identify ways in which they could make a complaint to Centrelink about its service. Some 26 per cent of customers were unable to identify at least one way in which they could make such a complaint. This figure rose to 39 per cent for participants identified as being Indigenous Australians.

3.2 While the ANAO has identified limitations with the survey (as discussed in further detail in ANAO Audit Report No.33 2004–05, *Centrelink's Customer Satisfaction Surveys*), the survey data are the only available data for analysis of customers' awareness of the complaints system.

3.3 For those survey respondents who were able to identify at least one way in which they could make a complaint to Centrelink about its service: 46 per cent identified the 1800 number; and 45 per cent identified talking to a staff member directly. These figures dropped to 28 per cent and 33 per cent respectively for customers identified as being Indigenous Australians. Only 1 per cent of the customers surveyed were able to identify customer comment cards as an avenue for making a complaint to Centrelink, with this figure rising to 3 per cent for customers identified as Indigenous Australians.

3.4 The ANAO found that, during the year 2003–04, only 445 complaints lodged through the 1800 number were lodged by customers who identified as being an Indigenous Australian.⁴⁶ This figure is low compared to the 39 663 complaints made by all customers to the 1800 number in 2003–04.⁴⁷ In addition, only eight comment cards were lodged during this period by customers who

⁴⁶ Centrelink, Complaints Data 2003–04.

⁴⁷ *ibid.*

identified as Indigenous Australian. The ANAO acknowledges that customers have to volunteer the information that they are Indigenous Australians, and that a number of Indigenous customers may lodge a complaint, but not identify themselves as Indigenous Australians.

3.5 A number of stakeholders interviewed by the ANAO during the course of the audit indicated that their clients are generally not aware of the various avenues by which they could lodge a complaint to Centrelink regarding its service. Furthermore, stakeholders indicated that their vulnerable clients are least aware of the various avenues for lodging a complaint.

3.6 The 2003 National Satisfaction Survey did not include the question asking respondents to identify ways in which they could make a complaint to Centrelink. Accordingly, a comparison of these results over time cannot be made. Without the ability to undertake such comparisons, Centrelink lacks a quantitative method for determining whether customers' awareness of the available systems for lodging a complaint has improved over a given period of time.

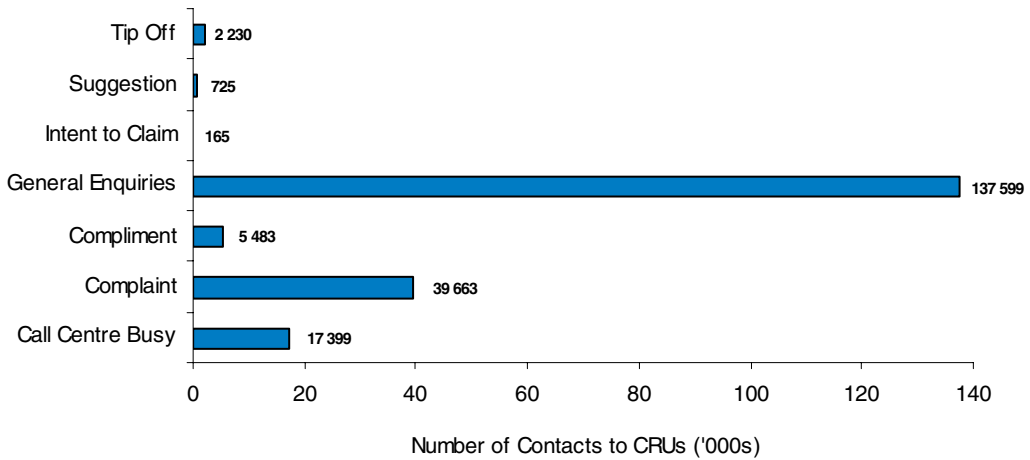
Types of customer contacts

3.7 A total of 203 264 customer contacts were recorded by Centrelink CRUs in 2003–04. Of these contacts, 137 599, or 67 per cent of total customer contacts, were general enquiries rather than complaints. Complaints comprised only 20 per cent of calls to the 1800 number. The rest of the calls fell into the following categories: Call Centre Busy;⁴⁸ Compliment; Intent to Claim;⁴⁹ Suggestion and Tip Off.⁵⁰ A breakdown of customer contacts recorded by the CRUs in 2003–04 is further illustrated in Figure 3.1.

⁴⁸ Call Centre Busy records are created when customers experience a busy signal when attempting to contact Centrelink via one of its 1300 numbers, and have subsequently contacted their local CRU to complain about this. The CRU protocol in this situation is to advise the customers of the optimal call times in which to retry their original call; and to advise them of alternative means of contacting Centrelink, such as via the internet.

⁴⁹ Intent to Claim records are created when contact is made by the CRU with either an existing Centrelink customer or a non-customer, during which they mention that they intend to make a claim for a payment administered by Centrelink. The CRU protocol in this situation is to create a record of this intention on an existing customers electronic file, or for a new customer, to assign them a Customer Reference Number (CRN) and create an electronic record indicating his/her intention.

⁵⁰ Tip Off records are created when information is provided by a customer contacting a CRU regarding instances of suspected fraud involving Centrelink provided payments. Minimal detail of the call is recorded in the CRU database. However full details of the tip off are entered into the Centrelink Tip Off Recording System for further investigation by specialised Centrelink staff.

Figure 3.1**Number of CRU Contacts by Feedback Type (2003–04)**

Source: Centrelink Complaints Data 2003–04.

3.8 The large number of general enquiries received by CRUs may indicate that:

- there is a low level of awareness amongst customers using the 1800 number as to its purpose; or
- customers have been unable to more satisfactorily or expeditiously address their general enquiry using another channel.

Complaints to the Commonwealth Ombudsman

3.9 The Commonwealth Ombudsman (the Ombudsman) is responsible for investigating complaints from individuals, groups or organisations about the administrative actions of Commonwealth officials and agencies.⁵¹ If the complaint is found to be justified, the Ombudsman can recommend that action be taken by an agency, either specifically, in an individual case, or generally, by a change to legislation or administrative policies or procedures.⁵²

3.10 Complainants are encouraged to utilise the complaints handling system of the agency involved before lodging their complaint with the Ombudsman.⁵³ However, the Ombudsman has the discretion to investigate the concerns of complainants who have not yet approached the agency's internal complaints handling system, should he decide the circumstances warrant it.

⁵¹ Commonwealth Ombudsman's Office, *Making a Complaint to the Ombudsman*, May 2004.

⁵² *ibid.*

⁵³ *ibid.*

Number of complaints to the Ombudsman

3.11 During 2002–03, the Ombudsman received 9 642 complaints in regard to Centrelink.⁵⁴ In 59 per cent of these cases, the Ombudsman decided not to investigate the complaint because Centrelink had not yet been given the opportunity to address the complainant's concerns about its actions.⁵⁵ This figure indicates that a relatively high proportion of Centrelink customers who lodge a complaint with the Ombudsman have not used Centrelink's own complaints handling system to address their complaint.

3.12 The Ombudsman received 8 084 complaints about Centrelink in 2003–04.⁵⁶ The Ombudsman decided not to investigate in 55 per cent of these complaints because the agency had not yet been given the opportunity to respond.⁵⁷

3.13 While the proportion of complaints the Ombudsman decided not to investigate, because Centrelink had not yet been given the opportunity to respond, had fallen 4 percentage points, the majority of Centrelink customers who complain to the Ombudsman, have not availed themselves of Centrelink's complaints handling system. This could potentially be a sign of:

- a low level of awareness amongst customers of Centrelink's complaints handling system;
- an unwillingness on the part of customers to use Centrelink's complaints handling system due to a fear of retribution, or a previously negative experience with Centrelink;
- a belief on the part of the customer that it is unlikely that a Centrelink staff member, who is independent of the issue involved in the complaint, would review and respond accordingly;
- a belief on the part of the customer that the Commonwealth Ombudsman is able to more expeditiously, or more effectively, deal with Centrelink regarding his/her complaint; or
- the complaints highlighting policy issues rather than issues regarding Centrelink administration.

⁵⁴ Commonwealth Ombudsman's Office, *Annual Report 2002–03*, op. cit., p. 20.

⁵⁵ *ibid.*

⁵⁶ Commonwealth Ombudsman's Office, *Annual Report 2003–04*, p. 38.

⁵⁷ *ibid.*

Conclusion

3.14 Evidence available to the ANAO indicates that there is a low level of awareness amongst Centrelink customers regarding the avenues available to them to lodge a complaint with Centrelink. Furthermore, the numbers of complaints received by the Ombudsman, where customers have not utilised Centrelink's own complaints handling system, indicates that some customers may be unwilling to use this avenue in the first instance.

3.15 The ANAO considers that these indications highlight the need for greater effort on the part of Centrelink to publicise, and to encourage, the use of its complaints handling system by its customers.

Recommendation No.2

3.16 The ANAO recommends that Centrelink:

- (a) re-commence surveying customers regarding their awareness of its complaints handling system; and
- (b) as part of its overall communications strategy, identify ways to enhance customer awareness of its complaints handling system.

Centrelink response: Agree.

Complaints information on the Centrelink website

3.17 The ANAO found that it was difficult for customers, and business and community stakeholders, to locate information on Centrelink's complaints handling system from its website.⁵⁸ A search for the term 'complaints' on Centrelink's website returned as the first search result the 'Contact Us—Telephone Us—Popular Numbers'⁵⁹ webpage.⁶⁰ This webpage contains a list of telephone numbers, including the 1800 number. The majority of the other search results provide references to Customer Relations Units in previously published Centrelink annual reports and media releases.

