

# **Administration of the Assistance for Isolated Children Scheme**

Department of Human Services

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Office of the Auditor-General for Australia



Canberra ACT  
6 May 2015

Dear Mr President  
Dear Madam Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Department of Human Services titled *Administration of the Assistance for Isolated Children Scheme*. The audit was conducted in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website—<http://www.anao.gov.au>.

Yours sincerely

Ian McPhee

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

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# Abbreviations

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AAT	Administrative Appeals Tribunal
The Act	<i>Student Assistance Act 1973</i>
AIC	Assistance for Isolated Children Scheme
AIC claim form	The Claim for Assistance for Isolated Children Form
ANAO	Australian National Audit Office
ATO	Australian Taxation Office
BMA	Bilateral Management Arrangement
CEPS	Centrelink Education Payment System
DEEWR	Department of Education, Employment and Workplace Relations
DSS	Department of Social Services
The Guidelines	Assistance for Isolated Children Scheme Guidelines
Human Services	Department of Human Services
ICPA	Isolated Children's Parents' Association
KPI	Key Performance Indicator
QOL	Quality-On-Line
The Regulations	Student Assistance Regulations 2003
The Scheme	Assistance for Isolated Children Scheme
SO	Service Officer
SSAT	Social Security Appeals Tribunal

# Glossary

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Administrative Appeals Tribunal	An independent body that reviews administrative decisions made by government entities and certain non-government bodies.
Bilateral Management Arrangement	An agreement between the Secretary of the Department of Human Services and the Secretary of the Department of Social Services to support an effective working arrangement between the two entities to further the outcomes expected by the Australian Government.
Key Performance Indicators	Measures established to provide qualitative and quantitative information on the effectiveness of a program in achieving its objectives.
Quality-On-Line	A quality control process operating in the Department of Human Services to detect and prevent staff errors at their source. A Quality-On-Line (QOL) check prevents the finalisation of a piece of work, pending the outcome of a check by a certified QOL Checker. Incorrect work is returned to the Service Officer for correction.
Social Security Appeals Tribunal	An independent statutory body which reviews decisions made by officers of the Department of Human Services under the social security law, family assistance law, child support scheme and some other statutes.



# Summary



# Summary

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## Introduction

1. Since 1973, the Australian Government has provided financial assistance to support children's access to education, in defined circumstances, under the Assistance for Isolated Children Scheme (AIC, or the Scheme). The purpose of the Scheme is to assist families with children who do not have reasonable daily access to an appropriate government school<sup>1</sup> due to geographic isolation, a special education need or a disability or other health-related condition.
2. The Scheme is established under the *Student Assistance Act 1973* (the Act) and is demand driven. Between 2010–11 and 2013–14, the Scheme assisted over 51 000 students, at a cost of some \$246 million.<sup>2</sup> Estimated program expenditure for the Scheme from 2014–15 to 2017–18 is over \$293 million, with a total of 44 400 students, or around 11 100 students per annum, expected to benefit from the Scheme during this time.<sup>3</sup>

## Allowances paid under the Scheme

3. Payments made under the Scheme are intended to alleviate the additional costs associated with educating students isolated from an appropriate government school. Four separate allowances have been provided under the Scheme—Boarding Allowance; Distance Education Allowance; Second Home Allowance; and Pensioner Education Supplement.<sup>4</sup>
4. Approved applicants (usually the student's parent or guardian) can receive only one type of allowance for each student. The allowance paid will generally reflect the student's particular living arrangements while they are studying. Allowances are available for the full calendar year provided eligibility requirements are met.<sup>5</sup>

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1 An appropriate government (or 'state') school is a school that offers the student's level of study or, if the student has special health or educational needs, one that provides access to the facilities, programs and environment required for those needs.

2 For 2014–15, the Scheme has a budgeted appropriation of \$69.8 million, with 11 100 students estimated to receive AIC funding.

3 Department of Social Services, *Portfolio Budget Statements 2014-15*, pp. 57-58.

4 See Table 1.2 for a description of the allowances.

5 If eligibility requirements are met for only part of the calendar year, allowances are calculated on a pro-rata basis.

5. The majority of benefits recently paid under the Scheme were to customers<sup>6</sup> receiving a Basic Boarding Allowance, set at \$7667 per student in 2014.<sup>7</sup> Basic Boarding Allowance accounted for some \$165.9 million (67 per cent) of all Scheme payments (\$246.4 million) from 2010–11 to 2013–14.

## **Eligibility for assistance under the Scheme**

6. The Assistance for Isolated Children Scheme Guidelines (the Guidelines) are updated annually and cover policy and procedural matters not addressed in the Act<sup>8</sup>, including eligibility requirements. Eligibility tests include both general requirements—such as age, residency and isolation conditions—that must be met for all allowance types, as well as specific eligibility requirements for each allowance type.<sup>9</sup>

7. For an applicant to qualify as ‘isolated’, factors such as distance from an appropriate government school and ability to attend school daily are considered. Some students may be assessed as isolated where they have a disability, other health-related condition, or special education need. In some circumstances<sup>10</sup>, students may be ‘deemed isolated’.

## **Administrative arrangements**

8. Responsibility for administering the Scheme is shared between the Department of Social Services (DSS) and the Department of Human Services (Human Services). DSS has responsibility for providing policy advice in relation to the Scheme. Under the Act, the Secretary of DSS is responsible for the general administration of the Scheme, subject to directions from the Minister for Social Services. In practice, the Secretary of DSS has delegated all powers under the Act relating to the Scheme to the Chief Executive Centrelink, a senior official within Human Services.

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6 Once an ‘applicant’ has been approved for assistance under the Scheme, the Department of Human Services refers to them as a ‘customer’.

7 See Table 1.3 for a summary of allowances and payment rates.

8 The Act details matters such as the review of decisions made in relation to the Scheme, the recovery of overpayments and offences. The Guidelines set out policy and procedural matters such as allowance types and benefits, funding levels, eligibility requirements, and administrative information for making a decision on a claim.

9 Appendix 3 provides a summary of the Scheme’s general eligibility requirements.

10 For example: the student lives in a special institution; a parent’s work requires frequent moves; or to limit disruption to the schooling of a student whose circumstances change during the period of receipt of the AIC allowance.

9. A Bilateral Management Arrangement (BMA) between DSS and Human Services sets out the framework for the administration of the Scheme. Under the BMA, Human Services is responsible for the day-to-day administration and delivery of benefits under the Scheme, including: conducting assessments on eligibility for the allowances; processing claims; and making payments.<sup>11</sup>

10. The Scheme is delivered by four teams within Human Services: the AIC Program Management Team, which is responsible for program coordination and liaison with DSS; two AIC processing teams based in the department's Lismore and Perth Smart Centres; and the Student Business Support Team, which supports the two processing teams and liaises with the Program Management Team.

## Audit approach

### Objectives, criteria and scope

11. The audit objective was to assess the effectiveness of Human Services' administration of AIC.

12. To form a conclusion against the objective, the ANAO adopted the following high level criteria:

- effective arrangements for the promotion and delivery of services for the Scheme have been established;
- suitable administrative systems and processes are in place for the transparent, accurate and timely assessment of claims under the Scheme; and
- sound monitoring, evaluation and reporting arrangements for the Scheme have been implemented.

13. The audit did not examine DSS' policy advisory and other roles.

## Overall conclusion

14. Since 1973, successive Australian Governments have provided financial support to families with children who do not have reasonable daily access to an appropriate government school, to offset some of their additional education

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11 The Scheme is funded through a special appropriation under the Act. Payments are made on behalf of DSS through a special account administered by Human Services.

costs arising from geographic isolation or other special needs. Administered by the Department of Human Services (Human Services) on behalf of the Department of Social Services (DSS), the Assistance for Isolated Children Scheme (AIC, or the Scheme) is a demand driven program that assisted over 51 000 students, at a cost of some \$246 million between 2010–11 and 2013–14. In 2014–15, some \$70 million is available to support around 11 000 students nationally.

15. Overall, Human Services' administration of the Scheme has been generally effective. AIC is a mature program with a relatively small customer base, and where possible the department has used its broader network of offices and existing administrative systems and processes to deliver the Scheme. In particular, Human Services has leveraged its existing payment and processing systems, Smart Centres<sup>12</sup>, and quality assurance and review processes. These arrangements are supplemented by mechanisms targeted to the Scheme's specific requirements, such as program-specific guidance materials for staff, and enrolment checks to provide assurance of ongoing eligibility. While the Scheme has consistently met the single performance target specified in the inter-departmental agreement between Human Services and DSS<sup>13</sup>, there remains scope for some refinement of administrative and review arrangements, including: low-cost outreach activities to supplement existing information channels about the Scheme; making better use of departmental customer surveys to more accurately assess satisfaction with the Scheme; and considering opportunities to assist DSS assess the program's achievements against policy objectives.

16. In administering the program, Human Services largely relies on its departmental website and network of Smart Centres to inform the program's isolated target group, and the information provided is accessible and generally accurate.<sup>14</sup> The ANAO's stakeholder survey<sup>15</sup> indicated that while most

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12 The department provides telephony and processing services to customers through 29 Smart Centres. Two of these Smart Centres—based in Lismore and Perth—include teams responsible for AIC-related services.

13 Under a Bilateral Management Arrangement (BMA) with DSS, Human Services has a single performance target for AIC of 'processing 70 per cent of new claims within 21 days'.

14 During the course of the audit, the ANAO noted some minor inconsistencies in Human Services' public information on the Scheme, which were corrected in a timely manner by the department.

15 On behalf of the ANAO, the Isolated Children's Parents' Association (ICPA)—a volunteer, non-profit organisation representing parents of rural and remote students—sent information about the ANAO's performance audit and its survey instrument to its members. Further detail on the ANAO's survey is at Appendix 4.

respondents were satisfied with the current level of access to information, almost 90 per cent of respondents indicated that they had found out about the Scheme through personal networks rather than departmental sources. While the department no longer undertakes broad based promotional efforts<sup>16</sup>, there would be merit in the department continuing to support low-cost outreach activities to supplement its existing information channels. In a similar vein, while the Scheme received few complaints in recent years<sup>17</sup>, there would be benefit in considering how the department's customer satisfaction surveys—the only mechanism used to measure AIC customer experiences—could provide more reliable results for small program populations such as those assisted by AIC.<sup>18</sup>

17. The department has also established useful, program-specific operational guidance materials to assist its staff to assess AIC claims, supported by the department's Quality-On-Line mechanism, to help assess the quality of administration. Suitable controls have been implemented within the payment system to provide a reasonable level of assurance over the processing and payment of AIC claims, including data entry validation checks and system-generated calculation of payments. The ANAO's analysis of a sample of claims found decisions were generally in accordance with the program guidelines.<sup>19</sup> ANAO testing of the formulas used to calculate AIC payments also indicated that they produced accurate payment outcomes.

18. Human Services has adopted a multi-layered approach to monitoring compliance with the Scheme's eligibility requirements, combining customer commitments to notify the department of relevant changes in circumstances, with annual reviews of customers' continuing eligibility. These mechanisms are supported by enrolment checks for all AIC recipients through schools. This approach provides a reasonable level of assurance for a program assessed by the department as low-risk.

19. Over the last four years, the department has consistently exceeded its AIC claims processing target—processing 70 per cent of claims within 21 days;

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16 Human Services advised that it ceased advertising for AIC in rural publications approximately 10 years ago, in line with government-wide moves to make information available on websites whenever possible.

17 Between 2010 and 2014, 27 AIC complaints were received by the department.

18 Since July 2012, only two AIC customers have been included in the monthly department-wide 'transactional surveys' used to gauge customer satisfaction.

19 The ANAO's testing of a sample of 100 AIC assessments found discrepancies in seven per cent of these cases, relating to the completeness of a claim form and the documentation of decisions.

although performance against this measure has been trending down (by some 10 per cent) from 2010–11 to 2013–14.<sup>20</sup> Internal reporting to senior management on the Scheme’s performance is regular, albeit limited and operationally focussed, and includes progress against the Scheme’s key performance measure—an approach reflecting the department’s assessment of the AIC as a mature and low risk program. However, there has been limited formal monitoring of program risks and until 2014 the program’s risk management plan had not been formally reviewed or monitored for seven years. Further, Human Services advised the ANAO that no evaluations of the Scheme have been conducted, and no evaluation is currently planned.

20. The ANAO has not made any recommendations. However, this audit draws attention to the benefits of ongoing management attention—including through risk management processes and customer feedback—to small and mature programs, to help maintain a focus on the cost-effectiveness and quality of their administration. In this context, there would be value in DSS and Human Services considering options, in the context of their inter-departmental agreement, for enhancing the Scheme’s review and reporting framework to assist DSS to assess the impact of the program in achieving its policy objectives.

## Key findings by chapter

### Promotion and Access (Chapter 2)

21. In establishing assistance programs, it is expected that government entities will implement arrangements to effectively promote the program and provide ready access to information about the program. As the Scheme’s target group is predominantly families with school age children in isolated situations, it is particularly important that promotional and other program materials are targeted, well-designed, and accessible.

22. In the past, Human Services actively promoted the Scheme through advertising in rural publications and outreach programs conducted by the department. Consistent with e-government principles, Human Services now uses its website as the principal platform for promoting the Scheme to potential applicants. The majority of respondents to the ANAO Survey found out about

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20 The overall percentage of claims processed within 21 days has declined from around 96 per cent in mid-2010 to around 86 per cent in mid-2014.



the Scheme through: their community, family or friends; a school; or the ICPA (89.3 per cent). While there may be limited scope for active promotion of the Scheme, there remains benefit in the department continuing to support low-cost promotional activity of AIC, including through relevant stakeholders.

23. Human Services provides information on the Scheme through its website, the AIC phone line, and its Service Centres. Information provided by Human Services through its website, the AIC claim form and the AIC brochure is informative and generally consistent with the Scheme Guidelines. Overall, the majority of ANAO Survey respondents indicated satisfaction with information available on the Scheme (56 per cent<sup>21</sup>) and the claim process for the Scheme (61 per cent<sup>22</sup>). A proportion of respondents identified difficulties with information access (17 per cent) and the claim process (eight per cent).

### **Assessing Claims for Assistance (Chapter 3)**

24. Clear guidance, operational procedures, and targeted training assist staff in delivering services that meet policy and legislative requirements. In addition, quality assurance and review mechanisms can support consistent decision-making regarding eligibility for financial assistance.

25. Human Services' Operational Blueprint—the department's central source of reference materials to assist staff with their service delivery responsibilities—includes an outline of key aspects of AIC policy and procedure, which is consistent with the program Guidelines. Human Services has also developed a training module to help its wider network of Service Officers identify when potential applicants may be eligible for an AIC allowance. The training module includes directions for referring customers to the AIC Smart Centres for more assistance.

26. Human Services has implemented suitable controls to provide a reasonable level of assurance over the processing and payment of AIC claims within its AIC payment system.<sup>23</sup> These controls include: data entry validation checks; and system generated calculation of payments. In this context, the

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21 Based on several ANAO Survey questions related to the Scheme's accessibility and quality of information. On the same survey questions, 28 per cent of the remaining respondents overall rated access to the Scheme and quality of departmental information as 'neutral'.

22 Based on several ANAO Survey questions related to the Scheme's application process. On the same survey questions, 30 per cent of the remaining respondents overall rated their satisfaction with the department's application process as 'neutral'.

23 The Centrelink Education Payment System (CEPS).

ANAO's testing of the formulas used to calculate AIC payments indicated that they produced accurate payment outcomes.

