# Administration of Youth Allowance (Student) and ABSTUDY

Department of Social Services

Department of Human Services

Canberra ACT

22 May 2017

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Department of Social Services and the Department of Human Services titled *Administration of Youth Allowance (Student) and ABSTUDY.* The audit was conducted in accordance with the authority contained in the *Auditor-General Act 1997*. 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

Rona Mellor PSM
Acting Auditor-General

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

**Audit Team**
Tara Rutter
Barbara Das
Jerry Liao
Tracy Cussen
Brendon Gittins
Fei Gao
Donna Burton
Andrew Rodrigues

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# Summary and recommendations

## Background

1.      The objective of the Youth Allowance (Student) and ABSTUDY payment programs is:

> to achieve growth in skills, qualifications and productivity through: providing income support to students … to assist them to undertake further education and training; increasing access and participation by Indigenous Australian students in school education, vocational education and training and higher education and accelerating their educational outcomes.[1]

2.      The *ABSTUDY Policy Manual*, approved by the Minister for Social Services, also sets out the following additional objectives of the ABSTUDY program, to:

- encourage Aboriginal and Torres Strait Islander people to take full advantage of the educational opportunities available;

- promote equity of educational opportunity; and

- improve educational outcomes.

3.      In combination, Youth Allowance (Student) and ABSTUDY provide around $2.7 billion in financial assistance to around 240 000 students and apprentices annually. ABSTUDY recipients comprise around 15 per cent of this population and around 10 per cent of the combined administered outlays. The Department of Human Services (Human Services) administers these payments on behalf of the Department of Social Services (DSS).

4.      Many of the administrative processes supporting Human Services' delivery of these payments are similar. Some administrative differences arise from Youth Allowance (Student) being a legislatively-based payment while ABSTUDY is policy-based. Other differences arise because of differences in the payment population group (for example, ABSTUDY payees include students, parents and boarding school providers).

5.      The objective of the audits[2] was to assess the efficiency and effectiveness of the Department of Social Services' and the Department of Human Services' administration of the Youth Allowance (Student) and ABSTUDY programs. To form a conclusion against the audits' objective, the ANAO adopted the following high level criteria:

- the Department of Human Services has established suitable administrative systems and processes for the transparent, accurate and timely assessment of claims;

- the Department of Human Services has established suitable controls to mitigate the risk of incorrect payments being made to applicants; and

- the Department of Social Services and the Department of Human Services have established sound monitoring, reporting and evaluation arrangements to assess the effective delivery of the Youth Allowance (Student) and ABSTUDY programs.

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1    Department of Social Services, *Annual Report 2015-16*, DSS, Canberra, 2016, p. 59. See https://www.dss.gov.au/sites/default/files/documents/10_2016/part_2_annual_performance_statement.pdf [accessed 4 November 2016].

2    The ANAO conducted separate performance audits of both the Youth Allowance (Student) and ABSTUDY programs. This report contains the findings from both audits.

## Conclusion

6.      The Department of Human Services' (Human Services) payment administration arrangements were effective in relation to communication to recipients, guidance and staff training, and risk management. A range of useful management and operational information is captured and used by the Department of Social Services (DSS) and Human Services to inform program and service delivery; although, this information does not adequately measure performance against the relevant policy objectives. Over the past three years, Human Services has not consistently met its Key Performance Measure for the timeliness of application processing during peak workload periods. Over the past ten years, Human Services has met the department's internal benchmarks for Youth Allowance (Student) and ABSTUDY payment correctness however it has not met its benchmarks for payment accuracy as agreed in the Bilateral Management Arrangement with DSS.

7.      Human Services has established suitable arrangements for communicating eligibility requirements to prospective and current Youth Allowance (Student) and ABSTUDY recipients, as well as providing guidance and training to departmental staff.

8.      Human Services' system for processing Youth Allowance (Student) claims has recently undergone significant change with the implementation of a new system. The implementation of the new system led to longer delays between the receipt of claims and their finalisation during the 2015–16 peak workload period. From early 2013–14 to early 2016–17, the department has not met its Key Performance Measure for processing both Youth Allowance (Student) and ABSTUDY claims during peak workload periods. However, in March 2017, Human Services' preliminary data indicated a reduction in the average processing time for individual Youth Allowance (Student) claims for the period January to March 2017, which the department expects to flow through to a reduction in overall processing times.

9.      Human Services has a range of department-wide mechanisms in place intended to manage risks to the payment integrity of Youth Allowance (Student) and ABSTUDY—including system controls and departmental frameworks for quality assurance, compliance and debt recoveries, as well as selected targeted approaches for these specific payments. The key focus of Human Services' compliance activities is risks associated with earned income; whereas the primary source of continuing payment inaccuracy stems from changes to recipients' study load. A new project implemented from July 2016 seeks to address this risk.

10.    From 2013–14 to 2015–16, Human Services identified potential overpayments in a timely way for Youth Allowance (Student). During this period, 83 per cent of ABSTUDY debts were raised within 180 days of identification and this metric has declined—from 95 per cent in 2013–14 to 77 per cent in 2015–16.

11.    DSS and Human Services regularly monitor and report (internally) on a range of operational and payment performance metrics. Since 2015–16, DSS has commenced public reporting against a number of new performance measures for Youth Allowance (Student) and ABSTUDY to identify the extent to which recipients have improved their self-reliance or circumstances after exiting the payment. However, there is no public reporting on the extent to which Youth Allowance (Student) and ABSTUDY are achieving their policy objectives.

# Supporting findings

## Administration and processing

12.     Human Services' primary mechanism for communicating with prospective and current recipients of Youth Allowance (Student) and ABSTUDY is through its website and selected social media. ANAO's analysis showed this communication was clear and provided a range of information to prospective and current applicants, including information on how to claim, eligibility criteria and ongoing recipient responsibilities. These generic channels are supplemented by an ABSTUDY face-to-face Service Offer that is intended to support the department's Indigenous Servicing Strategy goals.

13.     Human Services has recently introduced a number of other communication tools, including a Claim Tracker, to assist Youth Allowance (Student) applicants to better track the status of their claim (this tool is presently not available to ABSTUDY applicants). There would also be benefit in the department advising applicants that claims submitted during peak workload periods may not be finalised prior to the commencement of the academic year.

14.     Human Services has established a suite of useful guidance material as well as other advice and support mechanisms to assist its staff to assess and process Youth Allowance (Student) and ABSTUDY claims. The ANAO's limited scope review of key guidance materials did not identify any issues to indicate that these materials were inaccurate.

15.     Human Services has established effective training arrangements for its staff to process claims; other than the training requirements and information for the introduction of the new student processing module that were under-estimated. The ANAO's limited scope review of key training materials did not identify any issues to indicate that training materials were inaccurate.

16.     Human Services' systems for processing Youth Allowance (Student) and ABSTUDY claims do not support the consistent achievement of the department's Key Performance Measure against timeliness during peak workload periods. A decline in Youth Allowance (Student) processing timeliness was exacerbated by the introduction of a new processing system in 2015–16. The ANAO's analysis indicates that the efficiencies expected from this new system, including in the department's costs for processing applications, were not realised over the 2015–16 peak workload period. Data provided by Human Services for the period January to March 2017 indicates improvements in the average staff processing times for individual Youth Allowance (Student) claims. Performance by Human Services' telephony services has also declined since 2013–14, particularly for ABSTUDY recipients who use this service as a primary mechanism for lodging claims.

17.     The ANAO's analysis, based on available data, indicates that key barriers to achieving service and claim assessment improvements include: failure of applicants to supply the required supporting documentation and the policy complexity associated with assessing individual ABSTUDY awards and claims. There would be benefit in DSS and Human Services examining cost-effective options to improve this area of performance.

**Managing and monitoring risks**

18.    Human Services has a number of risk management mechanisms in place intended to address the principal risks relating to student payment inaccuracy. Current strategies cover students advising the department of their study load and ABSTUDY travel.

19.    Human Services has effective system controls in place to minimise risks to Youth Allowance (Student) and ABSTUDY payment correctness and identify risks to payment accuracy. However, from 2006 to 2015–16, the payment accuracy benchmark remained consistently unmet, with the major contributor to this inaccuracy rate being recipient errors associated with study load requirements. A project funded under a 2015–16 Budget measure, implemented from July 2016, aims to address this risk.

20.    The department's process for managing administrative errors to payment integrity, through its quality assurance process, has scope for improvement. Human Services' Quality On Line sampling of ABSTUDY new claim and non-new claim decisions should be aligned with the respective risks to payment accuracy associated with each of these key administrative decision points. Additionally, a formal risk assessment was not prepared to manage Youth Allowance (Student) risks related to reduced Quality On Line activities during the 2015–16 peak workload period.

21.    Human Services adopts a range of suitable compliance activities to monitor the ongoing eligibility of applicants receiving Youth Allowance (Student) and ABSTUDY. The focus of these activities is directed towards study-related and earned income risks. There would be benefit in the department considering if the effort expended on earned income reviews for Youth Allowance (Student) and ABSTUDY recipients is commensurate with the risks to program outlays. A project funded under a 2015–16 Budget measure aims to increase the focus on recipients' compliance with study load requirements, as the source of the highest risk of non-compliance for student payments.

22.    A majority of Youth Allowance (Student) and ABSTUDY overpayments (66 per cent and 86 per cent, respectively) are identified through Human Services being notified (by recipients or other sources) of changes in an individual's circumstances. Once identified, around one-third of all debts (that is, those debts under $50) are waived.

23.    From 2013–14 to 2015–16, overall Human Services raised:

- more than 90 per cent of Youth Allowance (Student) debts within 180 days of identification, with the proportion of debts raised within 180 days improving over this time period;

- 83 per cent of ABSTUDY debts within 180 days of identification, which is less than the department's aggregate 90 per cent benchmark for the payments it administers. Over this time period the proportion of ABSTUDY debts raised within 180 days has declined—from 95 per cent in 2013–14 to 77 per cent in 2015–16.

24.    Human Services effectively uses operational data and management information to inform program development. DSS and Human Services collect and analyse a range of program and operational data to measure aspects of program performance. In 2015–16, DSS commenced annual reporting against new performance measures for Youth Allowance (Student) and ABSTUDY to identify the extent to which recipients have improved their self-reliance or

circumstances after exiting the relevant student payment. However, there is no internal or public reporting to inform an assessment as to whether Youth Allowance (Student) or ABSTUDY programs are achieving their overarching policy objectives.

## Recommendations

**Recommendation No. 1**

**Paragraph 2.64**

Human Services implements a strategy to ensure that the rollout of the new processing system to other payments and programs administered by the department is well planned and managed, including by sharing the lessons learned from the implementation of this processing system for Youth Allowance (Student).

**Department of Human Services response:** *Agreed.*

**Recommendation No. 2**

**Paragraph 3.16**

Human Services to review its Quality On Line sampling of ABSTUDY decisions to align with the risks associated with the accuracy rates of new claims compared to non-new claims.

**Department of Human Services response:** *Agreed.*

**Recommendation No. 3**

**Paragraph 3.84**

DSS and Human Services to review the payment accuracy Key Performance Measure in the Bilateral Management Arrangement to more clearly distinguish between expected levels of performance for payment correctness and payment accuracy.

**Department of Social Services response:** *Agreed with qualification***.**

**Department of Human Services response:** *Agreed.*

## Summary of entity responses

25.     The summary responses to the report from DSS and Human Services are provided below, with the full responses included in Appendix 1.

**Department of Social Services**

The Department of Social Services (DSS) agrees, with the following qualification, to Recommendation 3.

As the ANAO has noted in the report, DSS and the Department of Human Services are jointly reviewing the Bilateral Management Arrangement. This review covers governance, performance measures and reporting arrangements, and will include consideration of measures of payment correctness and payment accuracy.

Payment correctness and payment accuracy, which measure different elements, are inter-connected and DSS does not support completely separating them. As part of the review of the Bilateral Management Arrangement, DSS will consider further identifying the source of payment inaccuracy, whether it be administrative error, recipient error or change of recipient circumstances, within the Key Performance Measure.

**Department of Human Services**

The Department of Human Services (the department) welcomes the ANAO's conclusions that payment administration arrangements for the Youth Allowance (Student) and ABSTUDY programmes are effective, including communication of eligibility requirements to prospective recipients as well as guidance and training to departmental staff.

The department agrees with each of the ANAO's three recommendations and has already progressed work to address them.

# Audit Findings

# 1.   Background

## Introduction

1.1    The objective of the Youth Allowance (Student)[3] and Aboriginal and Torres Strait Islander Study Assistance (ABSTUDY)[4] payment programs[5] is:

> to achieve growth in skills, qualifications and productivity through: providing income support to students … to assist them to undertake further education and training; increasing access and participation by Indigenous Australian students in school education, vocational education and training and higher education and accelerating their educational outcomes.[6]

1.2    The *ABSTUDY Policy Manual*, approved by the Minister for Social Services, also sets out the following additional objectives of the ABSTUDY program, to:

- encourage Aboriginal and Torres Strait Islander people to take full advantage of the educational opportunities available;
- promote equity of educational opportunity; and
- improve educational outcomes.

1.3    The Youth Allowance (Student) and ABSTUDY programs or payments provide means-tested[7] allowances and other supplementary benefits payable to eligible students and apprentices. While these are both payments to support students and apprentices, there are a number of differences between the two payments; a key difference being Youth Allowance (Student) is a legislatively-based payment, while ABSTUDY is a policy-based payment (see Table 1.1).

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3    Youth Allowance was introduced in 1998. Youth Allowance (Student) covers students and apprentices, while Youth Allowance (Other) is available to eligible people seeking paid employment, undertaking approved activities or who are temporarily unable to work. This audit did not examine the administration of Youth Allowance (Other).

4    The Aboriginal Study Grants Scheme, the precursor to the current ABSTUDY program was introduced in 1969.

5    The ANAO conducted separate performance audits of both the Youth Allowance (Student) and ABSTUDY programs. This report contains the findings from both audits.

6    Department of Social Services, *Annual Report 2015-16*, DSS, Canberra, 2016, p. 59. See https://www.dss.gov.au/sites/default/files/documents/10_2016/part_2_annual_performance_statement.pdf [accessed 4 November 2016].

7    Means tests include parental, personal and partner income and assets tests based on recipients' independence status.

**Table 1.1:    Key differences between Youth Allowance (Student) and ABSTUDY**

|  | Youth Allowance (Student) | ABSTUDY |
|---|---|---|
| Authority | *Social Security Act 1991* | ABSTUDY Policy Manual |
| Age | Generally 16–24 years | Varies by award—generally aged 12 years and older |
| Claim submission | Typically online | Typically staff assisted |
| Eligibility[a] | Studying an approved course full-time at an approved educational institution, or undertaking an Australian Apprenticeship | Must be an Aboriginal or Torres Strait Islander person studying an approved course at an approved educational institution, or undertaking a full time Australian Apprenticeship |
| Reviews of claim decisions following review by Human Services | Administrative Appeals Tribunal | Minister for Social Services |

Note a:   To be eligible for either payment the recipient must be an Australian citizen normally residing in Australia and not receiving any other government assistance for studying.

Source:   ANAO analysis of Human Services documentation.

1.4      For student payments, the Department of Human Services (Human Services) has two peak workload periods each year, a main peak coinciding with the start of the academic year and a mini peak around the commencement of the second semester of the academic year.

1.5      Table 1.2 sets out the number of recipients and administered outlays for both payments.

**Table 1.2:    Recipients and administered outlays for Youth Allowance (Student) and ABSTUDY, 2013–14 to 2015–16**

|  |  | 2013–14 | 2014–15 | 2015–16 |
|---|---|---|---|---|
| Average number of school students receiving payment during the year[a] | Youth Allowance (Student)[b] | 19 805 | 12 656 | 11 361 |
|  | ABSTUDY[c] | 20 526 | 19 063 | 21 947 |
| Average number of higher education students receiving payment during the year | Youth Allowance (Student) | 170 389 | 171 531 | 166 254 |
|  | ABSTUDY | 5 422 | 4 927 | 4 815 |
| Average number of Australian Apprentices and students attending a TAFE college or private training institution in receipt of payment during the year | Youth Allowance (Student) | 38 476 | 37 364 | 33 467 |
|  | ABSTUDY | 4 894 | 4 765 | 5 204 |
| **Total: Average number of all students in receipt of payment during the year** | **Youth Allowance (Student)** | **228 669** | **221 551** | **211 082** |
|  | **ABSTUDY** | **30 842** | **28 755** | **31 966** |
| **Total: administered outlays ($million)** | **Youth Allowance (Student)** | **$2 600** | **$2 560** | **$2 440** |
|  | **ABSTUDY** | **$222.74** | **$239.71** | **$259.47** |

Note a:   The Department of Social Services reports an average number of students during the year to account for fluctuation in recipient numbers.

Note b:   Secondary students only.

Note c:   Secondary and primary students.

Source:   Department of Social Services 2015–16 Annual Report.

1.6     Once assessed as eligible, additional criteria determine the rate of payment. Recipients may be assessed as being either:

(a)     dependent and therefore subject to a parental means test; or

(b)     independent and subject to a personal means and assets test.[8]

1.7     Youth Allowance (Student) and ABSTUDY recipients 22 years of age or over are automatically assessed as independent. Recipients can also be assessed as independent where they:

(a)     have supported themselves through full-time work for at least 18 months in a two year period;

(b)     are unable to live at home or be cared for by their parents;

(c)     are a member of a couple; or

(d)     have, or have had, a dependent child.

1.8     Under the ABSTUDY program, there are seven 'awards'[9] each with its own particular eligibility criteria in addition to the criteria noted in Table 1.1. Living Allowance applies to most of these awards. ABSTUDY recipients may be eligible for up to 17 additional ABSTUDY-specific allowances and supplementary payments and benefits as specified under each award type. These supplementary payments include: living away from home allowances; travel allowances; and additional incidentals. The total rate of assistance paid under an award is affected by award type and an assessment against the additional allowances. ABSTUDY awards and allowances are set out at Appendix 2.

## Administrative roles and responsibilities

1.9     A Bilateral Management Arrangement (BMA) between the Department of Social Services (DSS) and Human Services sets out the framework for the administration of the payments. DSS and Human Services are jointly responsible for: implementing Youth Allowance (Student) and ABSTUDY and any changes required; providing the other party with relevant information, including reporting of administered outlays and Key Performance Measures; and providing program and management information data. DSS is the policy entity responsible for Youth Allowance (Student) legislation and ABSTUDY policy. Human Services, through its Centrelink master program, is responsible for administering the payments, including assessing eligibility, applying relevant means tests, and processing applications.

1.10     Within Human Services, administrative responsibility for the delivery of Youth Allowance (Student) and ABSTUDY is spread across multiple divisions. These divisions perform particular program management, administrative, and service delivery functions, including: assessing and processing claims; determining debt; conducting compliance reviews; reporting to DSS; and providing initial and ongoing support to recipients.

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8     If a recipient is independent with a partner, they may also be subject to a partner income test.

9     The *ABSTUDY Policy Manual* notes that ABSTUDY Awards are a 'way of organising the allowances available to particular groups of students or Australian Apprentices.' Department of Social Services, *ABSTUDY Policy Manual*, DSS, Canberra, 2017 p. 56.

1.11    Figure 1.1 sets out the relationship between the program and operations areas within Human Services that administer the payments:

- Education and Job Seeker Contact Branch—liaises between policy departments (including DSS) and internal Human Services stakeholders; manages program assurance; delivers new projects; and provides policy advice to staff.
- Service Delivery/Operations—provides direct operational support to Smart Centres and monitors the delivery of student programs.
- Business Process Working Age Branch—acts as a gateway between the program area, service delivery/operations and non-service delivery groups within Human Services.

**Figure 1.1: Human Services' administration of Youth Allowance (Student) and ABSTUDY: branch structure**
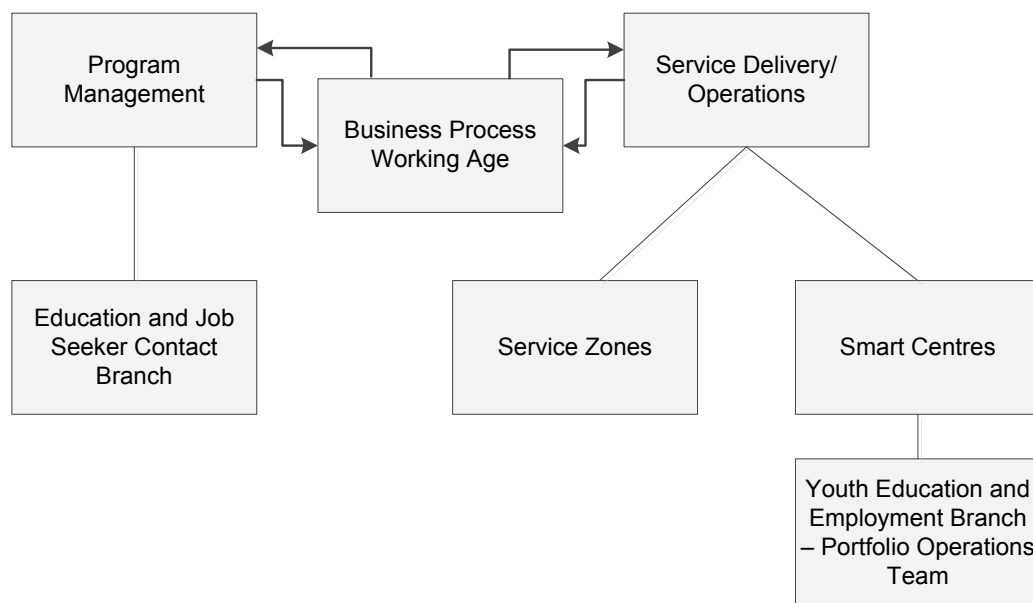


Source: ANAO analysis.