3.18 During the ANAO's examination of Centrelink's website, it found no search results that provided customers and stakeholders with information as to the other avenues available to lodge a complaint with Centrelink, such as customer comment cards or directly with a Centrelink staff member.

⁵⁸ A website is a collection of pages designed to present information over the World Wide Web.

⁵⁹ <http://www.centrelink.gov.au/internet/internet.nsf/contact_us/phone_general.htm>.

⁶⁰ A webpage is any one particular page that is located on the World Wide Web.

3.19 Customers are able to access the *Tell us what you think* form,⁶¹ via the Centrelink webpage. This form allows customers to lodge a complaint with Centrelink. In order to access this form, customers are required to use the 'Contact Us' link located on the Centrelink homepage.⁶² However this link requires a customer to navigate through several webpages. Furthermore, the word 'complaint' is not mentioned until the customer downloads and reads the form.

3.20 The 'Contact Us' page also provides links to the following webpages:

- 'Visit Us' which provides details of the location of Centrelink's CSCs across Australia;
- 'Write to Us' which informs customers of the ability to write to their local CSC and links to the 'Visit Us' page to access a list of CSC addresses; and
- 'Message Us' which provides links to various online forms on services, general messages or feedback.

3.21 However, details on lodging a complaint are not directly mentioned on any of the above webpages. Consequently, customers may be unaware that they are able to use these avenues in order to lodge a complaint with Centrelink.

3.22 The Centrelink homepage also allows customers to enter the Individuals webpage, via a link contained in the middle of the homepage. The link contains a picture and the following description, 'Individuals can view payments and services'.⁶³ On using this link, the Individuals webpage contains a link at the bottom of the page entitled 'feedback'. The webpage provides a description of the feedback link stating 'send us feedback on how to make this a better website'.⁶⁴ Despite this description, customers who enter this link are provided with the option of commenting on Centrelink services, in addition to providing comment on the Centrelink website and online services.

3.23 This description may confuse or mislead customers into believing that they are unable to use this link to lodge a complaint. In the absence of this link, there is no other indication on the Individuals homepage that would alert customers of the means by which they can lodge a complaint using the website.

⁶¹ <[http://www.centrelink.gov.au/internet/internet.nsf/MultiFilestores/com003_0311/\\$File/com003_0311en.pdf](http://www.centrelink.gov.au/internet/internet.nsf/MultiFilestores/com003_0311/$File/com003_0311en.pdf)>.

⁶² A homepage is the first page a user sees when he or she logs onto a web site. Typically, the homepage contains an index or table of contents to other documents located on the website.

⁶³ <<http://www.centrelink.gov.au>>.

⁶⁴ <<http://www.centrelink.gov.au/internet/internet.nsf/individuals/index.htm>>.

3.24 Stakeholders are able to access the 'Help and Comments'⁶⁵ homepage in order to provide Centrelink with comments regarding its online services. This electronic form (the form) contains a section entitled 'Need Help or Want to give Comments?'⁶⁶ in which there is space of 250 characters to enter a comment. The form does not contain the term 'complaint' and provides no indication it can be used in this way. The form also does not request information regarding the organisation or stakeholder group a person completing it, may be representing.

3.25 There is no information contained on the Centrelink website that provides customers or stakeholders with information on the way in which Centrelink addresses the complaints that it receives. Therefore, customers and stakeholders who lodge a complaint with Centrelink may not be in a position to determine whether their complaint is being dealt with in an appropriate and timely manner, in accordance with Centrelink's complaints handling procedures.

3.26 The ANAO found that it was difficult for customers and stakeholders to locate information on Centrelink's complaints handling system from its website. The ANAO also found that a search for the term 'complaints' on the Centrelink website did not provide customers or stakeholders with information as to all the avenues available to lodge a complaint, such as directly with a Centrelink staff member.

3.27 Customers are able to access the *Tell us what you think* form, via the Centrelink webpage to lodge a complaint. However this link requires a customer to navigate through several webpages, whilst the word 'complaint' is not mentioned until the customer downloads and reads the form.

3.28 The ANAO was unable to locate any information contained on the Centrelink website that provides customers or stakeholders with information on the way in which Centrelink addresses the complaints that it receives. This inhibits customers and stakeholders from determining whether their complaint is being dealt with in accordance with Centrelink's complaints handling procedures.

⁶⁵ <https://secure.centrelink.gov.au/sims/frm_osf_feedback.cfm>.

⁶⁶ <http://www.centrelink.gov.au/internet/internet.nsf/online_services/index.htm>.

Recommendation No.3

3.29 The ANAO recommends that Centrelink redesign its Internet website to:

- (a) ensure that a search on the term 'complaint' provides pertinent information to customers and stakeholders on its complaints handling system;
- (b) provide customers and stakeholders with more explicit information as to the various avenues by which to lodge a complaint;
- (c) ensure that information on Centrelink's complaints handling system is easily identifiable by customers and stakeholders; and
- (d) allow customers, and stakeholders to lodge a complaint without being required to navigate through numerous webpages.

Centrelink response: Agree.

Satisfaction with the complaints handling system

3.30 The Ombudsman's Good Practice Guide⁶⁷ contends that a good indicator as to the effectiveness of a complaints handling system is whether customers are satisfied with its operation. The Good Practice Guide states the following:

[the] extent to which clients are satisfied is probably the best indicator of whether a complaint system is working well for clients. A particularly good indicator of this is where the complaint is not resolved in favour of the client, but the client indicates that they are satisfied with the complaint system and its adequacy to deal with the issues raised. Measures of client satisfaction can provide a rich source of information of not only how satisfied clients are with the process, but their expectations of the system and any suggestions they may have for improvement.⁶⁸

Survey data

3.31 Centrelink monitors customer satisfaction with its service through a suite of regular surveys that it conducts.⁶⁹ These are examined in detail in ANAO Audit Report No.33 2004–05, *Centrelink's Customer Satisfaction Surveys*. The customer satisfaction surveys ask respondents a series of questions related to service delivery within Centrelink.

⁶⁷ Commonwealth Ombudsman's Office, *A Good Practice Guide*, op cit., p. 45.

⁶⁸ *ibid.*

⁶⁹ Centrelink, *Annual Report 2002-03*, op. cit., p. 94.

3.32 None of these surveys asks any questions of participating customers that would allow Centrelink to obtain information on their satisfaction with the complaints handling system, their expectations about the system, or whether they had any suggestions for its improvement.

3.33 During the conduct of the audit, Centrelink was unable to provide the ANAO with any evidence demonstrating a consistent and structured system for obtaining information on the satisfaction of customers with the complaints handling system.

3.34 The 2002 National Satisfaction Survey asked those customers surveyed their awareness of methods of making a complaint (see paragraphs 3.1 and 3.2), and to rate the ease of being able to make a complaint to Centrelink about its service. Centrelink reported that 74 per cent of customers responded that this was 'good' or 'very good'.

3.35 However, the ANAO notes that 32 per cent of the customers who answered this question in the 2002 study, responded that they 'don't know'. The 'don't know' responses were excluded from the calculation of this rating. Taking this figure into account, only 50 per cent of all customers who answered this question responded that the ease of making a complaint was good or very good. While the ANAO has identified limitations with Centrelink's customer satisfaction surveys, this is the only available data for analysis in relation to the issue of customer satisfaction with Centrelink's complaints handling system.

3.36 The 2003 National Satisfaction Survey repeated this question, and 50 per cent of customers responded that the ease of making a complaint was 'very good' or 'good'.⁷⁰ In 2003, the 'don't know' category was included in the calculation of this figure. However, there was no follow-up on this question for those who responded that it was not easy to make a complaint, or for those who didn't know. This means that Centrelink is unable to analyse the reasons that half of the customers surveyed considered it was not easy to make a complaint, and therefore identify methods to address any problems.

Staff satisfaction

3.37 The Ombudsman's Good Practice Guide states that:

Staff satisfaction is another important indicator of the effectiveness of the complaint system as it can indicate areas where improvements need to be made.⁷¹

⁷⁰ DBM Consultants, *Centrelink National Customer Survey, Wave 12*, February 2004, p. 33.

⁷¹ Commonwealth Ombudsman's Office, *A Good Practice Guide*, op cit., p. 47.

3.38 The Ombudsman's guide further states that:

Other staff within the organisation are also important, as they may be able to identify weaknesses in the complaint handling process. Is it too bureaucratic? Are managers getting the kinds of information they need to improve services? Is there a culture of 'blame' within the organisation which is acting as a barrier to improvements in client service?⁷²

3.39 Centrelink conducts a staff poll every six months in order to provide:

the organisation with feedback on employee commitment and satisfaction and on the effectiveness of its people strategies.⁷³

3.40 Within the staff poll, there are no questions that are asked of participants regarding the complaints handling system. The ANAO was also unable to identify any other formal system by which staff are invited to comment directly on the effectiveness of the complaints handling system, including their role in the system.

3.41 As a result, Centrelink does not have in place any mechanisms to gain information on how its staff view the:

- impact that the data obtained from customers' complaints have had on the efficiency and effectiveness of service delivery;
- areas for potential improvement in complaints handling;
- quality of information received from the CRUs; and/or
- level of staff commitment towards the appropriate resolution of customer complaints.

3.42 While the ANAO recognises that the Centrelink staff poll was not designed to measure staff satisfaction with the complaints handling system, it nevertheless provides an opportunity for Centrelink to gain the views of its staff, or their observations and suggestions regarding this system.