27. Over the last four years, Human Services has consistently exceeded its key performance measure of processing 70 per cent of new claims within 21 days. However, performance against this measure has been trending down (by some 10 per cent) from 2010–11 to 2013–14 and Human Services advised the ANAO that it will continue to monitor performance against the AIC claim processing target. The ANAO's analysis of a sample of claims for the 2014 year indicated they were generally processed in accordance with the Guidelines; however, administrative discrepancies were identified for seven per cent of claims examined, with the majority of issues (six out of seven) relating to the documentation of decisions.<sup>24</sup> In the sample of claims examined by the ANAO, the six issues relating to the documenting of decisions would have resulted in errors under the department's internal Quality-On-Line<sup>25</sup> process, resulting in a 94 per cent accuracy rate for the ANAO's sample.<sup>26</sup>

28. Human Services advised that its internal processes for reviewing AIC decisions are in line with the review mechanisms used by the department to administer other schemes and programs. In addition, AIC applicants can seek a further review of a decision, by the Minister for Social Services, if they are dissatisfied with the outcome of Human Services' internal review. The ANAO's review of a sample of letters to AIC applicants whose claim had been rejected or required additional information, indicated that some 27 per cent of the letters examined contained no or inaccurate information about review and appeal rights. In the course of the audit, the department implemented program-wide changes with the aim of providing clear, consistent and sound advice to applicants on their review and appeal rights.

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24 Human Services advised these six discrepancies did not affect AIC claim decisions.

25 The Quality-On-Line (QOL) process is a department-wide quality control mechanism for payment correctness and serves as the primary quality assurance measure for AIC. In 2011–12, the department's Quality-On-Line processes were subject to an ANAO performance audit. Refer ANAO Audit Report No.28 2011–12 *Quality On Line Control for Centrelink Payments*.

26 The ANAO's sample included 100 applications randomly selected from new claims for 2014 (processed between October 2013 and September 2014) available during audit fieldwork conducted in September 2014. A departmental sample of new claims processed between 1 August 2013 and 1 July 2014 that were subject to QOL checking reported a 100 per cent accuracy rate. Due to differences in the two sample populations, a direct comparison between the ANAO and QOL findings is not possible.

## Monitoring and Reporting (Chapter 4)

29. Entities administering programs need to give ongoing management attention to the overall direction of programs through sound governance arrangements, risk management processes, and ongoing performance monitoring and reporting. Human Services' approach to performance monitoring and reporting for the Scheme is informed by: the requirements established under the joint DSS/Human Services BMA; the department's assessment of the Scheme as a mature low risk activity; and the Scheme's relatively small and isolated customer base.

30. Reflecting the stability of the Scheme's legislative and policy settings, the department considers the program's administration and implementation risks to be low. In consequence, while the department advised the ANAO that it monitors risks as part of its ongoing program management responsibilities, there has been limited formal monitoring of AIC program risks. Until 2014, risks to the administration of the Scheme, as documented in the program's risk management plan, had not been formally updated or monitored for seven years. Further, no evaluation activity has been completed or is planned for the Scheme.

31. Human Services adopts a number of strategies to monitor compliance with Scheme requirements. Applicants agree (when lodging a claim form) to notify the department when 'prescribed events' affecting their eligibility occur. In addition, the department assesses the ongoing eligibility of students through periodic enrolment checks via third parties.<sup>27</sup> Human Services also conducts targeted 'end of year circumstance reviews' to satisfy itself that only those customers who continue meeting eligibility requirements receive AIC payments into a new year. Overall, the multi-layered approach to monitoring compliance provides a reasonable level of assurance, and reflects the low risk rating for the program.

32. Consistent with the department's Service Commitments<sup>28</sup>, Human Services has established whole-of-entity mechanisms for customers to provide feedback or make a complaint regarding the Scheme. Customer advice about these mechanisms is set out in the AIC claim form and in correspondence.

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27 Human Services advised the ANAO that data is not available on the number of customers cancelled, or the value of debts raised, as a result of enrolment checks. The department further advised that an enrolment check is an administrative process that may lead to the cancellation of AIC.

28 Department of Human Services, *Our Service Commitments*, available from <<http://www.humanservices.gov.au/spw/corporate/about-us/resources/10202-1211en.pdf>> [accessed 24 September 2014].

Compared to the number of customers receiving AIC allowances, complaints concerning the Scheme are very low.<sup>29</sup> As there is no longer a dedicated AIC customer survey, there would be merit in Human Services considering whether the sampling methodology for its department-wide customer satisfaction surveys can provide more reliable results for a small program population such as AIC.<sup>30</sup>

33. Internal reporting on the Scheme addresses key aspects of service delivery and program management. Reporting on service delivery includes the timeliness of AIC claims processing—the key performance measure for the Scheme under the BMA between Human Services and DSS. Internal reporting to Human Services' Executive is performed in conjunction with the quarterly 'Confidence Framework' reporting under the BMA. Reporting to the Executive outside the Confidence Framework process is on an exceptions basis. Human Services advised that no additional Executive reporting has been undertaken recently as the Scheme is low risk and has consistently performed above the performance target for claims processing.<sup>31</sup> That said, the department's achievements against the single AIC key performance measure has been trending down (by some 10 per cent) over the past four years.

34. Under the new BMA finalised on 22 October 2014, Human Services continues to report to DSS on the Scheme. However, under the new quarterly Performance Assurance Reports, reporting on the Scheme is limited solely to the timeliness performance measure, and Human Services advised that no evaluation activity is currently planned. AIC is a long-running Scheme and it would be appropriate for Human Services and DSS to consider, in the context of future discussions on the direction of the BMA, options for enhancing the Scheme's review and reporting framework to assist DSS to assess the impact of the program in achieving its policy objectives.

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29 Between 2010 and 2014, 27 AIC complaints were received by the department.

30 Since July 2012, only two AIC customers have been included in the monthly department-wide 'transactional surveys'.

31 The timeliness of claims processing has been consistently above the benchmark performance target of 70 per cent of claims processed within 21 days.

## Summary of entity response

35. The proposed audit report issued under section 19 of the *Auditor-General Act 1997* was provided to Human Services. In addition, an extract of the proposed audit report was provided to DSS. A summary of the entities' responses to the proposed audit report is below, with the full responses at Appendices 1 and 2.

### Summary of Human Services response

The Department of Human Services (the department) welcomes this report and acknowledges the benefit of continued ongoing management attention to the Scheme. The department will continue working with the Department of Social Services in ensuring an effective review and reporting framework.

### Summary of DSS response

The Department welcomes the fact that the AIC audit does not make any adverse findings in relation to its role of policy oversight of the AIC Scheme. The Department acknowledges the suggestion that there is scope for refinement of the existing administrative review arrangements and will consider this as part of the next review of its Bilateral Management Agreement with Human Services.



## **Audit Findings**





# 1. Introduction

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*This chapter provides an overview of the Assistance for Isolated Children Scheme, including its purpose, eligibility requirements and administrative framework. It also outlines the audit objective, scope and methodology.*

## Background

**1.1** Due to a variety of factors, including population characteristics and geographic barriers, government schooling is more accessible in certain parts of Australia, such as metropolitan centres, than in others. As a result, families residing in regions isolated from schools may incur additional financial costs to educate their children. Since 1973, the Australian Government has provided financial assistance to families under the Assistance for Isolated Children Scheme (AIC, or the Scheme).

## Assistance for Isolated Children Scheme

**1.2** The purpose of the Scheme is to assist families with children who do not have reasonable daily access to an appropriate government school due to geographic isolation, a special education need or a disability or other health-related condition.<sup>32</sup>

**1.3** The Scheme is established under the *Student Assistance Act 1973* (the Act) and is demand driven. While an annual budget is set for the total assistance available under the Scheme, in practice there is no upper limit to the total annual payments that could be made.

**1.4** The Scheme assisted over 51 000 students between 2010–11 and 2013–14, at a cost of some \$246 million (see Table 1.1). Estimated program expenditure for the Scheme from 2014–15 to 2017–18 is over \$293 million, with 11 100 students per annum expected to benefit from the Scheme during this time.<sup>33</sup>

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32 Documentation surrounding the Scheme refers to both 'government' and 'state' schools. An appropriate government school is a school that offers the student's level of study or, if the student has special health or educational needs, one that provides access to the facilities, programs and environment required for those needs.

33 Department of Social Services, *Portfolio Budget Statements 2014–15*, pp. 57–58.

**Table 1.1: AIC funding and beneficiaries**

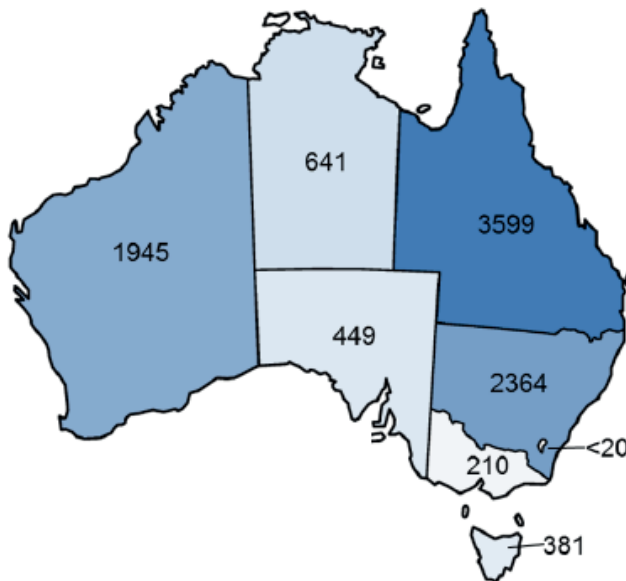
Year	AIC benefits \$ million	Students in receipt of benefits
2010–11	62.6	12 662
2011–12	59.6	12 691
2012–13	60.9	12 805
2013–14	63.2	12 902
<b>Total</b>	<b>246.3</b>	<b>51 060</b>

Source: ANAO analysis of Human Services' data.

Note 1: Students may be eligible for assistance over multiple school years. The total therefore represents the cumulative number of students assisted rather than the number of individual students in receipt of benefits over the period.

**1.5** Figure 1.1 shows the number of AIC recipients by state and territory as at 30 June 2014.

**Figure 1.1: Location of AIC recipients as at 30 June 2014**



Source: ANAO analysis of Human Services' data.

## Administrative arrangements

**1.6** The Department of Social Services (DSS) has policy advising responsibility for the Scheme. Responsibility for the Scheme was transferred to DSS from the then Department of Education, Employment and Workplace Relations (DEEWR) as a result of the Administrative Arrangements Order of 18 September 2013.<sup>34</sup> Under the Act, the Secretary of DSS is responsible for the general administration of the Scheme, subject to directions from the Minister for Social Services. The Secretary of DSS has delegated all powers under the Act relating to the Scheme to the Chief Executive Centrelink, a senior official within the Department of Human Services (Human Services).

**1.7** A Bilateral Management Arrangement (BMA) between DSS and Human Services sets out the framework for the administration of the Scheme. Under the BMA, Human Services, through the Centrelink master program, is responsible for the day-to-day administration and delivery of benefits under the Scheme, including: conducting assessments on eligibility for allowances; processing claims; and making payments.<sup>35</sup>

**1.8** Day-to-day, the Scheme is delivered by four teams within Human Services: the AIC Program Management Team, which is responsible for program coordination and liaison with DSS; two AIC processing teams based in the department's Lismore and Perth Smart Centres<sup>36</sup>; and the Student Business Support Team, which provides support to the two processing teams and liaises with the Program Management Team on matters such as correct processes, procedures and policy interpretation.

## Allowances paid under the Scheme

**1.9** Payments made under the Scheme are intended to alleviate the additional costs associated with educating students isolated from an appropriate government school. Four separate allowances are provided under the Scheme, as summarised in Table 1.2.

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34 DSS advised the ANAO that as part of the hand-over process, DEEWR staff continued to work on AIC until the Machinery of Government changes were finalised at the end of March 2014.

35 The Scheme is funded through a special appropriation under the Act. Payments are made on behalf of DSS from a special account administered by Human Services.

36 Claims for applicants living in Queensland, New South Wales, Victoria, the Australian Capital Territory or Tasmania are generally processed by the AIC Smart Centre in Lismore. Claims for applicants living in Western Australia, the Northern Territory or South Australia are generally processed by the AIC Smart Centre in Perth.

**Table 1.2: AIC Allowances**

Allowance	Description of allowance
Boarding Allowance	Two Boarding Allowances can be paid: <ul style="list-style-type: none"> <li>• Basic Boarding Allowance—assists families with students who must board away from home to study; and</li> <li>• Additional Boarding Allowance—a means-tested supplementary payment to provide additional support for lower-income families who are in receipt of the Basic Boarding Allowance.</li> </ul>
Distance Education Allowance	Assists families with students who are undertaking their education by distance education methods.
Second Home Allowance	Assists families who maintain a second home to enable daily school attendance for their children.
Pensioner Education Supplement	For families with students who receive a Disability Support Pension or Parenting Payment (Single) and who are studying at primary or equivalent ungraded level. <sup>1</sup>

Source: ANAO summary from the Assistance for Isolated Children Scheme Guidelines.

Note 1: An ungraded level of study is study in a government or approved non-government residential institution; or non-residential special school, that caters for children with disabilities or psychological, emotional or behavioural problems.

**1.10** Approved applicants<sup>37</sup> can receive only one type of allowance for each student. The relevant allowance paid will normally reflect the student's particular living arrangements while they are undertaking their study. Allowances are available for the full calendar year provided eligibility requirements are met. If eligibility requirements are met for only part of the calendar year, allowances are calculated on a pro-rata basis. Table 1.3 provides an overview of the payment rates for 2014 and the frequency of payments for each allowance.

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37 Once an 'applicant' has been approved for assistance under the Scheme, Human Services refers to the applicant as a 'customer'.

**Table 1.3: Payment rates and frequency of AIC Allowances for 2014**

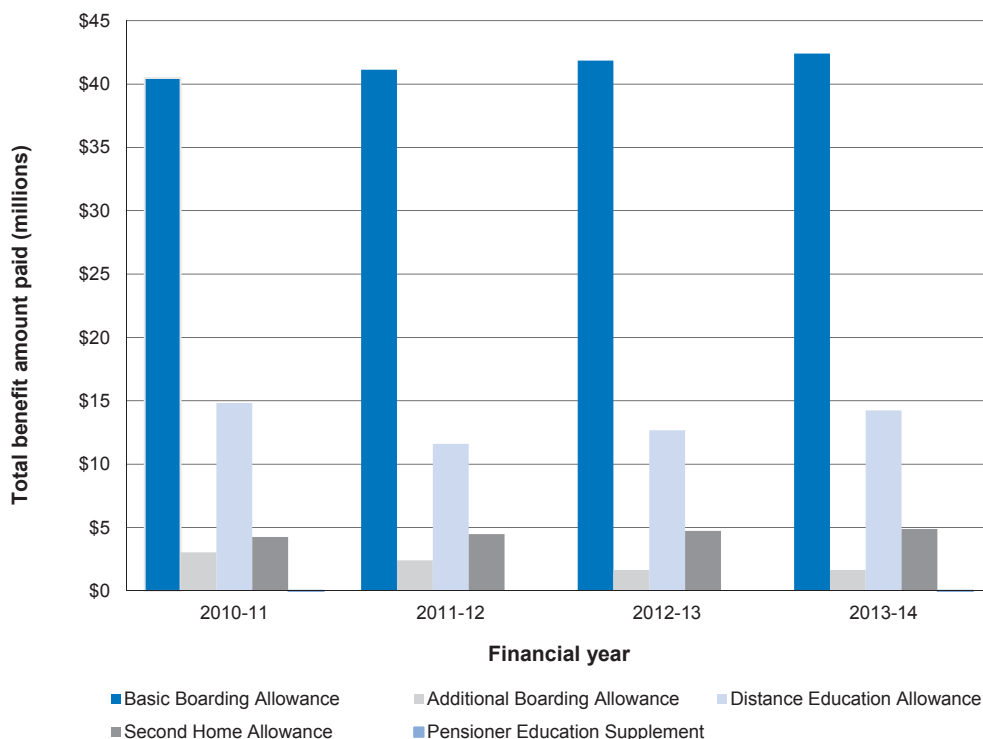
Allowance	Maximum payment rate (per year)	Frequency of payments
Boarding Allowance	\$7667 (Basic) \$1466 (Additional)	Paid a term in advance for students at a boarding school or hostel; paid fortnightly in arrears for students privately boarding.
Distance Education Allowance	\$3833	Paid a term in advance.
Second Home Allowance	\$5822	Paid fortnightly in arrears.
Assistance for Isolated Children Pensioner Education Supplement	\$1627	Paid a term in advance for students at a boarding school or hostel; paid fortnightly in arrears for students privately boarding.