1.12    In 2015–16, Human Services estimated its combined departmental expenses to administer both Youth Allowance (Student) and ABSTUDY to be around $97 million. Table 1.3 sets out the departmental costs for each payment for 2015–16.

**Table 1.3:** **Estimated Human Services' departmental costs for Youth Allowance (Student) and ABSTUDY, 2015–16**

| Area | Payment | Costs[a] |
|---|---|---:|
| Program management (National Office) | Youth Allowance (Student) | $1 440 949 |
| | ABSTUDY | $1 323 840 |
| Service Delivery (Service Centres, Smart Centres) | Youth Allowance (Student) | $76 599 701 |
| | ABSTUDY | $11 678 054 |
| Service Delivery (Customer-related expense)[b] | Youth Allowance (Student) | $5 727 391 |
| | ABSTUDY | $522 683 |
| **Total** | **Youth Allowance (Student)** | **$83 768 041** |
| | **ABSTUDY** | **$13 524 577** |

Note a: Costs include salary costs (inclusive of on-costs for Superannuation and Long-Service Leave), staff-related administrative costs (including workers compensation and corporate support costs). Costs do not include any estimate for unquantifiable indirect costs, such as other National Office costs for indirect program management and/or associated support activities, nor indirect non-operational (support) activities related to Service Delivery Operations. ICT costs are also excluded.

Note b: Customer-related expenses include bank fees, printing and postage.

Source: Human Services documentation.

1.13    DSS advised the ANAO that its estimated departmental expenses for its role in administering Youth Allowance (Student) to be approximately $301 122 per year; DSS estimated its departmental expenses for ABSTUDY to be around $421 248 per year.[10]

## Previous audit and review coverage

1.14    The ANAO has conducted one previous performance audit of Youth Allowance: ANAO Audit Report No.12 2009–10 *Administration of Youth Allowance*. This audit report assessed the effectiveness of administrative arrangements for Youth Allowance (both Student and Other) between the then Department of Education, Employment and Workplace Relations and Centrelink.[11] This ANAO audit made two recommendations aimed at improving performance measurement and oversight arrangements for the program.

1.15    In October 2016, during the course of the current audit, Human Services undertook a review of Youth Allowance (Student) payments, with a focus on examining the implementation of the new Youth Allowance (Student) processing system that was introduced in July 2015.[12] Where relevant, this audit report presents relevant findings from this review.

1.16    On 16 September 2015, the Minister for Indigenous Affairs, Senator the Hon Nigel Scullion, asked the House of Representatives Standing Committee on Indigenous Affairs to inquire into and

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10    DSS administrative costs relate only to staff directly involved on a daily basis. Branch and group executive officers also have a role as do other areas of the Department.

11    Responsibility for the program was transferred to DSS as a result of the Administrative Arrangements Order of 18 September 2013. On 1 July 2011, the *Human Services Legislation Amendment Act 2011* merged the previously separate entities—Centrelink and Medicare Australia, Child Support Agency, and the Commonwealth Rehabilitation Service—within the Department of Human Services.

12    This is discussed further at paragraphs 2.45, 2.62 and Box 1.

report on educational opportunities for Aboriginal and Torres Strait Islander students. On 4 May 2016, prior to the dissolution of the 44th Parliament, this Committee tabled its Interim Report: *First steps for improving educational opportunities for Aboriginal and Torres Strait Islander students*. On 19 October 2016, the Minister again asked the Committee to make an inquiry under the same terms of reference.

## Audit objective, criteria and methodology

### Audit objective and criteria

1.17    The objective of both audits was to assess the efficiency and effectiveness of the Department of Social Services' and the Department of Human Services' program administration.

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

- the Department of Human Services has established suitable administrative systems and processes for the transparent, accurate and timely assessment of claims;
- the Department of Human Services has established suitable controls to mitigate the risk of incorrect payments being made to applicants; and
- the Department of Social Services and the Department of Human Services have established sound monitoring, reporting and evaluation arrangements to assess the effective delivery of the Youth Allowance (Student) and ABSTUDY programs.

### Audit methodology

1.19    The audits' methodologies included:

- examination of documentation relating to the management of Youth Allowance (Student) and ABSTUDY, including program documentation and performance reports;
- analysis of quality assurance activities and results;
- interviews with relevant departmental staff; and
- consultation with relevant external stakeholders.

1.20    The audit team conducted limited scope reviews of staff guidance, training materials and reporting against the Bilateral Management Arrangement requirements. Furthermore, the audit teams relied on the results from the ANAO's 2015–16 auditing of Human Services' financial statements for assurance around the general controls for welfare payments. The audits did not include an examination of Youth Allowance (Other) or debt recovery arrangements for either payment.

1.21    The performance audits were conducted in accordance with ANAO auditing standards. The cost to the ANAO of the Youth Allowance (Student) audit was approximately $296 800. The cost to the ANAO of the ABSTUDY audit was approximately $304 700.

1.22    Team members for these audits were Tara Rutter, Barbara Das, Jerry Liao, Tracy Cussen, Brendon Gittins, Fei Gao, Donna Burton and Andrew Rodrigues.

# 2. Administration and processing

**Areas examined**

This chapter examines communications to prospective and current recipients of Youth Allowance (Student) and ABSTUDY as well as the training and support arrangements established for staff. This paper also examines the administrative systems and processes the Department of Human Services (Human Services) has in place for processing claims.

**Conclusion**

Human Services has established suitable arrangements for communicating eligibility requirements to prospective and current Youth Allowance (Student) and ABSTUDY recipients, as well as providing guidance and training to departmental staff.

Human Services' system for processing Youth Allowance (Student) claims has recently undergone significant change with the implementation of a new system. The implementation of the new system led to longer delays between the receipt of claims and their finalisation during the 2015–16 peak workload period. From early 2013–14 to early 2016–17, the department has not met its Key Performance Measure for processing both Youth Allowance (Student) and ABSTUDY claims during peak workload periods. However, in March 2017, Human Services' preliminary data indicated a reduction in the average processing time for individual Youth Allowance (Student) claims for the period January to March 2017, which the department expects to flow through to a reduction in overall processing times.

**Recommendation**

The ANAO has made one recommendation aimed at Human Services implementing a strategy to better prepare for the implementation of further payment system changes, including through sharing lessons learned from the implementation of the student processing system.

## Are eligibility and other requirements clearly communicated to applicants?

Human Services' primary mechanism for communicating with prospective and current recipients of Youth Allowance (Student) and ABSTUDY is through its website and selected social media. ANAO's analysis showed this communication was clear and provided a range of information to prospective and current applicants, including information on how to claim, eligibility criteria and ongoing recipient responsibilities. These generic channels are supplemented by an ABSTUDY face-to-face Service Offer that is intended to support the department's Indigenous Servicing Strategy goals.

Human Services has recently introduced a number of other communication tools, including a Claim Tracker, to assist Youth Allowance (Student) applicants to better track the status of their claim (this tool is presently not available to ABSTUDY applicants). There would also be benefit in the department advising applicants that claims submitted during peak workload periods may not be finalised prior to the commencement of the academic year.

2.1    The Department of Human Services' (Human Services) primary mechanism for communicating to potential applicants and current recipients of Youth Allowance (Student) and ABSTUDY is through its departmental website. The following information is available:

- an overview of eligibility requirements;
- an overview of study load and allowable time requirements[13], as well as approved courses and institutions;
- how to maintain eligibility for payment;
- an overview of payment rates;
- income and assets tests information; and
- how to make a claim.

2.2    Information is also available in Human Services' publication: *A guide to Australian Government payments* as well as Human Services' web-based 'Payment Finder'.[14] Also available on the department's website is a 'Rate Estimator', which estimates the potential rate of payment a recipient may receive if they are eligible for a particular payment.[15]

2.3    Human Services also uses other communication mechanisms to inform potential applicants about its payments, in particular through the Australian Government's Study Assist website[16], which also includes a booklet for career advisors on the student payments that the department administers.

2.4    The ANAO's review of the information available on Human Services' website showed that the department published clear information, consistent with the applicable legislation and policy to prospective applicants and current recipients of Youth Allowance (Student) and ABSTUDY, including information on how to claim, eligibility criteria and ongoing recipient responsibilities.[17]

2.5    Human Services' website sets out a list of generic information that applicants may be required to provide to support a claim for assistance. The specific documentation required may vary according to the individual's personal situation. For example, only applicants that are assessed as dependent are required to provide evidence of parental income. Once an applicant has completed the online Youth Allowance (Student) claim form, the department's system generates a list of the specific supporting documentation the applicant must provide to support

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13    Study load refers to the number of subjects or units an individual must be studying to meet the definition of a full-time student. Allowable time refers to the amount of time an individual will receive their payment, based on the length of the course that is being studied.

14    Payment Finder is accessed through the department's website and allows potential recipients of government payments to find the payments that may be applicable to their individual circumstances. See https://www.centrelink.gov.au/custsite_pfe/pymtfinderest/paymentFinderEstimatorPage.jsf?wec-appid=pymtfinderest&wec-locale=en_US [accessed 12 January 2017].

15    See https://www.centrelink.gov.au/RateEstimatorsWeb/publicUserCombinedStart.do [accessed 12 January 2017].

16    The Study Assist website is an Australian Government initiative that provides information about government assistance available to support tertiary studies. See http://studyassist.gov.au/sites/StudyAssist/ [accessed 12 January 2017].

17    Research commissioned by Human Services in May 2015 found that students considered the website helpful but time-consuming to read.

their claim. Claim forms for ABSTUDY provide links to relevant information that may be required to assist with completing the ABSTUDY claim form.

2.6     Human Services advised that approximately 40 per cent of Youth Allowance (Student) claims each year were rejected either due to ineligibility, or to not supplying the required documentation.

2.7     In September 2016, the department introduced system changes to its Youth Allowance (Student) online claim form designed to address this high rejection rate, by:

- preventing claims being submitted from applicants that did not meet the basic eligibility criteria for Youth Allowance (Student)[18];
- requiring applicants to supply the relevant supporting documentation before the online claim can be formally submitted for assessment; and
- making a claim 'expire' when the necessary supporting documentation is not submitted within 14 days of the online form being completed.

2.8     Human Services' website clearly sets out a range of requirements[19] for recipients, including reporting any change in their study load within the required time period (14 days). Useful guidance is also included on the department's website as to what constitutes 'full-time study', noting that different educational institutions have different ways of expressing course study loads. For example, some institutions may calculate full-time study loads by the number of course credits each unit (or subject) attracts or by the number of hours needed to complete a unit. For some potential applicants, calculating a full-time study load can be complex.[20] Human Services provides information on its website on different ways to calculate a full-time study load.

2.9     In addition to the website, Human Services uses social media to communicate with recipients/potential recipients about program eligibility and ongoing requirements or obligations. These communication channels include:

- *Student Update* Twitter and Facebook accounts[21];
- YouTube channels; and
- Google+ and online forums.

2.10    Human Services advised the ANAO that, in 2015–16, its *Student Update* Twitter and Facebook accounts had:

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18    Eligibility criteria include being an Australian citizen, and studying an approved course (see also paragraph 1.3).

19    For example, all recipients are expected to make satisfactory progress with their studies, and complete their course within the allowable time limits set out on the department's website.

20    For example, for students enrolled in distance/online or self-paced learning, the variable nature of self-paced study allows students to decide how many hours they study each week. This may require the student to manually calculate the number of hours or credit points for their course to determine if they meet the definition of a full-time student. Further, if approved for Youth Allowance (Student), the recipient must ensure they complete their course in the time allowed by the department (based on the definition of full-time), rather than their institutions requirements, which may be more flexible.

21    In 2015–16, the Student Update Twitter account had 2913 followers and the Student Update Facebook page had 18 707 followers.

- published 348 messages (for example, advising students about changes in policy such as the shift from the Student Start-up Scholarship to a Start-up Loan); and

- responded to over 4000 questions (including those relating to claim status queries and processing delays).[22]

## Communication plans

2.11    Human Services developed targeted communication plans to advise Youth Allowance (Student) recipients about a number of relevant 2015–16 Budget measures, as well as an approach to communicate with its customers ahead of the expected 2017 peak period for applications.[23] [24]

2.12    Human Services develops specific ABSTUDY communication strategies as required.[25] Separately, Human Services has developed an Indigenous Servicing Strategy which includes, as a goal, supporting Aboriginal and Torres Strait Islander customers in their education.

2.13    In response to feedback from Indigenous recipients that identified a preference for face-to-face contact, Human Services developed an ABSTUDY face-to-face Service Offer to support the Indigenous Servicing Strategy goals. The Service Offer was also introduced to provide extra support to recipients who may require it and address underlying issues, including:

- a recognition that the ABSTUDY program can be complex for some recipients to understand (with seven awards and multiple additional allowances to potentially navigate);

- English may be a second language for some recipients; and/or

- remoteness and lack of access to digital channels may reduce self-sufficiency.

2.14    Human Services advised the ANAO that it actively promotes the ABSTUDY program as part of its commitment to Indigenous service delivery. Further, Human Services advised its activities to promote ABSTUDY not only increase awareness but also serve to communicate requirements and ongoing responsibilities to eligible recipients.

## Communicating claim decisions

2.15    Following assessment of a claim or changes in recipient circumstance, Human Services sets out written advice of its decision to grant, reject, cancel or suspend the claim. The content of letters generated by Human Services has been criticised in Commonwealth Ombudsman's reports[26], previous ANAO audit reports[27] as well as during the ANAO's stakeholder consultations

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22    Messages and questions published on these pages covered the range of student payments. Human Services advised the ANAO that questions about eligibility and the application process were a key theme for the *Student Update* pages.

23    See paragraph 2.57 for further explanation on peak processing periods.

24    These related measures concerned changes to: the assessment of the Family Pool; annual Parental Means Test 2015; and restrictions on the portability period for student payments.

25    Examples of this include a communication plan to increase awareness of ABSTUDY Schooling A Award in 2014–15, and targeted communication on preventing ABSTUDY debts.

26    See Commonwealth Ombudsman, *One Year on from the Centrelink Service Delivery Report*, Commonwealth Ombudsman, Canberra, 2015.

conducted as part of this audit. These criticisms were focused on the clarity and detail of letters and their specificity to particular client circumstances.

2.16    In 2013, Human Services convened a taskforce responsible for reviewing the content of its letters, emails and SMS across all programs. The result of the review was some 1200 recommendations to improve the accuracy and clarity of messaging. Recommendations were allocated a priority based on risk and volume. As at October 2016, 395 of these recommendations remained open.[28]

2.17    The ANAO reviewed the template letters for the various claim decisions, as well as a sample of letters sent to ABSTUDY recipients.[29] The content of the ABSTUDY recipient letters was brief, with standardised content consistent with information in the relevant Human Services' payment processing system. The letters in this sample contained sufficient information about recipient rights, obligations and methods to access Human Services if the recipient had any questions or concerns. Supplementary information contained within the letters was relevant to the purpose of the communication. For example, letters to those recipients granted ABSTUDY Tertiary claims included information related to their obligations to keep Centrelink informed of any changes in circumstances, including study load and hours worked, as well as a disclosure statement about Human Services' ability to share information with Australian Government entities and other institutions. Letters advising recipients that a claim had been rejected contained the reason for the rejection and actions the recipient could take if they disagreed with the decision. In some circumstances, the letters also advised recipients of additional or other allowances they may be entitled to, and/or actions that could be taken to rectify the reason for the rejection. In all cases in the ANAO's sample, recipients were advised to consult with Centrelink for further information.

2.18    The ANAO also reviewed Human Services complaints data to determine if internal reporting captured information related to communication. The Remote & ABSTUDY Customer Feedback Reports record all complaints made under the Indigenous Australians and Rural & Remote programs. While the number of complaints attributed to ABSTUDY is known, the nature of those ABSTUDY-specific complaints is not recorded; instead, the department records the top complaint areas for the two programs combined. The ANAO's analysis of the department's 2015 complaints data indicated that of the total of 896 complaints across both the Indigenous Australians and Rural & Remote programs, 245 (27 per cent) were directly attributed to ABSTUDY payments. Further, of the 896 complaints received, only ten were categorised as dissatisfaction

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27    See, for example, ANAO Audit Report No.35 2004–05 *Centrelink's Review and Appeals System*; ANAO Audit Report No.40 2006–07 *Centrelink's Review and Appeals System Follow-up audit*; ANAO Audit Report No.36 2014–15 *Administration of the Assistance for Isolated Children Scheme*.

28    As at December 2016, only eight of the recommendations made by the 2013 Letters Taskforce review that were relevant to ABSTUDY letters remained open. Two of these recommendations relate to minor text changes to letters that apply only to ABSTUDY while the remaining six recommendations are for text changes that impact content in ABSTUDY letters among other letters.

29    A sample of 18 letters sent to recipients was examined during the ANAO's fieldwork in one of Human Services' Smart Centres. This sample represented all the letters sent to ABSTUDY recipients in the week preceding the ANAO's site visit. Each letter was checked against information contained in the Centrelink data system for accuracy of payment details and client information.

with information received.[30] An assessment of the sufficiency of the granularity of program-specific complaints data should be included as part of any future review of complaints management conducted by Human Services.

## Communicating expected claim processing timeframes

2.19    The department's website includes advice that potential applicants can claim Youth Allowance (Student) and ABSTUDY up to 13 weeks ahead of their study commencing.

2.20    Historically, Human Services did not publish indicative claim processing times on its website, including during the peak processing period for student payments experienced each year.[31]

2.21    Stakeholder groups interviewed by the ANAO observed that the absence of any public information on processing timeframes can make it difficult for students to plan their financial arrangements or anticipate likely delays in application processing that may occur. For example, in early 2016 when the department experienced a significant backlog of Youth Allowance (Student) claims (and increased levels of telephone enquiries associated with the introduction of its new student payments system)[32], the department provided generic advice to applicants, via its Facebook and Twitter pages, that claim processing times 'varied' and they would be notified of the outcome of their claim once it was processed. This communication also advised there was no requirement to contact the department to check the status of a claim, unless the individual was experiencing hardship. This advice was not however accompanied by any information about typical claim processing timeframes. These stakeholder groups also observed that students would benefit from receiving initial advice and updates on expected processing timeframes.

2.22    In September 2016 Human Services released an online tool (Claim Tracker) to allow certain customers to track the status of their claim, via its Centrelink online service channels.[33] It also includes information on the expected completion date for processing their claim (42 days from submission). The Claim Tracker also advises customers—through an electronic message—when their claim has exceeded the estimated completion date, and notifies them that their application is still progressing. The Claim Tracker is automatically available to customers once they have submitted their online claim. Human Services advised that all Youth Allowance (Student) claimants who lodged since 28 August 2016 have access to the Claim Tracker.

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30    Human Services uses several categorisations for complaints. These include: 'I am dissatisfied with the information provided: Inconsistent advice/information; and 'I am dissatisfied with the information provided: Not enough information'. In 2015, 8 recipient complaints in the Indigenous Australians or Rural & Remote programs were categorised as relating to inconsistent advice/information and two customer complaints were linked to not enough information.

31    The Department of Immigration and Border Protection publishes on its website indicative timeframes for processing various visa applications. The Department of Foreign Affairs and Trade also publishes indicative timeframes for processing passport applications on its website.

32    See Figure 2.1 and Figure 2.2.

33    This is part of the Circumstance Change Monitor project and is initially only available to the student cohort (excluding apprentices and ABSTUDY). The Circumstance Change Monitor project is one of four projects being delivered under Tranche One of the department's broader Welfare Payment Infrastructure Transformation (WPIT) Project, and includes: Claim Tracker; changes to the system to lodge claims with all supporting documents (see paragraph 2.7); as well as providing improvements to the Document Lodgement Service through which applicants lodge their documents.

2.23    Human Services' communication plan to support the implementation of the Circumstance Change Monitor identified that it would target communication to new claimants for the 2017 year via selected social media during November; and that it would also use selected social media (Facebook & Twitter) and online advertising during September to support the 'mini peak' of mid-year claimants.

2.24    The ANAO's review of Human Services' Facebook and Twitter pages, as at 16 December 2016, noted an update in September 2016 regarding the introduction of Claim Tracker, and one post on each social media page in November 2016 advising students they are able to submit their claim 13 weeks prior to their study commencing. The ANAO observes that it would be beneficial for Human Services to advise applicants that claims submitted during peak periods may not be finalised prior to the commencement of the academic year.