Conclusion

3.43 The ANAO found that Centrelink lacks sufficient information regarding the satisfaction of both its customers and staff with the complaints handling system. This lack of information prevents Centrelink from gaining valuable insight into the operation and performance of complaints handling in the agency, and limits the ability to identify and pursue opportunities for improvement.

⁷² *ibid.*

⁷³ Centrelink, *Annual Report 2002-03*, op. cit., p. 172.

Recommendation No.4

3.44 The ANAO recommends that Centrelink regularly survey its customers and staff regarding their satisfaction with the complaints handling process.

Centrelink response: Agree.

4. Fear of Retribution

This chapter looks at the issue of customers' fear of retribution from lodging a complaint, and Centrelink's procedures to reduce this fear.

Introduction

4.1 The Ombudsman's Good Practice Guide⁷⁴ describes the essential elements of an effective complaints handling system. The guide contends that:

fear of retribution can be a powerful disincentive for clients thinking of making a complaint. People will not complain if they believe the agency will somehow discriminate against them in the future. This is particularly true if the relationship between the client and the organisation puts the client in a vulnerable position, for example complaints involving the receipt of a pension or benefit, or whistleblower complaints. This can also be particularly relevant for clients from certain cultural backgrounds⁷⁵.

4.2 The Ombudsman's guide further states that:

clients may also be concerned that they may be subject to repercussions from agency staff if it is known that they have made a complaint and will need to be assured of the confidentiality of information they provide.⁷⁶

4.3 During the conduct of the audit, the stakeholders interviewed by the ANAO indicated that many of their clients, particularly those from vulnerable groups, would be unlikely to make a complaint to Centrelink about its service. Stakeholders indicated that the lack of complaints made by their clients, may either stem from: their fear that Centrelink may discriminate against them in the future; or their lack of understanding of avenues available to them to lodge a complaint.

4.4 The Centrelink comment card states that all information will be treated as confidential. However, there is a very low awareness amongst customers regarding the existence of comment cards (see paragraph 6.34). Furthermore, the comment cards do not contain a statement that informs customers and stakeholders that they will not be discriminated against as a result of lodging a complaint.

4.5 The service feedback form that is located on the Centrelink Internet homepage allows customers to provide an online comment about the service they have received from Centrelink. Unlike the comment card, the service

⁷⁴ Commonwealth Ombudsman's Office, *A Good Practice Guide*, op. cit.

⁷⁵ *ibid.*, p. 32.

⁷⁶ *ibid.*, p. 23.

feedback form does not contain a brief statement that all information will be treated as confidential. As well, the form does not contain a statement that informs customers and/or stakeholders that they will not be discriminated against as a result of lodging a complaint with Centrelink.

Monitoring procedures

4.6 The Ombudsman's Good Practice Guide states, that in order to attempt to remove the fear of retribution, agencies should:

- inform clients that they will not be discriminated against as a result of any complaint;
- provide a confidential channel for complaining which meets the needs of vulnerable groups; and
- establish internal complaint monitoring procedures, which ensure that discrimination does not take place (for example, by conducting follow-up checks with clients).⁷⁷

4.7 In addition, the international standard ISO 10002: 2004 on Complaints Handling includes internal monitoring procedures (referred to as 'objectivity reporting'). The standards state:

Organisations should monitor the responses to complaints to ensure complaints are handled objectively. Measures should include:

- a regular monitoring (e.g. monthly) of resolved complaints cases selected at random, and
- surveys of complainants, asking them if they were treated in an objective manner.⁷⁸

4.8 There are no guidance or procedural documents within Centrelink that prescribe that all CRU staff should inform customers and stakeholders that the information they provide will be treated as confidential, and that they will not be discriminated against as a result of making a complaint.

4.9 Furthermore, Centrelink lacks provisions for an internal follow-up procedure to address the risk of discrimination against customers or stakeholders who lodge a complaint. Such a follow-up procedure could involve contacting a sample of customers who had complained to check that the complaint had indeed been addressed and resolved and that the customer had not encountered any adverse consequences as a result of his/her complaint. The follow-up procedure would also provide an opportunity to inquire about the customer's satisfaction with the complaints handling process.

⁷⁷ *ibid.*, p. 33.

⁷⁸ ISO 10002:2004, *Guidelines for Complaints Handling in Organisations*, p. 13.

4.10 The absence of confidentiality and non-discrimination statements, and the lack of an internal follow-up procedure, may prevent Centrelink from adequately addressing the fear of retribution that could inhibit some customers and stakeholders from lodging a complaint. Accordingly, the number of complaints that Centrelink receives may not accurately reflect the true number of customers or stakeholders who wish to complain. This has the potential to adversely affect the reliability, integrity, and quality of the information Centrelink obtains through complaints, and its subsequent analysis of this information.

4.11 In this circumstance, not only do customers miss out on the opportunity to have a complaint addressed, but Centrelink also does not gain additional information that could assist in adding value to existing services, addressing service gaps, improving accessibility of services to customers and creating stronger relationships between Centrelink and the community.

Recommendation No.5

4.12 The ANAO recommends that Centrelink, in accordance with the Commonwealth Ombudsman's Good Practice Guide for Effective Complaint Handling:

- (a) include, in each avenue available for the lodgement of a complaint, an explicit statement that assures customers and stakeholders of the confidentiality of the information they provide; and
- (b) establish an internal follow-up procedure to address the risk of discrimination against customers or stakeholders who lodge a complaint.

Centrelink response: Agree.

5. Customer Relations Units

This chapter examines the role of Centrelink's Customer Relations Units, how the CRUs are managed, and the role of National Support Office's (NSO's) Service Recovery Team.

Background

5.1 Customer Relations Units have been established for all Centrelink Area Support Offices (ASOs). CRUs act as a central point for the handling and recording of customer feedback, and provide a medium for customers to raise particular issues and have those issues resolved.

5.2 CRUs do not form a part of Centrelink's Call Centre network. They are staffed entirely by CRU consultants, who are experienced Centrelink staff tasked with the role of handling and recording customer feedback. CRUs receive customer feedback in the form of complaints, compliments, and suggestions.

5.3 Customers are able to provide such feedback to a CRU through two primary mechanisms:

- by telephone, through the 1800 number; or
- by completing a customer comment card, and lodging it either at a CSC or through reply paid post.

5.4 CRUs also receive details of complaints that have been made by customers directly to a Centrelink staff member, through the completion of a *Customer Feedback Sheet* discussed further below. Each CRU is required to record, and either handle, or co-ordinate, the resolution of all complaints lodged via the 1800 number.

Management of CRUs

5.5 The Service Recovery Team, based in Canberra at Centrelink's National Support Office (NSO), is responsible for overseeing the customer feedback system administered by CRUs.

5.6 The SRT's role in relation to CRUs is to:

- provide information and support to Area CRUs about upcoming national initiatives;

- establish and maintain an endorsed set of national protocols and standards for CRU operations;⁷⁹
- act as a liaison point for Area CRUs wishing to feed national concerns into NSO;
- direct customer feedback lodged via the Internet to the Area best equipped to respond;
- maintain a master copy of the CRU database; and
- maintain a helpdesk role for Area CRUs.⁸⁰

Funding

5.7 The SRT does not assume responsibility for the allocation or management of resources within individual CRUs, and does not provide ASOs with specific funding for the operation of CRUs. The SRT does not have any role in defining, standardising, or managing the independent analysis and reporting activities undertaken by the various CRUs across the network.

5.8 ASOs are required to independently allocate funding to CRUs, and to manage all staffing and administrative issues pertaining to the operation of CRUs. ASOs also assume responsibility for establishing the level, detail and frequency of the various analytical and reporting activities undertaken by CRUs.

5.9 The analysis and reporting of complaints by CRUs are integral to enabling the identification of potential cost savings and areas for improvement in service delivery, and the dissemination of better practice across the Centrelink network. The SRT has established protocols for CRUs that have been endorsed by each of the Area CRUs. The protocols represent the minimum standard for the operation of CRUs. However, each ASO may institute local extensions to the protocols.

SRT mandate

5.10 Although the SRT has overall responsibility for the management of customer complaints, the SRT exercises no authority over the staff or service delivery provided by each of the CRUs. The SRT has advised the ANAO that it is only able to influence, rather than directly manage, CRU operations.

5.11 As such, the SRT lacks the mandate to ensure that a CRU adopt identified best practice, even where it is evidenced and implemented by other

⁷⁹ The CRU network endorses the national protocols and standards governing their operations. Each CRU within the network retains responsibility for their implementation.

⁸⁰ Centrelink, SRT Homepage.

CRUs. For example, there are internal communication processes in the CRUs to promote better practice in complaints handling, including team rooms, email networking and annual conferences. However, Centrelink informed the ANAO on 16 November 2004 that 'Voluntary compliance is usually the norm where recommended practices are put forward'.

5.12 The SRT also lacks the mandate to require that a CRU change or adopt a particular method of service delivery for increased efficiency and effectiveness, or to address service delivery gaps; aside from updating the protocols.

Conclusion

5.13 The inability of the SRT to exercise some management control over service delivery within CRUs, and to mandate the implementation of better practice, limits Centrelink's ability to deliver, across the network, consistency in the manner in which complaints are recorded, analysed and resolved. Furthermore, better practice and identified gaps in service delivery that have been addressed by one CRU, may not always be implemented by, or even known to, another CRU, if they are not incorporated in the national protocols.

Recommendation No.6

5.14 The ANAO recommends that Centrelink implement a system to:

- (a) improve and monitor national consistency in the way in which complaints are recorded, analysed and resolved by CRUs; and
- (b) facilitate the timely promulgation and adoption of better practice across all CRUs.