Source: ANAO summary from Human Services data.

Note: AIC payments are not taxed—the Australian Taxation Office classifies AIC allowances as 'supplementary amounts' for the purposes of the *Income Tax Assessment Act 1936*.

**1.11** Total payments for the different allowance types from 2010–11 to 2013–14 are shown in Figure 1.2 below. The majority of benefits paid over the four years were to customers receiving a Boarding Allowance, with \$165.9 million (67 per cent) of the total of \$246.4 million being paid for Basic Boarding Allowance.

**Figure 1.2: Benefits paid by allowance type 2010–11 to 2013–14**



Source: ANAO Analysis of Human Services' data.

Note 1: The amounts paid for Distance Education Allowance in 2010–11 and 2011–12 include payments of the Distance Education Allowance Supplement, which was \$1084 per annum per student for the year ended 30 June 2011. These supplements formed part of the Government's 2010–11 Budget Measure for the extension of Drought Assistance. The Additional Boarding Allowance was also supplemented by \$1000 per student per annum to 31 December 2011 under the same Budget Measure.

Note 2: In 2010–11 the amount paid for the AIC Pensioner Education Supplement was \$749 and in 2013–14 it was \$406. There were no amounts paid for the Pensioner Education Supplement in 2011–12 and 2012–13.

## Eligibility for assistance under the Scheme

**1.12** The Assistance for Isolated Children Scheme Guidelines (the Guidelines) are updated annually and cover policy and procedural matters not addressed in the Act<sup>38</sup>, including eligibility requirements. Eligibility tests include both general requirements—such as age, residency and isolation

38 The Act details matters such as provisions for reviewing decisions made in relation to the Scheme, the recovery of overpayments and offences. The Guidelines cover policy and procedures not set out in the Act, such as allowance types and benefits, funding levels, eligibility requirements, and administrative information for making a decision on a claim.

conditions—that must be met for all allowance types, as well as specific eligibility requirements for each allowance type. Appendix 3 provides a summary of the general eligibility requirements for applicants and students.

**1.13** For a student to qualify as isolated, factors such as distance from an appropriate government school and ability to attend school daily are considered. The Guidelines specify three Rules for determining what constitutes ‘geographically isolated’, as shown in Table 1.4.

**Table 1.4: Geographic isolation rules**

Rule	Condition
Rule 1	The distance between the principal family home and the nearest appropriate state school is at least 56 kilometres by the shortest practical route.
Rule 2	The distance between the principal family home and the nearest appropriate state school by the shortest practical route is at least 16 kilometres and the distance between the principal family home and the nearest available transport service to that school is at least 4.5 kilometres by the shortest practical route.
Rule 3	The student does not have reasonable access to an appropriate state school for at least 20 school days in a year because of adverse travel conditions (for example, impassable roads) or other circumstances beyond the family’s control.

Source: Department of Social Services, Assistance for Isolated Children Scheme Guidelines, 2014, p. 25.

**1.14** The amount of evidence required to support a claim based on geographic isolation depends on the Rule. Evidence does not always need to be provided for a claim on the basis of Rule 1 or Rule 2; however, evidence to support the claim can be requested by Human Services at any time. Evidence is required to support a claim on the basis of Rule 3, particularly demonstrating that inaccessibility is beyond the family’s control.

**1.15** For applicants claiming assistance under the Scheme due to a student’s special education need or disability or other health-related condition, specific evidence is generally required. Under the Guidelines, a disability or other health-related condition is defined as:

- a physical or intellectual disability;
- a psychological, emotional or behavioural problem;
- a medical condition; or
- pregnancy.

**1.16** Students can also be ‘deemed isolated’ in certain circumstances, including where: the student lives in a special institution; the parent’s work requires frequent moves; or to limit disruption to the schooling of a student whose circumstances change during the period of receipt of an AIC allowance.

## **Audit objective, scope and criteria**

**1.17** The audit objective was to assess the effectiveness of Human Services’ administration of AIC.

**1.18** To form a conclusion against the objective, the ANAO adopted the following high level criteria:

- effective arrangements for the promotion and delivery of services for the Scheme have been established;
- suitable administrative systems and processes are in place for the transparent, accurate and timely assessment of claims under the Scheme; and
- sound monitoring, evaluation and reporting arrangements for the Scheme have been implemented.

**1.19** The audit did not examine DSS’ policy advisory and other roles.

## **Audit methodology**

**1.20** The audit methodology included:

- interviewing key Human Services personnel;
- fieldwork visits to the AIC Smart Centres in Lismore (NSW) and Perth;
- reviewing relevant Human Services records and documentation, including policies, procedures and performance reports;
- analysing a stratified sample of AIC claims to determine compliance with the Guidelines, service standards and the quality of record-keeping;



- consulting with key stakeholders, including key personnel at DSS and relevant external stakeholders such as the Isolated Children’s Parents’ Association (ICPA); and
- surveying a sample of AIC applicants.<sup>39</sup>

**1.21** The audit was conducted in accordance with the ANAO’s auditing standards at a cost to the ANAO of approximately \$386 000.

## Report structure

**1.22** The audit findings are presented in three chapters, as shown in Table 1.5.

**Table 1.5: Structure of the Report**

Chapter	Description
2—Promotion and Access	This chapter examines the arrangements in place for promoting the Scheme, accessing information about the Scheme and submitting a claim for assistance.
3—Processing Claims for Assistance	This chapter examines the administrative arrangements and processes established by Human Services to assess and review claims for assistance under AIC.
4—Monitoring and Reporting	This chapter examines the arrangements established by Human Services for: risk management; monitoring compliance; customer feedback; and reporting on the Scheme.

Source: ANAO.

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<sup>39</sup> The sample population surveyed consisted of 2137 members of the ICPA—a volunteer, non-profit organisation representing parents of rural and remote students. Of the sample population, 132 responded, providing a response rate of 6.2 per cent. Further detail on the survey is at Appendix 4.

## 2. Promotion and Access

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*This chapter examines the arrangements in place for promoting the Assistance for Isolated Children Scheme, accessing information about the Scheme and submitting a claim for assistance.*

### Introduction

**2.1** In establishing assistance programs, it is expected that entities will implement arrangements to effectively promote the program and provide ready access to information about the program. Under the Bilateral Management Arrangement (BMA) between the Department of Social Services (DSS) and the Department of Human Services (Human Services), Human Services' responsibilities for the promotion of the Assistance for Isolated Children Scheme (AIC, or the Scheme) and access to information about the Scheme include:

- making sure that all eligible recipients are aware of and able to access AIC payments;
- assisting applicants to make decisions on the most appropriate form of assistance; and
- providing initial support to applicants, including through telephone calls, face-to-face and online services and the development and distribution of forms and information products.

**2.2** The ANAO examined the arrangements established by Human Services for:

- promoting the Scheme to potential applicants;
- accessing information on the Scheme; and
- applying for assistance under the Scheme.

**2.3** The ANAO also conducted a survey of a sample of AIC applicants to ascertain their views about the Scheme's accessibility and, for those who applied for an AIC allowance between 2011 and 2014, their satisfaction with making a claim for assistance.

### Promotion of the Scheme to potential applicants

**2.4** Human Services' Portfolio Communication Strategy 2010–14 outlines the department's communication objectives, which include raising awareness

of assistance available through the department and increasing knowledge among target communities of specific programs and how they can be accessed. The Scheme's target audience is predominantly families with school age children who may be residing in a geographically isolated area or who have learning or health needs that cannot be met at a local government school.

**2.5** The Scheme is promoted by Human Services through information provided on the department's website. The following information specific to the Scheme is available:

- an overview of eligibility requirements for the Scheme;
- an overview of payment rates for AIC allowances;
- how receiving an AIC allowance may affect existing government payments;
- the Parental Income Test for the Scheme (applicable only if applicants are claiming for the Additional Boarding Allowance);
- other potential benefits, for example, AIC customer eligibility for other payments administered by Human Services; and
- how to make an AIC claim.

**2.6** Information on the Scheme is also included in Human Services' *A guide to Australian Government payments* and on Human Services' web-based 'Payment Finder'. Payment Finder is accessed through the department's website and allows potential recipients of government payments to find the payments applicable to their individual circumstances by providing information on: age; work and study; children; health; and other circumstances.

**2.7** Human Services advised the ANAO that in the past, the Scheme was more widely promoted through advertisements in rural publications and outreach measures. The department further advised that over the past 10 years these promotional strategies have been largely overtaken by government-wide initiatives to make information available online, consistent with e-government principles.

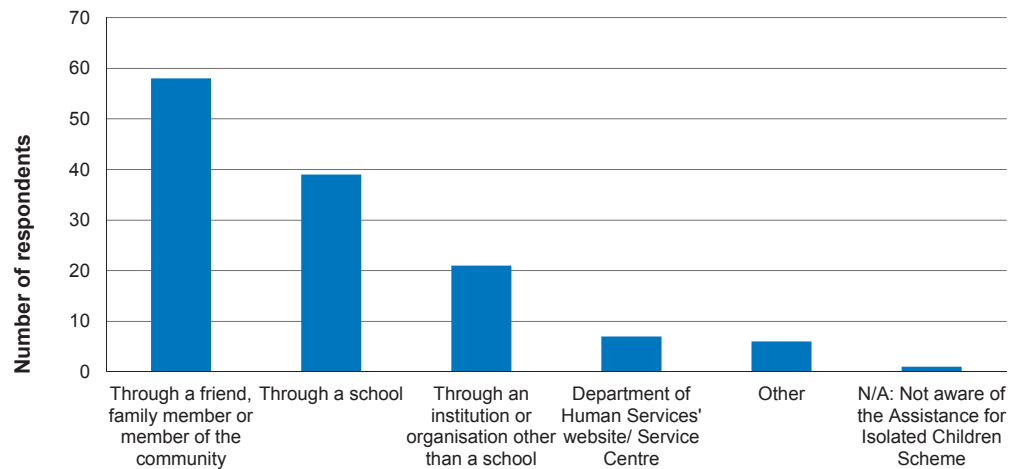
**2.8** While the department's primary method of promoting the Scheme to potential applicants is through its website, there are other ways that potential applicants may become aware of the Scheme. All state and territory governments make reference to or have information available on AIC through their websites. The departments of education for Western Australia, South

Australia and the Northern Territory also make assistance payments to geographically isolated students, with an eligibility requirement that the student is already approved for an AIC allowance.

**2.9** Non-government stakeholders also promote the Scheme. The Isolated Children’s Parents’ Association (ICPA), a not for profit organisation promoting equity of access to education opportunities for students in rural and remote areas of Australia, disseminates information about the Scheme to its members and the community.<sup>40</sup> Human Services advised the ANAO that departmental officers attend conferences held by the ICPA in order to promote the Scheme to delegates and education institution representatives, among others. The department further advised that certain schools advertise AIC allowances to parents and students, and that the AIC processing teams have promoted the Scheme to distance education and special institutions to assist with the accuracy of AIC information provided by these third parties.

**2.10** Figure 2.1 shows how ANAO survey respondents found out about the Scheme.

**Figure 2.1: ANAO Survey results—how respondents found out about the Scheme**



Source: ANAO analysis of survey responses.

Note: Of the 27 respondents who said they found out about the AIC 'Through an institution or organisation other than a school' or 'Other', 26 noted this was through the ICPA.

40 The ICPA has over 4500 members and is comprised of a federal branch with state and territory branches in New South Wales, the Northern Territory, Queensland, South Australia, Tasmania and Western Australia.

**2.11** The majority of survey respondents found out about the Scheme through their community, a friend, or a family member (43.9 per cent of respondents); a school (29.5 per cent); or an institution or organisation other than a school (15.9 per cent). Around five per cent of respondents became aware of the Scheme through Human Services.

**2.12** While there may be limited scope for active promotion of the Scheme in a resource constrained environment, there remains benefit in the department continuing to support low-cost promotional activity, including through relevant stakeholders.

## Access to information on the Scheme

**2.13** As discussed, Human Services primarily disseminates information about the Scheme through the department's website (see paragraph 2.5). Information about the Scheme can also be obtained through Human Services' dedicated AIC phone line or face-to-face at a Service Centre.

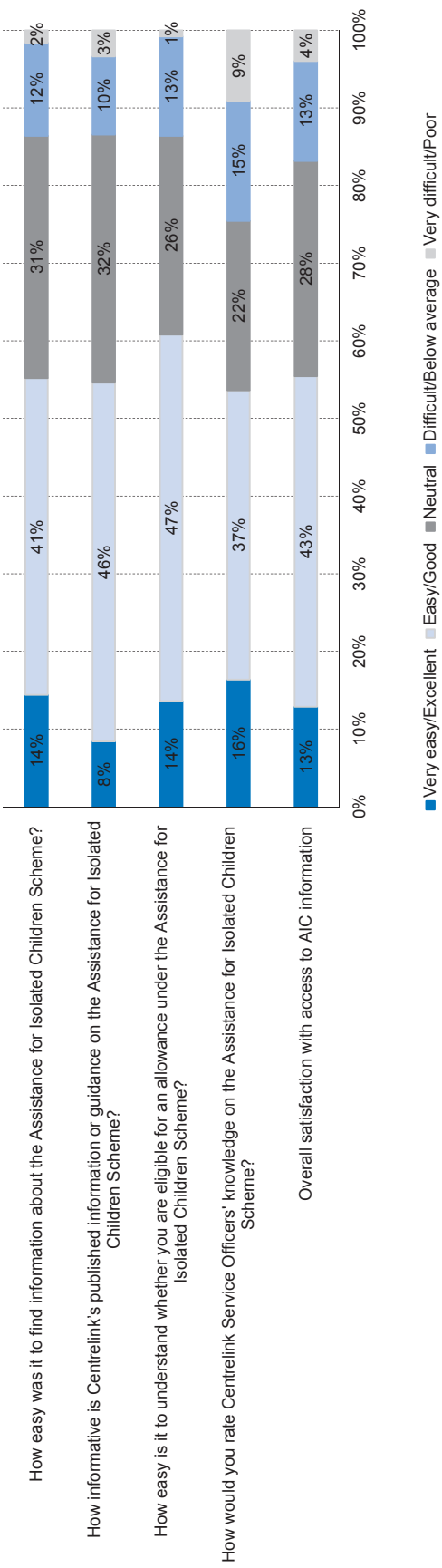
**2.14** The Claim for Assistance for Isolated Children Form (AIC claim form), which is available in hard copy and on the department's website, is accompanied by a 20 page 'notes booklet', which provides detailed information on the Scheme. Human Services has also published a 34 page AIC brochure, which contains similar information to the AIC claim form 'notes booklet', but in a more informal format. The brochure is no longer available online but can be obtained on request.<sup>41</sup>

**2.15** Figure 2.2 below shows the ANAO Survey respondents' satisfaction with access to AIC information.

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<sup>41</sup> Human Services advised that the brochure was removed from the department's website in June 2012 in a department-wide decision to avoid a double-up of information already provided on the website and to meet the Australian Government standard regarding the accessibility of information provided online. The Australian Government Web Guide, available from: < <http://webguide.gov.au/accessibility-usability/accessibility/> > [accessed 12 November 2014] states that under the *Disability Discrimination Act 1992*, Australian Government entities are required to ensure information and services are provided in a non-discriminatory accessible manner. All Australian Government websites were required to meet the Web Content Accessibility Guidelines (WCAG) version 2.0 by 31 December 2014. PDF does not yet have the required accessibility support to fully claim WCAG 2.0 conformance, so it cannot be solely relied upon for the provision of government information except in limited circumstances.