## Do Human Services' policies and procedures support staff in assessing and processing claims?

Human Services has established a suite of useful guidance material as well as other advice and support mechanisms to assist its staff to assess and process Youth Allowance (Student) and ABSTUDY claims. The ANAO's limited scope review of key guidance materials did not identify any issues to indicate that these materials were inaccurate.

### Guidance to staff

2.25    The ANAO conducted a limited scope review of guidance provided to staff. This review examined whether guidance materials were logically structured, accessible to staff and targeted key areas required for processing. The review also focused on the mechanisms used to share information and provision of peer support. Based on the evidence obtained, the ANAO did not identify any particular issues to indicate that the guidance materials were not accurate.

2.26    Human Services' Operational Blueprint is the central source of procedural and reference material for its service delivery staff.[34] For each area of administration covered, the Operational Blueprint typically provides: background information about a service; a flowchart of the processing stages; a detailed description of the steps required; and links to references, resources and training.

2.27    The ANAO's review of the key Operational Blueprint files related to Youth Allowance (Student) and ABSTUDY indicated that Human Services had clearly documented a range of operational policy and procedures in its online suite of documents. Not all of the Youth Allowance (Student) documents were up-to-date due to the recent system changes, such as the implementation of Process Direct[35] and the new Claim Tracker.[36] Staff interviewed by the ANAO

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34    Processing of student claims and telephony services are generally undertaken by departmental Service Officers (SOs) at the APS 3 or 4 levels, with additional support from Senior Service Officers (SSOs) who are generally at the APS 5 or 6 levels.

35    In May 2015, Human Services commenced the implementation of a new student processing module (SAP CRM) to minimise the number of workarounds required to processing applications. In August 2016, the department implemented a revised version of SAP CRM—Student Direct. This was re-branded as Process Direct in September 2016 in preparation for its rollout to other process types.

advised that, despite not yet having been updated to reflect system changes, they still found the Operational Blueprint guidance helpful, and were able to identify the procedural steps they needed to vary to work in the new system. Most staff interviewed by the ANAO advised that they found the Operational Blueprint easy to use, and the information provided was sufficient, and where information was not clearly worded or not up-to-date they would submit feedback using the mechanism linked to each Operational Blueprint, and that, following that feedback, the documents were updated in a timely way.

2.28    Human Services advised the ANAO it has a number of mechanisms in place to provide assurance on the accuracy of its staff guidance, including:

- a defined clearance process for new or revised Operational Blueprint documents by specified 'business owners';
- a Feedback button for staff to provide instant, online feedback on the value of Operational Blueprint guidance, and to directly highlight any errors or aspects that had become out of date; and
- internal mechanisms, such as Conformance Assessment reviews—broad reviews for a program/payment type that cover the accuracy of a sample of claims and include assessment of the accuracy and helpfulness of supporting guidance material and system tools.[37]

**Other support mechanisms**

2.29    In addition to Operational Blueprint, guidance material is available from a Student Processing *Sharepoint* site on the department's intranet. This site provides supporting advice to staff such as: tools to assist in the calculation of allowable time for course completion; a calendar of events to identify dates for key payments and closing dates for specific claims; and a list of approved courses and institutions. For specialist staff that undertake ABSTUDY Travel and Away from Base processing[38], there is additional operation guidance available on the *Sharepoint* site.

2.30    To assist staff in applying relevant guidelines, policy and legislation to their processing of claims and answering queries from customers, Human Services has the following additional support mechanisms in place:

- Technical Peer Support (TPS) Officers–provide technical assistance to Service Officers (SOs) and/or customers (if a call is escalated), and conduct Quality On Line (QOL) checking.[39] TPS Officers may advise customers via telephone, or staff via Skype screen-sharing or telephone. TPS Officers are expected to provide written feedback to staff on

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36    Human Services advised the ANAO that, as at early February 2017, approximately 100 Operational Blueprint files were updated to include procedures for Process Direct, the Circumstance Change Monitor and the Claim Tracker.

37    The most recent Conformance Assessment Review for Youth Allowance (Student) commenced in May 2015 and was finalised in January 2016, covering the 1 January 2014 to June 2015 period. A Conformance Assessment for ABSTUDY was conducted in 2014.

38    These are particular allowances and benefits under the ABSTUDY program.

39    The QOL process involves a separate trained officer—a 'checker'—reviewing a sample of SOs' work activities to check for correctness in processing claims. QOL is discussed in more detail in chapter 3.

their query as well as logging all queries in a centralised database. Human Services advised TPS usage is analysed to identify individual or broader team learning needs;

- four levels of help desk support[40]; and

- 'Ask Roxy'—an online reference tool to assist staff with technical questions in relation to processing a claim. The tool will then provide an answer to the error, or refer the query to ICT support if an appropriate answer cannot be provided[41].

2.31    An effective approach was in place to communicate operational policy and procedure updates to staff. Such changes were broadcast through the department's intranet notices and local offices also defined certain staff roles to include promoting awareness within the office of key changes on any day, and encouraging processing staff on site to read relevant notices.

## Reviews and appeals of decisions

2.32    The outcomes of internal reviews and external appeals of payment decisions can also serve as an indicator of the quality of the guidance, and other mechanisms in place to support accurate administration and decision-making. Establishing suitable communication tools to promulgate the outcomes of review and appeal decisions can also serve as a mechanism to enable continuous improvements in payment administration.

2.33    If an applicant disagrees with the assessment decision made on their claim, they can request Human Services to conduct an internal review of the decision.[42] If they are not satisfied with the outcome of the internal review they may appeal the decision. The method of appeal differs between Youth Allowance (Student) and ABSTUDY, because Youth Allowance (Student) is a legislatively-based payment and ABSTUDY is a policy-based payment:

- Youth Allowance (Student) applicants may appeal a decision through the Administrative Appeals Tribunal (AAT).[43] There are two levels of review by the AAT. If an applicant disagrees with the outcome of the AAT's first review, they may apply for a second AAT review, which must be made within 28 days of receiving the first AAT review decision.[44]

- ABSTUDY applicants that are dissatisfied with the outcome of an internal review can request a review from the Minister for Social Services.[45]

2.34    Table 2.1 shows the outcomes of applicant requests for internal reviews for Youth Allowance (Student) and ABSTUDY for the period 2013–14 to 2015–16.

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40    Help desk support tiers are: Level 1—senior Service Officers and/or Technical Support Officers; Level 2—Human Services' Policy Helpdesk; Level 3—Human Services' National Office team; and Level 4—DSS ABSTUDY policy team/Youth Allowance team.

41    This is currently not available for staff processing ABSTUDY claims.

42    If a request for a Youth Allowance (Student) review is made more than 13 weeks after the notification of decision, then, should the decision be changed, the entitlement may only be paid from the date the review was requested. For reviews relating to ABSTUDY decisions, the entitlement may be paid from the date the claim was lodged, even if the review was requested more than 13 weeks from the notification of the decision.

43    As with requests for internal reviews of decisions, applicants who lodge an appeal more than 13 weeks after being notified of the review decision may only get their entitlement from the date of their appeal to the AAT, should the decision be changed.

44    Any appeal of an AAT second review decision on a question of law is made to the Federal Court.

45    For ABSTUDY recipients, debt related matters are reviewed Human Services and appeals of these decisions are heard by the AAT.

**Table 2.1:** Outcome of requests for internal reviews for Youth Allowance (Student) and ABSTUDY for the period 2013–14 to 2015–16

| Outcome | Payment | 2013–14 | 2014–15 | 2015–16 |
|---|---|---|---|---|
| Affirmed | Youth Allowance (Student) (Percentage) | 2547 (37.2%) | 2294 (37.2%) | 1857 (33.2%) |
| | ABSTUDY (Percentage) | 127 (37.7%) | 174 (41.1%) | 155 (35.6%) |
| Set aside | Youth Allowance (Student) | 2157 (31.5%) | 2190 (35.6%) | 1711 (30.6%) |
| | ABSTUDY | 98 (29.1%) | 114 (27.0%) | 90 (20.6%) |
| Varied | Youth Allowance (Student) | 1022 (14.9%) | 693 (11.3%) | 753 (13.5%) |
| | ABSTUDY | 57 (16.9%) | 50 (11.8%) | 62 (14.2%) |
| Dismissed | Youth Allowance (Student) | - | - | - |
| | ABSTUDY | - | - | - |
| Withdrawn | Youth Allowance (Student) | 1107 (16.2%) | 972 (15.8%) | 846 (15.1%) |
| | ABSTUDY | 52 (15.4%) | 80 (18.9%) | 95 (21.8%) |
| No jurisdiction[a] | Youth Allowance (Student) | 7 (0.10%) | 7 (0.11%) | 8 (0.14%) |
| | ABSTUDY | 3 (0.90%) | 4 (0.95%) | 4 (0.92%) |
| Set aside and remitted[b] | Youth Allowance (Student) | - | - | - |
| | ABSTUDY | - | - | - |
| Awaiting decision[c] | Youth Allowance (Student) | - | 4 (0.06%) | 422 (7.5%) |
| | ABSTUDY | - | 1 (0.24%) | 30 (6.9%) |
| **TOTAL** | **Youth Allowance (Student)** | **6840** | **6160** | **5597** |
| | **ABSTUDY** | **337** | **423** | **436** |

Note a: Refers to reviews where the reviewer did not have the relevant authority to make a decision.

Note b: Refers to reviews where the decision is overturned and/or a new decision is substituted in its place, or where the decision is referred back to the decision-maker for reconsideration.

Note c: As at 31 August 2016.

Source: Human Services documentation.

2.35    As shown in Table 2.1, since 2013–14, the number of requests for an internal review has declined for Youth Allowance (Student), and increased slightly for ABSTUDY. Of these internally reviewed decisions:

- around 36 per cent of decisions for Youth Allowance (Student) and around 38 per cent of decisions for ABSTUDY were affirmed; and
- around 45 per cent of decisions for Youth Allowance (Student) and around 39 per cent of ABSTUDY decisions were set aside or varied.

2.36    Human Services' data indicates that in 2015–16, around 20 per cent of Youth Allowance (Student) decisions and around 15 per cent of ABSTUDY decisions that were set aside or varied was due to new information being provided by the applicant/recipient after the original decision was made. In addition, in around five per cent of Youth Allowance (Student) decisions and around six per cent of ABSTUDY decisions reviewed, the review officer found the original decision maker had made a factual error; however, in 2015–16, in only 0.4 per cent of Youth Allowance (Student) decisions and 0.8 per cent of ABSTUDY decisions subject to review, the original decision-maker incorrectly applied the relevant law/policy.

2.37    Further, of the decisions reviewed in 2015–16, around 12 per cent of Youth Allowance (Student) decisions and around 14 per cent of ABSTUDY decisions were set aside or varied either because the review officer exercised any available discretion differently or made a different judgement based on the same facts. Human Services advised the ANAO that the outcomes of reviews and appeals are captured and distributed monthly to staff in program and service delivery areas, so the results can be examined and supporting material and guidance amended as required.

2.38    AAT reviews have also declined for both payments since 2013–14, with 281 AAT1 reviews for Youth Allowance (Student) and 12 AAT1 reviews for ABSTUDY in 2015–16. Appendix 3 sets out the outcomes of AAT appeals for Youth Allowance (Student) and ABSTUDY from 2013–14 to 2015–16.

## Are effective training arrangements in place to support service quality?

Human Services has established effective training arrangements for its staff to process claims; other than the training requirements and information for the introduction of the new student processing module that were under-estimated. The ANAO's limited scope review of key training materials did not identify any issues to indicate that training materials were inaccurate.

### Training for staff

2.39    Human Services training arrangements include a departmental induction program and a layered learning and development program. This approach includes: general learning; resources for payments and claim enquiries; generic student processing; and payment specific processing. The ANAO only examined key training materials for Youth Allowance (Student) and ABSTUDY for their accuracy and completeness. During this review, the ANAO did not identify any issues to indicate that training materials were inaccurate.

2.40    Human Services' initial training for Service Officers (SOs) consists of a nine-week intensive training course which includes both face-to-face and on-the-job training. Once a staff member has been trained in aspects of a payment, they are given a 'skill tag' for that payment type. Work is then allocated to them on the basis of their skill tag. This approach promotes operational flexibility as staff can be deployed as they learn the necessary skills. During peak workload periods, which differ by payment type, staff may be upskilled to assist in a particular area of work for a limited time.[46] Human Services advised these staff were generally sourced from those departmental areas that had similar skills and training to those required for the work and, as far as possible, it also sought to utilise those with existing skill tags. The department also advised the ANAO it sought to minimise the refresher training or re-training needed for these temporarily re-assigned staff by allocating them work that required a lower skill level, for example, finalising simple claim rejections (such as rejecting claims that did not have the required supporting documents). To support staff during this temporary re-assignment of duties, the department also makes available a 'peak pack'[47] to help familiarise staff with key information prior to commencing processing of claims. Most SOs interviewed by the ANAO were satisfied with the training they received.

2.41    Human Services advised the ANAO that all SOs are given time each roster to undertake Learning and Development activities. These activities may include formal or online training or reading the Operational Blueprint, as well as team meetings and coaching sessions where learning needs are discussed. A range of detailed technical training material is available online for staff to further progress their knowledge of relevant policies and procedures. Team leaders also receive reports on the results of quality assurance activities and Technical Peer Support usage for individual staff to assist in identifying any individual or team related training needs.

## Other training

2.42    Given the differing service delivery methods for Youth Allowance (Student) and ABSTUDY, there is some payment specific training that SOs are required to undertake.

*Training in use of student processing systems for Youth Allowance (Student) staff*

2.43    Prior to May 2015, Youth Allowance (Student) claims were processed in the Income Security Integrated System. Human Services advised the ANAO that this legacy system had required a substantial degree of training for SOs to become competent in its use, given its basic mainframe appearance and numerous 'workarounds' staff needed to be aware of in order to use this system.

2.44    In May 2015, the department implemented a student processing module (SAP CRM) with the aim of new staff being able to progress more quickly, with less training, to being able to assess and manage claims. The department supported this implementation with training materials and an online training workspace allowing staff to practice processing claims outside of the live system.

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46    Once an SO has been assessed as proficient, there is no further mandated training unless there are policy or system changes.

47    The Peak Pack comprised contact information for various processing teams, 'handy hints' when processing applications or responding to customer enquiries, and references to additional guidance material.

2.45    In early 2016, the department's peak workload period was exacerbated by the new processing system leading to a large number of claims on hand.[48] Human Services commissioned a review of student payments processing (including Youth Allowance (Student)), which commenced in October 2016. Among other areas, this review identified that planning and engagement with staff prior to the deployment of SAP CRM was rushed and inadequate to effectively manage the risks associated with the large number of claims received. In particular, staff were not provided with appropriate communication and end-to-end training (including updates to Operational Blueprint documents and task cards) prior to their deployment to process Youth Allowance (Student) claims to enable them to understand the system and be in a position to process claims in an accurate and timely manner. Additionally, the review identified that staff were not updated on enhancements to the system and its functionality that were occurring on a daily basis, further impacting their ability to process claims in a timely manner. The review further identified that an unexpected impact of the rollout of the new system was an increase in the time taken to process new claims, and that the need to train additional staff to assist with the resulting backlog of claims was also unplanned.

2.46    *Student Direct* (a revised version of SAP CRM) was first trialled in February 2016 and progressively rolled out to student processing staff between June and September 2016.[49] To support this second phase of the new system rollout, mandatory presentation/face-to-face training sessions for staff were interspersed with periods of practical on-the-job experience in the new system. Subject Matter Experts (SMEs) were identified to support SOs during this training phase—these SMEs undertook floor walking[50] and took responsibility for sharing information about Process Direct to colleagues and ensuring current procedures were applied. Further support for the new system was provided through a written manual—*Process Direct Driving Manual*— which was, at the time of audit fieldwork, available to staff on the Student Processing *Sharepoint* site.

2.47    SOs noted that training was timely and the training materials were useful. However some SOs commented that some training material was not up-to-date given the recent significant changes to the department's processing systems.

*ABSTUDY training*

2.48    To support staff responsible for delivering ABSTUDY services, Indigenous Cross Cultural Awareness Training—Tier 1 and Tier 2—is also available. Tier 1 training is an e-learning module; Tier 2 training is a facilitated course that can only be completed following Tier 1 training. Table 2.2 sets out the department's records for its Smart Centres ABSTUDY SOs attendance at the relevant Indigenous Cross Cultural Awareness Training. These records indicate that around three-quarters of these staff have attended Tier 1 training and around half of these staff have also attended Tier 2 training.

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48    See Figure 2.1 and Figure 2.2.

49    In late September 2016 Student Direct was re-branded as Process Direct in preparation for its roll-out to other payment types.

50    Floor walkers were able to assist SO's with queries that arose as they processed applications in the new system.

**Table 2.2: Indigenous Cross Cultural Awareness Training[a]**

|  | Target staff | e-learning—Tier 1 | | Facilitated—Tier 2 | |
| --- | --- | --- | --- | --- | --- |
|  |  | Attended | % | Attended | % |
| ABSTUDY processing staff | 56 | 52 | 93 | 15 | 27 |
| Telephony staff[b] | 337 | 251 | 74 | 194 | 58 |
| **Total** | **393** | **303** | **77** | **209** | **53** |

Note a: Data derived from Human Services' learning records September 2011–2016.

Note b: Telephony staff includes staff operating from the four Smart Centres that administer ABSTUDY claims (includes non-ABSTUDY staff at these Centres).

Source: ANAO analysis of Human Services data.

## Do Human Services' systems and processes support the timely assessment of claims?

Human Services' systems for processing Youth Allowance (Student) and ABSTUDY claims do not support the consistent achievement of the department's Key Performance Measure against timeliness during peak workload periods. A decline in Youth Allowance (Student) processing timeliness was exacerbated by the introduction of a new processing system in 2015–16. The ANAO's analysis indicates that the efficiencies expected from this new system, including in the department's costs for processing applications were not realised over the 2015–16 peak workload period. Data provided by Human Services for the period January to March 2017 indicates improvements in the average staff processing times for individual Youth Allowance (Student) claims.

Performance by Human Services' telephony services has also declined since 2013–14, particularly for ABSTUDY recipients who use this service as a primary mechanism for lodging claims.

The ANAO's analysis, based on available data, indicates that key barriers to achieving service and claim assessment improvements include: failure of applicants to supply the required supporting documentation and the policy complexity associated with assessing individual ABSTUDY awards and claims. There would be benefit in DSS and Human Services examining cost-effective options to improve this area of performance.

### Service channels

2.49    Youth Allowance (Student) and ABSTUDY services are delivered through three main channels: online services; telephony services; and face-to-face assistance. Services are delivered through a number of Smart Centres across Australia. The department's Customer First Workload Management tool allocates activities to staff based on the priority of the work and the SOs skill tag. Depending on their skill tag, SOs may undertake telephony services, application processing, or both.[51] Youth Allowance (Student) recipients are encouraged to use online channels while the primary service channel for ABSTUDY recipients is telephony.

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51    SOs may have multiple skill tags and work across a number of different payment types.

2.50    Table 2.3 shows the call volumes and performance for Youth Allowance (Student) and ABSTUDY telephony lines for the period 2013–14 to 2015–16.

**Table 2.3:    Call volumes for Youth Allowance (Student) and ABSTUDY telephony lines 2013–14 to 2015–16**

| Financial year | Payment | Number of calls answered | Number of calls abandoned[a] | Average Speed of Answer (m:ss)[b] | Average Handle Time (m:ss)[c] | Number of calls receiving busy signal |
|---|---|---|---|---|---|---|
| 2013–14 | Youth Allowance (Student) | 1 280 408 | 839 735 | 30:35 | 9:37 | 2 271 118 |
|  | ABSTUDY | 138 344 | 41 285 | 10:39 | 9:13 | 10 011 |
| 2014–15 | Youth Allowance (Student) | 1 478 859 | 646 477 | 24:20 | 9:19 | 2 367 113 |
|  | ABSTUDY | 127 208 | 37 414 | 14:19 | 10:57 | 110 762 |
| 2015–16 | Youth Allowance (Student) | 1 322 332 | 530 194 | 25:35 | 10:07 | 4 679 779 |
|  | ABSTUDY | 140 534 | 46 848 | 16:58 | 15:00 | 175 653 |

Note a:    Number of calls (after proceeding through Interactive Voice Response) abandoned by customers after entering a queue and prior to reaching a SO.

Note b:    Average time a caller spends in a queue before being answered by a SO. Human Services' Key Performance Indicator for average speed of answer for its Centrelink Master Program is <16 minutes.

Note c:    Average time a SO spends handling an individual call. This includes speaking to a customer, on hold, in conference mode with another SO/supervisor, and completing any after call work.

Source:    Human Services data.