Centrelink response: Agree.

6. Monitoring of the Complaints Handling System

This chapter examines Centrelink's methods for monitoring the complaints handling system.

Customer Feedback 'Approach' Database

6.1 Centrelink has developed a Lotus Approach database known as the Customer Feedback 'Approach' Database (CFAD). The CFAD allows CRUs to record information regarding the feedback they receive. Each CRU operates a local version of the CFAD. The database used by each CRU is loaded onto local ASO servers. There is no direct networking between CRUs, and staff working within a CSC or CC do not have access to their local Area's CFAD.

6.2 The Customer Service Improvement Team (CSIT), part of the SRT located at NSO, maintains a master copy of the CFAD. The CSIT is able to access the records that have been created by each of the CRUs. However, this functionality is not available to the CRUs, who are unable to access the records contained in the master copy of the CFAD.

6.3 The information that is recorded on the master copy of the CFAD is not input directly by each CRU. Rather, at the end of each month, CRUs forward the records that they have created in their autonomous databases to the CSIT. The CSIT then manually populates these records into the master copy of the CFAD, as automatic uploading is not currently possible.

6.4 The format and functionality of the database used by each CRU is standard across the network. However, the lack of networking capability amongst each of the databases used by the CRUs, prevents them from comparing their results with those of the other CRUs, until the master copy of the CFAD database is populated with the previous month's data.

6.5 The ANAO considers that the opportunity to use the information recorded in the CFAD in a timely manner, at both a national and inter Area level, is hampered by the lack of networking capacity between each local CFAD database. Furthermore, the timely use of information recorded in the CFAD is delayed by the requirement to manually upload all CRU records into the master copy of the CFAD.

6.6 The delay in uploading this information within the master copy of the CFAD prevents Centrelink from gaining a timely picture of the complaints and feedback data recorded by each of the CRUs, and therefore identifying national trends or systemic issues. This delay also prevents CRUs from undertaking, in a timely manner, trend analysis, or monitoring their performance and

operations against other CRUs. In some instances, multiple complaints (as discussed in further detail at paragraphs 6.56 to 6.66) made by a number of customers regarding the same issue, may be indicative of a systemic problem across the network.

6.7 The delay in uploading information into the master copy of the CFAD may hamper Centrelink's ability to identify, and subsequently address, trend or systemic problems, before they escalate into issues that affect a large group of customers and or stakeholders, and requires considerable additional resources to resolve.

6.8 The ANAO considers that the current structure and functionality of the CFAD database used by each CRU, and the master copy of the CFAD, do not provide Centrelink with a timely national picture of the complaints and feedback data that it receives via the CRU network. In this circumstance, there is not the capacity to conduct timely comparisons of the operations and performance of each CRU across the network.

Oral complaints received at a CSC

6.9 The nature of service delivery within a CSC provides Centrelink customers, and stakeholders within the business or community sectors, the opportunity to speak directly to a CSO or Centrelink Office Manager to lodge an oral complaint. The receipt of such complaints allows Centrelink to obtain customers' or stakeholders' perceptions on the quality of service delivery, in a timely manner, often immediately after a service has been provided.

6.10 Such timely feedback provides Centrelink with the opportunity to rapidly respond to issues that may be affecting the quality of its service delivery, or the satisfaction of its customers.

Customer Feedback Sheet

6.11 In order to facilitate the recording of oral complaints by CRUs, Centrelink staff who receive such a complaint, are required to complete and submit a Customer Feedback Sheet (CFS) online, via the CRU homepage (CRUNET) located on the Centrelink Intranet.⁸¹

6.12 There are a number of compulsory fields within the CFS, these being:

- the name and phone number of the staff member who dealt with the feedback;
- the CSC where the feedback was provided;
- the name of the customer who provided the feedback;

⁸¹ Centrelink, *Customer Feedback Sheet*.

- information as to whether follow up action is required; and
- the location of the ASO that the customer's feedback relates to.

6.13 The non-compulsory fields within the CFS comprise both the telephone number and reference number of the customer involved, and a free text area entitled 'Customer Issue'. The free text area allows a Centrelink staff member to record details of the feedback and any action taken.

6.14 The information that is forwarded to the relevant CRU via the CFS does **not** include:

- information as to whether the complaint was lodged by a stakeholder within the business or community sector;
- the name of other Centrelink staff members that may have been the subject of, or involved in receiving or addressing, the complaint;
- information as to whether such feedback has been made on previous occasions, and remains unresolved, or was inadequately dealt with;
- the date on which the complaint was received;
- the date on which the complaint was resolved;
- the timeliness of such resolution;
- the relevant tier⁸² under which the complaint was dealt;
- information as to whether the customer was notified of an outcome, and was made aware of his/her external appeal rights; and/or
- information as to the nature of the customer's complaint in instances where the free text area entitled 'Customer Issue' is not completed.

6.15 The absence of such information severely limits the capacity of the CRU to adequately undertake further analysis of oral complaints made at a CSC. The absence of this information also prevents the CRU from monitoring or recording the number of unresolved complaints, the timeliness of resolution for each complaint, or determining whether the customer was made aware of any resolution and his/her external appeal rights.

6.16 Furthermore, without such information a CRU is unable to determine whether:

- a complaint has been dealt with under the appropriate tier;
- resolution of the complaint has occurred and was appropriate;

⁸² For a discussion of the three tiers under which complaints to Centrelink are processed see paragraphs 2.3 to 2.7.

- the resolution addressed the customer's needs and concerns;
- the resolution was recorded on the customer's record;
- the complaint had been made on a number of previous occasions, without satisfactory resolution or recording; and/or
- complaints received from the business and community sectors are appropriately captured, recorded, resolved and analysed.

CSC procedures

6.17 During the conduct of the audit, ANAO interviewed a number of Centrelink staff in relation to the procedures that they follow regarding the handling of oral complaints. The CSC staff members interviewed by the ANAO advised that it was not common practice to complete a CFS when they received or resolved a complaint made directly to them by a customer.

6.18 Any failure to forward a CFS for complaints received or resolved at a CSC, affects Centrelink's capacity to make sure that all complaints are recorded, resolved and/or analysed adequately. Furthermore, the complaints data that are reported to Parliament and the public, via Centrelink's annual report, may not reflect the total number of complaints received.

6.19 Without the completion of a CFS, customers or stakeholders who have chosen to orally make a complaint at a CSC, may be unable to track the progress of any resolution action, as there may be no record of their complaint being received.

Oral complaints data

6.20 Centrelink in its annual report for 2000–01 notes that:

As a government agency of considerable public interest, Centrelink is subject to external scrutiny by the Commonwealth Ombudsman and the Privacy Commissioner. Centrelink works closely with these offices to provide information about our business and uses their findings to drive business improvement in areas where we can do better.⁸³

6.21 In instances where Centrelink is subject to external scrutiny by the Ombudsman or Commonwealth Privacy Commissioner, its capability to provide all the necessary and pertinent information required by these agencies, in investigating a complaint, is hampered by its inability to ensure that all oral complaints made by a customer at a CSC are recorded. The absence of a record of all oral complaints lodged at a CSC may result in Centrelink providing the Ombudsman, and/or the Commonwealth Privacy Commissioner, with

⁸³ Centrelink, *Annual Report 2000–01*, p. 231.

incomplete or inaccurate information, regarding particular customers, whose complaint they may be investigating.

6.22 The internal performance audit of Customer Complaint Management undertaken by Centrelink Audit in October 2003,⁸⁴ identified the risk that complaints lodged by a customer at a CSC may not be recorded, finding that:

the recording of data about customer complaints is incomplete and inaccurate. As a result its usefulness and reliability as information about the management of customer complaints is limited.⁸⁵

6.23 The internal audit also found that:

in relation to the extent to which the recorded data provide a complete (or at least representative) record of complaints received, it was noted that of the complaints recorded by Customer Relations Units as having been received during April 2003:

- 2425 had been received by the Customer Relations Units direct from customers using the 1800 FREECALL telephone number;
- only 18 were recorded as having been made by customers to staff in Call Centres;
- only 2 were recorded as having been made by customers to staff in Customer Service Centres; and
- only 98 had been made by customers using Comment Cards, which are provided in Customer Service Centres.

These data indicate a risk that complaints made by customers through Call Centres and Customer Service Centres are not recorded, and therefore not subject to any monitoring to ensure resolution or analysis to identify common issues and opportunities to improve service.

6.24 The internal audit report notes that the National Manager of the SRT stated that the finding was accepted and that:

development of an action plan to address the matters noted by the audit will be canvassed at a conference to be attended by staff of the Service Recovery Team and Customer Relations Units in mid-November 2003.⁸⁶

6.25 However, during the conduct of the ANAO's audit, Centrelink was unable to provide the ANAO with any evidence establishing that any progress had been made in implementing remedial action in respect of this finding of the internal audit report. The SRT informed the ANAO during fieldwork for this audit that, although it did not have the opportunity to develop an action

⁸⁴ Centrelink Audit, op. cit.

⁸⁵ *ibid.*, p. 20.

⁸⁶ *ibid.*, p. 21.

plan to canvass at the conference held in November 2003, consideration was being given to addressing this finding in the conference scheduled for September 2004.

6.26 Centrelink subsequently provided the ANAO with information from the September 2004 CRU conference. The conference agenda lists a working group to 'review the CRU Database, data entry and formulate strategies to address inconsistencies'⁸⁷. However, the ANAO was not provided with any information regarding actions formulated by this working group.