**Figure 2.2: ANAO Survey respondents' satisfaction with access to AIC information**



Source: ANAO analysis of survey responses.

Note 1: 125 respondents provided ratings for the questions above. For the questions relating to Human Services' published information and guidance and Service Officers' knowledge, a response of 'Not Applicable' was provided by 6 and 15 respondents respectively, and have not been included.

Note 2: Results for the Overall satisfaction responses are an average of the composite responses to the four survey questions above.

Note 3: Some totals do not add to 100 per cent due to rounding.

**2.16** Figure 2.2 shows that overall, a majority of respondents (56 per cent) were satisfied with the accessibility of information on the Scheme.<sup>42</sup> Generally, ANAO Survey respondents were satisfied with: the ease of finding information on the Scheme; understanding eligibility requirements; the information provided through Human Services' published materials; and Service Officers' (SOs) knowledge.

**2.17** Respondents indicated the highest levels of satisfaction in relation to the ease of understanding eligibility for the Scheme—61 per cent of respondents found understanding eligibility 'Easy' or 'Very easy'. The lowest levels of satisfaction were with SOs' knowledge of the Scheme. Although the majority of respondents (53 per cent) rated SOs' knowledge as excellent or good, 24 per cent of respondents found it to be below average or poor. Comments made by the survey respondents indicate that this result may be due to general SOs being less knowledgeable about the Scheme than the SOs in the AIC Smart Centres.

### **Consistency of Human Services' information with the Guidelines**

**2.18** The Assistance for Isolated Children Scheme Guidelines (the Guidelines) set out the AIC policy and procedures not covered under the *Student Assistance Act 1973*. The Guidelines cover matters such as: eligibility requirements; approved study arrangements; isolation conditions; special needs requirements; and the different allowance types.

**2.19** To assess whether the information provided by Human Services on the Scheme is consistent with the policy and procedural requirements for the Scheme set out in the Guidelines, the ANAO reviewed the information contained in the AIC brochure; AIC claim form 'notes booklet'; and Human Services' website. Generally, the advice provided in information materials was consistent with the Guidelines, although the ANAO noted some minor inconsistencies in Human Services' information. The inconsistencies were corrected in a timely manner by the department in the course of the audit.

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42 This 56 per cent satisfaction rating is derived from the sum of 13 per cent of respondents who found access to AIC information 'Very Easy/Excellent' and 43 per cent of respondents who found access to the information 'Easy/Good'.

# Applying for assistance under the Scheme

**2.20** To apply for assistance under the Scheme, all applicants are required to complete the AIC claim form regardless of the type of allowance being applied for.<sup>43</sup> To qualify for payment, claim forms must be lodged by 31 December in the year of study for which the claim is being made, unless intent to claim is registered by 31 December.<sup>44</sup>

**2.21** As mentioned above, the claim form contains a detailed ‘notes booklet’ to assist an applicant in completing the claim form. The form consists of 93 questions relating to five main areas, outlined in Table 2.1. Not all questions are required to be completed by each applicant—applicants are directed to answer specific questions depending on individual circumstances.

**Table 2.1: Overview of the AIC claim form**

Information required by the AIC claim form
<p><b>Student and applicant details</b></p> <p>43 questions surrounding students’ and applicants’ details, including:</p> <ul style="list-style-type: none"><li>• identification details;</li><li>• contact details;</li><li>• residency details;</li><li>• relationship details; and</li><li>• other government payments details.</li></ul>
<p><b>Education and living arrangements</b></p> <p>30 questions surrounding the student’s education and living arrangements, including:</p> <ul style="list-style-type: none"><li>• year of study;</li><li>• details of the school/education institution;</li><li>• students’ living arrangements during the school term; and</li><li>• details surrounding eligibility for the scheme—such as distances from principal family home to the government school.</li></ul>
<p><b>Boarding Allowance</b></p> <p>Applicants for the Additional Boarding Allowance must answer 10 extra questions relating to the applicant’s and partner’s income and other dependent children.</p>

43 The AIC claim form is only required to be completed when first applying for assistance under the Scheme. For applicants applying for Short Term Boarding, there is a separate application form that should be used for any further periods of boarding after claiming the initial period on the core AIC claim form. For continuing customers, a questionnaire is required to be completed for each year following the initial application, discussed further below.

44 Where intent to claim is registered, the claim form should be lodged within 13 weeks of the date the intent to claim was registered, or by 31 December, whichever is later.



### Information required by the AIC claim form

#### Payment details

These questions include information on who the payments are to be made to and banking details.

#### Declaration and signature

AIC payments cannot start until the form is signed by the applicant. If the applicant has a partner and is applying for Additional Boarding Allowance, the applicant's partner must also sign the form.

Source: ANAO analysis of the AIC claim form.

**2.22** Depending on an applicant's or student's circumstances, additional information or evidence may be required to support an AIC claim. This may involve the provision of supporting documentation, for example, a current rates notice or a statement from the state or territory education authority supporting the bypass of a local school. There are also five additional forms that, depending on individual circumstances, may be required (as outlined in Table 2.2). The forms are available on Human Services' website, with the exception of the Organisation Details form, which can be obtained from a departmental Service Centre or by calling Human Services.

**Table 2.2: Additional forms for AIC claims**

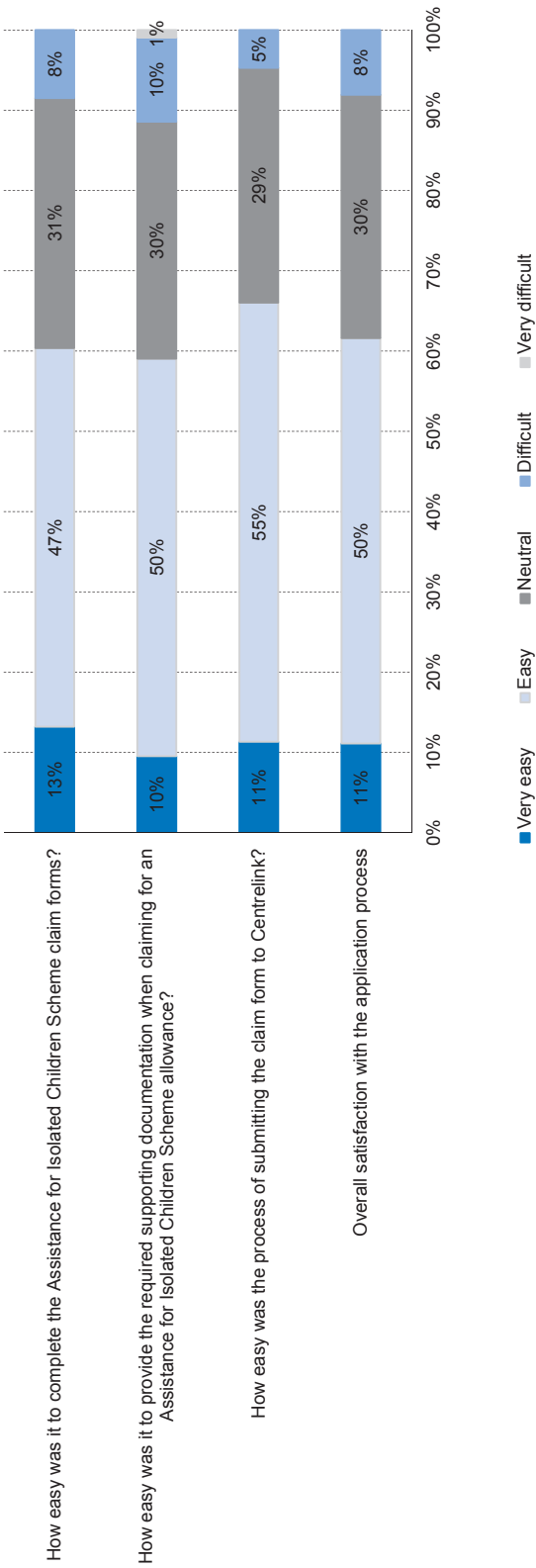
Form	Overview of form
Marginal Distance Confirmation	This form is required for claims based on geographic isolation where the distances from the principal family home to the nearest government school and/or transport services that are being claimed are just over the minimum requirements. The form must be completed by the local bus company proprietor and/or local government.
Medical Statement—Student Special Needs	This form is required for claims based on a special need or disability or other health-related condition. The form must be completed by a Medical Practitioner/Specialist and covers the reasons for the AIC claim and details about a student's needs.
Organisation Details	This form is required where an organisation is the applicant for an AIC claim. The form requests further details about the organisation and the student.
Current Tax Year Assessment	This form is available for applicants applying for Additional Boarding Allowance who want the Parental Income Test to be based on current tax year income rather than base tax year income (income from the tax year that ends in the previous year of study). This form is used when income for the current tax year has substantially decreased or increased from the base tax year.
Additional Information	This form allows for further information surrounding a claim to be provided. The form is primarily for students who are boarding or living in a second family home.

Source: ANAO summary of Human Services' forms.

**2.23** Applicants can submit their claim form and supporting evidence by post, in person at a Service Centre, or online. Although claim forms can be submitted online, there is currently no online application process. Rather, applicants can upload a scanned copy of the printed form and required evidence if they are registered for Centrelink's online services. Human Services advised the ANAO that the department is considering the development of an online claim for AIC, with work in the high level design phase. As at February 2015, there was no set delivery schedule.

**2.24** Figure 2.3 shows the ANAO Survey respondents' satisfaction with the AIC application process.

**Figure 2.3: ANAO Survey respondents' satisfaction with the application process**



Source: ANAO analysis of survey responses.

Note 1: The ANAO received responses from 106 survey respondents who had submitted claims for an AIC allowance in the years 2011 to 2014. If a respondent had not submitted a claim during these years, the questions were not completed. For the question relating to the provision of supporting documentation, one respondent answered 'Not Applicable' and this response was not included in the analysis.

Note 2: Results for the Overall satisfaction responses are an average of the composite responses to the three survey questions above.

Note 3: Some totals do not add to 100 per cent due to rounding.

**2.25** Of the 132 ANAO Survey respondents, 106 respondents had submitted claims between 2011 and 2014. The majority of claims submitted were by post (68 per cent), with 16 per cent of claims submitted online, 11 per cent in person and six per cent via fax. Generally, ANAO Survey respondents who had submitted an AIC claim to Human Services were satisfied with the claim process. Between 60 and 66 per cent of respondents stated that the process for submitting a claim: was 'easy' or 'very easy'.

## **Claims for continuing customers**

**2.26** Continuing customers are not required to complete a new application for ongoing assistance. Since 2001, Human Services has implemented a more streamlined process where continuing customers complete a questionnaire relating to their circumstances for the following school year. Continuing customer questionnaires, known as 'end of year circumstance reviews', are discussed further in Chapter 4.

**2.27** Comments received from ANAO Survey respondents indicated that it was easy to re-apply for the Scheme. The ICPA also advised the ANAO that the introduction of the questionnaire for continuing customers was well received by its members.

## **Conclusion**

**2.28** In the past, Human Services actively promoted the Scheme through advertising in rural publications and outreach programs conducted by the department. Consistent with e-government principles, Human Services now uses its website as the principal platform for promoting the Scheme to potential applicants. The majority of respondents to the ANAO Survey found out about the Scheme through: their community, family or friends; a school; or the ICPA (89.3 per cent). While there may be limited scope for active promotion of the Scheme, there remains benefit in the department continuing to support low-cost promotional activity of AIC, including through relevant stakeholders.

**2.29** Human Services has provided information on the Scheme through its website, the AIC phone line, and its Service Centres. Information provided by Human Services through its website, the AIC claim form and the AIC brochure is informative and generally consistent with the Scheme Guidelines. Overall, the majority of ANAO Survey respondents indicated satisfaction with information available on the Scheme (56 per cent) and the claim process for the Scheme (61 per cent). A proportion of respondents identified difficulties with information access (17 per cent) and the claim process (eight per cent).

## 3. Assessing Claims for Assistance

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*This chapter examines the administrative arrangements and processes established by Human Services to assess and review claims for assistance under the Assistance for Isolated Children Scheme.*

### Introduction

**3.1** The Department of Human Services (Human Services) is responsible for the day-to-day administration of the Assistance for Isolated Children Scheme (AIC, or the Scheme). Under the Bilateral Management Arrangement (BMA) with the Department of Social Services (DSS), Human Services' responsibilities include: providing assessment and reassessment services; processing payments to assist with access to timely and appropriate income support; and providing review and appeal services on behalf of DSS.

**3.2** The Scheme is a small but long-established element of Human Services' operations. Within a departmental workforce of 34 773 employees at 30 June 2014, around eight (full time equivalent) staff had direct responsibility for administering the Scheme, mainly through claim processing and liaison with applicants and DSS. Due to the relatively complex nature of the Scheme, claims for assistance are processed by a specialised team of Service Officers (SOs) at the two AIC Smart Centres.<sup>45</sup>

**3.3** The ANAO examined key administrative arrangements and processes established by Human Services to assess AIC claims:

- operational procedures, guidance and training developed for the Scheme;
- processing new claims—including the timeliness of processing and advice to applicants;
- quality assurance; and
- review mechanisms.

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45 Human Services' generalist SOs do not action AIC claims.

## Operational procedures, guidance and training

**3.4** Clear guidance, operational procedures and training can assist staff in delivering services that meet policy and legislative requirements. These elements of Human Services' administration are examined in the following paragraphs.

### Operational procedures and guidance for AIC

**3.5** In March 2014, Human Services introduced its department-wide Operational Blueprint. The Operational Blueprint is an information management system designed to assist staff with their service delivery responsibilities by providing a central source of reference materials and operational messages. Staff can access the Operational Blueprint through Human Services' intranet. Prior to the Operational Blueprint, reference materials were available through the department's eReference platform, also accessible through the Human Services intranet.<sup>46</sup>

**3.6** The Operational Blueprint for AIC was introduced in May 2014. There are over 50 AIC-specific Operational Blueprint files organised into six categories: Students and Trainees; Ongoing Contact; Payment Delivery; Initial Contact; Income Assets and Rates of Payment; and Review of Decision and Appeals. The Operational Blueprint includes flow-chart diagrams and tables outlining the different steps for processing claims or administering the Scheme. Where relevant, the Operational Blueprint also contains links to the Assistance for Isolated Children Scheme Guidelines (Guidelines) and references the applicable sections.

**3.7** The ANAO examined the consistency of information contained in the Operational Blueprint with the policy outlined in the Guidelines. The information provided to staff through the Operational Blueprint was generally consistent with the relevant sections of the Guidelines.

**3.8** A Student Network Wiki for AIC can also be accessed through Human Services' intranet. The Wiki includes links to: relevant AIC contacts; two Operational Blueprint pages; and the Guidelines.

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<sup>46</sup> Information from the eReference platform is being migrated to the Operational Blueprint in stages, which correspond to broad themes relating to Human Services' payments and service delivery. The migration of content from Centrelink eReference to the Operational Blueprint is scheduled to be completed in June 2015.

**3.9** In addition to the Operational Blueprint, Task Cards outlining the roles and responsibilities of AIC SOs in administering the Scheme are being developed by one of the two AIC Smart Centres. Human Services advised that the Task Cards are intended to provide guidance material for staff new to the role.<sup>47</sup>

## Training

**3.10** The Scheme is administered by two small teams operating separately from within two Smart Centres. Although AIC operates separately, potential applicants may seek out advice on AIC through general Human Services call centres or at a Human Services Service Centre. For generalist SOs there is a non-mandatory training module that provides a broad overview of AIC. The training is intended to equip generalist staff with the ability to:

- explain the AIC allowances to applicants;
- identify the isolation conditions under the Scheme; and
- access reference and support material to assist with AIC enquiries.

**3.11** From October 2011 to September 2014, 217 generalist SOs<sup>48</sup> had accessed the AIC training module with 185 staff successfully completing the training during this time.