2.51    As shown in Table 2.3 telephony performance data for the ABSTUDY lines demonstrates declining performance across the three financial years with more than a 1500 per cent increase in callers to the ABSTUDY line receiving a busy signal over this period. The average handle time is around five minutes more for ABSTUDY than Youth Allowance (Student), in part due to ABSTUDY recipients being able to lodge claims over the telephone.[52]

## Processing of claims

2.52    The method of lodging a claim for payment differs between Youth Allowance (Student) and ABSTUDY. Most Youth Allowance (Student) claims are submitted online, while ABSTUDY applicants, who are not presently able to submit applications online, are encouraged to use the staff assisted claiming process—available by telephoning the department, or may choose to submit their claim using a paper-based form.[53]

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52    From 2014–15 to 2016–17, around 75 per cent of ABSTUDY claims were lodged by telephone.

53    In 2015–16, over 98 per cent of Youth Allowance recipients had registered for Human Services' online services, compared to 78 per cent of ABSTUDY recipients.

2.53    The system used to process Youth Allowance (Student) claims underwent a substantive change in 2015, resulting in a backlog of claims in early 2016. ABSTUDY claims were not directly affected by this system change due to the difference in the claim lodgement process described above.

2.54    Table 2.4 shows the number of processed and rejected Youth Allowance (Student) and ABSTUDY applications for the period 2014–15 to 2015–16.

**Table 2.4:    Processed and rejected Youth Allowance (Student) and ABSTUDY claims for the period 2014–15 to 2015–16**

| Payment outcome | Payment type | 2014–15 | 2015–16 |
|---|---|---|---|
| Number of processed claims | Youth Allowance (Student) | 230 505 | 228 490 |
| | ABSTUDY | 37 162 | 36 176 |
| Number of claims rejected (%) | Youth Allowance (Student) | 99 803 (43.3%) | 97 638 (42.7%) |
| | ABSTUDY | 8821 (23.7%) | 9759 (27.0%) |

Source:  ANAO analysis of Human Services' data.

2.55    As shown in Table 2.4, the number of claims processed has remained relatively steady, as has the number of claims rejected for both payment types; however the proportion of Youth Allowance (Student) claims rejected is currently significantly higher than ABSTUDY. As noted in paragraph 2.6, Human Services advised that, of the rejected Youth Allowance (Student) claims, the majority were rejected due to the applicant being ineligible or not supplying the required documentation. Analysis conducted by DSS of 10 484 rejected ABSTUDY claims found that 79 per cent of this sample were rejected due to failure to supply the required supporting documentation.

*Processing of Youth Allowance (Student) claims*

2.56    Youth Allowance (Student) claims are primarily submitted online; Human Services advised the ANAO that approximately 90 per cent of claims are made online. The process for assessing and processing Youth Allowance (Student) claims is outlined in Appendix 4.

2.57    Each year, Human Services experiences a peak workload period in Youth Allowance (Student) claims for the upcoming academic year, from December to April each year, followed by a mini peak workload period in June/July, coinciding with the commencement of mid-year enrolments.

2.58     Figure 2.1 shows the number of claims on hand versus the average number of days taken to process claims for the period July 2014 to September 2016.

**Figure 2.1:** **Youth Allowance (Student) claims on hand by average days to process applications**
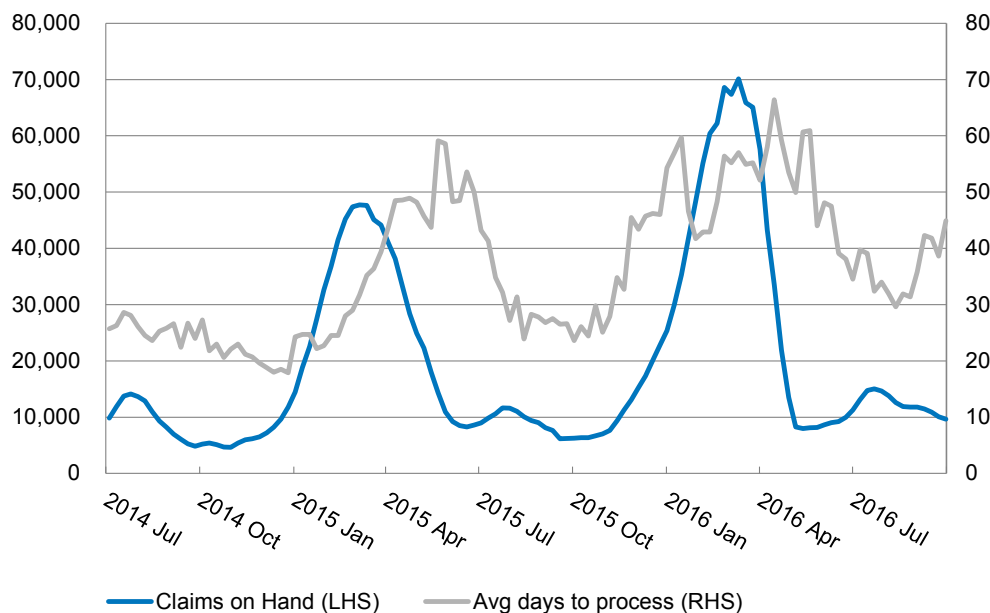


Note: The normal business level for claims on hand is between 12 000 and 15 000.

Source: ANAO analysis of Human Services data.

2.59    As shown in Figure 2.1, there was a large number of claims on hand in February/March 2016, (exacerbated by the introduction of the new processing system[54]) with around a 48 per cent increase in claims on hand compared to the corresponding 2015 period.[55]

2.60    Figure 2.2 shows the number of telephony calls answered and abandoned for the period 2013–14 to 2015–16.

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54    Prior to May 2015, Youth Allowance (Student) claims were processed in the Income Security Integrated System. Human Services advised the ANAO that this legacy system had required a substantial degree of training for SOs to become competent in its use, given its basic mainframe appearance and numerous 'workarounds' staff needed to be aware of to operate this system. In May 2015, the department implemented a new student processing module (SAP CRM) with the aim of new staff being able to progress more quickly, with less training, to being competent to assess and process claims. Student Direct (a revised version of SAP CRM) was first trialled in February 2016 and progressively rolled out to student processing staff between June and September 2016. In late September 2016 Student Direct was re-branded as Process Direct in preparation for its roll-out to other payment types.

55    47 385 Claims on Hand in March 2015 compared to 70 102 Claims on Hand in March 2016.

**Figure 2.2:** Youth Allowance (Student) telephony calls for the period 2013–14 to 2015–16
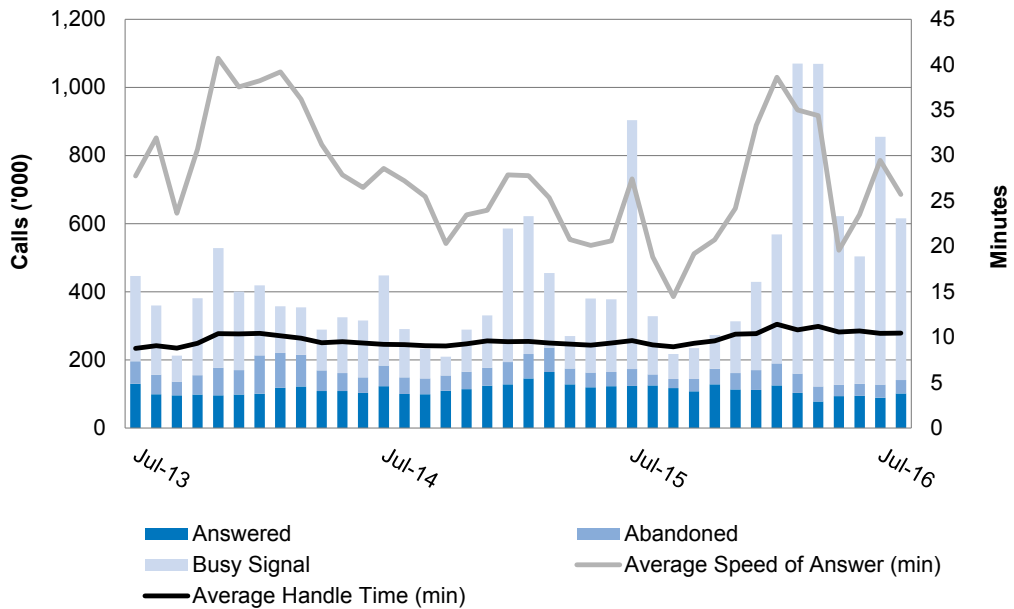


Source: ANAO analysis of Human Services' data.

2.61 As shown in Figure 2.2, in April 2016 (during the student peak period), Human Services answered the lowest number of calls for the three year period. Additionally, the highest number of calls receiving a busy signal over the three years were recorded in March and April 2016 (909 688 and 946 609 respectively).

2.62 Following the 2015–16 peak processing period, the department commissioned a review of the implementation of the new processing system for student claims (including Youth Allowance (Student)). The review did not make any recommendations, but did provide a consolidated set of key findings for the department to consider (additional to those staff training and support issues summarised in paragraph 2.45).

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**Box 1: Key findings of Human Services' review of student processing**

- The introduction of SAP CRM was not required to be defined as a formal project by the department as the criteria for classifying work as projects was not clearly defined, and was therefore managed as a business as usual initiative. Program areas are not required to develop risk assessments of business processes or maintain an internal control framework when implementing new systems to monitor payment integrity.[56] Additionally, the department's financial management framework does not require business areas to formally budget, track and report on business as usual work.

- Prior to the pilot of SAP CRM for Youth Allowance (Student) payments, the criteria for determining whether the pilot was successful or not, was not defined, resulting in SAP CRM being rolled out nationally with defects and gaps in functionality which impacted productivity.

- The introduction of new staff to process claims and the use of Irregular and Intermittent Employees (IIEs) to process streamline rejections[57] of claims had a negative impact on productivity due to the time taken to train the staff, the learning curve for staff, and re-work required due to incorrectly processed claims.

- A time and motion study[58] was not conducted at the time of the SAP CRM pilot or national roll-out. Consequently, the impact of the increased processing time associated with the new system was not identified and additional resources were not trained and deployed to offset the additional processing time.

- Issues with timeliness of processing in SAP CRM were identified soon after the national roll in July 2015. A Taskforce was set up from August to September 2015 and was successful in reducing processing time from 50 minutes to 44 minutes per new claim, however not all issues were resolved prior to its dissolution. A second Taskforce was set up in mid-March 2016, after claims on hand for both Youth Allowance (Student) and Austudy had reached over 92 000. This second Taskforce was successful at reducing claims on hand to business as usual levels.

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2.63    As noted in Box 1, Human Services' review indicated there were a number of shortcomings in the management of the implementation of the new student processing system. Given the department's intention to transition other payments to the new processing system, the department should implement a strategy to prevent further reoccurrences of the (project management, staff training and support) issues—in particular, to manage the customer impacts.

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56    The Accountable Authority Instructions (AAI) require program areas to undertake an assessment of risk to payment integrity prior to the release of a new system (this was not done for the system release related to student processing), however there is no requirement to undertake ongoing monitoring and testing once the system has been released to identify if any risks have eventuated.

57    Streamline rejections were a process by which claims were categorised manually and those that were able to be rejected were sent to IIE staff to process.

58    A time and motion study is a tool in which the efficiency of an operation is evaluated.

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## Recommendation No.1

2.64    Human Services implements a strategy to ensure that the rollout of the new processing system to other payments and programs administered by the department is well planned and managed, including by sharing the lessons learned from the implementation of this processing system for Youth Allowance (Student).

**Entity response:** *Agreed.*

2.65    *The department agrees to the recommendation. The department is transitioning to a new agile ICT model that will provide the ability to move more quickly on ICT and Business Process change and keep pace with changing Government priorities. Lessons learned, such as those from the deployment of student payments in the SAP system, are now being considered at the design and development stage for the next payment types being transitioned into SAP.*

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*Processing of ABSTUDY claims*

2.66    The ABSTUDY Simplified Claiming Tool (ASCT) was introduced on 1 July 2005. The tool allows the potential recipient's claim details to be obtained over the telephone (using a dedicated ABSTUDY 1800 Freecall service) or in a personalised interview. The potential recipient is then sent (or given) a Customer Declaration Form (CDF), which is populated with details provided in the interview and other information already held by the department. The potential recipient then confirms and/or updates the CDF, and signs and returns it to be processed. The process for assessing and processing ABSTUDY claims is outlined in Appendix 5.

2.67    Due to concerns over the length of time taken to receive the completed CDFs, Human Services implemented a four-month pilot of a verbal declaration process in November 2016. During the trial, the department accepted a verbal declaration for ABSTUDY claims lodged via the staff assisted claim. These recipients will not be required to return a signed CDF. Preliminary results from the trial indicate improved performance in relation to claim lodgement and timeliness. At the completion of the trial a full analysis of claim data will be undertaken by Human Services to evaluate the trial performance.

2.68    Recipients are encouraged to use the staff assisted claiming process—available by telephoning the department, or they can choose to submit their application using a paper-based form. In the period 2014–15 to 2016–17, around 75 per cent of claims were staff assisted. The feasibility of any online claim for ABSTUDY, or other online service, may be affected by the number of recipients able to access services online (see Footnote 53). It will be important for the implementation of any online claim form for ABSTUDY to include a targeted communication strategy to support the cost-effectiveness of such an initiative.

2.69    The 2014 conformance assessment of the Schooling B award identified a number of issues with the ASCT, and recommended that the tool be fixed and updated. Human Services advised the ANAO that while the department supports this recommendation, action would require 'significant ICT funding'. Human Services further advised that it is examining the development of an online claim for ABSTUDY, which may be undertaken as part of its current Welfare Payment Infrastructure Transformation (WPIT) program.

2.70    Figure 2.3 sets out the number of ABSTUDY claims on hand and the average number of days to process from 2014–15 to 2015–16.

**Figure 2.3:    Claims on hand by average days to process claims, 2014–15 to 2015–16**
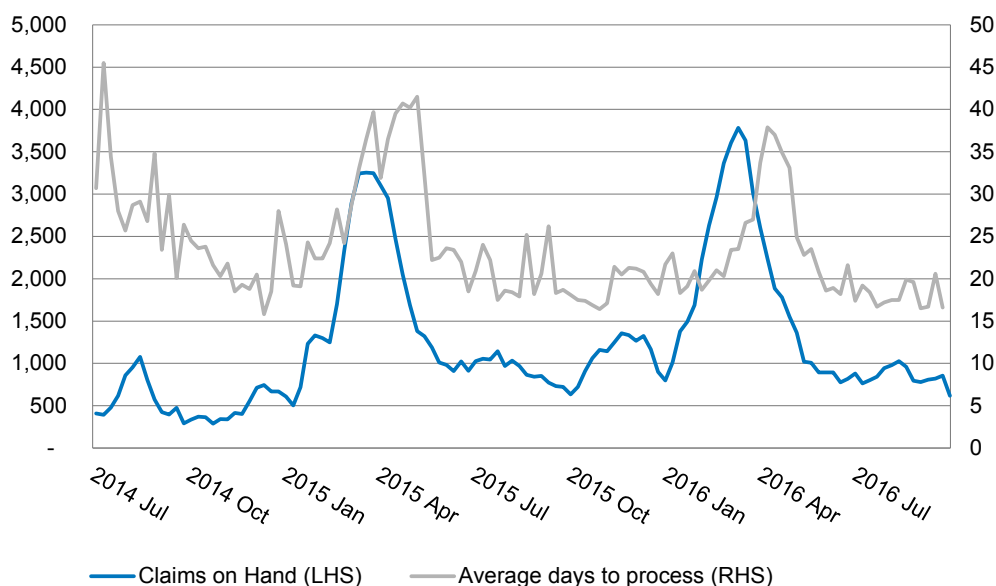


Source:  ANAO analysis of Human Services data.

2.71    As shown in Figure 2.3, similar to Youth Allowance (Student) there was a spike in ABSTUDY claims on hand in March in 2015 and 2016, coinciding with the student peak processing period.

## Costs of telephony and claims processing

2.72    Departmental documentation notes that the purpose of its new system—Process Direct—is to improve processing efficiency, by making it easier for staff to move through fields and screens, as well as providing information on errors in the application in real time. As noted in Box 1, a time and motion study was not conducted during the pilot of the new system or prior to the national rollout of the system for Youth Allowance (Student). Human Services also does not collect data on the amount of time taken to process ABSTUDY claims. Table 2.5 shows the ANAO's analysis of the average costs of Youth Allowance (Student) telephony and processing in 2015–16 and 2016–17.

**Table 2.5:** **Average cost of Youth Allowance (Student) telephony and processing in 2015–16 and 2016–17**

| Youth Allowance (Student) activity | Average cost per activity[a] |
|---|---|
| Telephony services – cost per call | $9.04 |
| Processing of a new claim in Income Security Integrated System | $13.39 - $17.85[b] |
| Processing of a new claim in SAP CRM in August 2015 | $44.63[C] |
| Processing of a new claim in SAP system June 2016 | $35.71[d] |
| Processing of a new claim in SAP system (Process Direct) in November 2016 | $24.55[e] |

Note a: Data is sourced from the Average Staffing Level (ASL) hourly rate for an APS 3 Officer using the 2015–16 New Policy Proposal Standard Departmental Costing Template. Figures do not include any Worker's Compensation Premium.

Note b: Human Services advised that the average processing time for a new claim was between 15 and 20 minutes.

Note c: Human Services advised that the average processing time for a new claim was 50 minutes.

Note d: Human Services advised that the average processing time for a new claim was 40 minutes.

Note e: Human Services undertook a time and motion study at three processing centres from late October to early November 2016. The study found an average processing time of 27.5 minutes per new claim.

Source: ANAO analysis of Human Services' data.

2.73    As shown in Table 2.5, the cost of processing a Youth Allowance (Student) claim in the new SAP system as at November 2016 is still higher to that of processing a claim in the legacy system, indicating that as yet, significant efficiencies in processing times and costs are yet to be realised. Further, due to the increased processing time during the 2016 peak period, the average cost of processing an application was almost double the cost of processing an application in the Income Security Integrated System. In March 2017, Human Services' preliminary data for the period January to March 2017 indicated improvements in the average processing time for individual Youth Allowance (Student) claims.[59]

2.74    Given that most ABSTUDY claims are submitted over the phone, it would be expected that these calls would take longer than Youth Allowance (Student) calls. The ANAO calculated that the average cost per ABSTUDY call answered in 2015–16 was $13.39, compared to $9.04 for Youth Allowance (Student) calls.[60]

## Timeliness of processing

2.75    The Bilateral Management Arrangement between DSS and Human Services includes a Key Performance Measure (KPM) for the timeliness of processing for both Youth Allowance (Student) and ABSTUDY claims. The quarterly KPM for Youth Allowance (Student) is "80 per cent of claims completed within 42 days", while the KPM for ABSTUDY is "70 per cent of claims completed within

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59    This does not cover the full peak workload period.

60    Calculation is based on Average Staffing Level hourly rate for an APS 3 officer using the 2015–16 New Policy Proposal Standard Departmental Costing Template. Figure does not include any Worker's Compensation Premium.

21 days".[61] Figure 2.4 shows Human Services' achievement against the KPMs for claim processing timeliness for Youth Allowance (Student) and ABSTUDY for the period 2013–14 to Quarter 2 2016–17.

**Figure 2.4:** **Human Services' achievement of the relevant claim processing timeliness KPMs for Youth Allowance (Student) and ABSTUDY, 2013–14 to Quarter 2 2016–17**
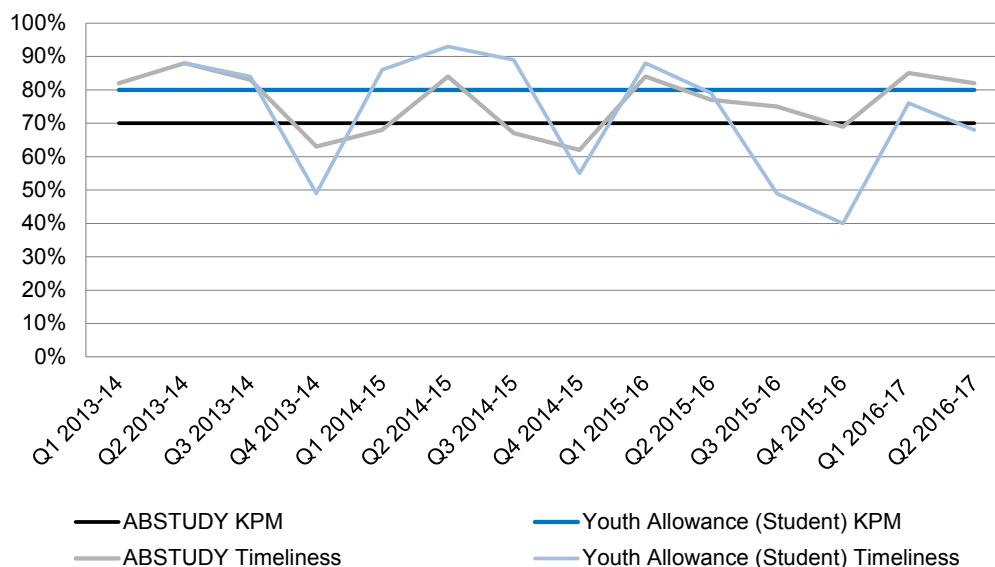


Source: ANAO analysis of Human Services and DSS data.