Conclusion

6.27 ANAO considers that there is a substantial risk that Centrelink's data regarding the total number and types of complaints received by the agency are inaccurate. Information gathered by ANAO during this audit, in interviews with Centrelink staff, indicated that oral complaints made by customers through CSCs are often not recorded in Centrelink's database. This is consistent with the finding of the October 2003 Centrelink internal performance audit report that there is a risk that oral complaints made by customers through these channels are not recorded.

6.28 In addition, limitations in the design of the CFS result in a range of important information about individual oral complaints reported to CRUs not being recorded even when a CFS is completed by staff in CSCs. These issues compromise the reliability and integrity of the CFAD as a management tool to identify opportunities to improve service delivery and organisational processes.

Recommendation No.7

6.29 The ANAO recommends that Centrelink:

- (a) improve controls for ensuring that all oral complaints are recorded in an appropriate and timely manner within the CFAD; and
- (b) revise the CFS to include a greater range of relevant information to facilitate improved recording and analysis of oral complaints lodged at a CSC.

Centrelink response: Agree.

⁸⁷ Centrelink, *Service Recovery Team Conference 2004*, Canberra, 1–2 September 2004.

Customer comment cards

6.30 The Centrelink customer comment card entitled *Tell us what you think* (comment card) is available to Centrelink customers in each CSC. The comment card allows customers to provide feedback on any aspect of Centrelink service. A customer can lodge a completed comment card at his/her local CSC, or by mail using reply paid post. In instances where a comment card is lodged by mail, it is automatically forwarded to the local Area CRU for recording. The form can also be accessed from the Centrelink website (see paragraph 3.19).

6.31 Centrelink's national instruction for the handling of customer complaints, *e-Reference 109.00110 Handling Customer Feedback and Complaints*, prescribes that a copy of all completed comment cards lodged at a CSC, must be forwarded to the local CRU.

6.32 During the conduct of the audit, ANAO interviewed a number of Centrelink CSC Managers in relation to the procedures they followed regarding comment cards lodged at their CSC. Some of the managers interviewed by the ANAO indicated that they did not forward a copy of these comment cards onto the CRU but, rather, dealt with them at a local level.

6.33 If copies of all completed comment cards are not forwarded to the relevant CRU, the information they contain is not available to Centrelink above the local level to add value to existing services, and to address service gaps. Furthermore, the CRU is unable to effectively monitor both the quality and timeliness of the recording, analysis, and resolution of any complaints lodged in its Area via a comment card.

Awareness of comment cards

6.34 The 2002 National Satisfaction Survey asked those customers surveyed to identify ways in which they could make a complaint to Centrelink about its service. For those participants that were able to identify at least one way in which they could make a complaint to Centrelink about its service, only 1 per cent identified completing a comment card as a means of lodging a complaint.

6.35 The 2002 National Satisfaction Survey also asked surveyed customers, who had made a complaint to Centrelink about its service during the last six months, about the means by which they lodged this complaint. For those participants who had made such a complaint, so few utilised a comment card that this result was not reported.

6.36 The 2003 National Satisfaction Survey did not ask surveyed customers these questions, thus not allowing a comparison of these results over time. Without that ability to undertake such a comparison, Centrelink lacks a quantitative method for determining whether the awareness of customers

regarding the availability of comment cards has improved over a given period of time.

Design of comment cards

6.37 The design of the comment cards and, in particular, the design of the front cover, may contribute to low level of awareness about the availability of comment cards as a avenue for lodging a complaint.

6.38 There is no information on the front cover of the comment cards that indicates explicitly that they can be used to lodge a complaint to Centrelink; aside from a small speech bubble that states 'I don't like...'. This speech bubble is smaller than the other speech bubbles on the front cover that state, 'I've got an idea' and 'That was great!'.

6.39 Centrelink has recently redesigned the comment card. The comment card retains the words 'tell us what you think', and includes an image of a woman using a phone. The comment card still does not include any information on the front cover indicating that the card can be used to lodge a complaint.

6.40 Centrelink places an emphasis on ensuring that DCALB customers have a high level of access to its services. Centrelink in its Annual Report 2002–03 states:

A comprehensive communication strategy in languages other than English is in place within Centrelink. This includes printed and online information products, radio programs and free interpreter and translation services.⁸⁸

6.41 Part of this communication strategy is ensuring comment cards in languages other than English are available to DCALB customers. Centrelink's communication strategy to DCALB customers included a number of broadcasts on the Special Broadcasting Service⁸⁹ (SBS) from November 2003 to February 2004. In addition, posters promoting the Customer Relations 1800 freecall number were translated into 12 different languages and distributed to various agencies.

6.42 However, despite the implementation of these communication strategies, Centrelink received no comment cards in a language other than English in 2003–04. There may be a number of reasons CRUs have not received comment cards, in a language other than English, from DCALB customers. These reasons may include the following:

⁸⁸ Centrelink, *Annual Report 2002–03*, op. cit., p. 18.

⁸⁹ SBS provides multilingual and multicultural radio and television services.

- DCALB customers may experience difficulty in locating the translated versions of the comment cards (called 'fact sheets') on the Internet. It takes three mouse clicks to arrive at one of the 12 translated versions of the *Tell us what you think* form.⁹⁰ However, the web pages preceding the form are in English. Customers also need to have the prior knowledge that the form's purpose is for lodging complaints, as this is not explicitly mentioned on the web site until the form has been downloaded.
- CSOs may fail to make DCALB customers aware of the translated fact sheets as an avenue to lodge a complaint. This may be caused by ineffective controls at the CSC level to ensure CSOs inform DCALB customers of the availability of the fact sheets.
- Fact sheets in a language other than English may be received by CSCs, but not forwarded to the CRUs, and hence not recorded. As it is not the practice of all CSC managers to forward copies of completed comment cards to the local CRU, there is a chance that translated fact sheets may not be forwarded to CRUs.
- During fieldwork, stakeholders indicated that some DCALB customers would be less likely than other customers to lodge a complaint with Centrelink. As such, these customers may be less likely to lodge a comment card with Centrelink.

Conclusion

6.43 Evidence available to the ANAO indicates that there is a low awareness amongst customers regarding the ability to lodge a complaint via a comment card. The ANAO considers that the design of the comment card may be a contributing factor to this low awareness.

6.44 The ANAO found that DCALB customers may experience difficulty in locating the translated versions of the comment cards on the Internet, as it takes three mouse clicks to arrive at one of the 12 translated versions of the comment cards, with each of the preceding web pages being in English.

6.45 Given that no comment cards in a language other than English were recorded as being received during 2003–04, there appears to be a low awareness or a general reluctance amongst DCALB customers to use comment cards as a mechanism to lodge a complaint. This suggests that Centrelink's communication strategy to these customers may need to be improved.

⁹⁰ <http://www.centrelink.gov.au/internet/internet.nsf/multifilestores/com003_0311>.

6.46 Furthermore, contrary to the relevant Centrelink national instruction, it is not the practice of all Centrelink CSC Managers to forward copies of completed comment cards to the local CRU. In the case of these CSCs, the feedback lodged via the comment cards is not available to Centrelink beyond the customer's local CSC, limiting opportunities for this feedback to be taken into account by Centrelink more broadly. Centrelink is also inhibited from adequately reporting information regarding this feedback to Parliament and the public.

Recommendation No.8

6.47 The ANAO recommends that Centrelink:

- (a) improve controls for ensuring that all completed comment cards are forwarded to the relevant CRU;
- (b) redesign the comment card to enhance customer awareness of its availability as an avenue to lodge a complaint;
- (c) identify ways of more generally improving customer awareness regarding the availability of comment cards as a feedback channel; and
- (d) identify ways of improving the current communication strategies implemented by Centrelink to increase DCALB customer awareness regarding the availability of comment cards and DCALB fact sheets.

Centrelink response: Agree.

Stakeholder complaints

6.48 For 2002–03, Centrelink identified, as a national priority, the building of better relationships with the community and business sectors, at both a national and local level. Centrelink noted in its Annual Report 2002–03 as follows:

[as] the number of referrals to Job Network and other services under Australians Working Together grow; the importance of having strong relations with service providers and community organisations is increasing. Community organisations have expertise that complements the work of Centrelink in understanding the needs and barriers faced by customers.⁹¹

6.49 Feedback by the community and business sectors can provide a rich source of intelligence for Centrelink in assisting it to achieve its vision to:

help make a positive difference to customers by anticipating, listening and responding to their needs and providing options that focus on outcomes.⁹²

⁹¹ Centrelink, *Annual Report 2002–03*, op. cit., p. 146.

⁹² Centrelink, *Future Directions*, p. 4.

6.50 During fieldwork for the audit, the ANAO interviewed the National Manager, Community Sector Relationships and Business Liaison, who highlighted the importance of obtaining and analysing feedback, including complaints received from stakeholders within the business and community sector. The National Manager acknowledged that, at present, this information could not be recorded on the CFAD system.

6.51 Although there is a category within the CFAD database that identifies feedback and complaints received from the Welfare Rights Network, there are currently no fields within the CFAD that allow for the recording, identification or analysis of complaints that are made by other stakeholders within the business or community sectors.

6.52 The absence of any record of other stakeholder complaints means Centrelink is unable to monitor that they are resolved in a timely and satisfactory manner, and are appropriately analysed to identify opportunities for improvement in service delivery and organisational processes.

6.53 In instances where complaints are received directly at a CSC or Call Centre from stakeholders within the community or business sectors, there are no fields within the CFS that allow for the recording and dissemination of these complaints to the Area CRU. Consequently, the CRUs are unable to determine and monitor the scope and nature of these complaints, and are unable to record them within the CFAD for further analysis.