**3.12** Outside of the generalist staff training for AIC there are no formal training modules for the delivery of the Scheme. Human Services advised that the turn-over rate of AIC staff is low and the program has remained stable over time. Human Services also advised that on-the-job learning for new staff members has been sufficient to meet their AIC training needs. In addition to on-the-job learning, AIC staff can access three levels of help desk support.<sup>49</sup>

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47 A Task Card has also been developed for the enrolment checking process. Enrolment checking is an element of the AIC compliance arrangements and is discussed in Chapter 4.

48 Human Services advised that there were around 17 500 generalist SO staff, on average, for 2013–14.

49 Level 1 helpdesk support is provided by a Subject Matter Expert located in the Smart Centre to assist in the first instance. If the issue relates to the application of AIC policy, this will be escalated to the Level 2 and Level 3 helpdesks, provided by the AIC Program Management team. Level 3 helpdesk queries that remain unresolved are forwarded to DSS (the policy entity) for action.

## Assessing and processing new claims

**3.13** AIC claims are processed and paid through the Centrelink Education Payment System (CEPS), which is part of Human Services' Income Security Integrated System. SOs processing the claims access CEPS through an application called Customer First, which has been in use for AIC processing since August 2014.<sup>50</sup> Through Customer First, SOs have access to all information on a customer's record, including: personal details; information provided on the claim form; and payment details.

**3.14** Once Human Services receives an applicant's claim form and supporting documentation, the form is scanned and uploaded to Customer First for processing.<sup>51</sup> After claim information has been entered into Customer First by the SOs, CEPS automatically calculates the allowance rate to be paid to customers, including any relevant payments in arrears and/or future payments for each term of the school year.

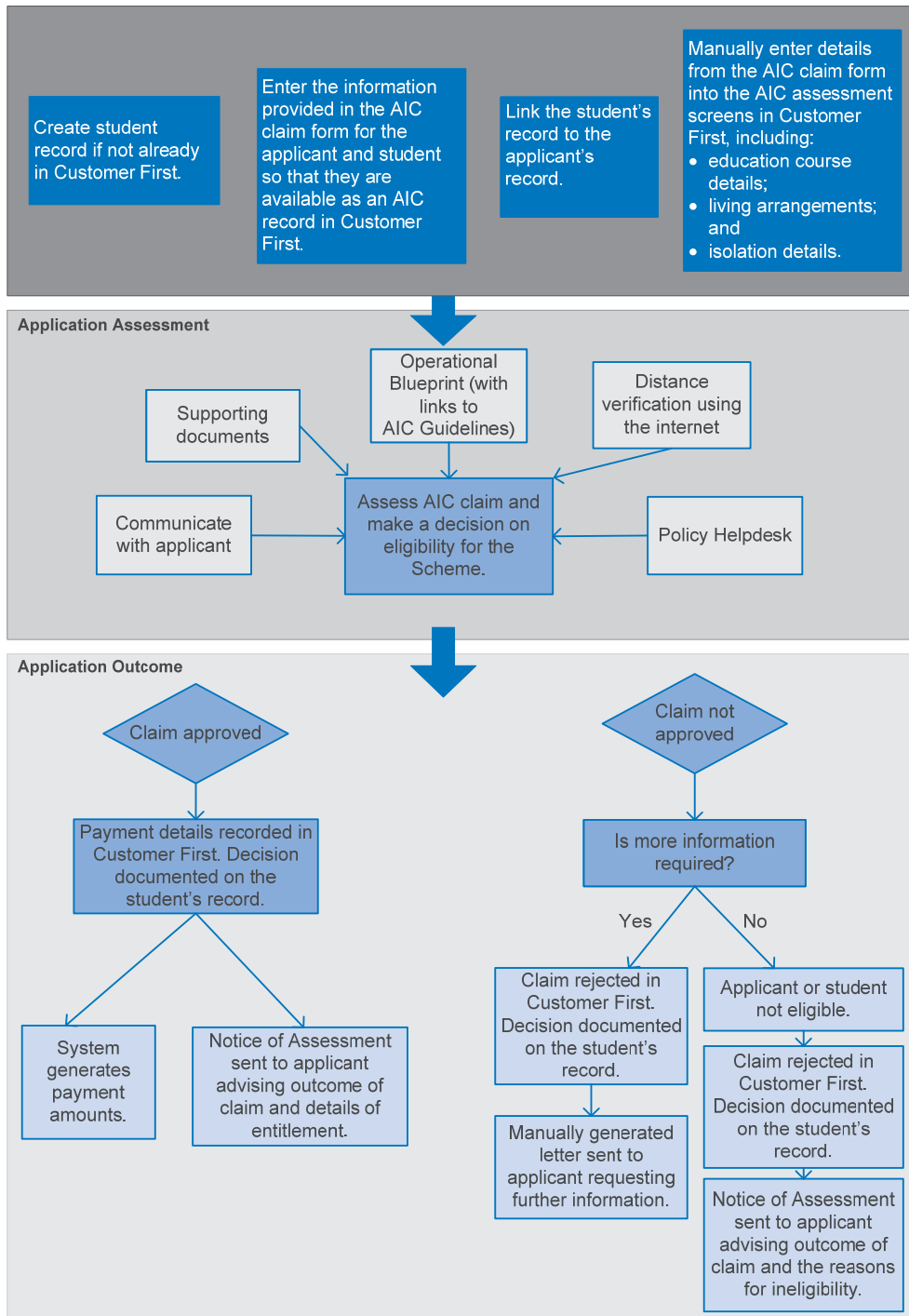
**3.15** Figure 3.1 provides an overview of the assessment and processing of AIC claims.

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50 At the time of audit fieldwork, and due to the relatively recent rollout of the Customer First platform, not all functionality was available for AIC processing, with some AIC screens still linking to the Income Security Integrated System mainframe view.

51 Claims received by post or sent to the Human Services' general fax number are scanned by the Scanning Operation Centre in Canberra. Claims received by the AIC Smart Centres are scanned directly at the Smart Centres.



**Figure 3.1: Assessing and processing AIC claims**

Source: ANAO observation of processing and analysis of Human Services' documentation.

**3.16** Human Services has implemented suitable controls to provide a reasonable level of assurance over the processing and payment of AIC claims within its AIC payment system. These controls included:

- school term dates configured in the system to eliminate the risk of manual input error;
- payment amounts calculated by the system;
- validation checks operating within the system to identify incorrect or incomplete data entry; and
- Quality-On-Line (QOL) for AIC processing.<sup>52</sup>

**3.17** The ANAO tested the formulas in the payment system (CEPS) used to calculate AIC payments. The formulas for the four allowance types were accurate.

### **Timeliness of claim processing**

**3.18** The prompt assessment of claims enables the timely payment of assistance to customers.

**3.19** The BMA between Human Services and the then Department of Education, Employment and Workplace Relations (DEEWR), and the new BMA between Human Services and DSS finalised on 22 October 2014, both included a key performance measure for assessing new claims—70 per cent of new AIC claims processed within 21 days of claim lodgement.

**3.20** Timeliness is generally measured by Human Services from the date the new claim was first lodged to the date the claim is finalised in Customer First. Other scenarios include:

- where a claim requires additional information from the applicant in order to be processed, it is classified in the system as being rejected and the claim is included in the timeliness data; and
- where an applicant may subsequently provide additional information and a claim is then granted, it is then classified as a separate new claim. However, the original date the claim was lodged is used to assess the

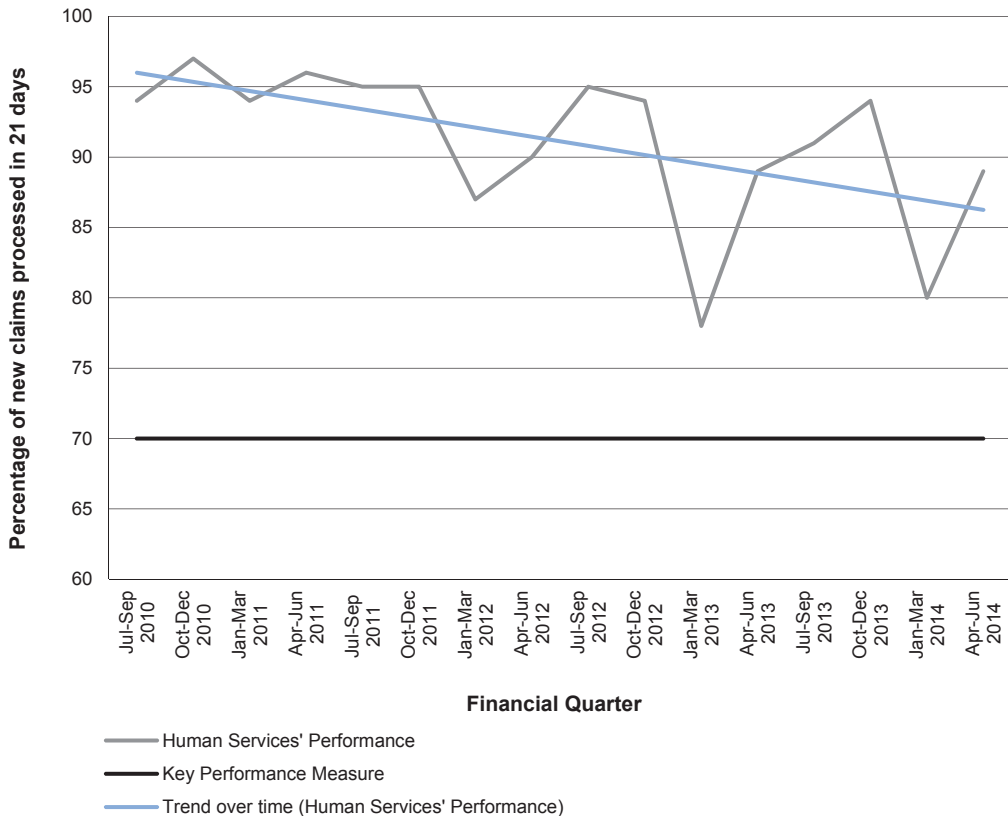
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52 QOL is Human Services' quality control process designed to detect and prevent staff errors. QOL is discussed later in this Chapter.

timeliness of processing, irrespective of how long it may take the applicant to supply the additional information.

3.21 AIC claim timeliness for 2010–11 to 2013–14 is shown in Figure 3.2.

**Figure 3.2: Timeliness of AIC new claim processing 2010–11 to 2013–14**



Source: ANAO analysis of Human Services' data.

3.22 The timeliness of claims processing has been consistently above the benchmark performance target, averaging some 91 per cent between July 2010 and June 2014. However, as illustrated by the trend line in Figure 3.2, the timeliness of claims processing has declined by some 10 per cent from 2010–11 to 2013–14. Human Services advised the ANAO that achievement against key performance measures is carefully monitored and resources deployed to any programs at risk of not meeting their key performance measures.

## Documenting decisions

**3.23** All significant decisions made by a SO over an applicant's claim for assistance must be documented on a customer record.<sup>53</sup> The document created within Customer First to outline this decision is referred to by the department as a 'DOC'. Human Services has developed standards for the recording of a significant decision DOC—the Getting it Right DOC Minimum Standards. Under these standards, a significant decision DOC must include:

- the significant decision and payment type;
- the Act or Guide reference upon which the decision is based; and
- the information and reasons for making the decision if not recorded or evident on the customer's record.

**3.24** The ANAO examined a sample of 100 customer records and new AIC claims from 2014 to assess: whether decisions were made in accordance with the Guidelines; the quality of record-keeping, including the documenting of decisions; and the timeliness of claims processing.<sup>54</sup>

**3.25** The ANAO's testing indicated that 86 per cent of the claims reviewed were processed within 21 days, which is consistent with Human Services' 2014 data reported in Figure 3.2. The ANAO did, however, find seven discrepancies in its test sample, relating to the completeness of a claim form and the documentation of decisions, as summarised in Table 3.1.

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53 A significant decision is defined as: determining qualification for a payment or service such as grant, restoration, re-grant or rejection; manually initiating a cancellation or suspension of a payment or a service; manually rejecting an application for a payment or a service; raising a debt; or overriding qualification or 'payability' established by the system.

54 The sample was chosen from new claims processed for 2014 as at 19 September 2014. The sample included 38 claims processed by the Perth Smart Centre team and 62 claims processed by the Lismore Smart Centre team. Of the claims examined, 85 resulted in the applicant being granted assistance and 15 resulted in the claim being rejected.

**Table 3.1: ANAO's review of AIC claims and customer records**

Issue identified	Number of occurrences
The form was signed by the student. The applicant, not the student, is required to sign the declaration on the claim form.	1
The department did not document its decision to grant the AIC allowance within a DOC in Customer First.	1
The DOC did not meet the 'Getting it Right DOC Minimum Standards' as the DOC did not provide a reference to the Guidelines.	2
The DOC did not meet the 'Getting it Right DOC Minimum Standards' as the DOC did not clearly set out the reasons for the decision, given the circumstances provided in the claim form.	2
The reference to the Guidelines provided in the DOC was incorrect given the decision made.	1

Source: ANAO analysis of Human Services' documentation.

**3.26** Human Services addressed the matters identified by the ANAO by amending the relevant documentation in the course of the audit. Human Services also advised the ANAO that the errors identified did not affect AIC claim decisions and feedback surrounding the errors was provided to the relevant SOs.

**3.27** There was also some variability in the level of detail documented for decisions about claims. Where the applicants were applying for Additional Boarding Allowance, for example, in four out of 21 claims, the outcome of the assessment for additional boarding allowance was not detailed in the DOC. During the course of the audit, Human Services advised that the department had introduced a range of automated DOC template text specific to AIC, to help improve consistency in documenting decisions. SOs can now select an action—such as issuing of forms; AIC rejected; and AIC granted—and DOC text will be automatically generated based on the action selected. The SO then completes the DOC with customer-specific information, dates and a Guideline reference, as required by the 'Getting it Right DOC Minimum Standards'.

## Advice to applicants

**3.28** The Guidelines indicate that following the receipt of an AIC claim, Human Services is required to send a written notice of the department's decision to the applicant. This written notice should outline the outcome of the assessment of the AIC claim and, if relating to assistance being granted, details of the entitlement. Where the applicant or student is not eligible for assistance

under the Scheme, the Guidelines state that the reason for ineligibility and information about appeal rights will be provided.

**3.29** If an applicant's claim is successful, a Notice of Assessment letter is automatically generated by Customer First. These letters include the amount of the immediate payment; the amount for the next term payment; the student whom the payment is for; and the bank account details for payments. Information for contacting the AIC Smart Centre is also included, along with information about: the requirement for the customer to notify Human Services if their circumstances change; data matching activities undertaken by the department; other entitlements; review rights; privacy; and giving feedback or making a complaint.

**3.30** If an applicant's claim is not successful, a Notice of Assessment letter may be automatically generated or created manually by a SO. Human Services has programmed its CEPS to provide SOs with a menu of 81 options to identify the reason for rejecting the claim. Of the 81 options available, 13 rejection reasons result in a manual letter being generated.<sup>55</sup>

**3.31** The ANAO reviewed 30 letters sent to applicants whose claim had been rejected in the system, to assess the clarity of advice provided to unsuccessful applicants and whether this advice was in accordance with the Guidelines.<sup>56</sup> Twenty letters in the ANAO sample related to a request for further information—rather than a formal rejection of the claim—and 10 letters formally advised the applicant that their claim was unsuccessful. While departmental advice in the letters was generally clear, there was variability in the information provided to applicants and in some cases, incorrect information was provided:

- three letters did not advise an unsuccessful applicant of the review process/their review rights; and
- five letters provided incorrect information surrounding the review process for the Scheme.<sup>57</sup>

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55 In practice, SOs select standard paragraphs from Customer First to include after the main text of the letter.

56 The ANAO's sample of letters consisted of 15 letters from each of the AIC Smart Centres. The sample was drawn from letters generated manually in August and September 2014.