2.76    As shown in Figure 2.4, the timeliness of Human Services' claims processing for both payments is at its lowest level during the fourth quarter of the financial year following the peak workload period at the start of the academic year. As noted above, data provided by Human Services for the period January to March 2017, indicates a reduction in the staff time taken to process individual Youth Allowance (Student) claims. The department expects that the reduction in the time taken to process each claim will flow through to a reduction in the number of claims on hand, thereby reducing the amount of time between a claim being received and the claim being finalised.

2.77    The ANAO conducted further analysis of the timeliness of Human Services' payment processing, by ABSTUDY award/allowance type, from 2010–11 to 2015–16 as set out in Table 2.6.

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61    Completed claims include both granted and rejected claims.

**Table 2.6:     Average processing time (days) by ABSTUDY award and financial year**

| Financial Year | Schooling A | Schooling B | Tertiary | Apprenticeship | Part-time | Lawful custody | Masters & Doctorate |
|---|---|---|---|---|---|---|---|
| 2010–11 | 4.6 | 12.9 | 16.4 | 43.1 | 12.0 | 0.3 | 18.1 |
| 2011–12 | 3.3 | 10.7 | 13.3 | 37.0 | 10.6 | 1.2 | 16.4 |
| 2012–13 | 6.3 | 19.2 | 16.5 | 49.8 | 12.3 | 4.1 | 16.3 |
| 2013–14 | 12.3 | 33.1 | 26.2 | 41.9 | 20.9 | 19.3 | 21.8 |
| 2014–15 | 13.7 | 39.5 | 37.0 | 53.8 | 25.9 | 113.5 | 27.5 |
| 2015–16 | 11.5 | 29.8 | 28.5 | 55.1 | 22.2 | 15.0 | 31.6 |

Source:  ANAO analysis of Human Services data.

2.78     The ANAO's analysis indicated that average processing times are affected by the type of ABSTUDY claim, with some awards processed faster than others. For example, Human Services' staff observed that Schooling A claims are the easiest to process, especially as much of the required information can be confirmed where a potential recipient's parent is also a Centrelink recipient. Apprenticeship claims generally take the longest time to process due to the requirement to verify an individual's apprenticeship status with state apprenticeship centres and employers through the Training and Youth Internet Management System (TYIMS).

2.79     Since 2013–14 Human Services has implemented a number of processes designed to improve both recipient service as well as support the department to meet its timeliness KPM, as part of its department-wide service delivery reforms.[62] However as Figure 2.4 indicates, these processes have not had the intended effect for ABSTUDY claims.

2.80     There would be benefit in Human Services, in consultation with DSS, undertaking further analysis to identify areas where ABSTUDY policy settings may be amenable to simplification of the various allowances, benefits and further payments that applicants may be eligible for (see also Appendix 2). Human Services should also investigate what additional or changed processes may be required to reverse the long term trend in declining timeliness and improve its performance against this KPM.

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62     For example, Service Officers may hold multiple skill tags and therefore may be responsible for processing applications across multiple programs. Recent shifts have also seen ABSTUDY staff being trained to perform a dual telephony and processing role with daily full-time equivalent (FTE) split between both tasks. The ANAO notes that changes to the system for processing non-ABSTUDY student payments have provided opportunities for the department to refine its analysis of productivity. These changes do not currently affect ABSTUDY.

# 3. Managing and monitoring risks

**Areas examined**

This chapter examines risk management, system controls and other arrangements in place to manage the integrity of Youth Allowance (Student) and ABSTUDY outlays, including: payment accuracy and correctness; the focus of payment compliance activities; and the timeliness of identifying and recovering potential overpayments. The chapter also examines the Department of Social Services' (DSS) and the Department of Human Services' (Human Services) monitoring and reporting arrangements including the effective use of data to measure performance and inform program and policy development.

**Conclusion**

Human Services has a range of department-wide mechanisms in place intended to manage risks to the payment integrity of Youth Allowance (Student) and ABSTUDY—including system controls and departmental frameworks for quality assurance, compliance and debt recoveries, as well as selected targeted approaches for these specific payments. The key focus of Human Services' compliance activities is risks associated with earned income; whereas the primary source of continuing payment inaccuracy stems from changes to recipients' study load. A new project implemented from July 2016 seeks to address this risk.

From 2013–14 to 2015–16, Human Services identified potential overpayments in a timely way for Youth Allowance (Student). During this period, 83 per cent of ABSTUDY debts were raised within 180 days of identification and this metric has declined—from 95 per cent in 2013–14 to 77 per cent in 2015–16.

DSS and Human Services regularly monitor and report (internally) on a range of operational and payment performance metrics. Since 2015–16, DSS has commenced public reporting against a number of new performance measures for Youth Allowance (Student) and ABSTUDY to identify the extent to which recipients have improved their self-reliance or circumstances after exiting the payment. However, there is no public reporting on the extent to which Youth Allowance (Student) and ABSTUDY are achieving their policy objectives.

**Recommendations**

The ANAO made two recommendations aimed at:

- Human Services reviewing its Quality On Line sampling of ABSTUDY decisions to align with the risks associated with the accuracy rates of processing new claims compared to non-new claims; and

- DSS and Human Services reviewing the current Key Performance Measure for payment accuracy to more clearly distinguish between performance for payment accuracy and payment correctness.

# Are effective risk management arrangements in place?

Human Services has a number of risk management mechanisms in place intended to address the principal risks relating to student payment inaccuracy. Current strategies cover students advising the department of their study load and ABSTUDY travel.

3.1    Human Services captures risks related to Youth Allowance (Student) and ABSTUDY payments in three key documents: Payment Accuracy Risk Management (PARM) Plans; Group level risk management plans; and a legislative compliance questionnaire. Human Services also develops separate risk management plans relevant to particular identified risks, for example, ABSTUDY travel risk.

## Payment Accuracy Risk Management Plans

3.2    Each year, Human Services prepares a Student Program Payment Accuracy Risk Management Plan (PARM Plan), which details the Random Sample Survey (RSS) results for the previous year, identifies current or emerging risks to payment accuracy, and outlines controls to manage these risks. PARM Plans are reviewed by Human Services' Risk, Business Continuity and Security Committee. While the RSS breaks down the risks for the individual student payments, the risk assessment is focussed at the broader student payment level. Table 3.1 shows the risks identified in the Student Program PARM Plans from 2013–14 to 2016–17.

**Table 3.1:    Student payment-related risks identified in PARM Plans**

| Risk | 2013–14 | 2014–15 | 2015–16 | 2016–17 |
|---|---|---|---|---|
| Student does not maintain sufficient study load for payment. | ✓ | ✓ | ✓ | ✓ |
| Identity[a] | ✓ | - | - | - |
| Generic failure[b] | ✓ | - | - | - |
| Student intention to no longer study is not declared. | - | ✓ | ✓ | ✓ |
| Study is not completed within the allowable time. | - | ✓ | - | - |
| Customer does not receive correct payment due to earned income. | - | - | ✓ | ✓[c] |

Note a:    Defined as the risk where fictitious, stolen, borrowed or manipulated identities for recipients and/or relevant family members may be used to obtain payment. This risk was based on an assessment by the Serious Non-compliance Branch using other data sources such as tip-offs rather than the random sample survey.

Note b:    Generic failure is a term used to describe situations where a customer chooses to cancel their payment when requested to complete a random sample survey, fails to complete the survey or fails to provide the required documentation.

Note c:    Includes earned personal income and income earnt by partners and parents.

Source:    ANAO analysis of Human Services' information.

3.3    As shown in Table 3.1 payment risks associated with students not maintaining a sufficient study load have consistently been identified since 2013–14. The 2015–16 and 2016–17 PARM Plans note the proposed treatment for risks related to study load is the 2015–16 *Strengthening Obligations for Students* project, which commenced implementation from 1 July 2016. Other treatments noted in PARM plans included making updates to Operation Blueprint guidance and training materials and existing controls such as data matching and targeted compliance reviews.

3.4     Despite the payment accuracy risk management and review arrangements in place, Human Services has not met its payment accuracy benchmarks[63] for either Youth Allowance (Student) or ABSTUDY from 2007 to 2016 (see Figure 3.2 and further discussion at paragraphs 3.33–3.37).

## ABSTUDY travel risk management

3.5     Risks associated with ABSTUDY student travel have been well-documented by Human Services.[64] Risks associated with travel include risks to the welfare of students—particularly those under 16 years of age, travel disruptions and ensuring stakeholder responsibilities and accountabilities are clearly defined.

3.6     Current plans to manage travel risks include:

•     Human Services travel risk management plan—which identifies key risks, proposed treatments and timeframes;

•     the development of a travel process map by Human Services' Indigenous Services Branch—which provides details of the steps and considerations that apply when processing a travel claim; and

•     ongoing discussions within government on options for administrative reforms.

## Group risk management plan

3.7     Human Services prepares an annual Group[65] level risk management plan that outlines the key risks for the Group, the causes and consequences of these risks, the controls in place and the treatment actions to address residual risks. These plans are reviewed by Human Services' Executive Risk, Business Continuity and Security Committee on a regular basis.

## Legislative compliance

3.8     To provide assurance to the Secretary of Human Services that the department has a legal and governance framework that includes controls that are appropriate and operating effectively, each division within the department is required to complete an annual *Legislative Compliance Framework Questionnaire*. This questionnaire sets out the relevant policies and procedures in place to ensure compliance with the applicable legislation, as well as how non-compliance is identified and rectified, and how changes to legislation are communicated to staff (including any training requirements). These questionnaires apply to all student payments. According to Human Services' 2014–15 and 2015–16 self-assessed questionnaires, there was a high degree of compliance with relevant legislation for student payments over this period.

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63     Under the Bilateral Management Arrangement with DSS, Human Services has a Key Performance Measure (KPM) to achieve a payment accuracy target of 95 per cent for all student payments—Youth Allowance (Student), ABSTUDY and Austudy.

64     In 2011, an internal audit identified the management of ABSTUDY travel as a very high risk. This internal audit led to the establishment of a taskforce to review ABSTUDY travel arrangements and implementation of a package of reforms to manage travel risks, which continues to be managed by the department.

65     Participation, Aged Care, Service Strategy and Integrity Group.

# Are suitable controls in place to monitor and manage risks to payment integrity?

Human Services has effective system controls in place to minimise risks to Youth Allowance (Student) and ABSTUDY payment correctness and identify risks to payment accuracy. However, from 2006 to 2015–16, the payment accuracy benchmark remained consistently unmet, with the major contributor to this inaccuracy rate being recipient errors associated with study load requirements. A project funded under a 2015–16 Budget measure, implemented from July 2016, aims to address this risk.

The department's process for managing administrative errors to payment integrity, through its quality assurance process, has scope for improvement. Human Services' Quality On Line sampling of ABSTUDY new claim and non-new claim decisions should be aligned with the respective risks to payment accuracy associated with each of these key administrative decision points. Additionally, a formal risk assessment was not prepared to manage Youth Allowance (Student) risks related to reduced Quality On Line activities during the 2015–16 peak workload period.

3.9    Payment correctness and payment accuracy are two key measures for assessing the integrity of Human Services' administration of social welfare payments[66]:

(a)    Payment correctness refers solely to the degree to which Human Services' processes and systems are free from administrative errors that affect the payment. In this regard, payment correctness is a measure of how well departmental staff and systems, including IT systems, deliver the right payment to the right person at the right rate at the right time[67];

(b)    Payment accuracy is a broader measure that considers both Human Services' administrative errors[68] as well as changes in recipient circumstances.[69]

3.10    Quality On Line (QOL) and Quality Call Listening (QCL) procedures, IT systems controls and the Random Sample Survey (RSS) are used by Human Services as key controls to help achieve and measure payment correctness and accuracy.

## Quality assurance

3.11    Human Services seeks to mitigate the risks of administrative errors through quality assurance mechanisms such as QOL and QCL processes.

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66    As discussed later in the chapter, of these two, only payment accuracy is reported under the DSS—Human Services Bilateral Management Arrangement (BMA).

67    ANAO Audit Report No.28 2011–12 *Quality On Line Control for Centrelink Payments*, p. 10.

68    Administrative errors are failures to meet Human Services' four pillars of payment accuracy: that is, payment to the 'right person'; 'right programme'; 'right rate'; and 'right date.' Department of Human Services, National Quality On Line Standards, DHS, Canberra, 2016, p. 7.

69    A payment may be inaccurate but not due to an error, but rather the timing of reviews or advice from recipients on changes of circumstances.

*Quality On Line*

3.12    Human Services uses QOL as a payment correctness control mechanism.[70] During the QOL process, a checker[71] reviews a sample of Service Officers' (SOs) work to check for correctness in processing claims and payments. A QOL tool (QOL Stat) selects activities for checking based on the activity type (for example new claim work or non-new claim work) and proficiency level of staff completing the work. There are three proficiency levels for SOs, as outlined in Table 3.2.

**Table 3.2:    Staff Quality On Line proficiencies and sampling approach Youth Allowance (Student) and ABSTUDY**

| Proficiency level | Sampling rate of activities | Minimum correctness rate | Number of Youth Allowance (Student) staff[ab] | Number of Youth Allowance (Apprentice) processing staff[ab] | Number of ABSTUDY processing staff[ab] |
|---|---|---|---|---|---|
| Learner | 100% | below 85% | 20 | 1 | 3 |
| Intermediate | 25% | 85–94.9% | 30 | 4 | 6 |
| Proficient | 2% | 95% | 188 | 27 | 25 |

Note a:  For the period 15 June to 15 September 2016.

Note b:  Human Services advised that during this period there were additional staff with relevant skill tags for each payment type (668 staff—Youth Allowance; 868 staff—apprentices; 131 staff—ABSTUDY) but whose proficiency was unable to be determined as they were not currently undertaking relevant processing work. The department further advised that these staff would be utilised during the student peak period and would return to 'Learner' status if they returned to Youth Allowance/ABSTUDY processing work.

Source:  Human Services documentation.

3.13    The QOL tool does not differentiate between the two types of Youth Allowance claims— Student and Other; therefore specific QOL results for Youth Allowance (Student) at the national level are not available.[72] Human Services' advised that identified staff in its Smart Centres have responsibility for quality management within their work areas. Human Services further advised that during the peak period in early 2016, these staff worked collaboratively within Smart Centres to assist with addressing quality risks and implementing improvement strategies.

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70    Department of Human Services, *National Quality On Line Standards*, DHS, Canberra, 2016, p. 6. The ANAO audited QOL in 2011. ANAO Audit Report No.28 2011–12 *Quality On Line Control for Centrelink Payments*, p. 14.

71    QOL checkers must have completed an approved QOL certification. In addition, QOL checkers are required to undertake an annual recertification.

72    Individual service centres visited by the ANAO during the audit fieldwork did maintain records of their own teams' QOL results for Youth Allowance (Student). Human Services advised the ANAO that in December 2016 the department introduced the Quality Management Application (QMA) for Youth Allowance (Student) new claims to enable more targeted management information to be extracted at the national level. The department further advised that work is ongoing for a broader rollout of QMA in Process Direct for all payment types, and in time is expected to replace the legacy quality systems such as QOL Stat.

3.14    Figure 3.1 shows the QOL payment correctness results for ABSTUDY from 2013–14 to 2015–16. Human Services' data identified that, from 2013–14 to 2015–16, 12 189 new claim activities were checked and 43 044 non-new claim activities were checked.[73]

**Figure 3.1:    ABSTUDY Quality On Line Results, 2013–14 to 2015–16**
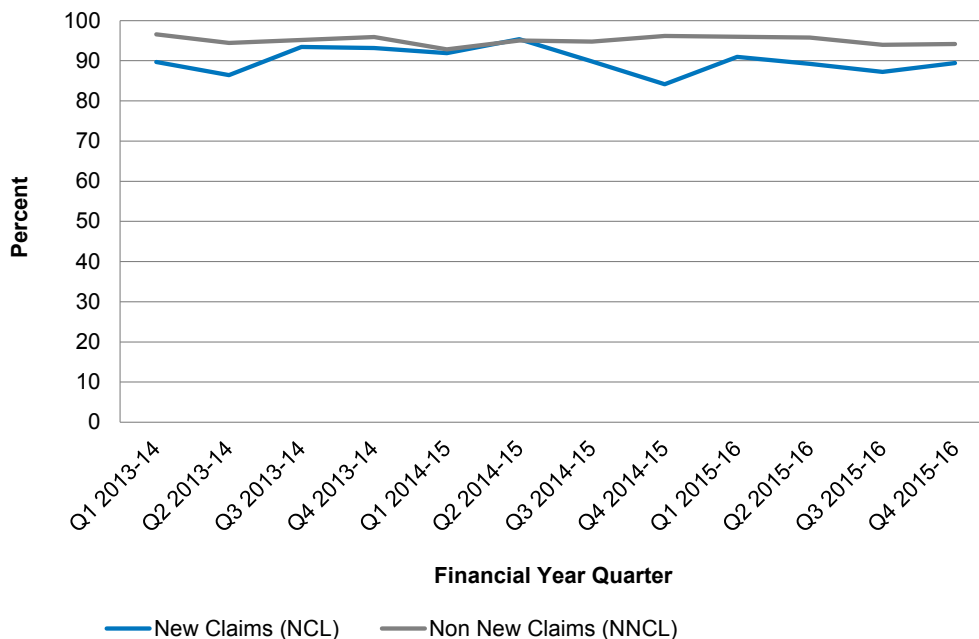


Source:  ANAO analysis of Human Services data.

3.15    As the correctness of new claims processing is generally less than that for non-new claims, the ANAO suggested in its 2011 audit that there would be merit in Human Services re-calibrating the methodology used to select activities for QOL checking.[74] This may help Human Services to achieve efficiencies and potentially improved results through a more targeted risk-based approach to its QOL sampling. As noted in Figure 3.1, this disparity in the QOL results for new claims compared to non-new claims generally remains, with QOL results for new claims more volatile; yet from 2013–14 to 2015–16, Human Services continued to conduct around 350 per cent more QOL assessments of non-new claims than new claims, which does not reflect the respective risks to decision correctness for ABSTUDY payments.

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73    Human Services does not separately measure the time QOL checkers expend on ABSTUDY (as these checkers are not formally scheduled to complete QOL work; instead they undertake QOL checking between calls.

74    In 2011, the ANAO noted 'that lower QOL correctness rates were associated with the processing of new claim activities for customers, and recommended that Human Services: a) document an approach to assessing risk and assigning QOL sampling rates; b) complete a risk assessment for each claim processing activity, including those currently exempt from QOL checking; and c) periodically review the level of risk and rate of QOL sampling associated with each claim processing activity.' ANAO Audit Report No.28 2011–12 *Quality On Line Control for Centrelink Payments*, p. 28.

**Recommendation No.2**

3.16    Human Services to review its Quality On Line sampling of ABSTUDY decisions to align with the risks associated with the accuracy rates of new claims compared to non-new claims.

**Entity response:** *Agreed.*

3.17    *The department agrees to the recommendation. The department is currently implementing measures to improve quality and strengthen preventative controls. The Quality Framework forms the foundation of the department's approach to quality and will be supplemented by the development of a new quality management system, 'Quality Management Application' (QMA). ABSTUDY will utilise QMA once it moves into the SAP processing environment.*

3.18    *The QMA system allows for the development of sampling rationale for each quality assurance program, to differentiate between the various transaction-type processing requirements. This would effectively target higher risk transactions, ensuring random and risk/complexity based sampling. This will provide a more targeted assurance over accuracy.*

*Proficiency assessments*

3.19    In addition to having a sample of work regularly quality assured, all processing staff are required to undergo a proficiency assessment at least once every 12 months to either confirm their proficiency or to move to another proficiency level.

3.20    This proficiency assessment involves a Team Leader reviewing activities for each SO that have previously been QOL checked:

(a)    over a minimum period of two weeks to a maximum of 12 months; and

(b)    a minimum of 20 activities per payment type as set out in the *National QOL Standards* framework.[75]

3.21    Human Services advised the ANAO that it expects all staff to conform to the requirements of the *National QOL Standards* framework. This is monitored at a service centre level; there is no monitoring of proficiency assessments at a national level.[76]

*Youth Allowance (Student) QOL over peak workload period*

3.22    Human Services advised the ANAO that during the 2016 peak workload period, standard QOL activities remained in place but operated at a substantially lower level from the end of March to the beginning of June 2016. This was due to large number of claims to be processed as well as to reduce the burden on QOL checkers (due to the large number of non-proficient staff requiring 100 per cent of their work to be checked). During this period, the correctness rate for SOs to reach 'Proficient' status was also reduced from 95 per cent correctness to 90 per cent correctness. Additionally, the requirements and training to achieve QOL Checker status were also reduced.

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75    The proficiency assessment process for new claim work and non-new claim work is the same.

76    A Conformance Assessment conducted in 2015 examined the QOL proficiency assessments for the period 1 July 2014 to 10 June 2015 and noted that Youth Allowance (Student) proficiency assessments had not been updated in line with the National QOL guidelines.