6.54 The ANAO considers that the reliability and integrity of the CFAD, as a management tool to identify opportunities to improve service delivery and organisational processes, is reduced by the lack of capacity to record complaints that are lodged by all stakeholders within the business or community sectors.

Recommendation No.9

6.55 The ANAO recommends that Centrelink develop the necessary functionality within the CFAD to allow for the recording, monitoring and analysis of complaints lodged by all stakeholders within the business and community sectors.

Centrelink response: Agree.

Multiple complaints

6.56 The master copy of the CFAD and the local databases used by the CRU, do not automatically identify instances where a customer or stakeholder may have made multiple complaints regarding the same issue, or where a particular Centrelink staff member or a CSC has been the subject of numerous complaints in a given period of time.

6.57 The CFAD does not allow Centrelink to link the record of a customer lodging a complaint to an earlier record of complaint. This lack of linkage means that Centrelink CRU staff may be operating in isolation, reliant on the customer's explanation of the nature of his/her complaint, without the knowledge of data already contained in the CFAD, or previous action taken within Centrelink to resolve the complaint. Customers may be required to repeat the nature of their complaint each time they contact a CRU, given the inability to link complaint records, potentially damaging their relationship and satisfaction with Centrelink.

6.58 As discussed earlier at paragraph 6.6, in some instances, multiple complaints made by a number of customers regarding the same issue, may be indicative of a systemic problem across the network. The ANAO found no evidence during the audit that the master copy of the CFAD, or the local databases used by the CRUs, had the functionality to automatically identify these instances.

6.59 Centrelink informed the ANAO on 16 November 2004 that limitations of the CFAD in recording multiple complaints was due to 'the original design specification and were not envisaged as part of the CFAD functionality.'

6.60 However, the CFAD has been in place since 1999. The ANAO suggests that after a system such as the CFAD is put in place, there is a need to review the span of its functions periodically, and to extend its functionality where there are benefits to the organisation.

6.61 The early identification of systemic problems, evidenced by multiple complaints, would allow Centrelink to address these problems in an efficient and effective manner, before they escalate into an issue that affects a large number of its customers and or stakeholders, and requires considerable additional resources to resolve.

6.62 In order to identify instances where multiple complaints have been made, the CRUs rely on the knowledge of their staff, or that of staff within the network. Identification of any trend may be simply based on a staff member's memory of the complaints they have received, recorded, or dealt with previously. There is no process to systematically identify instances of multiple complaints by a customer on the same issue, or where a particular Centrelink staff member or a CSC has been subject to numerous complaints in a given period of time.

6.63 This substantially increases the risk that a CRU will be unable to identify and respond to such cases in a timely or effective manner. Furthermore, Centrelink's inability to link a complaint with an earlier record of complaint can potentially limit Centrelink's ability to investigate complaints about how an earlier complaint has been handled.

6.64 The ANAO considers that, without a process to systematically collect information on the existence, nature and scope of multiple complaints about the same issue, Centrelink's ability to identify emerging or significant trends in its complaints data is impaired. The early identification of systemic problems, evidenced by multiple complaints, would allow Centrelink to address these problems in an efficient and effective manner, before they escalate into an issue that affects a large number of its customers and or stakeholders, and require considerable additional resources to resolve.

6.65 Centrelink is unable to link a complaint with an earlier record on the CFAD. As such, Centrelink staff cannot easily investigate a complaint by a customer about how an earlier complaint had been handled by the relevant CRU.

6.66 CRU staff are reliant on customers' explanations of the nature of their complaint and/or their own memory or experience in order to identify multiple complaints. Furthermore, customers or stakeholders may be without redress for a period of time, despite lodging numerous complaints to Centrelink within a CSC.

Recommendation No.10

6.67 The ANAO recommends that Centrelink develop the necessary functionality within the CFAD to allow for the recording, monitoring and analysis of multiple complaints about the same issue, a particular staff member and/or CSC.

Centrelink response: Agree.

7. Reporting

This chapter looks at Centrelink's methods for reporting on the complaints handling system, the type of information reported and the use of the information to improve service delivery.

Area reporting

7.1 Each ASO within the Centrelink network is required to establish, manage and monitor the various analytical and reporting activities that are undertaken by their respective CRUs.

7.2 The analysis and reporting activities undertaken by each of the five CRUs within the Areas visited during the audit, include:

- statistical or trend analysis of local ASO feedback and complaints data, including the identification of systemic and recurring problems;
- the provision of information and reports to ASO management and other line areas regarding the data obtained or analysed by the CRU;
- the provision of training and information to ASO management and other line areas in relation to the collection, recording, use and analysis of customer feedback; and
- the identification of areas for service improvement within the Area.

7.3 During the conduct of the audit, the ANAO found that, although each of these CRUs was undertaking various analytical and reporting activities, there was no consistency in their scope, coverage or detail. Similarly, the ANAO found that there was no consistency in the manner in which the various Area, Business and CSC managers interviewed during the audit, used the customer feedback recorded by the CRUs.

7.4 The ANAO found that lack of consistency in the reporting and use of customer feedback received by CRUs can result in significant variations in the manner in which ASOs are able to effectively identify opportunities for improved performance and customer service, and address systemic and recurring problems.

Reporting of demographic information

7.5 During ANAO fieldwork, Centrelink officers informed the ANAO that Centrelink does not collect or report demographic information on customers who use the complaints handling system, although CRUs record and report upon payment type. Centrelink informed the ANAO on 31 August 2004 that the agency also collects and reports information on customer location (by Area

and CSC), and DCALB and Indigenous background. However, as discussed in Chapter 3, there are low numbers of Indigenous complaints recorded. Also, as discussed in Chapter 6, in 2003–04 Centrelink received no comment cards in a language other than English.

7.6 The collection and reporting of more detailed demographic information would assist in undertaking a detailed analysis of complainants. The Ombudsman's Good Practice Guide makes the point that collecting demographic information about customers, who use an agency's complaints handling system, is an important part of ensuring all customers have access to the system.

7.7 Collecting and analysing information about the demographic base of the customers who use an agency's complaints handling system, and comparing this with the demographic profile of the agency's client base, allows an agency to identify groups of customers who are not accessing its complaints handling system. In collecting demographic information on customers who lodge a complaint, Centrelink would be in a better position to identify particular types of customers that are reluctant to, or experiencing difficulty in accessing, its complaints handling system and so design strategies to encourage them to utilise it.

7.8 Collecting demographic information on complainants would also allow Centrelink to identify specific issues that may be affecting particular customer groups. This information could be used to identify trends in the issues negatively impacting on service delivery and provide Centrelink with valuable intelligence to address recurring issues, in a timely and effective manner.

7.9 The ANAO acknowledges that certain customers may be less likely to offer demographic information when making a complaint, such as members of certain cultural groups. However, there would be benefit in Centrelink, where possible, collecting, analysing, and reporting on the demographic information of customers who lodge a complaint, in order to provide assurance that all of Centrelink's customers have been able to access its complaints handling system.

Analysis by Centrelink officers

7.10 The ANAO interviewed a number of specialist Centrelink Officers, comprising; Authorised Review Officers (AROs), Multicultural Services Officers (MSOs), and Indigenous Services Officers (ISOs). One of the issues discussed was the way in which these specialist officers used the customer feedback obtained by the CRU in their Area, to inform and improve service delivery and the effectiveness of their activities.

7.11 None of the specialist staff interviewed by the ANAO reported or demonstrated the regular use of customer feedback for such purposes. Furthermore, a number of specialist staff indicated that they did not directly receive regular reports or detailed analysis from their local CRU concerning complaints.

Reporting on telephone calls to CRUs

7.12 Centrelink's Annual Report 2002–03 states: 'To increase the ability to consistently monitor and report the number of calls received by CRUs, updated telephone technology was installed in all CRUs nation wide.'⁹³

7.13 The updated telephone technology introduced into the CRU network by Centrelink provides each CRU with the ability to determine: telephone call wait times; telephone call drop out rates; and the number of telephone calls received by the network.

7.14 At present, Centrelink does not fully utilise this functionality to report on telephone call wait times and telephone call drop out rates across the CRU network. The ANAO considers that analysis, and subsequent reporting of this information would provide Centrelink with a clearer understanding of the issues faced by its customers in accessing and using the CRU network.

7.15 For example, Centrelink could use this information to ensure that more resources are employed in Areas where there are greater telephone call wait times, or telephone call drop out rates. As a result, the incidence of these could be reduced across the entire CRU network, providing for more ready access by Centrelink's customers and stakeholders.

7.16 The ANAO acknowledges that, in regard to Centrelink's complaints handling system, the focus should not be on the speed of the resolution of a call, in an attempt to resolve an issue in the minimum time possible. Rather there should be a primary focus on successful resolution of a complaint, whilst providing effective customer service. However, successful monitoring and reporting of telephone call wait times, and telephone call drop out rates, ensures accountability, and can be used to improve service delivery and the implementation of better practice across the CRU network.

⁹³ Centrelink, *Annual Report 2002–03*, op. cit., p. 39.