57 The letters referred the applicant to the Social Security Appeals Tribunal (SSAT) and the Administrative Appeals Tribunal (AAT) for an appeal relating to their assessment decision. Under Part 7.3 of the Guidelines, a review of an AIC assessment decision is appealed to the Minister for Social Services and not the SSAT or AAT. An appeal to the SSAT or AAT can only be made in relation to a decision about a debt.

**3.32** In addition to the issues identified in correspondence above, two applicants within the ANAO's sample population were not advised that their claim had been rejected, as the system did not automatically generate letters. The rejection code was the same for each of these two rejections. Although letters were not sent to these two applicants, Human Services advised that the applicants were contacted by phone to advise them of a more appropriate government allowance. In one case, extensive attempts to contact the applicant were made by phone. In the other case, the applicant was advised separately to claim a more appropriate government payment, and was advised of the unsuccessful AIC claim in that context. Human Services also advised the ANAO that it would investigate the reasons behind these applicants not receiving a written Notice of Assessment.<sup>58</sup>

**3.33** Following the ANAO's queries about the sample of letters reviewed, Human Services revised the standard text on AIC review and appeals processes, to assist with the provision of clear and correct advice. Human Services advised that this new text was provided to SOs on 15 December 2014 for immediate implementation.

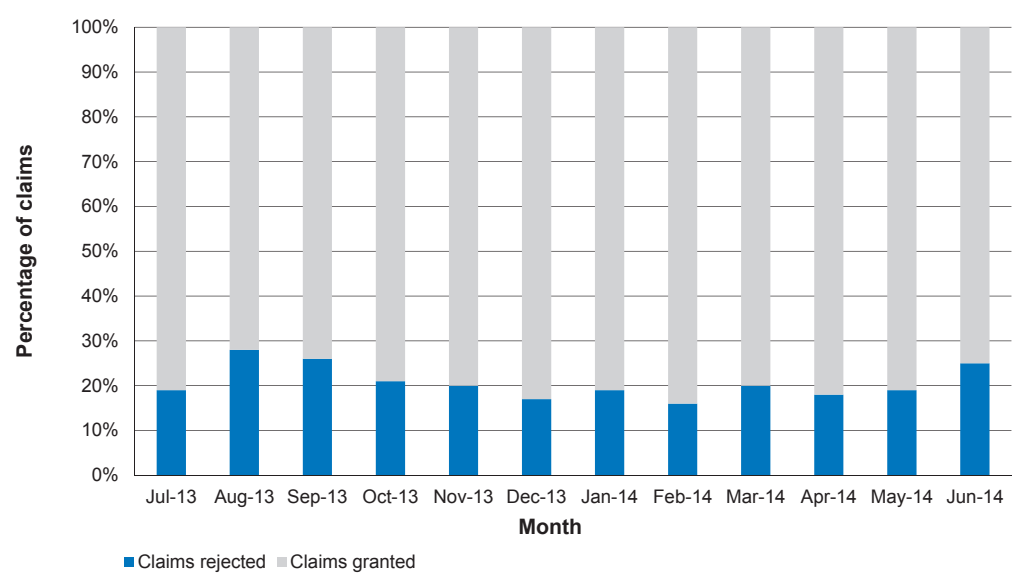
## **Rejection of claims**

**3.34** Claims for AIC are rejected in the system when the applicant does not meet the eligibility requirements for the Scheme or when additional information is required for the SO to assess a claim. Figure 3.3 shows the rejection rates for 2013–14.

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<sup>58</sup> There were seven other applicants within the ANAO's total sample population whose claims were rejected using the same rejection code as the two claims referenced in paragraph 3.32. Human Services advised that these applicants also did not receive a Notice of Assessment as the system did not generate the notices for this particular rejection code. Human Services has advised that these applicants have since been issued manual advice informing them of the rejection or cancellation of their AIC claim.

**Figure 3.3: Percentage of claims granted and rejected for the 2013–14 financial year**



Source: ANAO analysis of Human Services' data.

**3.35** As shown in Figure 3.3, monthly claim rejection rates varied for 2013–14 from 17 per cent to 28 per cent. On average, 20 per cent (937) of the 4686 claims processed during the year were rejected. Human Services advised that the reasons for rejecting AIC claims are not reviewed, given the relatively small number of claims.<sup>59</sup>

**3.36** As noted above, Human Services has 81 menu options within Customer First that a SO can choose to document the reason for rejecting an AIC claim. In the sample of 30 rejection letters reviewed by the ANAO, the reasons for rejecting a claim—as advised to the applicant—did not match the rejection reason coded in Customer First for 13 (43 per cent) of the 30 claims reviewed.

<sup>59</sup> In contrast, Human Services looks at the historical claim rejection rates for claims made under the much larger Youth Allowance and Austudy programs for the purposes of determining cases rejected due to failure to supply documents and their impact on later claims for payment.



## Quality assurance

**3.37** Human Services seeks to mitigate the risk of administrative error through quality assurance measures such as QOL. The QOL process is a department-wide quality control mechanism for payment correctness and serves as the primary quality assurance measure for AIC. In 2011–12, QOL was subject to an ANAO performance audit.<sup>60</sup>

### Quality-On-Line

**3.38** The QOL process involves a checker<sup>61</sup> reviewing a sample of SOs' work activities, to check for correctness in processing claims and payments. The QOL system selects activities for checking based on the service reason, activity type and proficiency level of staff completing the work. There are three proficiency levels for SOs, as outlined in Table 3.2.

**Table 3.2: QOL Proficiencies**

Proficiency	Description
Learner	A learner has 100 per cent of their work subject to QOL checking and must achieve a correctness rate of between 85 to 95 per cent to progress to intermediate or above 95 per cent to progress to proficient.
Intermediate	A SO at the intermediate level has 25 per cent of their work subject to QOL and must maintain the minimum correctness rate of 85 to 95 per cent.
Proficient	A SO at the proficient level has two per cent of their work go through the QOL process and must achieve a 95 per cent correctness rate.

Source: ANAO analysis of Human Services' documentation.

Note: Movement between the proficiency levels is based on a SO's result in a proficiency assessment, conducted by their Team Leader. To conduct a proficiency assessment, a SO's work activities are QOL checked over a minimum period of two weeks to a maximum of 12 months. In addition, a minimum of 20 work activities need to be QOL checked for both new claims and non-new claim activities (for example cancelling a payment or raising a debt) to make the assessment. Once the team leader has made their assessment, the SO may move between the proficiency levels in either direction depending on their accuracy rate.

**3.39** As at August 2014, all AIC SOs were categorised as proficient. Between 1 August 2013 and 1 July 2014, 339 AIC work activities were selected for QOL checking.<sup>62</sup> Eighty-three of the selected work activities related to assessing and

60 ANAO Audit Report No.28 2011–12 *Quality On Line Control for Centrelink Payments*.

61 QOL checkers must have completed an approved QOL certification and must also complete an annual recertification.

62 Of these, 114 work activities were QOL checked in the Perth AIC Smart Centre and 225 were QOL checked in the Lismore AIC Smart Centre.

processing new claims, and 256 related to non-new claims (for example, raising a debt and processing continuing customers). The 83 new AIC claims that were QOL checked achieved a 100 per cent accuracy rate. Of the 256 non-new claims, two—less than one per cent of all the non-new claims checked—had a critical error relating to payment correctness.<sup>63</sup>

**3.40** The ANAO reviewed a separate sample of 100 new claims processed for 2014 and found issues with the department’s documentation relating to six claim decisions (see paragraphs 3.24 to 3.26). Under Human Services quality assurance processes, these issues, although not having an impact on a customer’s claim outcome, would have resulted in a critical error during a QOL check, resulting in a 94 per cent accuracy rate for the ANAO’s sample.<sup>64</sup>

**3.41** Human Services advised that given the small number of AIC customers and processing staff—when compared to other Human Services payments—AIC QOL data is not analysed at the program level. This approach differs from that adopted for other Human Services payment streams. Human Services further advised that the department expects to train new AIC staff in 2015 and AIC QOL results will subsequently be analysed at the program level to assist with maintaining program integrity.

## Review mechanisms

**3.42** If an applicant disagrees with the assessment decision made on their claim, under Part 7.3 of the Guidelines, they can request Human Services to conduct an internal review of the decision. There is no time limit imposed for requesting an internal review.<sup>65</sup>

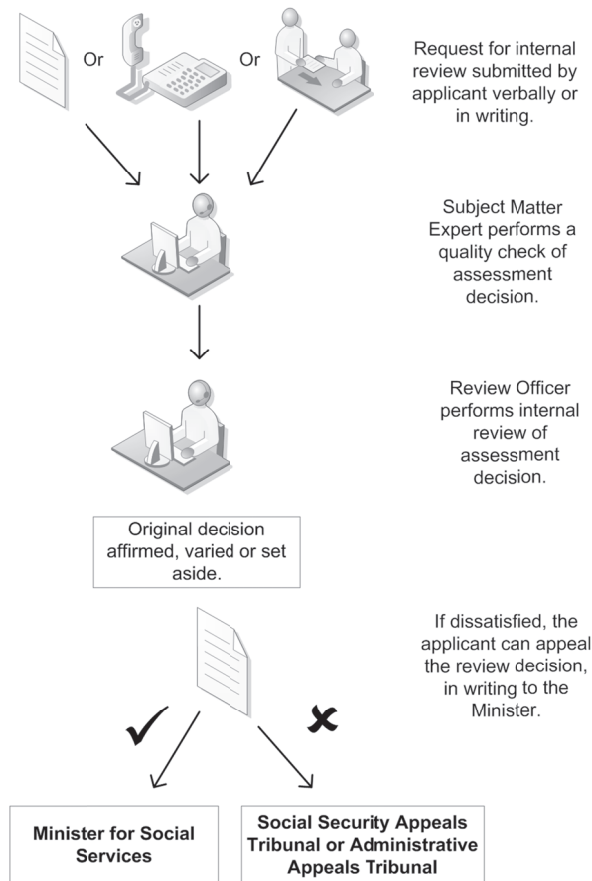
**3.43** Figure 3.4 illustrates the review and appeal process for the Scheme.

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63 For one of the claims, the SO was instructed to cancel payments and raise a debt for a customer who was no longer eligible for payments under the AIC geographic isolation conditions. The other critical error related to an education institution’s fees for 2014 being incorrectly coded in the system.

64 The ANAO’s sample included 100 applications randomly selected from new claims for 2014 (processed between October 2013 and September 2014) available during audit fieldwork conducted in September 2014. A departmental sample of new claims processed between 1 August 2013 and 1 July 2014 that were subject to QOL checking reported a 100 per cent accuracy rate. Due to differences in the two sample populations, a direct comparison between the ANAO and QOL findings is not possible.

65 Human Services’ internal review process for the Scheme is the department-wide process available for all Centrelink payments.

**Figure 3.4: AIC review and appeals process**

Source: ANAO analysis of Human Services' data and the Guidelines.

**3.44** If an applicant is not satisfied with the outcome of an internal review, they may appeal directly to the Minister for Social Services. A decision made by the Minister cannot then be reviewed by appeal to the Social Security Appeals Tribunal (SSAT) or the Administrative Appeals Tribunal (AAT).<sup>66</sup>

<sup>66</sup> The appeal arrangements for AIC are similar to those established for ABSTUDY and some rural ex-gratia payments. In comparison, for other social security payments administered by Human Services, if an applicant is not satisfied with the decision arising from an internal review, the avenue for appealing the decision is through the SSAT and/or the AAT.

**3.45** Human Services' website provides information about AIC review and appeal processes. The Claim for Assistance for Isolated Children form and the AIC brochure also provide applicants with information about their review and appeal rights. Applicants whose claim has been rejected should also be advised of their review and appeal rights through a Notice of Assessment, as required by the Guidelines.<sup>67</sup>

**3.46** From 2010–11 to 2013–14, 202 requests were submitted for the internal review of AIC assessment decisions. Table 3.3 outlines the number of applications rejected and the number of reviews requested from 2010–11 to 2013–14.

**Table 3.3: Number of rejection assessments and number of reviews from 2010–11 to 2013–14**

Year	Number of rejection assessments	Number of reviews requested <sup>1</sup>	Number of review decisions resulting in the original decision being set aside	Reviews resulting in the original decision being set aside (per cent)
2010–11	965	59	15	25%
2011–12	886	44	16	36%
2012–13	878	40	17	43%
2013–14	986	59	4	7%
Total	3715	202	52	26%

Source: ANAO Analysis of Human Services' data.

Note 1: The table does not include the review requests subsequently withdrawn by the applicant. In 2010–11 there were eight reviews withdrawn; in 2011–12 there were 13 withdrawn; in 2012–13 there were five withdrawn; and in 2013–14 there were 11 withdrawn.

**3.47** Although the total number of reviews requested each year is small compared to the total number of applications and rejections, between 25 and 43 per cent of assessment decisions from 2010–11 to 2012–13 were set aside following an internal review. In 2013–14, seven percent of decisions were set aside—a significant improvement on the number set aside in the previous year. The department advised that the factors contributing to this improvement included the introduction in April 2012 of a new departmental-wide review

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67 Although as noted in paragraph 3.31, a small number of letters in the ANAO test sample of letters sent to AIC applicants did not provide information surrounding review and appeal rights, or the information provided was inaccurate.

process and the establishment of the Smart Centres Business Support team in May 2011 to provide support to the AIC Smart Centre teams.

**3.48** It is better practice to communicate to staff the outcome of review or appeal decisions relating to their work, so that adjustments to administration can be made as necessary.<sup>68</sup> Human Services advised that once a review decision has been made, the outcome is communicated to the relevant SO(s) through a Subject Matter Expert or Team Leader within the AIC Smart Centres, through the department's National Staff Feedback Tool.<sup>69</sup> Human Services advised that in the last three to four years, there has not been any AIC program-wide feedback derived from the National Staff Feedback Tool. The department further advised this is due to the small and stable nature of the program.

**3.49** The ANAO's analysis of review decisions indicated that historically, the reasons behind decisions being affirmed or set aside were not always documented in Human Services' internal systems. However, in 2013–14 there was an improvement with 100 per cent of review decisions documented (see Table 3.4 below).

**Table 3.4: Documentation of review decisions where the assessment was affirmed or set aside**

Financial year	Percentage of review decisions documented where the decision was affirmed	Percentage of review decisions documented where the decision was set aside
2010–11	77%	93%
2011–12	84%	81%
2012–13	100%	59%
2013–14	100%	100%

Source: ANAO analysis of Human Services' data.

68 The ANAO has previously examined the department's practices for providing feedback to staff relating to customer objections to child support decisions. See ANAO Audit Report No.28 2013–14 *Review of Child Support Objections*, pp. 85–88.

69 The aim of the National Staff Feedback Tool is to improve customer service and build stronger relationships between service delivery outlets by providing immediate and constructive feedback. The tool is used to provide a range of feedback, including feedback about review decisions.

**3.50** From 2010–11 to 2013–14, 11 appeals were lodged to the relevant Minister.<sup>70</sup> Human Services' internal review decision was upheld in five of these appeals and reversed in the other six. In the majority of cases where Human Services' assessment decision was overturned, the Minister exercised special consideration of the applicants' circumstances.

## Conclusion

**3.51** Human Services' Operational Blueprint—the department's central source of reference materials to assist staff with their service delivery responsibilities—includes an outline of key aspects of AIC policy and procedure, which is consistent with the program Guidelines. Human Services has also developed a training module to help its wider network of SOs identify when potential applicants may be eligible for an AIC allowance. The training module includes directions for referring customers to the AIC Smart Centres for more assistance.

**3.52** Human Services has implemented suitable controls to provide a reasonable level of assurance over the processing and payment of AIC claims within its AIC payment system. These controls include: data entry validation checks; and system generated calculation of payments. In this context, the ANAO's testing of the formulas used to calculate AIC payments indicated that they produced accurate payment outcomes.