Human Services advised that during this period, a minimum of one claim per SO per day was manually checked by a Team Leader or Service Support Officer. The department estimated this equated to approximately 1.2 per cent of claims being checked.[77] The department further advised that approximately 0.5 per cent of new claims processed during this period were post-checked during the period of reduced QOL activities. The department advised that processing staff still had access to the normal support tools during this time (see paragraph 2.30 for more detail).

3.23    Regular QOL activities re-commenced on 6 June 2016. From 6 June to 29 July 2016, all managers were required to reassess staff proficiency in accordance with standard proficiency assessment standards.[78]

3.24    Human Services did not prepare a formal risk assessment in relation to the reduced QOL activities. During the course of the audit, Human Services provided the ANAO with a consolidated list of the risks identified and the mitigation strategies put in place by the department during the 2016 student peak period. This list identified eight issues that had/may arise during the student peak and strategies to address these issues; as well as risks that may arise due to these strategies. All residual risk levels (after treatment) were rated as 'low risk', with the exception of one risk that was rated 'medium-low risk' after treatment.

*Quality Call Listening*

3.25    Human Services' Quality Call Listening (QCL) Framework is expected to be applied to all SOs answering telephones, including non-ongoing staff and Intermittent and Irregular employees (IIEs). During the QCL process, a checker[79] selects a predetermined sample of calls between a SO and a customer to be evaluated, and then listens in or records these calls. Calls are evaluated based on five standards, with the overall result determining if it is a 'quality' or 'non-quality' call. Table 3.3 below sets out the QCL results for Youth Allowance (Student) and ABSTUDY telephony staff for the period 2013–14 to 2015–16 and identified that over 95 per cent of these calls met relevant quality standards.

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77    Human Services advised that SOs with less than six months student processing experience were required to use checklists for assessing and rejecting claims, which were then provided to Team Leaders each day.

78    Staff who were unlikely to continue processing claims were able to be reverted back to 'Learner' status without assessment.

79    As with QOL checkers, QCL checkers must complete an accreditation program, and undertake an annual recertification.

**Table 3.3:** QCL results for Youth Allowance (Student) and ABSTUDY 2013–14 to 2015–16

| Financial year | Non-quality calls Number (%) | | Quality calls Number (%) | | Total calls evaluated Number | |
|---|---|---|---|---|---|---|
| | Youth Allowance (Student) | ABSTUDY | Youth Allowance (Student) | ABSTUDY | Youth Allowance (Student) | ABSTUDY |
| 2013–14 | 158 (2.0) | 20 (2.4) | 7770 (98.0) | 807 (97.6) | 7928 | 827 |
| 2014–15 | 176 (1.9) | 10 (1.2) | 9048 (98.1) | 818 (98.8) | 9224 | 828 |
| 2015–16 | 255 (3.0) | 336 (3.9) | 8370 (97.0) | 8174 (96.1) | 8625 | 8510[a] |

Note a:  Human Services advised that the apparent increase in total calls evaluated in 2015–16 is due a change in the platform used to identify call volumes. The new platform captures a broader staff base (telephony staff and staff undertaking telephony/processing work).

Source:  Human Services' data.

## Testing of controls for payment accuracy

3.26    As part of its annual audit of Australian Government entity financial statements, the ANAO examines the controls that are in place to ensure the accuracy of these statements. This includes assessing the following areas:

- IT control environment;
- compliance and quality assurance frameworks;
- accounting and control of non-financial assets;
- revenue, receivables and cash management processes;
- human resources financial processes;
- purchases and payables management; and
- other control matters relevant to the financial statements.[80]

3.27    As part of the ANAO's audit procedures, a number of social welfare payments are selected for testing, including a small number of Youth Allowance (Student) and ABSTUDY payments. The ANAO identified that payments were made accurately and controls were in place to prevent incorrect payments being made to recipients. The overall findings from the ANAO's controls testing are listed in Box 2, below.

**Box 2:  Overall findings from the ANAO's 2015–16 tests of Human Services' controls**

'Key elements of internal control were operating effectively to provide reasonable assurance that Human Services will be able to:

- prepare financial statements that are free of material misstatement; and
- provide financial information that is free of material misstatement to other Commonwealth entities for payments delivered on their behalf.'[81]

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80    ANAO Audit Report No.7 2016–17 *Interim Phase of the Audits of the Financial Statements of Major General Government Sector Entities for the year ending 30 June 2016*, p. 16.

3.28    For the purposes of the current audits of the Administration of Youth Allowance (Student) and Administration of ABSTUDY, the ANAO relied on the controls testing described above and did not conduct further testing in this area.

*Duplicate primary benefit testing*

3.29    Under the *Social Security Act 1991*, multiple entitlement exclusion provisions prevent more than one income support payment being paid to a person at the same time.[82] However, under the *Student Assistance Act 1973* and ABSTUDY policy, ABSTUDY recipients are allowed to receive supplementary ABSTUDY benefits, such as Incidentals Allowance[83] while also receiving primary income support from another payment type (such as Youth Allowance (Other)).

3.30    The ANAO tested whether Human Services' IT systems controls and business rules permitted concurrent receipt of more than one primary student payment. ABSTUDY, Austudy and Youth Allowance (Student) recipient records from 1999–2000 to 2015–16 were analysed.

3.31    The ANAO did not identify any substantive issues.[84]

## Random Sample Survey Program

3.32    The RSS[85] is DSS' primary assurance mechanism to measure the accuracy of program outlays on social security payments administered by Human Services.[86] Human Services conducts trimester RSS reviews on behalf of DSS. DSS extracts the review result data and calculates payment accuracy. The survey provides a point-in-time analysis of a stratified sample of recipients' circumstances. The RSS results also indicate the risk areas that drive payment inaccuracy.

*Payment Accuracy*

3.33    Payment accuracy results from the RSS data are reported in DSS Annual Reports[87] as a Key Performance Measure (KPM). In the period since the third trimester of 2006–07 through 2015–16,

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81    ANAO Audit Report No.7 2016–17 *Interim Phase of the Audits of the Financial Statements of Major General Government Sector Entities for the year ending 30 June 2016*, p. 136.

82    For example, a student is only eligible to claim either Youth Allowance (Student) or ABSTUDY Living Allowance.

83    ABSTUDY Incidentals Allowance is a supplementary payment to meet expenses associated with commencement of study in an approved course.

84    The ANAO analysis identified three instances over the 16 year period where recipients had overlapping Youth Allowance (Student) and ABSTUDY Living Allowance payments. Human Services advised the ANAO that in each of these instances a new Youth Allowance (Student) recipient had their payment backdated to a point in time where they had been receiving ABSTUDY. Human Services further advised that in each of these cases, a debt was created for the overlapping period.

85    The RSS was part of a 2001–02 Budget measure. DSS assumed responsibility for the RSS in September 2013 following Machinery of Government changes, when policy responsibility for student payments was transferred from the then Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education to DSS. RSS results have been reported in DSS' annual reports since 2013–14 and, prior to this, in the annual reports of responsible departments of state.

86    As part of its financial statement audit testing, the ANAO tests the key controls associated with the RSS. Of the 25 RSS surveys included in the sample, only one was rated as unsatisfactory.

87    See Footnote 85.

both the Youth Allowance (Student) and ABSTUDY programs consistently failed to meet expected payment accuracy standards, as shown in Figure 3.2.

**Figure 3.2:    Payment accuracy results for Youth Allowance (Student) and ABSTUDY, 2006–07 to 2015–16**
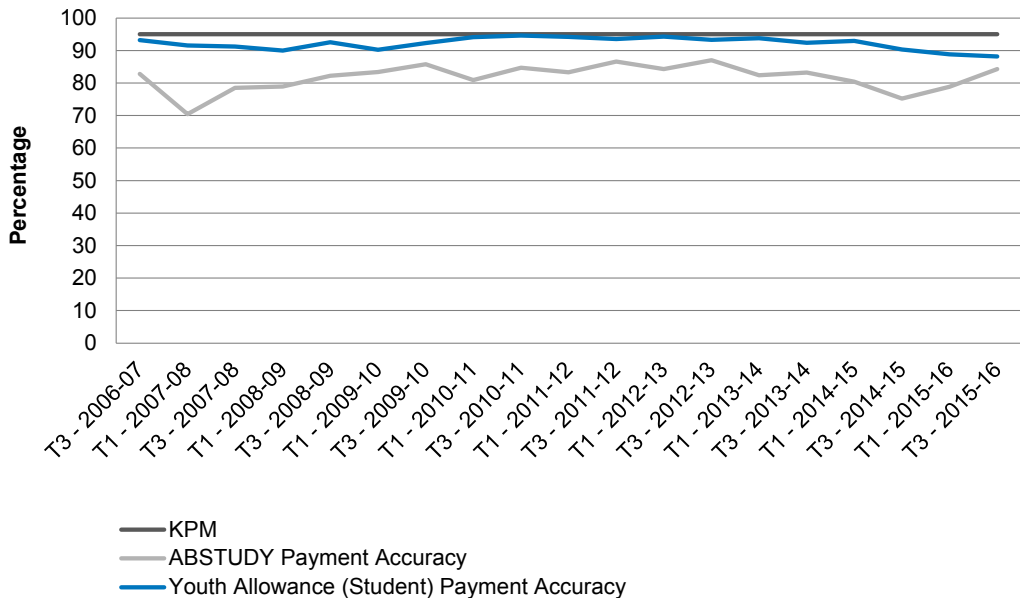


Source:  DSS Random Sample Survey results

3.34    Accuracy rates for Youth Allowance (Student) have been declining in recent years—from 94.33 per cent in 2010–11 to 88.57 per cent in 2015–16. For ABSTUDY the long-term trend is slowly improving but remains far below the target with the highest achievement (87.00 per cent) over the last 10 years recorded in trimester 3 of 2012–13.

3.35    Contributors to payment inaccuracy are detailed in Table 3.4 with a focus on the top three risks. Study-related risks have consistently contributed the majority of the risk to both Youth Allowance (Student) and ABSTUDY payment accuracy. Table 3.4 also shows the top three contributors to Youth Allowance (Student) and ABSTUDY payment inaccuracy since 2006–07 are forms of recipient error, rather than departmental errors. The largest of these contributors— study load—stems from students claiming full-time benefits while not meeting the threshold for a full-time study load. As noted at paragraph 3.3 and 3.50–3.53, the *Strengthening Obligations for Students* project aims to address the risks associated with student study load.

**Table 3.4: Estimated annual inaccuracy rates for Youth Allowance (Student) and ABSTUDY, by category of risk 2013–14 to 2015–16**

| | 2013–14 | | 2014–15 | | 2015–16 | |
|---|---|---|---|---|---|---|
| | Amount ($m)[a] | % | Amount ($m)[a] | % | Amount ($m)[a] | % |
| **Youth Allowance (Student)** | | | | | | |
| Study[b] | 54.18 | 2.79 | 99.36 | 3.88 | 149.71 | 6.14 |
| Generic failure[c] | 53.79 | 2.77 | 49.85 | 1.95 | 27.14 | 1.11 |
| Earned income[d] | 6.1 | 0.31 | 34.71 | 1.36 | 82.91 | 3.4 |
| Other[e] | 14.77 | 0.77 | 19.8 | 0.78 | 18.92 | 0.78 |
| **Total** | **128.84** | **6.64** | **203.72** | **7.97** | **278.68** | **11.43** |
| **ABSTUDY** | | | | | | |
| Study[b] | 8.01 | 9.97 | 14.65 | 13.95 | 14.66 | 12.84 |
| Generic failure[c] | 4.05 | 5.04 | 3.84 | 3.65 | 1.31 | 1.15 |
| Earned income[d] | 0.8 | 1.12 | 1.77 | 1.68 | 3.00 | 2.64 |
| Other[e] | 0.23 | 0.28 | 1.51 | 1.44 | 1.80 | 1.57 |
| **Total** | **13.09** | **16.41** | **21.77** | **20.72** | **20.77** | **18.2** |

Note a: Dollar figures are indicative of the potential inaccuracy exposure and not an actual count of inaccurate payments.

Note b: Study-related risks include 'not a full-time student/insufficient study load' and 'no longer intends to return to study/no longer has study to return to'.

Note c: Generic failure includes failure to attend the RSS interview, failure to supply documents and so on.

Note d: Earned income includes income earnt by payment recipient/parents and/or partner.

Note e: Other includes all other risks identified in PARM plans, for example changes in relationship status, accommodation, unearned income and independence.

Source: ANAO analysis of Human Services PARM Plans.

3.36     As shown in Table 3.4 the total annual inaccuracy of Youth Allowance (Student) payments has increased both in overall program outlays and as a proportion of those program outlays from 2013–14 to 2015–16—from around $128 million (6.64 per cent of outlays) in 2013–14 to around $278 million (11.43 per cent of outlays) in 2015–16. In this same period, the overall payment accuracy risk associated with study more than doubled—from 2.79 per cent to 6.14 per cent in 2015–16.

3.37     In 2015–16, ABSTUDY payment inaccuracy was 60 per cent higher than Youth Allowance (Student) inaccuracy rates; however, the financial risk to government outlay was around 90 per cent lower. Over the last three financial years study load has contributed the greatest proportion of risk to ABSTUDY outlays, at around 10 per cent.

*Payment Correctness*

3.38     Human Services also uses the RSS results to provide assurance around the correctness of the payments it delivers. Between 2012–13 and 2015–16, Human Services consistently met its

internal target (95 per cent) for payment correctness when delivering both the Youth Allowance (Student) and ABSTUDY payments, although performance is declining (see Figure 3.3).

**Figure 3.3:    Payment correctness 2012–13 to 2015–16**
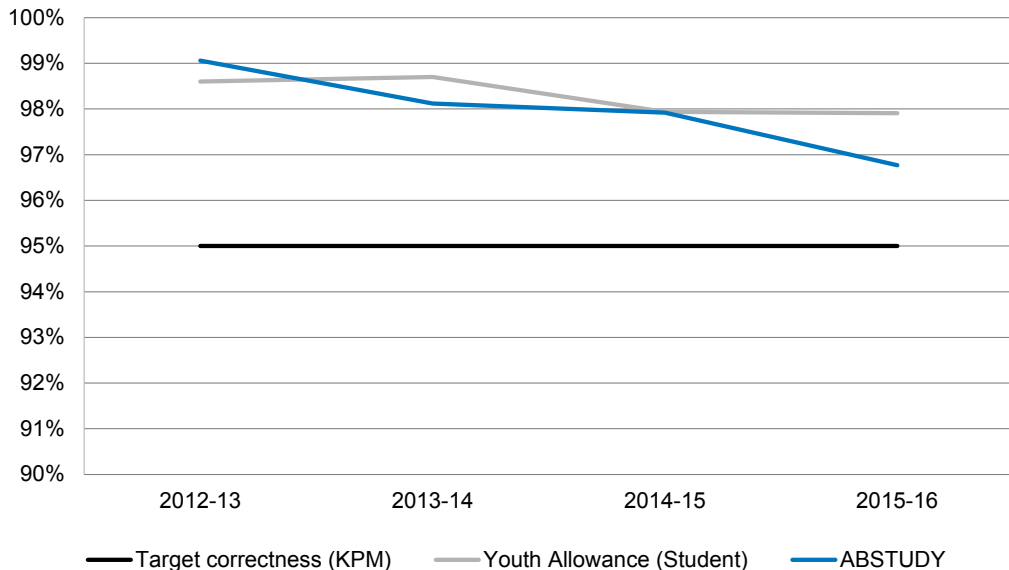


Source:  ANAO analysis of Human Services data.

3.39    Currently, DSS' public reporting is focussed on payment accuracy, which, as noted at paragraph 3.9, comprises both administrative error and recipient error. The contribution of each type of error is not differentiated in this public reporting. There would be benefit in reviewing the public reporting of payment accuracy to distinguish between the relative contribution of errors and the impact Human Services' administrative processes on achieving payment correctness and accuracy; this could also inform program development and the focus of Youth Allowance (Student) and ABSTUDY risk mitigation and compliance activities.

3.40    DSS advised the ANAO that student payment and other KPMs are currently under review, as part of a broader review of the Bilateral Management Arrangement (BMA) with Human Services.

## Are there suitable arrangements in place to identify non-compliance with eligibility and other requirements?

Human Services adopts a range of suitable compliance activities to monitor the ongoing eligibility of applicants receiving Youth Allowance (Student) and ABSTUDY. The focus of these activities is directed towards study-related and earned income risks. There would be benefit in the department considering if the effort expended on earned income reviews for Youth Allowance (Student) and ABSTUDY recipients is commensurate with the risks to program outlays.

A project funded under a 2015–16 Budget measure aims to increase the focus on recipients' compliance with study load requirements, as the source of the highest risk of non-compliance for student payments.

3.41    Human Services has implemented a number of strategies to monitor compliance with Youth Allowance (Student) and ABSTUDY recipient requirements:

(a)    applicants agree (when lodging a claim form) to notify the department when changes of circumstances[88] affecting their payment eligibility occur;

(b)    the department assesses the ongoing eligibility of students through periodic enrolment checks via third parties; and

(c)    targeted 'end of year circumstances reviews' with the aim to check that only those people who continue to meet eligibility requirements receive payments.

### Compliance reviews

3.42    Compliance reviews are designed to test whether an income support recipient's payment is accurate. Where a recipient's circumstances have changed or do not meet the entitlement rules, the compliance review can result in a change to the recipient's payment. This change may be a cancellation of payment or a variation to the fortnightly payment and may relate to a past or current pay period, or both. A debt is raised where an income support recipient has received payment in excess of their entitlement. Human Services' compliance program is developed based on risks identified in the RSS and individual PARMs, as well as trends in debts. Compliance risks are determined at the Centrelink master program level, rather than at the individual payment level.

3.43    As payments are means tested, compliance activities focus on earned income. Earned income refers to income from any full-time, part-time and/or casual work by recipients, their partners or relevant family members.

3.44    Enrolment and attendance reviews are conducted to verify recipient compliance with requirements to be enrolled in an approved course and undertaking the required study-load. These checks are made through data-matching with a range of educational institutions including universities, technical and further education (TAFE) providers, secondary schools and private education providers.[89]

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88    These are known as 'prescribed events' and are designated under section 48 of the *Student Assistance Act 1973*.

89    Department of Human Services, *Compliance Program 2013-15*, DHS, Canberra, no date.

3.45    Human Services' Compliance Risk Branch conducts enrolment check reviews for primary/secondary students and those attending private institutions (private universities, open colleges and the TAFE sector). Analysis of results from the RSS program, along with historical non-compliance profiling, is used to determine the number of annual reviews required. Human Services advised the ANAO that this is then 'balanced out against the requirements of the Department's compliance programme as a whole'.

3.46    Additional enrolment and study-load checks, including those involving public university students, are conducted by Human Services' Centrelink Academic Reassessment Transformation (CART) business area. Each week, Human Services receives study details data from each of Australia's higher-education institutions which it matches against recipient details recorded on its system. The CART area then conduct reviews on recipients whose actual study details do not match what details held by Human Services. The reviews target:

•    recipients who have reduced their study load (Part-time);

•    recipients who are no longer enrolled (Withdrawn);

•    recipients who are unable to be matched with the institution (No-match); and

•    recipients who are studying unapproved courses.

3.47    Table 3.5 sets out the number of enrolment and earned income reviews conducted by Human Services from 2013–14 to 2015–16 for recipients of Youth Allowance (Student) and ABSTUDY. The table also sets out the proportion of recipients who may have been affected by these reviews and the proportion of risk to government outlays identified from RSS survey results.

**Table 3.5:    Compliance reviews for Youth Allowance (Student) and ABSTUDY, 2013–14 to 2015–16**

| Compliance activity | Payment | 2013–14 | 2014–15 | 2015–16 |
|---|---|---|---|---|
| **Enrolment check reviews** | | | | |
| Number of compliance reviews | Youth Allowance (Student) | 7895 | 10 727 | 10 081 |
| | ABSTUDY | 1055 | 1515 | 1251 |
| Number of CART reviews | Youth Allowance (Student) | 63 199 | 78 803 | 47 992 |
| | ABSTUDY | 1636 | 2383 | 1154 |
| Study-related payment inaccuracy (%)[a] | Youth Allowance (Student) | 2.79 | 3.88 | 6.14 |
| | ABSTUDY | 9.97 | 13.95 | 12.84 |
| Percentage recipients potentially affected by compliance activity (%)[b] | Youth Allowance (Student) | 31.09 | 40.41 | 27.51 |
| | ABSTUDY | 8.42 | 13.56 | 7.80 |
| **Earned income reviews** | | | | |
| Number of compliance reviews | Youth Allowance (Student) | 18 905 | 42 216 | 47 367 |
| | ABSTUDY | 596 | 1344 | 1529 |
| Earned income | Youth Allowance (Student) | 0.31 | 1.36 | 3.40 |

| Compliance activity | Payment | 2013–14 | 2014–15 | 2015–16 |
|---|---|---|---|---|
| related payment inaccuracy[c] (%) | ABSTUDY | 1.12 | 1.68 | 2.64 |
| Percentage of recipients potentially affected by compliance activity (%)[b] | Youth Allowance (Student) | 8.27 | 19.05 | 22.44 |
| | ABSTUDY | 1.86 | 4.67 | 4.96 |
| **Total enrolment check and earned income reviews** | **Youth Allowance (Student)** | **89 999** | **131 746** | **105 440** |
| | **ABSTUDY** | **3287** | **5242** | **3934** |

Note a:   The proportion of payment inaccuracy risk is derived from Random Sample Survey results.