Annual report

7.17 The Ombudsman's Good Practice Guide contends that agencies can make their complaints handling system more accountable by:

publishing information on complaint handling and service delivery standards, and reporting on the outcomes of complaints and client satisfaction levels in annual reports and other public documents.⁹⁴

7.18 The Ombudsman's Good Practice Guide, further states that publishing complaints information is in line with the principle of public sector accountability and presents a number of additional benefits such as:

- informing clients how the agency has performed against set standards;
- demonstrating to clients that complaints are taken seriously and that making a complaint is worthwhile; and
- allowing the organisation to show how improvements have been made as a result of complains received.⁹⁵

7.19 The types of performance information that the Ombudsman's guide identifies should be made publicly available and published regularly in relation to an agency's complaints handling system, include:

- the speed of response against timeliness targets;
- the numbers and types or categories of complaints;
- levels of satisfaction with the complaints handling system;
- the number and type of remedies offered to customers; and
- the action taken by the agency as a result of complaints to improve services and service delivery.⁹⁶

Reporting of performance information

7.20 The Centrelink Annual Report 2002–03 provides basic performance information on the operation of Centrelink's complaints handling systems and the CRU network. However, the information contained in the annual report does not contain all of the information that is identified by the Ombudsman's guide, as improving the accountability of any agencies complaints handling system.

⁹⁴ Commonwealth Ombudsman's Office, *A Good Practice Guide*, op. cit., p. 49.

⁹⁵ *ibid.*

⁹⁶ *ibid.*

7.21 The annual report does not provide any performance information regarding:

- the numbers and types or categories of complaints;
- levels of satisfaction with the complaints handling system;
- the number and type of remedies offered to customers; and
- the action taken by Centrelink as a result of complaints to improve services and service delivery.

7.22 The absence of these types of performance information prevents Centrelink from providing a more robust assessment of its complaints handling system, such as its effectiveness, value for investment and the impact it has had in improving Centrelink service delivery.

7.23 Centrelink in its Annual Report 2002–03 reports:

A total of 209 801 customer contacts were recorded in 2002–2003, compared with 202 051 in 2001–2002. This indicates an increase of 7 300 contacts. Of the contacts, 137 346 were general enquiries. The rest were complaints, compliments and suggestions.⁹⁷

7.24 Reporting on CRU customer contacts in this manner is not very informative regarding the actual number of complaints, as there is no breakdown provided of the types of general enquiries and no individual figures are provided for the number of complaints, compliments and suggestions that are lodged with a CRU.

Accuracy of reporting

7.25 General enquires account for 65.5 per cent of all customer contacts recorded by the CRU network. Given that this type of customer contact constitutes the majority of those recorded by the CRU, accurate information regarding the nature, type and number of these general enquiries would allow Centrelink to provide a more accurate assessment of the efficiency of its complaints handling system. The ANAO considers that reporting additional information on the number and type of calls that are received by the CRUs under the general enquiries category, will increase transparency and provide for a more effective analysis of the complaints handling system.

7.26 As outlined at paragraph 7.23, Centrelink's annual report indicates that the remaining 72 455 customer contacts recorded by the CRU network, comprised: complaints, compliments and suggestions.

⁹⁷ Centrelink, *Annual Report 2002–03*, op. cit., p. 39.

7.27 The ANAO found that this was not correct and that the 72 455 customer contacts, actually comprised:

- 36 885 Complaints;
- 24 829 Call Centre Busy⁹⁸;
- 4 992 Compliments;
- 4 716 Tip Offs;
- 698 Suggestions; and
- 335 Intent to Claim⁹⁹.

7.28 The manner in which Centrelink reports these remaining customer contacts is misleading, as it does not mention in its annual report for 2002–03, the existence or number of Call Centre Busy, Tip Offs or Intent to Claim contacts received by the CRU network. Furthermore the annual report does not provide the above detailed breakdown of the remaining customer contacts, by providing the number of complaints, compliments and suggestions that it receives.

7.29 Reporting the remaining customer contacts in this way, can impact on the accountability of Centrelink’s complaints handling system. Readers of its annual report could incorrectly infer that the number of complaints, compliments and suggestions are roughly equal, because a breakdown of these figures is not provided.

7.30 Centrelink informed the ANAO on 31 August 2004, that the figures on complaints data in the Annual Report 2003–04 will include a breakdown of numbers of contacts for complaints, compliments, suggestions, Call Centre Busy, Tip Offs, and Intent to Claim contacts.

Complaints referred by the Ombudsman

7.31 Centrelink’s annual report for 2002–03 states that:

A valuable measure of the satisfaction of Centrelink’s customers with the service they receive is the number and types of complaints they make to the Ombudsman’s Office.¹⁰⁰

⁹⁸ Call Centre Busy records are created when customers experiences a busy signal when attempting to contact Centrelink via one of its 1300 numbers, and have subsequently contacted their local CRU to complain about this. The CRU protocol in this situation is to advise the customers of the optimal call times in which to retry their original call; and to advise them of alternative means of contacting Centrelink, such as via the internet.

⁹⁹ An Intent to Claim record is created when a customer seeks advice and subsequently advises of his/her intention to claim a payment.

¹⁰⁰ Centrelink, *Annual Report 2002–03*, op. cit., p. 38.

7.32 In this annual report, Centrelink provides information on the number of complaints that were investigated by the Ombudsman, as examined and discussed at paragraph 3.11, as well as a brief description of the nature of these complaints, stating:

Customer's concerns embraced a wide range of matters including their perceptions of the fairness of legislation governing their benefits and disagreement with decisions that affected them. Most complaints were quickly resolved at the local level, while a much smaller number, which involved more general issues of procedure and delivery were referred to the CEO.¹⁰¹

7.33 The annual report does not provide any information regarding the action taken by Centrelink as a result of complaints investigated or referred to it by the Ombudsman. This is not in accord with good practice as outlined in the Ombudsman's guide, which indicates that reporting of this information should improve the accountability of any agency's complaints handling system.

Conclusion

7.34 The ANAO found that there was a lack of consistency in the reporting and use of customer feedback received by CRUs, amongst ASOs and Centrelink staff more generally. During the conduct of the audit, the ANAO found that, although each of the CRUs was undertaking various analytical and reporting activities, there was no consistency in their scope, coverage or detail.

7.35 Similarly, the ANAO found that there was no consistency in the manner in which the various Area, Business and CSC managers interviewed during the audit, used the customer feedback recorded by the CRUs. In addition, Centrelink does not fully employ the functionality of the telephone system used by each of the CRUs, to report on telephone call wait times, and telephone call drop out rates, across the CRU network.

7.36 Centrelink's annual report does not include performance information in line with that identified in the Ombudsman's guide as good practice. The manner in which Centrelink reports information on its complaints handling system in its annual report is misleading in that it does not report the existence or number of Call Centre Busy, Tip Offs or Intent to Claim contacts received by the CRU network. Rather, the annual report labels these customer contacts incorrectly as falling under the categories of complaint, compliment, or suggestion.

¹⁰¹ *ibid.*, p. 39.

7.37 The annual report does not provide information on: the number, or types of complaints that Centrelink receives; the satisfaction of its customers or staff with the complaints handling process; or the action it has taken to improve its services or service delivery, as a result of complaints from its customers, and those investigated, or referred to it, by the Ombudsman.

7.38 The ANAO considers that the absence of such performance information in the annual report impacts adversely on Centrelink's ability to improve the accountability of its complaints handling system. It also prevents Centrelink from providing a more robust assessment of its complaints handling system, such as demonstrating its effectiveness, value for the investment in the system, and the impact it has had in improving its service delivery to customers and stakeholders.

Recommendation No.11

7.39 The ANAO recommends that Centrelink:

- (a) report on the full range of performance information on its complaints handling system identified as good practice by the Ombudsman's Good Practice Guide;
- (b) commence monitoring and reporting on telephone call wait times and telephone call drop out rates across the CRU network;
- (c) accurately report the true nature of all customer contacts recorded by the CRU network; and
- (d) implement a system to develop national consistency in the reporting and use of data obtained by its complaints handling system.

Centrelink response: Agree.

8. Cost and Quality Assurance

This chapter looks at Centrelink's cost-related performance information related to the complaints handling system. It also looks at Centrelink's quality assurance processes for ensuring complaints are addressed and also that complaints data are robust.

Cost-related performance information

8.1 During audit fieldwork, the ANAO interviewed Centrelink officers from NSO, ASOs, CRUs and CSCs regarding the complaints handling system. When asked about the cost of the complaints handling system, Centrelink staff stated that both the overall cost of the process and the average cost of handling a complaint was unknown. The total number of complaints received by Centrelink through all sources is also unknown.

8.2 The lack of cost-related performance information relating to Centrelink processes, has been raised previously in a Centrelink commissioned review and in ANAO audit reports.

8.3 The 2002 Boston Consulting Group review of cost efficiency in Centrelink emphasised the need for Centrelink to improve cost-related performance information across the network.¹⁰² In Audit Report No.4 2004–05, *Management of Customer Debt*, the ANAO was not able to assess productivity or cost effectiveness for Centrelink's debt management activities, as Centrelink was not able to quantify many of its debt inputs or quantify many of its debt costs.¹⁰³ The ANAO found, therefore, that Centrelink was unable to ascertain relative productivity and cost efficiency, and achieve future cost savings.¹⁰⁴

8.4 In Audit Report No.43 1999–2000, *Planning and Monitoring for Cost Effective Service Delivery—Staffing and Funding Arrangements*, the ANAO concluded that:

Centrelink will require ready access to more robust management information, particularly on cost, to support its managers to implement and evaluate major business initiatives and to use to set prices with its purchasers. In an environment of continuing funding constraints, Centrelink will also need reliable management information to provide an assurance to Government and client departments that it has the capacity to maintain timely, quality and cost effective service delivery.¹⁰⁵

¹⁰² The Boston Consulting Group, *Cost Efficiency Review*, October 2002.