**3.53** Over the last four years, Human Services has consistently exceeded its key performance measure of processing 70 per cent of new claims within 21 days. However, performance against this measure has been trending down (by some 10 per cent) from 2010–11 to 2013–14 and Human Services advised the ANAO that it will continue to monitor performance against the AIC claim processing target. The ANAO's analysis of a sample of claims for the 2014 year indicated they were generally processed in accordance with the Guidelines; however, administrative discrepancies were identified for seven per cent of claims examined, with the majority of issues (six out of seven) relating to the documentation of decisions. In the sample of claims examined by the ANAO, the six issues relating to the documenting of decisions would have resulted in errors under the department's internal Quality-On-Line process, resulting in a 94 per cent accuracy rate for the ANAO's sample.

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70 Prior to the Administrative Arrangements Order of 18 September 2013, appeals were lodged to the Minister for Education. After 18 September 2013, the Minister for Social Services was the minister responsible for the Scheme.

**3.54** Human Services advised that its internal processes for reviewing AIC decisions are in line with the review mechanisms used by the department to administer other schemes and programs. In addition, AIC applicants can seek a further review of a decision, by the Minister for Social Services, if they are dissatisfied with the outcome of Human Services' internal review. The ANAO's review of a sample of letters to AIC applicants whose claim had been rejected or required additional information, indicated that some 27 per cent of the letters examined contained no or inaccurate information about review and appeal rights. In the course of the audit, the department implemented program-wide changes with the aim of providing clear, consistent and sound advice to applicants on their review and appeal rights.

## 4. Monitoring and Reporting

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*This chapter examines the arrangements established by Human Services for: risk management; monitoring compliance; customer feedback; and reporting on the Assistance for Isolated Children Scheme.*

### Introduction

**4.1** The ANAO examined the arrangements established for monitoring and reporting on the Scheme, including:

- risk management;
- compliance activities for monitoring the ongoing eligibility of applicants receiving an AIC allowance;
- customer feedback mechanisms; and
- performance reporting and evaluation.

### Managing and monitoring risk

**4.2** Risk management is an integral part of effective public administration, playing an important part in securing value with public money for the Commonwealth and promoting more effective and transparent decision-making and efficient resource allocation.<sup>71</sup>

**4.3** Within Human Services, risk management is undertaken at two levels, categorised by the department as:

- strategic—high level risks facing the department; and
- operational— risks from individual business areas and their programs or projects.

**4.4** Under the former Bilateral Management Arrangement (BMA) which applied until October 2014, the policy entity<sup>72</sup> and Human Services agreed to

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71 ANAO Better Practice Guide—*Implementing Better Practice Grants Administration*, December 2013, p. 81.

72 The then Department of Education, Employment and Workplace Relations (DEEWR) and, from September 2013, the Department of Social Services (DSS). With the agreement of DSS and Human Services, the arrangements set out in the BMA between DEEWR and Human Services continued to apply to AIC until October 2014, when DSS and Human Services signed a new BMA.



undertake regular risk assessments for each program administered under the BMA, in accordance with each department's Risk Management Framework.<sup>73</sup>

**4.5** In November 2014, during the course of the audit, Human Services finalised a new Risk Management Plan for the Scheme. Prior to this new plan, the department had not developed a risk management plan for AIC since 2005. While the 2005 plan was reviewed in 2007, between 2007 and 2014 there was limited formal monitoring of program risks. Human Services advised the ANAO that although the department has not formally reviewed the risk management plan for AIC on a regular basis, it monitors risk as part of its ongoing program management responsibilities. A 2013 departmental internal audit report observed, in respect to this approach, that even when in place, 'risk management plans (including for the AIC) are rarely incorporated into the ongoing administration of payments by the payment owners'. Human Services further advised that the department will review the AIC Risk Management Plan on an annual basis to maintain accuracy and to formally document the monitoring of risks.

**4.6** The 2014 AIC Risk Management Plan:

- identifies six risks and their sources;
- outlines the possible impacts of the risks;
- lists the existing controls; and
- details the risks' owners.<sup>74</sup>

**4.7** The risks outlined in the 2014 Risk Management Plan are essentially the same risks outlined in the 2005 Risk Management Plan. However, the risk ratings were changed and all risks were reduced to 'low'. Human Services advised that the rating of risks is consistent with the stability of the Scheme—no legislative, policy or other significant changes were made between 2007 and 2014—and long-standing controls and treatments remained in place to help manage a relatively stable set of risks.

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73 A risk management plan was prepared by the former DEEWR in November 2013 as part of the hand-over process to DSS, following the Machinery of Government changes in September 2013.

74 The risks relate to Human Services' administration of the Scheme and include: failure to maintain AIC service delivery expertise; failure to promote the Scheme; and failure to ensure the customer receives the correct entitlement. The plan does not outline additional risk treatment options as all risks were assessed as 'low', with no additional treatments required.

## Compliance activities

**4.8** When applicants claim AIC assistance, they sign a declaration stating that: the information provided in the form is correct; they have read and understood the list of events relating to changes of circumstance outlined in the notes section of the Claim for Assistance for Isolated Children Form (AIC claim form); and they will notify the department within 14 days of the occurrence of any changes to information provided in the form. In addition to the list of events outlining changes of circumstance, applicants are made aware of their obligations through Human Services' website; the AIC brochure; and Notices of Assessment advising AIC allowances.

Under the *Student Assistance Act 1973* (the Act) AIC customers are required to notify Human Services, within 14 days, of any changes in circumstances—prescribed events—that may affect their eligibility for assistance under the Scheme.<sup>75</sup> The prescribed events are outlined in the Student Assistance Regulations 2003 and include:

- changes in the applicant's relationship with the student;
- changes to the student's course or study load, including failure to enrol, failure to commence study within the first 14 days of the school term or discontinuation of study;
- change of address;
- changes to either the applicant's or student's citizenship;
- receipt of a Commonwealth benefit or payment; and
- commencement of a full-time apprenticeship or traineeship by the student.

Failure to notify the department of any prescribed events may result in a criminal offence under the Act.<sup>76</sup>

**4.9** Human Services has implemented a number of compliance measures to assist in delivering AIC only to eligible customers. These compliance activities include: enrolment checking and 'end of year circumstance reviews' for ongoing customers.<sup>77</sup> The Assistance for Isolated Children Scheme Guidelines

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<sup>75</sup> *Student Assistance Act 1973*, s48(1).

<sup>76</sup> Section 49 of the Act outlines the penalties that can be imposed on a person who contravenes subsection 48(1), including imprisonment for 12 months.

<sup>77</sup> Human Services also data-matches applicants' records with records held by the Australian Taxation Office (ATO) and the Department of Immigration and Border Protection (Immigration). The link with the ATO allows Human Services to detect any inconsistencies in the income amounts declared by their applicants (for AIC, this is only applicable to applicants claiming Additional Boarding Allowance). The link with Immigration notifies the department when applicants receiving Human Services' payments leave Australia.

(Guidelines) also include a ‘continuity of schooling concession’<sup>78</sup> whereby students can remain eligible for the Scheme, even when their circumstances change during a school year.

## Enrolment checking

**4.10** The Guidelines state that an eligible student must, among other requirements, remain enrolled in full-time, approved study to remain eligible for assistance under the Scheme. Human Services advised that the department conducts enrolment checks covering all AIC students during various stages of the school year.<sup>79</sup> Enrolment checks are conducted with the cooperation of education institutions to assess whether students are undertaking the appropriate level of study for the school terms.

**4.11** Depending on the state or territory, enrolment check forms are sent electronically or as paper documents. The enrolment checks primarily ask questions of the education institution to confirm:

- the student commenced their studies during the school term (the commencement date should be within the first two weeks of the school term); and
- the student completed/handed in an appropriate amount of work during the school term (for students studying by distance education).

**4.12** If an AIC Service Officer (SO) determines that the student is no longer eligible for an allowance based on the enrolment checks, the AIC payment is ceased and the student’s record is amended through Customer First. If the AIC

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78 Under Part 4.4.5 of the Guidelines, if an AIC student’s circumstances change during the school year and the student ceases to meet an isolation condition, that student may be deemed isolated and continue to receive an AIC allowance—provided they stay enrolled with the same school—in order to limit disruption to their education. The student may be deemed isolated until the end of the school year in which their circumstances changed; or, for students in Year 11, until the end of Year 12. Provided that the student meets the continuity of school concession rule, AIC payments will not cease during the year due to a change in isolation conditions.

79 Enrolment checks are carried out according to the education institution code in the department’s Income Security Integrated System. Checks are undertaken in term two for primary schools and in every school term for secondary schools and distance education schools. Enrolment checks for tertiary students vary depending on the institution and can be as frequent as each month.

payment was made prior to receiving the enrolment check, a debt may be raised against the applicant.<sup>80</sup>

## End of year circumstance reviews

**4.13** Human Services also assesses the eligibility of continuing customers through ‘end of year circumstance reviews’. An automatically generated questionnaire is sent to all customers with a student currently receiving an AIC allowance, where the student is not in their final year of school. The questionnaire is completed by customers to assess whether an applicant’s or student’s circumstances have changed for the following school year. If they complete the questionnaires, existing AIC customers do not need to submit a new claim form each year—an efficient and convenient approach for assessing ongoing customers.

**4.14** The review questionnaires are sent out in November and customers have until 31 March the following year to return the completed form.<sup>81</sup> Although payments can be retrospectively paid from the start of the first school term, Human Services advises customers that their payments should continue without interruption if the form is returned within 28 days. If the student or applicant is no longer eligible for AIC, their AIC records in Customer First are ‘end-dated’ at the end of the current school year and payments are ceased for the following year. If the applicant and student are still eligible for assistance under the Scheme, their AIC payments will continue.

**4.15** The questionnaires are based on information contained within a customer’s record in Customer First and ask applicants to confirm details such as:

- their continuing guardian relationship to the student;
- home address;

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80 The ANAO observed part of the enrolment check exercise, using a paper form returned from an education institution. The check resulted in the cancellation of one student’s AIC allowance. A debt was calculated by the system and a letter was automatically generated to the AIC applicant advising of the cancellation and subsequent debt.

Human Services advised the ANAO that data is not available on the number of customers cancelled, or the value of debts raised, as a result of enrolment checks. The department further advised that an enrolment check is an administrative process that may lead to the cancellation of AIC. In contrast, relevant coding retained within the Centrelink Education Payments System (CEPS) reflects the customer’s individual cancellation circumstances, for example, no longer studying.

81 Due to the timing of the reviews, the ANAO did not have an opportunity to observe these review processes.

- study details and commencement date of study for the student;
- receipt of any Commonwealth benefits or payments that may affect AIC eligibility; and
- if applicable, the student's accommodation details.

**4.16** If the customer is receiving Additional Boarding Allowance, they must also provide evidence and update their income details for the relevant tax year.

## Customer feedback

**4.17** Effective two-way communication processes are an integral part of maintaining customer-centric services and can contribute to improved service delivery. Customers can provide feedback on the department's administration of the Scheme through customer surveys and Human Services' feedback and complaints mechanisms.

## Customer surveys

**4.18** Human Services' Service Commitments publication<sup>82</sup> documents the department's commitment to monitor its customer service performance through regular surveys and engagement with stakeholders. In the past, Centrelink<sup>83</sup> conducted surveys of AIC customers to assess customer perceptions of, and satisfaction with, the delivery of the Scheme. The last survey was conducted in 2003 by an external consultancy on behalf of Centrelink, with the results released in January 2004. Since this survey, Human Services has not separately surveyed or reported on customer satisfaction with the Scheme.

**4.19** AIC customers may be surveyed as part of Human Services' Satisfaction Research Programme, which was implemented in July 2012 and includes a range of surveys, including: transactional surveys; relationship surveys; and survey modules. Transactional surveys include customers across a variety of the department's programs or payment types and measure customers' satisfaction with their most recent contact with Human Services. Since July 2012, two AIC customers have been included in the department's

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82 Department of Human Services, *Our Service Commitments*, available from <<http://www.humanservices.gov.au/spw/corporate/about-us/resources/10202-1211en.pdf>> [accessed 24 September 2014].

83 In July 2011, the *Human Services Legislation Amendment Act 2011* integrated the services of Centrelink and Medicare Australia into Human Services.

transactional surveys.<sup>84</sup> Although these AIC customer responses inform the data provided on customer satisfaction with the department as a whole, the very small number of AIC customers included since July 2012 does not provide a reliable basis on which to assess the overall satisfaction of AIC customers.

## Complaints and feedback

**4.20** Customers can make a complaint or provide feedback through Human Services' website, by writing to Human Services or by calling the Customer Relations Team. Information on making a complaint or providing feedback is detailed on Human Services' website<sup>85</sup> and the AIC claim form. Details about the department's feedback and complaint mechanisms are also included in letters to AIC customers.

**4.21** From 2010 to 2014, Human Services received 27 formal complaints about AIC—a very small proportion (0.05 per cent) of the 51 060 AIC customers receiving an allowance from 2010–11 to 2013–14. Although data is collected on AIC complaints, Human Services advised that there are no formal or regular internal reporting arrangements to senior management for complaints made in relation to the Scheme. While AIC is a mature scheme and the percentage of complaints is relatively low, periodic internal reporting reflects better practice in program administration.

## Performance reporting and evaluation

**4.22** Performance monitoring, reporting and evaluation enable an assessment to be made of whether policy objectives are being achieved, and help program managers review overall program performance in a systematic way and, where necessary, adjust the delivery approach. Effective performance reporting informs both internal and external stakeholders and can strengthen program management and accountability.

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84 These two AIC customers were surveyed surrounding their face-to-face interaction with Human Services' staff in March and December 2013. Each month, the department conducts surveys of 800 customers who have had a face-to-face interaction with Centrelink, with the numbers of customers selected corresponding to different payment types. For example, 110 Youth Allowance customers are selected each month. AIC is included in the 'Other' payment type, of which 65 customers per month are surveyed. In the 18 months from July 2012 to December 2013, 14 400 customer face-to-face interactions would have been surveyed, with two AIC customer interactions included.

85 Human Services, *Complaints and feedback – tell us what you think*, available from <<http://www.humanservices.gov.au/customer/information/feedback-complaints>> [accessed 25 September 2014].

**4.23** This section focuses on performance monitoring and reporting undertaken by Human Services for the purposes of: internal reporting for program management and delivery; and reporting to DSS under the BMA. As the responsible policy entity for the Scheme, DSS rather than Human Services is responsible for public reporting on the Scheme's achievements.

## Reporting within Human Services

**4.24** Internal Human Services reporting specific to the Scheme is included in the National Student Network weekly Claim Performance Summary. This report covers AIC, Austudy, Youth Allowance and Pensioner Education Supplement (PES) student payments and reports on the weeks' activities, including a comparison with the previous week's data and year-to-date results. The following activities are included in the report:

- claims registered;
- claims finalised;
- claims finalised within the timeliness Key Performance Indicator (KPI)<sup>86</sup>;
- claims not finalised; and
- number of claims not finalised that are over the 21 day KPI.

**4.25** AIC performance activity is also reported through a weekly Activity Management Performance Report. This report outlines performance against internal benchmarks for activities, including customer call-backs and activities that require manual follow-up by a SO.

**4.26** Performance is measured at the Smart Centre level, and (for the information relating to the AIC Smart Centres) also includes PES processing. Human Services advised that the information contained in these aggregated reports is used by Smart Centre Managers and Team Leaders for workload management purposes and to review the activities on hand and the performance of activities completed.

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86 For internal reporting, Human Services measures the timeliness of claim processing against two KPIs. The main KPI is consistent with the performance measure used by DSS to assess Human Services' performance under the BMA, that is, 70 per cent of claims processed in 21 days. The second KPI, used for internal purposes only, is 85 per cent of claims processed within 42 days. Human Services advised this second KPI was originally introduced in 2013 for measuring the performance of Youth Allowance and Austudy claims, but the department included reporting on AIC and PES to achieve consistency in internal reporting.



**4.27** Human Services also receives telephony data reports on the AIC phone line. These reports provide Human Services with information about the number of calls, queue time, talk time, work time, hold time and the number of hold events. Human Services advised that this data is used by the teams in the AIC Smart Centres as part of their regular planning arrangements. Uses for the data include rostering of resources, or providing early indicators that show a change in customer needs.