Note b:   The proportion of recipients potentially affected by compliance activity is derived from the total compliance /CART reviews or earned income/ reviews (as relevant) against the average number of Youth Allowance (Student) and ABSTUDY recipients (Table 1.2).

Note c:   Earned income related payment inaccuracy includes earned income self, partner and parent.

Source:   ANAO analysis of Human Services data.

3.48    As shown in Table 3.5, in 2015–16 payment integrity risks related to study load account for a significantly higher proportion (and therefore, amount) for both Youth Allowance (Student) and ABSTUDY—at 6.14 per cent and 12.84 per cent, respectively—than risks related to earned income—for Youth Allowance, 3.4 per cent, and for ABSTUDY, 2.64 per cent. While acknowledging that the risk associated with earned income has increased threefold for Youth Allowance (Student) and doubled for ABSTUDY since 2013–14, in 2015–16, Youth Allowance (Student) payment risks associated with study load were still twice those associated with earned income, and for ABSTUDY study load risks were more than 450 per cent higher than earned income risks. Despite this, in 2015–16, the number of Youth Allowance (Student) recipients potentially affected by a study-related compliance activity was only five per cent more than those affected by an earned income related study activity (27.51 per cent compared to 22.44 per cent). Further, from 2013–14 to 2015–16, the total number of study related compliance activities (CART and other compliance reviews) has decreased for both the Youth Allowance (Student) and ABSTUDY programs, while the number of earned income related compliance activities has increased, despite the relative contribution to payment inaccuracy increasing for both risks over this period.

3.49    While Human Services' compliance program is not focused on individual payment types, there would be benefit in the department considering if the effort expended on earned income reviews for Youth Allowance (Student) and ABSTUDY recipients is commensurate with the risks to program outlays.[90]

## Strengthening Obligations for Students

3.50    The *Strengthening Obligations for Students* (SOFS) project, funded under a 2015–16 Budget measure, aims to address the highest risk for student payments—study load. This risk involves students either not being engaged in full-time study or having an insufficient study load to be considered a full-time student.

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90   The 2016–17 Compliance Programme notes that 58 per cent of effort will be directed to earned income activities for all payment types.

3.51    The project targets Youth Allowance (Student), ABSTUDY (Living Allowance) and Austudy recipients who are registered for a Centrelink online account and receive online letters. These recipients are prompted to review and confirm their details by completing a Digital Study Load Declaration (DSLD) at key points during the academic year, such as semester changes or enrolment periods.[91] A pilot for this project was conducted in April 2016, with the measure commencing from July 2016.

3.52    Under the project, Human Services estimated that savings of over $95 million over three years will be delivered, along with improved payment accuracy outcomes. Human Services advised the ANAO that as at 3 February 2017:

- 42 163 reviews have been completed with some $12.2 million in savings achieved;
- around 19 per cent (8100) of the reviews led to payment suspension due to recipients failing to respond to the review; and
- around 4000 of these 8100 suspensions resulted in payment cancellation.[92]

3.53    Human Services advised the ANAO that the department plans to release around 130 000 reviews each financial year from 2016–17 through 2018–19 to meet annual administered savings targets. [93]

## Training and Youth Internet Management System

3.54    To verify the details of an individual's apprenticeship status, Human Services currently uses the Training and Youth Internet Management System (TYIMS)—managed by the Department of Education and Training (DET).[94] Through a daily data exchange, Human Services receives information from TYIMS on the ongoing registration of apprenticeships for recipients of Youth Allowance (Student) and ABSTUDY.

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91  The DSLD is only available to students who have elected to receive electronic correspondence from the department. See Footnote 53 for proportions of Youth Allowance (Student) and ABSTUDY recipients that have registered for online services.

92  The ANAO did not directly assess the accuracy of the SOFS project outcomes, to date, including claimed savings.

93  Human Services further advised that analysis of the effectiveness of the review results for 2016–17 may change projections for 2017–18 and beyond.

94  Human Services advised the ANAO that DET is currently working on the implementation of a new database for managing apprenticeships information—the Australian Apprenticeships Management System (AAMS) and expects the system to be implemented in the second half of 2017. The current TYIMS database does not provide management information such as the number of updates received, however Human Services' advised the new AAMS system will provide this functionality.

## Are overpayments identified and rectied in a timely manner?

A majority of Youth Allowance (Student) and ABSTUDY overpayments (66 per cent and 86 per cent, respectively) are identified through Human Services being notified (by recipients or other sources) of changes in an individual's circumstances. Once identified, around one-third of all debts (that is, those debts under $50) are waived.

From 2013–14 to 2015–16, overall Human Services raised:

- more than 90 per cent of Youth Allowance (Student) debts within 180 days of identification, with the proportion of debts raised within 180 days improving over this time period;

- 83 per cent of ABSTUDY debts within 180 days of identification, which is less than the department's aggregate 90 per cent benchmark for the payments it administers. Over this time period the proportion of ABSTUDY debts raised within 180 days has declined—from 95 per cent in 2013–14 to 77 per cent in 2015–16.

3.55    An overpayment occurs when a recipient is paid more than their current circumstances entitle them. An overpayment may occur due to:

- a payment being granted in error to a customer who does not satisfy all the criteria for the payment;

- the customer's circumstances change after a payment is granted, affecting their eligibility or amount they are paid;

- the recipient of the payment is not the customer;

- the customer is deceased and the payment has continued;

- the customer fails to comply with the relevant notification period; or

- the customer knowingly or unknowingly misrepresents their circumstances.

3.56    When an overpayment has been determined a debt is raised and a process put in place to recover the debt.[95] Where debt arises solely from a Human Services' administrative error, and the recipient could not reasonably be expected to know they were being overpaid, the debt may be waived. Debts amounting to less than $50 are automatically waived.

3.57    Recipients have 28 days to lodge an appeal following receipt of notification of a debt. After this time, Human Services can initiate debt recovery actions. Recipients can voluntarily make payments against debts prior to the end of the 28-day period.

3.58    Table 3.6 shows the number of debts identified from 2013–14 to 2015–16 along with the number and proportion of: debts waived; debts raised within 90/180 days; and recipients that made repayments within 28 days of notification.

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95    Debt recovery was not examined in this audit as noted at paragraph 1.20.

**Table 3.6:** **Debts waived and raised for Youth Allowance (Student) and ABSTUDY, 2013–14 to 2015–16**

| Payment | | 2013–14 | | 2014–15 | | 2015–16 | | TOTAL | |
|---|---|---|---|---|---|---|---|---|---|
| | | n | % | n | % | n | % | n | % |
| Debts identified through investigation[a] | Youth Allowance (Student) | 26 896 | 27 | 32 544 | 33 | 40 734 | 42 | 100 174 | 34 |
| | ABSTUDY | 1674 | 14 | 2150 | 14 | 2061 | 13 | 5885 | 14 |
| Debts identified through change of circumstances[b] | Youth Allowance (Student) | 73 042 | 73 | 67 053 | 67 | 55 364 | 58 | 195 459 | 66 |
| | ABSTUDY | 9984 | 86 | 12 700 | 86 | 13 494 | 87 | 36 178 | 86 |
| **Total debts identified** | Youth Allowance (Student) | **99 938** | - | **99 597** | - | **96 098** | - | **295 633** | - |
| | ABSTUDY | **11 658** | - | **14 850** | - | **15 555** | - | **42 063** | - |
| Waived on determination (less than $50) | Youth Allowance (Student) | 29 426 | 29 | 27 368 | 27 | 28 217 | 29 | 85 011 | 29 |
| | ABSTUDY | 4638 | 40 | 7255 | 49 | 6659 | 43 | 18 552 | 44 |
| Raised within 90 days[c] | Youth Allowance (Student) | 55 899 | 79 | 69 046 | 96 | 66 572 | 98 | 191 517 | 91 |
| | ABSTUDY | 5541 | 79 | 4629 | 61 | 5136 | 58 | 15 306 | 65 |
| Raised within 180 days[c d] | Youth Allowance (Student) | 58 179 | 83 | 69 375 | 96 | 66 985 | 99 | 194 539 | 92 |
| | ABSTUDY | 6639 | 95 | 6016 | 79 | 6854 | 77 | 19 509 | 83 |
| Number of recipients that made repayments within 28 days of notification[e] | Youth Allowance (Student) | 18 444 | 26 | 18 600 | 26 | 16 923 | 25 | 53 967 | 26 |
| | ABSTUDY | 1701 | 24 | 1924 | 25 | 2162 | 24 | 5787 | 25 |

Note a: Investigations include compliance reviews, data-matching and investigations initiated from tip-offs.

Note b: Includes changes in circumstances notified by recipients and/or other information sources.

Note c: % refers to debts raised within 90/180 days against the total number of debts identified less the total debts waived.

Note d: Debts raised within 180 days include debts raised within 90 days.

Note e: % refers to proportion of recipients who made a repayment within 28 days of notification against the total number of debts identified less the total of debts waived. Recipients may have more than one debt.

Source: Human Services data.

3.59    As shown in Table 3.6, most debts are identified through changes in circumstances notified by recipients or other sources, for example a customer updating their earnings for a given period. From 2013–14 to 2015–16, 66 percent of Youth Allowance (Student) debts and 86 per cent of

ABSTUDY debts were identified in this manner. The remaining debts were identified through other investigations which included data-matching, public tip-offs and periodic compliance reviews.

3.60   Under the BMA, from 2013–14 to 2015–16, Human Services reported against a KPM to raise 80 per cent of potential debts within 90 days, and 90 per cent of potential debts within 180 days of the debt being identified.[96] As shown in Table 3.6, the proportion of Youth Allowance (Student) debts raised within these timeframes has improved from 2013–14 to 2015–16, and supports Human Services' overall performance against the KPM. The time taken to raise debts against ABSTUDY recipients declined from 2013–14 to 2015–16, and overall 83 per cent of ABSTUDY debts were raised within 180 days over this period.

3.61   The ANAO further analysed Human Services' data to identify the average number of days between key points in the debt management cycle as an indicator of the timeliness of debt management processes, as follows (and as set out in Table 3.7):

- time between debt identification and debt raised;
- time between debt raised and recipient notification;
- time between recipient notification and first debt outcome; and
- time between debt raised and first payment.

**Table 3.7:**   **Timeliness (average days) of debt management processes for Youth Allowance (Student) and ABSTUDY 2013–14 to 2015–16**

| | 2013–14 | | 2014–15 | | 2015–16 | |
|---|---|---|---|---|---|---|
| | Current customer | Non-current customer | Current customer | Non-current customer | Current customer | Non-current customer |
| Debt raised[a] | 33.63 | 22.72 | 9.92 | 12.7 | 20.74 | 27.35 |
| Customer notification[b] | 1.0 | 0.59 | 1.07 | 0.75 | 0.93 | 0.77 |
| First outcome[c] | 30.96 | 30 | 32.11 | 25.65 | 30.99 | 20.4 |
| First payment following debt being raised | 97.32 | 72.41 | 92.84 | 63.08 | 80.23 | 49.74 |

Note a:   Denotes the average number of days from when a debt is identified to when it is raised.

Note b:   Denotes the average number of days from when a debt is raised to when the payment recipient is notified.

Note c:   Denotes the average number of days from when a customer is notified to when the first outcome is recorded. An outcome includes debt being waived, permanently or temporarily written off, receipt of a payment, referred to a collection agency or determined to not be a debt.

Source:   Human Services data.

3.62   As shown in Table 3.7, current recipients of Youth Allowance (Student) and ABSTUDY are, on average, notified of a potential debt within one day of the debt being raised; first outcomes resulting from that notification generally take a month to commence; and from 2013–14 to 2015–16, recovery of debts from current customers has been generally stable, at around three

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96   This KPM applies to all potential debts for DSS programs delivered by Human Services; it is not specific to either of the payments subject to these audits. From quarter 3 in 2016–17, the agreed KPM under the BMA is now 80 per cent of debts raised within 90 days and 88 per cent within 180 days.

months, after the debt was raised; while for non-current customers, debt recoveries have improved by almost 70 percent over this period.

## Do DSS and Human Services effectively use program information to measure performance and inform program development?

Human Services effectively uses operational data and management information to inform program development. DSS and Human Services collect and analyse a range of program and operational data to measure aspects of program performance.

In 2015–16, DSS commenced annual reporting against new performance measures for Youth Allowance (Student) and ABSTUDY to identify the extent to which recipients have improved their self-reliance or circumstances after exiting the relevant student payment. However, there is no internal or public reporting to inform an assessment as to whether Youth Allowance (Student) or ABSTUDY programs are achieving their overarching policy objectives.

### Operational reporting

3.63    Human Services captures and reports internally on a range of operational data, including:

- telephony data (including number of calls answered and abandoned, and wait times);
- claims data (including number of claims on hand, processed and finalised);
- staffing data (including attendance, leave and productivity levels); and
- compliance measure data (including number of reviews completed, resulting payment reductions or cancellations and debts raised).

3.64    With the implementation of the new processing system, Human Services' monitoring of the Youth Allowance (Student) workload is primarily done through a Student Dashboard. The Student Dashboard provides live updates every 15 minutes.

3.65    Telephony, staffing and claims data are reported to both the Service Delivery Operations Group—responsible for the management of Smart Centres—and to departmental committees such as the Executive Committee and the Customer Committee. Compliance measure data is also reported to DSS.

3.66    Human Services uses operational data to inform its resource planning and management, including planning for peak processing/application periods. Smart Centres also capture information regarding processing errors and areas of recipient enquiry, and disseminate this across the Smart Centre Network.

3.67    Human Services advised that, previously, its internal operational reporting on staff productivity levels was measured by the number of new claims completed per FTE, however the focus has now shifted to measuring productivity against more activities to reflect the broader work that SOs now perform. Since November 2016, Human Services have been producing a *Daily Summary for Students* report, which provides information on work on hand, program priorities, and productivity metrics for recipient claims processed using the new system—that is, Youth Allowance (Student) and Austudy. These productivity metrics include the output per FTE by service centre, and is broken down by a number of different activities. While this report provides

information on staff productivity across all student payments, it does not provide information on the productivity of the individual student payments, for example Youth Allowance (Student).

## Management reporting

3.68    A range of program information is collected and analysed by both Human Services and DSS. Data related to service delivery and performance is reviewed by both Human Services and DSS. For example, DSS analyses program information regarding ABSTUDY, extracted from Human Services' Enterprise Data Warehouse, which is disseminated in monthly Health of Program (HoP) reports. DSS advised the ANAO that it may also access Youth Allowance (Student) and ABSTUDY data for reporting, as required. Data collected and analysed includes:

- recipients broken down by sector, geographic location, gender, earnings and independence status;
- proportion of claims rejected;
- financial year expenditure; and
- debts raised and recoveries received.

3.69    DSS advised the ANAO that there are some limitations on the capability of Human Services' current reporting systems. Some of these reporting limitations include:

- timeliness in producing reports—the same report can take longer at different times of the day due to the volume of records held;
- claims processed in Process Direct—the data is not available to DSS until the claim has been processed and the data has been transferred to the Income Security Integrated System;
- limited details regarding area of study; and
- the information currently collected does not measure program outcomes for either Youth Allowance (Student) or ABSTUDY.

3.70    In November 2015, DSS and Human Services jointly prepared a report outlining potential opportunities to simplify policy and legislation for Youth Allowance (Student) and Austudy payments, as well as service delivery procedures.[97]

## Public Performance Reporting

3.71    DSS is responsible for public reporting on the performance of the Youth Allowance (Student) and ABSTUDY programs. In 2013–14 and 2014–15 DSS' public reporting included the average number of recipients for each program and relevant outlays (as noted in Table 1.2), as well as performance against the two KPMs set out in the overarching BMA[98]:

- KPM 1.1.1 Timeliness: Customers receive payments and services for which they are eligible in a timely manner.

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97    DSS advised that of the 13 proposals in the report: two had been fully implemented, with the remaining proposals currently being considered by Government.

98    These KPMs were developed under earlier bilateral arrangements with the then Department of Education, Employment and Workplace Relations. These KPMs were reviewed following the September 2013 Machinery of Government changes, when responsibility for the ABSTUDY program was transferred to DSS.

- KPM metric Youth Allowance (Student): >=80% of claims are completed in 42 days.
- KPM metric ABSTUDY: >=70% of claims are completed in 21 days.

- KPM 2.1.1 Payment Integrity: The accuracy of payments and service outlays are meeting relevant KPMs. KPM metric: >=95%.

3.72   The KPMs reflect service delivery standards and, to an extent, are a measure of the program administration objectives for student payment recipients, as set out in DSS' Portfolio Budget Statement (PBS)—see Box 3; however, they do not measure the broader policy objective of accelerating or improving educational outcomes expressed in the PBS and the *ABSTUDY Policy Manual* (see paragraph 1.2).

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**Box 3:   Programme 1.11: Student Payments, DSS Portfolio Budget Statement 2015–16**

*Programme 1.11 objective*

To achieve growth in skills, qualifications and productivity through:

- providing income support to students through Youth Allowance (Student) and Austudy to assist them to undertake further education and training; and
- increasing access and participation by Indigenous Australian students in school education, vocational education and training and higher education and accelerating their educational outcomes.

*Programme component objective*

Youth Allowance (Student)

- To provide a means-tested payment which provides support for full-time students and Australian Apprentices aged 16–24 years who are in need of financial assistance to undertake education or training.

ABSTUDY—Secondary and ABSTUDY—Tertiary

- To provide a means-tested payment which addresses the particular educational disadvantages faced by Aboriginal and Torres Strait Islander peoples by providing support to students and Australian Apprentices to access and participate in secondary and tertiary education.

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3.73   As shown in Figure 3.2, Human Services has not met its KPM for payment accuracy for either Youth Allowance (Student) or ABSTUDY over the last ten years, despite a number of compliance activities currently in place to improve payment accuracy, and has only achieved its KPM for timeliness of processing of Youth Allowance (Student) claims 50 per cent of the time and ABSTUDY claims 64 percent of the time over the period 2013–14 to 2015–16.

3.74   Under their joint Bilateral Management Committee (BMC)[99], DSS and Human Services meet quarterly to provide regular opportunities to review program performance, consider policy

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99   The BMC is the highest governance committee and sets the strategic direction of jointly managed work between DSS and Human Services and monitors program and payment performance. It is jointly chaired by the Deputy Secretaries of DSS and Human Services.

design matters, and resolve any issues that arise in the implementation of programs. Bilateral meetings relevant to Youth Allowance (Student) and ABSTUDY include the Labour Market Strategic Business Discussion which covers student payments and the Payment Assurance Strategic Business Discussion. The ANAO's review of minutes from these bilateral meetings indicated that the timeliness and accuracy of student payments, including Youth Allowance (Student) and ABSTUDY, were discussed at a number of Payment Assurance and Labour Market Strategic Business Discussions during the period 2013–2016.

3.75    In September 2015, a joint working group was established to develop a more proactive arrangement for formal information sharing between the two departments, and to facilitate a more efficient identification and resolution of issues to prevent timeliness and accuracy problems for student payments. In April 2016, an interim paper was developed by the working group for BMC consideration; since that time, DSS advised the ANAO that suggested future actions by this working group have not progressed, pending the outcomes of the ANAO's current audits.

3.76    As noted in the DSS annual report (see also Box 3), the overarching objective of student payments, including Youth Allowance (Student) and ABSTUDY is to achieve growth in skills, qualifications and productivity by providing income support to students to assist them to undertake further education and training.[100] DSS advised the ANAO that while student payments contribute to other elements of the objective, for example, growth in skills and qualifications, it is not possible to isolate and measure the extent to which student payments contribute to this objective.

3.77    In its 2015–16 Annual Report, DSS included two new performance measures to identify the extent to which recipients of student payments have improved their self-reliance or circumstances after exiting the payment.[101] These are shown in Table 3.8 and Table 3.9.

**Table 3.8:    Percentage of recipients of student payments not receiving income support in 2015–16 after exiting student payments[a]**

| Payment type | 3 months after exit | 6 months after exit | 12 months after exit |
|---|---|---|---|
| Youth Allowance (Student)[b] | 68% | 73% | 78% |
| ABSTUDY (Secondary and Tertiary)[c] | 51% | 50% | 50% |
| Austudy | 63% | 66% | 70% |

Note a:    Comprised recipients who exited from student payments in calendar year 2014.

Note b:    Excluded Australian Apprentices.

Note c:    ABSTUDY Living Allowance only.

Source:    DSS 2015–16 Annual Report.