¹⁰³ Audit Report No.4 2004–05, *Management of Customer Debt*, p. 58.

¹⁰⁴ *ibid.*, p. 15.

¹⁰⁵ ANAO Audit Report No.43 1999–2000, *Planning and Monitoring for Cost Effective Service Delivery—Staffing and Funding Arrangements*, p. 13.

8.5 Centrelink informed the ANAO on 16 November 2004, that some costing activity has been undertaken at the Area level. NSO has undertaken work with the Areas to establish a staffing cost formula for use by each CRU. However, Centrelink are still unable to provide information to the ANAO on the total cost of the complaints handling system and, therefore, the average cost of processing a complaint.

8.6 Given the cost of the complaints handling system is unknown, the cost efficiency of the system cannot be assessed. Without information on the cost of the system, cost savings from better practice cannot be identified.

8.7 However, it can be assumed that the overall cost of the complaints handling system would be considerable. In 2003–04, there were 203 264 contacts to the CRU network. Therefore, significant resources would be required for Centrelink to assess, process and respond to these customers' contacts.

8.8 During audit fieldwork, the ANAO found that the overall cost of the complaints handling system was unknown to Centrelink. Therefore, the average cost of processing a complaint was also not known. The total number of complaints received by Centrelink through all sources is also unknown.

8.9 Given the known number of customer contacts to the CRU network, and the associated resources required to process and respond to these contacts, there is a potential for cost savings and increased efficiency, without compromising the integrity and effectiveness of customer service provided by the CRU network. Centrelink would benefit from better monitoring of the cost of the complaints handling system to ascertain relative productivity and cost efficiency, and to achieve future cost savings which would enhance effectiveness.

Quality assurance

SRT mandate

8.10 CRUs act as a central point for the handling and recording of customer feedback, and provide a medium for customers to raise particular issues and have those issues resolved. However, the SRT plays no role in mandating or applying a consistent measure of quality assurance in the resolution of complaints made to Centrelink regarding its service. The SRT is not responsible for ensuring the quality of work undertaken by an individual CRU, in dealing with customers or recording and handling the complaints it receives. This responsibility rests with the CRUs, their individual team leaders and local Area Managers.

8.11 The SRT is responsible within Centrelink for establishing and maintaining an endorsed set of national protocols and standards for CRU

operation. The national protocols do not contain any quality assurance measures regarding the way in which the CRU gathers, records, analyses and reports the complaints that Centrelink receives.

Quality assurance of complaint resolution

8.12 The national protocols do not contain any quality assurance measures for making sure that:

- in instances where a record of complaint has been finalised, the relevant Centrelink staff member has implemented an adequate and effective resolution of that complaint;
- each CRU undertakes a regular review of a sample of records finalised by Centrelink staff to ensure resolution has occurred; and
- the relevant customer or stakeholder has been contacted by Centrelink regarding any resolution, and is satisfied with the manner in which his/her complaint has been dealt with.

8.13 The *Performance Audit of Customer Complaint Management*, undertaken by Centrelink Audit in October 2003,¹⁰⁶ also highlighted the need to include quality control measures in the handling of complaints. The audit stated that:

Centrelink's procedures for the handling of complaints do not ensure that timely and satisfactory resolution (in particular from the perspective of the customer) is achieved.¹⁰⁷

8.14 The Centrelink audit took a random sample of 53 records from the 2 763 complaints recorded as having been received in April 2003, finding that:

- in 6 cases, the Customer Relations Unit had referred the complaint to a Customer Service Centre or Call Centre, but there was no evidence of further action to resolve the complaint (nor any evidence of further contact with the customer about the complaint);
- in 3 other cases, the action taken was not sufficient to consider the complaint to have been resolved. In 2 of these cases, there was no evidence that the customer had been advised of the 'outcome' of the complaint;
- in 2 other cases, adequate action to contact the customer about the resolution of the complaint had not been taken; and
- in 2 other cases, action to resolve the complaint was not taken in a timely manner and there was no evidence of contact with the customer to advise of progress of the complaint.¹⁰⁸

¹⁰⁶ Centrelink Audit, op. cit.

¹⁰⁷ *ibid.*, p. 13.

8.15 The ANAO recognises that the Centrelink internal audit only examined a small sample. However, these data show that approximately 25 per cent of the complaints examined that were recorded as resolved either: were not resolved; were inadequately resolved; or there was insufficient information to establish that adequate resolution had occurred and/or the customer was contacted regarding the outcome of his/her complaint.

8.16 The Centrelink internal audit also found that the records examined reflected:

a lack of clarity as to what constitutes 'resolution' (particularly from the perspective of the customer)...a lack of focus on ensuring the achievement of resolution, and significant non-compliance with prescribed procedures. In addition, uncertainty about whether resolution was actually achieved as recorded is significant in the context of the reliability of management information about the handling of complaints.¹⁰⁹

8.17 The lack of an effective quality assurance mechanism means that Centrelink is unable to ensure that all customers who lodge a complaint are contacted regarding the outcome, or any intended action. Furthermore, as discussed in paragraph 4.9, Centrelink has no procedure in place to contact a sample of customers, who lodge a complaint, to determine whether they had a positive experience with the delivery of service by a CRU.

8.18 During the conduct of the audit, the SRT informed the ANAO that complaints were only recorded as resolved, where Centrelink had contacted the customer to explain the outcome of the complaint. However, the samples of finalised complaints examined during the Centrelink internal audit, and described above at paragraph 8.14, indicate that this is not always the case.

8.19 Failure to contact all customers regarding the outcome of their complaint may result in further complaints, and affects Centrelink's capacity to ensure that it has adequately addressed all the complaint issues appropriately.

8.20 The Ombudsman's Good Practice Guide describes that:

It is good practice to advise clients of the decision you intend to make in relation to their complaint, and invite them to provide any additional information, which they feel, might be relevant to your decision.¹¹⁰

8.21 Given the nature and levels of some types of complaints, the ANAO accepts that this level of advice regarding a pending decision may not be appropriate in all cases, especially where a telephone conversation with the customer, once the complaint has been finalised, may prove more effective.

¹⁰⁸ *ibid.*

¹⁰⁹ *ibid.*

¹¹⁰ Commonwealth Ombudsman's Office, *A Good Practice Guide*, op. cit., p. 26.

However, where the complaint made by the customer relates to a complex issue, the opportunity for the customer to comment on the 'intended decision and provide any additional information, is an effective means of providing natural justice and avoiding the likelihood of further complaint.'¹¹¹

8.22 The ANAO was informed by Centrelink on 31 August 2004, that the revised national protocols now contain a definition of the term 'resolution'¹¹², that applies to all tiers of the complaints handling system.

Quality of CRU service and CFAD data

8.23 The SRT informed the ANAO, that responsibility for ensuring the quality of CRU customer service, complaints handling and the quality of complaints data entered into the CFAD, rests with the local Area Manager and CRU team leader.

8.24 Centrelink advised the ANAO on 31 August 2004, that the SRT does have in place a limited quality assurance process that includes conducting a data integrity check each month on all Areas' monthly data, before the information is consolidated into a national monthly report. However, during fieldwork the ANAO was informed that this procedure only involves ensuring that all fields in a CRU record have been completed and does not ensure quality of these data, or the other parts of the complaints handling process.

8.25 During the conduct of the audit, no evidence was provided to the ANAO by Centrelink to establish the existence of a quality assurance mechanism that would assist each Area Manager or CRU team leader to adequately discharge these responsibilities; nor ensure consistency across the national network in quality assurance activities.

8.26 The ANAO sought information from the Area Managers that it interviewed during audit fieldwork as to the methods that they employed to ensure the quality of CRU services and CFAD data. One Area Manager commented to the ANAO that, given his proximity to the local CRU, he was able to monitor the quality of CRU service by listening to the tone of voice and statements made by CRU staff members. The ANAO notes that this relies on the Manager having the opportunity to hear, and that the tone of the call

¹¹¹ Commonwealth and Taxation Ombudsman, op. cit., p. 26.

¹¹² A complaint is resolved when:

the matter a customer has raised is fully investigated in accordance with CRU protocols and the customer:

- receives an explanation of the outcome of that investigation
- acknowledged they understand the outcome as explained to them; and
- is informed of additional options they have to lodge an objection to the outcome.

would always alert the Manager to any problem in the quality of the service provided by CRU staff. The Area Managers that ANAO interviewed were unable to identify any other ways in which they regularly or effectively monitored, and assured, the quality of CRU service delivery and CFAD data.

Conclusion

8.27 The ANAO concluded that the lack of an effective quality assurance mechanism for the handling of complaints, prevents Centrelink from ensuring that all complaints are recorded, analysed, reported and resolved in an appropriate and timely manner. In addition, customers and stakeholders may be without redress for a considerable period of time, where Centrelink does not identify instances where complaints have been finalised on the agency's systems, but in fact adequate resolution action has not been undertaken.

8.28 The ANAO considers that the lack of an effective quality assurance mechanism may also adversely affect the reliability, integrity and quality of the information Centrelink obtains through complaints, and the subsequent analysis of this information. A follow-up procedure, such as that described in paragraph 4.9 and referred to in Recommendation No. 5, in addition to addressing the issue of customers' fear of retribution as a result of complaining, could form part of such a quality assurance mechanism.

Recommendation No.12

8.29 The ANAO recommends that Centrelink implement an effective quality assurance mechanism for the administration and monitoring of its complaints handling system.

Centrelink response: Agree.

Canberra ACT
9 March 2005



P. J. Barrett
Auditor-General

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