**4.28** The department advised that reporting to Human Services' Executive and/or the Minister for Human Services (the Minister) on AIC occurs on an ad-hoc, exceptions basis, either in response to a request from the Minister's Office or to alert the Executive or Minister to a significant issue or event. Human Services advised that in relation to the Scheme, there have been no significant events or requests from the Minister in the past few years.

**4.29** Although no specific reporting has been provided to the Executive from the Program Management Team, Human Services advised that the reporting undertaken against the BMA Confidence Framework also involves an element of internal reporting to Human Services' Executive. Human Services advised that because the timeliness of AIC claim processing has consistently been above the minimum performance level required under the BMA, no additional reporting outside of the quarterly Confidence Framework Reports has been required.

## **Reporting to the policy entity**

**4.30** Under the BMA with the former DEEWR, Human Services was required to report on Key Performance Measures specified in the BMA to the relevant policy entity on a quarterly basis, through Confidence Framework Reports.<sup>87</sup> The ANAO reviewed the quarterly reports covering the period July 2012 to March 2014. The Confidence Framework Reports included reporting on the timeliness of payments and the raising and recovery of debts for the Scheme. The timeliness of AIC claim processing was consistently above the level of performance required under the BMA.

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<sup>87</sup> Human Services and DSS continued to work under this BMA after policy responsibility transferred from DEEWR to DSS in September 2013 and until the current BMA between Human Services and DSS was finalised on 22 October 2014. The Confidence Framework Reports cover all the payments administered by Human Services on behalf of the relevant policy entity.



**4.31** Under the new BMA finalised on 22 October 2014, Human Services continues to report to DSS on the Scheme. However, under the new quarterly Performance Assurance Reports, reporting on the Scheme is limited solely to the timeliness performance measure.

### *Evaluation of the Scheme*

**4.32** Human Services advised the ANAO that no evaluations of the Scheme have been conducted, and that no evaluation is currently planned.

**4.33** The evaluation of program performance aids accountability and transparency and can contribute to improvements in program design. It is important that entities have an evaluation strategy that is capable of determining the extent to which programs are achieving specified outcomes. The Scheme has been operating since 1973, and it would be appropriate for Human Services and DSS to consider, in the context of future discussions on the direction of the BMA, options for enhancing the review and reporting framework to assist DSS to assess the impact of the program in achieving its policy objectives.

### **External reporting**

**4.34** As the entity with policy advising responsibility for the Scheme, DSS rather than Human Services is responsible for public reporting on the Scheme's achievements.

**4.35** The level of public reporting available on the Scheme, through the policy entity's Annual Report, has decreased since DSS assumed policy responsibility for AIC. The DEEWR 2012–13 Annual Report contained the following information:

- an overview of the Scheme;
- the actual number of students in receipt of assistance compared to estimated numbers;
- information on Human Services' timeliness of AIC claim processing;
- percentage change in AIC debt levels;
- information on the value of debts raised and recovered;
- reviews of recipients' compliance (for AIC and ABSTUDY payments);

- a comparison of budget and actual AIC expenditure for the Scheme; and
- spatial reporting for AIC, which reports expenditure broken down by regional and non-regional Australia.<sup>88</sup>

**4.36** In comparison, the DSS 2013–14 Annual Report contained minimal information on AIC, noting that ‘payments were made as described’.<sup>89</sup> DSS advised the ANAO that the limited information provided on the Scheme in the department’s 2013–14 Annual Report was an oversight following the Machinery of Government changes in September 2013. DSS further advised that more information on AIC will be included in their 2014–15 Annual Report.

## Conclusion

**4.37** Human Services’ approach to performance monitoring and reporting for the Scheme is informed by: the requirements established under the joint DSS/Human Services BMA; the department’s assessment of the Scheme as a mature low risk activity; and the Scheme’s relatively small and isolated customer base.

**4.38** Reflecting the stability of the Scheme’s legislative and policy settings, the department considers the program’s administration and implementation risks to be low. In consequence, while the department advised the ANAO that it monitors risks as part of its ongoing program management responsibilities, there has been limited formal monitoring of AIC program risks. Until 2014, risks to the administration of the Scheme, as documented in the program’s risk management plan, had not been formally updated or monitored for seven years. Further, no evaluation activity has been completed or is planned for the Scheme.

**4.39** Human Services adopts a number of strategies to monitor compliance with Scheme requirements. Applicants agree (when lodging a claim form) to notify the department when ‘prescribed events’ affecting their eligibility occur. In addition, the department assesses the ongoing eligibility of students through periodic enrolment checks via third parties. Human Services also conducts targeted ‘end of year circumstance reviews’ to satisfy itself that only those

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88 Department of Education, Employment and Workplace Relations, *Annual Report 2012–13*, pp. 50–54; p. 281; and p. 287.

89 Department of Social Services, *Annual Report 2013–14*, p. 39.

customers who continue meeting eligibility requirements receive AIC payments into a new year. Overall, the multi-layered approach to monitoring compliance provides a reasonable level of assurance, and reflects the low risk rating for the program.

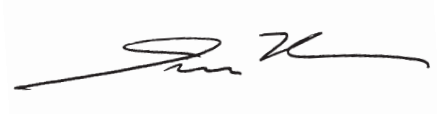
**4.40** Consistent with the department's Service Commitments, Human Services has established whole-of-entity mechanisms for customers to provide feedback or make a complaint regarding the Scheme. Customer advice about these mechanisms is set out in the AIC claim form and in correspondence. Compared to the number of customers receiving AIC allowances, complaints concerning the Scheme are very low. As there is no longer a dedicated AIC customer survey, there would be merit in Human Services considering whether the sampling methodology for its department-wide customer satisfaction surveys can provide more reliable results for a small program population such as AIC.

**4.41** Internal reporting on the Scheme addresses key aspects of service delivery and program management. Reporting on service delivery includes the timeliness of AIC claims processing—the key performance measure for the Scheme under the BMA between Human Services and DSS. Internal reporting to Human Services' Executive is performed in conjunction with the quarterly 'Confidence Framework' reporting under the BMA. Reporting to the Executive outside the Confidence Framework process is on an exceptions basis. Human Services advised that no additional Executive reporting has been undertaken recently as the Scheme is low risk and has consistently performed above the performance target for claims processing. That said, the department's achievements against the single AIC key performance measure has been trending down (by some 10 per cent) over the past four years.

**4.42** Under the new BMA finalised on 22 October 2014, Human Services continues to report to DSS on the Scheme. However, under the new quarterly Performance Assurance Reports, reporting on the Scheme is limited solely to the timeliness performance measure, and no evaluation activity is currently planned. AIC is a long-running Scheme and it would be appropriate for Human Services and DSS to consider, in the context of future discussions on the direction of the BMA, options for enhancing the review and reporting framework to assist DSS to assess the impact of the program in achieving its policy objectives.

**4.43** As the responsible policy entity for the Scheme, DSS rather than Human Services is responsible for public reporting on the Scheme's achievements. DSS did not include any reporting on the Scheme's achievements in its 2013–14 Annual Report.

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A handwritten signature in black ink, appearing to read 'Ian McPhee', is positioned above the printed name.

Ian McPhee

Canberra ACT

6 May 2015

# Appendices



## Appendix 1: Response from the Department of Human Services

6.00  
13 APR 2015  
3.15



**Australian Government**  
**Department of Human Services**

**Kathryn Campbell CSC**  
**Secretary**

Ref: EC15/82

Dr Tom Ioannou *8-13/4*  
Group Executive Director  
Performance Audit Services Group  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2601

*Tom*  
Dear Dr Ioannou

Thank you for the opportunity to comment formally on the proposed 'section 19' report arising from the Australian National Audit Office's (ANAO) audit on the Administration of the Assistance for Isolated Children (AIC) Scheme (the Scheme).

**Attachment A** to this letter details the Department of Human Services (the department) overall response to the proposed report.

**Attachment B** provides further comments for the attention of the Auditor-General. These are not intended for publication in the final report.

If you would like to discuss the department's response, please do not hesitate to contact Ms Melissa Lond, National Manager, Education and Job Seeker Contact Branch, on (02) 6141 8952.

Yours sincerely

*Kathryn Campbell*  
Kathryn Campbell  
10 April 2015

## **Attachment A**

### **Response to the section 19 report on the audit of the Administration of the Assistance for Isolated Children Scheme.**

The Department of Human Services (the department) welcomes this report and acknowledges the benefit of continued ongoing management attention to the Scheme. The department will continue working with the Department of Social Services in ensuring an effective review and reporting framework.



## Appendix 2: Response from the Department of Social Services

GD  
23 APR 2015  
9.30



### Australian Government Department of Social Services

Finn Pratt PSM  
Secretary

Dr Tom Ioannou *TS 23/4*  
Group Executive Director  
Performance Audit Services Group  
Australian National Audit Office  
GPO Box 707  
CANBERRA ACT 2601

Dear Dr Ioannou

#### Administration of the Assistance for Isolated Children (AIC) Scheme

Thank you for your letter of 24 March 2015 regarding the performance audit on the Department of Human Services (DHS) administration of the AIC Scheme. The Department of Social Services (the Department) appreciates the opportunity to comment on the extracts from the final draft of the audit report provided to it by the Australian National Audit Office.

The AIC Scheme assists families with children who do not have reasonable daily access to an appropriate government school due to geographical isolation, a special education need or a disability or other health related need.

The Department welcomes the fact that the AIC audit does not make any adverse findings in relation to its role of policy oversight of the AIC Scheme. The Department acknowledges the suggestion that there is scope for refinement of the existing administrative review arrangements and will consider this as part of the next review of its Bilateral Management Agreement with DHS.

If you have any questions regarding the Department's response, please contact Mr Sidesh Naikar, acting Branch Manager, Family and Student Payments Policy Branch on 02 6146 4129.

Yours sincerely

Finn Pratt

21 April 2015

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[www.dss.gov.au](http://www.dss.gov.au)

## Appendix 3: Summary of AIC general eligibility requirements

**Table A.1: General eligibility requirements for AIC**

<b>Applicant eligibility</b>
<p>The applicant must have prime (or joint) responsibility for the student's care and support and be either:</p> <ul style="list-style-type: none"> <li>• a person having legal guardianship of the student;</li> <li>• a natural, adoptive, de facto or step parent of the student;</li> <li>• a person with whom the student normally lives (when not living away to attend school); or</li> <li>• a third party, an organisation or an institution in certain circumstances.<sup>1</sup></li> </ul> <p>The applicant cannot be:</p> <ul style="list-style-type: none"> <li>• the student or the student's partner; or</li> <li>• living in a prison, correctional centre or psychiatric institution.</li> </ul>
<b>Student eligibility</b>
<p>The student must:</p> <ul style="list-style-type: none"> <li>• meet the age criteria: <ul style="list-style-type: none"> <li>– has reached the minimum primary school entry age for their state or territory; and</li> <li>– is under 19 years of age at 1 January in the year of their primary, secondary or ungraded level of study; or</li> <li>– if the student is studying at a tertiary level, is under the minimum age at which the state or territory requires them to participate in education.<sup>2</sup></li> </ul> </li> <li>• be undertaking approved studies—enrolled full-time in an approved: course; level of study<sup>3</sup>; and education institution.</li> <li>• meet one of the isolation conditions: geographic isolation (see Table 1.4); special needs; or deemed isolation.</li> </ul> <p>The student cannot be living in a custodial institution (such as a prison or remand centre) or be in state-authorised care where permanent accommodation is wholly or substantially financed.</p>
<b>Residency requirements (applicant and student)</b>
<p>The applicant and student must normally live in Australia and:</p> <ul style="list-style-type: none"> <li>• hold Australian citizenship;</li> <li>• have permanent residency; or</li> <li>• be a New Zealand citizen permanently settled in Australia.</li> </ul> <p>Generally, the student must also live in Australia during the school year.</p>

### Impact of other government payments (applicant and student)

Allowances under the Scheme cannot be paid for students who are receiving certain other government payments (or if another person receives the payment on their behalf). These payments include:

- Youth Allowance;
- ABSTUDY; and
- Veterans' Children Education Scheme payments.

AIC allowances do not affect the payment of: Family Tax Benefit; Carer Allowance; or the Double Orphan Pension.

Source: ANAO summary from the Assistance for Isolated Children Scheme Guidelines.

Note 1: An organisation with full responsibility for the student may make a claim provided it is clear that the organisation is: a non-government body; does not receive a foster care or similar allowance for the student; and cares for the student without any contribution from a parent.

Note 2: The Guidelines allow for extensions to the age limit in special circumstances, such as the student having a disability or other health-related condition. In these circumstances, an extension to the minimum age can be made to three years and six months; the maximum age can be extended to up to 21 years of age.

Note 3: An approved level of study is primary, secondary, tertiary or ungraded level.

Note 4: This table does not include the eligibility requirements for isolation conditions, which are outlined from paragraphs 1.13 to 1.16.

## Appendix 4: ANAO Survey of AIC applicants and potential applicants

### Survey

1. In order to capture current AIC applicants' and customers' views on Human Services' administration and delivery of AIC, the ANAO conducted an online survey. For privacy reasons, the survey was distributed by a third party (the Isolated Children's Parents' Association, the key stakeholder for the Scheme) through their newsletter. As such, the people surveyed would have been primarily living in rural or remote Australia.
2. The survey questions were primarily focussed on the accessibility of information on the Scheme, the process of submitting a claim, and the advice or correspondence provided by Human Services during the claiming process. Respondents were also invited to comment on the survey questions and any issues relating to how AIC is administered, including suggestions for improvement.
3. The survey was sent to 2137 people and 132 people completed it (a response rate of 6.2 per cent). Table A.2 shows the number of respondents by state and territory.

**Table A.2: Number of ANAO survey respondents by state or territory**

State or territory	Number of survey respondents
Queensland	67
Northern Territory	25
Western Australia	19
New South Wales	16
South Australia	4
Tasmania	1
Victoria	0
Australian Capital Territory	0
Total number of survey respondents	132

Source: ANAO analysis.

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*Management of Interpreting Services*

Department of Immigration and Border Protection

Department of Social Services

**ANAO Report No.29 2014–15**

*Funding and Management of the Nimmie-Caira System Enhanced Environmental Water Delivery Project*

Department of the Environment

**ANAO Report No.30 2014–15**

*Materiel Sustainment Agreements*

Department of Defence

Defence Materiel Organisation

**ANAO Report No.31 2014–15**

*Administration of the Australian Apprenticeships Incentives Program*

Department of Education and Training

**ANAO Report No.32 2014–15**

*Administration of the Fair Entitlements Guarantee*

Department of Employment

**ANAO Report No.33 2014–15**

*Organ and Tissue Donation: Community Awareness, Professional Education and Family Support*

Australian Organ and Tissue Donation and Transplantation Authority

**ANAO Report No.34 2014–15**

*Administration of the Natural Disaster Relief and Recovery Arrangements by Emergency Management Australia*

Attorney-General's Department

**ANAO Report No.35 2014–15**

*Delivery of the Petrol Sniffing Strategy in Remote Indigenous Communities*

Department of the Prime Minister and Cabinet

**ANAO Report No.36 2014–15**

*Administration of the Assistance for Isolated Children Scheme*

Department of Human Services

# Better Practice Guides

The following Better Practice Guides are available on the ANAO website:

Public Sector Financial Statements: High-quality reporting through good governance and processes	Mar. 2015
Public Sector Audit Committees: Independent assurance and advice for Accountable Authorities	Mar. 2015
Successful Implementation of Policy Initiatives	Oct. 2014
Public Sector Governance: Strengthening performance through good governance	June 2014
Administering Regulation: Achieving the right balance	June 2014
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Developing and Managing Contracts: Getting the Right Outcome, Achieving Value for Money	Feb. 2012
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Planning and Approving Projects – an Executive Perspective: Setting the Foundation for Results	June 2010
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