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100    Department of Social Services, *Annual Report 2015-16*, DSS, Canberra, 2016, p. 59. See https://www.dss.gov.au/sites/default/files/documents/10_2016/part_2_annual_performance_statement.pdf [accessed 4 November 2016].

101    Department of Social Services, *Annual Report 2015-16*, DSS, Canberra, 2016, pp 60–61.

**Table 3.9:** **Percentage and number of recipients reporting income by payment type during 2015–16.**

| Payment type | Number of recipients | Percentage of recipients |
|---|---|---|
| Youth Allowance (Student)[a] | 81 812 | 36% |
| ABSTUDY (Secondary and Tertiary)[b] | 1 330 | 15% |
| Austudy | 15 202 | 31% |

Note a: Includes Australian Apprentices.

Note b: ABSTUDY Living Allowance only.

Source: DSS 2015–16 Annual Report.

3.78    Table 3.8 shows that almost 80 per cent of Youth Allowance (Student) and 50 per cent of ABSTUDY recipients are no longer receiving an income support payment twelve months after exiting those payments. While a useful indicator to assess former customers' circumstances post-payment, this measure does not directly provide information as to whether the student completed the course (and acquired the expected skills and qualifications) they were being supported to undertake. DSS advised the ANAO that these public performance measures are focused on the elements of the student payments' objective which can be informed and measured by payments data.

3.79    The ANAO requested additional analysis of the reasons for recipients exiting payments from DSS however this data did not clearly demonstrate whether studies have been concluded or simply not completed. Further refinement of the exit reason categories could assist both departments to better utilise the information to measure performance.

## Reporting arrangements under the BMA

3.80    The BMA and its associated service arrangements between DSS and Human Services defines the requirements for regular reporting between these entities.[102] Under the BMA, Human Services is required to report quarterly on a range of payment administration matters. DSS advised the ANAO that Human Services has met its reporting obligations in relation to both Youth Allowance (Student) and ABSTUDY since the commencement of the current BMA in 2014.[103] Further, as the owners of the data, DSS is able to access data directly from Human Services' Enterprise Data Warehouse.[104]

3.81    DSS commissioned an external review of its BMA accountabilities in July 2016. The report highlighted the importance of measuring performance in relation to operational data:

> The primary challenge for the current BMA in improving assurance [to DSS] is to shift the focus of performance reporting from outputs and activity levels, which are relatively easy to count, *to intermediate and longer-term policy and programme outcomes* [emphasis added].

3.82    DSS further advised the ANAO that, together with Human Services, it is reviewing the BMA. The BMC, responsible for the governance of the BMA, recommended that the review cover,

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102  See chapter 1 for further detail of the BMA governance arrangements.

103  The ANAO did not examine the contents of these reports.

104  For example, DSS run monthly reports on numbers of recipients of student payments and expenditure.

'governance, performance measures and reporting arrangements.' It will also consider DSS' data requirements, with a view to rationalising the data collected under the BMA. As part of that review, the ANAO suggests that DSS and Human Services examine whether the policy objectives for these student payments, as currently expressed, allows for a measurable assessment of the performance and achievements realised by these payments.

3.83   There would also be merit in reviewing the payment accuracy Key Performance Measure in the BMA to more clearly distinguish between expected levels of performance for payment correctness and payment accuracy.

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## Recommendation No.3

3.84   DSS and Human Services to review the payment accuracy Key Performance Measure in the Bilateral Management Arrangement to more clearly distinguish between expected levels of performance for payment correctness and payment accuracy.

**Department of Social Services response:** *Agreed with qualification.*

3.85   *Payment correctness and payment accuracy, which measure different elements, are inter-connected and DSS does not support completely separating them. As part of the review of the Bilateral Management Arrangement, DSS will consider further identifying the source of payment inaccuracy, whether it be administrative error, recipient error or change of recipient circumstances, within the Key Performance Measure.*

**Department of Human Services response:** *Agreed.*

3.86   *The department agrees to the recommendation. The department and the Department of Social Services are undertaking a joint review of Key Performance Measures, as part of discussions under the Bilateral Management Arrangement. Outcomes of the review are expected to be reported to the Bilateral Management Committee before the end of the 2016–17 financial year.*

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Rona Mellor PSM
Acting Auditor-General

Canberra ACT
22 May 2017

# Appendices

# Appendix 1    Entity responses

**Australian Government**

**Department of Social Services**

Finn Pratt AO PSM
Secretary

Ms Michelle Kelly
Group Executive Director
Performance Audit
Australian National Audit Office

Dear Ms Kelly

**Australian National Audit Office (ANAO) Proposed Audit Report on
Administration of Youth Allowance (Student) and Administration of ABSTUDY**

I refer to your email of 10 March 2017 providing the 'Proposed Audit Report under S 19
of the *Auditor-General Act 1997* on Administration of Youth Allowance (Student) and
Administration of ABSTUDY', and to the email from Mr Andrew Rodrigues to
Ms Cath Halbert on 12 April 2017 providing a revised proposed audit report.

The Department of Social Services (DSS) has policy responsibility for Youth Allowance
(student) and ABSTUDY and, as such, has a strong interest in the administration of
both programs. DSS welcomes the report and notes the ANAO's recommendations for
DSS and the Department of Human Services.
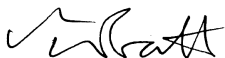
DSS agrees, with qualification, to Recommendation 3, which is the only
recommendation directed to the Department. As the ANAO has noted in the report,
DSS and the Department of Human Services are jointly reviewing the Bilateral
Management Arrangement. This review covers governance, performance measures
and reporting arrangements, and includes consideration of measures of payment
correctness and payment accuracy.

Payment correctness and payment accuracy, which measure different elements, are
inter-connected and DSS does not support completely separating them. As part of the
review of the Bilateral Management Arrangement, DSS will consider identifying the
source of payment inaccuracy, whether it be administrative error, recipient error or
change of recipient circumstances, within the Key Performance Measure.

If you would like further information on the Department's response, please do not hesitate to contact Ms Cath Halbert, Group Manager, Payments Policy, on 02 6146 0036 or via email at Cath.Halbert@dss.gov.au.

Yours sincerely

Finn Pratt

21 April 2017

**Australian Government**

**Department of Human Services**

Kathryn Campbell CSC
Secretary

Ref: EC17-000445

Mr Grant Hehir
Auditor-General
Australian National Audit Office
GPO Box 707
CANBERRA  ACT  2601

Dear Mr Hehir

Thank you for providing the Department of Human Services (the department) with the opportunity to comment on the Australian National Audit Office's (ANAO) proposed report on *Administration of Youth Allowance (Student)* and *Administration of ABSTUDY*.

The department agrees with the ANAO's recommendations and continues to progress work to address them.

Attachment A to this letter details the overall response to the proposed report and to each of the ANAO's recommendations.

The contact for this matter is Dr Jill Charker, Deputy Secretary, Programme Design Group. Dr Charker may be contacted on 02 6141 8393 or jill.charker@humanservices.gov.au.

Yours sincerely

Kathryn Campbell
24 April 2017

## Attachment A

### Summary of entity response

The Department of Human Services (the department) welcomes the ANAO's conclusions that payment administration arrangements for the Youth Allowance (Student) and ABSTUDY programmes are effective, including communication of eligibility requirements to prospective recipients as well as guidance and training to departmental staff.

The department agrees with each of the ANAO's three recommendations and has already progressed work to address them.

### Entity Response

The department welcomes the ANAO's conclusions that payment administration arrangements for the Youth Allowance (Student) and ABSTUDY programmes are effective, including communication of eligibility requirements to prospective recipients as well as guidance and training to departmental staff.

The department agrees with each of the ANAO's three recommendations and has already progressed work to address them.

The department is transitioning to a new agile ICT model that will provide the ability to move more quickly on ICT and Business Process change and keep pace with changing government priorities. Significant improvements to the Youth Allowance (Student) claim processes have cut processing times by almost half. The introduction of an online 'claim tracker' allows students to monitor the progress of their application themselves, resulting in a 25 per cent reduction in call volumes for student claims.

The report acknowledges improvements in the average time taken to finalise ABSTUDY claims in the 2015-16 financial year, with business process improvements expected to continue to positively impact claim timeliness. In December 2016, the department commenced a verbal declaration trial enabling students to securely complete claims by phone. Leading up to the start of the 2017 academic year, ABSTUDY claims submitted through the trial period were finalised nearly fifty per cent faster than claims finalised in the same period in 2015-16.

The department continues to ensure a range of mechanisms are in place to manage risks to the payment integrity of administered programmes. The report shows the department consistently exceeds the payment correctness performance benchmark, providing assurance around the delivery of the Youth Allowance (Student) and ABSTUDY programmes.

In coming years, the Welfare Payment Infrastructure Transformation (WPIT) Programme will transform the way the department delivers welfare payments. Tranche Two, the start of the delivery phase of the WPIT Programme, will transform the delivery of student payments and begin developing our new welfare payment platform.

## Responses to recommendations

**Recommendation No.1**
Human Services implements a strategy to ensure that the rollout of the new processing system to other payments and programs administered by the department is well planned and managed, including by sharing the lessons learned from the implementation of this processing system for Youth Allowance (Student).

**DHS response:**
The department agrees to the recommendation. The department is transitioning to a new agile ICT model that will provide the ability to move more quickly on ICT and Business Process change and keep pace with changing Government priorities. Lessons learned, such as those from the deployment of student payments in the SAP system, are now being considered at the design and development stage for the next payment types being transitioned into SAP.

**Recommendation No.2**
Human Services to review its Quality On Line sampling of ABSTUDY decisions to align with the risks associated the accuracy rates of new claims compared to non-new claims.

**DHS response:**
The department agrees to the recommendation. The department is currently implementing measures to improve quality and strengthen preventative controls. The Quality Framework forms the foundation of the department's approach to quality and will be supplemented by the development of a new quality management system, 'Quality Management Application' (QMA). ABSTUDY will utilise QMA once it moves into the SAP processing environment.

The QMA system allows for the development of sampling rationale for each quality assurance program, to differentiate between the various transaction-type processing requirements. This would effectively target higher risk transactions, ensuring random and risk/complexity based sampling. This will provide a more targeted assurance over accuracy.

**Recommendation No.3**
DSS and Human Services review the payment accuracy Key Performance Measure in the Bilateral Management Arrangement to more clearly distinguish between expected levels of performance for payment correctness and payment accuracy.

**DHS response:**
The department agrees to the recommendation. The department and the Department of Social Services are undertaking a joint review of the Key Performance Measures, as part of discussions under the Bilateral Management Arrangement. Outcomes of the review are expected to be reported to the Bilateral Management Committee before the end of the 2016-17 financial year.

# Appendix 2    ABSTUDY awards, allowances and supplementary payments

| Award | Overview of specific eligibility requirements |
|---|---|
| Schooling A | 15 years of age or younger studying a full-time secondary course, either living at home or not approved for the living away from home or independent rates OR<br><br>14 years of age or more at 1 January in the year of study studying full-time at primary school and living at home. |
| Schooling B | 16 years of age or older or 15 years of age or older in State Care or independent (as a result of prescribed circumstances) undertaking full-time primary or secondary school studies OR<br><br>Any age, and undertaking full-time secondary studies who meets the ABSTUDY Progress and Duration of Assistance Rules and has either reached the minimum school leaving age or has been granted an exemption in order to obtain OR<br><br>Under 16 years of age, approved to live away from home undertaking full-time secondary school studies or needs to repeat the final year of primary school before starting secondary studies. |
| Tertiary | Full-time tertiary students and apprentices. Apprentices must have a current registration. |
| Part Time | Part-time students of any age undertaking tertiary studies OR<br><br>Part-time students 18 years of age or older at 1 January in the year of study undertaking secondary school studies. |
| Testing and assessment | Students who need to travel for tests, assessments or interviews before beginning their studies (with additional rules for eligibility). |
| Master's and Doctorate | Students enrolled on a full-time or concessional study-load basis in a Master's degree or PhD course who are not receiving, or will not receive, any other form of government assistance (for example the Australian Postgraduate Award). |
| Lawful Custody | Students or apprentices in lawful custody for a period of more than two weeks. |

Source:  Department of Social Services, *ABSTUDY Policy Manual*, DSS, Canberra, 2017.

**Figure A.1:    Primary and supplementary ABSTUDY payments**

| Primary and supplementary ABSTUDY payments | | |
| --- | --- | --- |
| ABSTUDY awards | ABSTUDY allowances and benefits, as applicable | Further payments available to ABSTUDY recipients, as applicable |

| ABSTUDY awards | ABSTUDY allowances and benefits, as applicable | Further payments available to ABSTUDY recipients, as applicable |
| --- | --- | --- |
| Schooling A | Living Allowance (B, C, F) | Schoolkids Bonus (1) |
| Schooling B | ABSTUDY Pensioner Education Supplement (B, C, F) | Grandparent Childcare Benefit (3) |
| Tertiary | Additional Assistance (B, C, F) | Energy Supplement (1) |
| Part Time | Additional Incidentals – up to $2,080 a year (C, F) | Income Support Bonus (1) |
| Testing and Assessment | Away from Base Assistance (A, B, C, D, E, F, G) | Single Income Family Supplement (3) |
| Master's and Doctorate | Under 16 Boarding Supplement (B) | Student Startup Scholarship (1) |
| Lawful Custody | Fares Allowance (A, B, C, D, E, F) | Rent Assistance (2) |
| | Incidentals Allowance (B, C, D, F) | Youth Disability Supplement (1) |
| | Lawful Custody Allowance (G) | Pension Supplement (2) |
| | Residential Costs Option (B, C, F) | Relocation Scholarship (1) |
| | School Fees Allowance (Group 1) (A) | Remote Area Allowance (2) |
| | School Fees Allowance (Group 2) (B) | Pharmaceutical Allowance (2) |
| | School Term Allowance (A) | Crisis Payment (2) |
| | Thesis Allowance Master's (F) and Doctorate  (F) | Lump Sum Bereavement Payment (2) |
| | Relocation Allowance (F) | |
| | Master's and Doctorate Allowance - Payment of student contributions (F) | |

KEY
Allowance / benefit payable under:

A) Schooling A
B) Schooling B
C) Tertiary
D) Part Time
E) Testing and Assessment
F) Master's and Doctorate
G) Lawful Custody

KEY
Qualification for further allowances/ payments:

1) Qualification due to ABSTUDY Living Allowance
2) Qualification due to specific ABSTUDY Award(s)
3) Qualification due to any ABSTUDY Award

Source:  ANAO analysis of DSS and Human Services information.

# Appendix 3 Outcome of AAT appeals for Youth Allowance (Student) and ABSTUDY for the period 2013–14 to 2015–16

| | Payment | 2013–14 AAT1[a] | 2014–15 AAT1 | 2015–16 AAT1 | 2013–14 AAT2 | 2014–15 AAT2 | 2015–16 AAT2 |
|---|---|---|---|---|---|---|---|
| Affirmed | Youth Allowance (Student) (Percentage) | 212 (47%) | 184 (45%) | 125 (44%) | 7 (13%) | 5 (11%) | 2 (10%) |
| | ABSTUDY (Percentage) | 18 (56%) | 8 (31%) | 2 (17%) | - | - | 1 (25%) |
| Set aside | Youth Allowance (Student) (Percentage) | 163 (36%) | 162 (40%) | 62 (22%) | 3 (6%) | 7 (15%) | 4 (20%) |
| | ABSTUDY (Percentage) | 7 (22%) | 10 (38%) | 6 (50%) | - | - | 1 (25%) |
| Varied | Youth Allowance (Student) (Percentage) | 10 (2%) | 14 (3%) | 6 (2%) | 2 (4%) | 2 (4%) | 2 (10%) |
| | ABSTUDY (Percentage) | 1 (3%) | 2 (8%) | - | - | - | - |
| Dismissed | Youth Allowance (Student) | 8 | 4 | 14 | 30 | 21 | 8 |
| | ABSTUDY | 2 | 1 | 1 | 3 | 2 | - |
| Withdrawn | Youth Allowance (Student) | 37 | 23 | 27 | 10 | 6 | - |
| | ABSTUDY | - | 2 | 1 | 1 | - | 1 |
| No jurisdiction[b] | Youth Allowance (Student) | - | - | 1 | - | - | - |
| | ABSTUDY | 2 | 2 | - | - | - | - |
| Set aside and remitted[c] | Youth Allowance (Student) | 16 | 16 | 26 | - | - | - |
| | ABSTUDY | - | - | - | - | - | - |
| Awaiting decision[d] | Youth Allowance (Student) | 2 | 4 | 20 | - | 4 | 4 |
| | ABSTUDY | 2 | 1 | 2 | - | 1 | 1 |

| | Payment | 2013–14 AAT1[a] | 2014–15 AAT1 | 2015–16 AAT1 | 2013–14 AAT2 | 2014–15 AAT2 | 2015–16 AAT2 |
|---|---|---|---|---|---|---|---|
| TOTAL | Youth Allowance (Student) | 448 | 407 | 281 | 52 | 45 | 20 |
| | ABSTUDY | 32 | 26 | 12 | 4 | 3 | 4 |

Note a:  There are 2 levels of review by the AAT. If a recipient disagrees with the first outcome (AAT1) they may be able to apply for a second AAT review (AAT2).

Note b:  Refers to reviews where the reviewer did not have the relevant authority to make a decision.

Note c:  Refers to reviews where the decision is overturned and/or a new decision is substituted in its place, or where the decision is referred back to the decision-maker for reconsideration.

Note d:  As at 31 August 2016.

Source: ANAO analysis of Human Services data.

## Appendix 4    Process for assessing and processing Youth Allowance (Student) claims
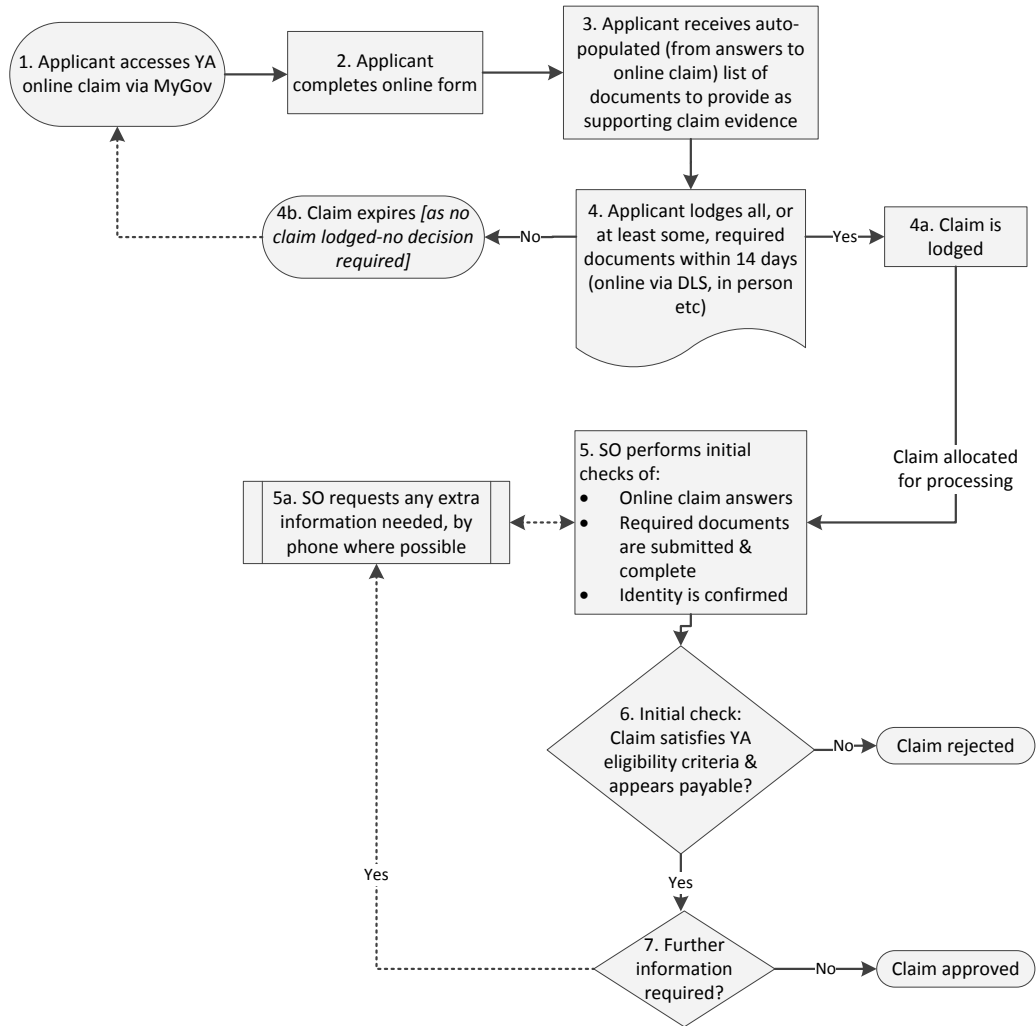


Source:  ANAO analysis of Human Services information.

# Appendix 5   Process for assessing and processing ABSTUDY claims



**1a.** Applicant completes hardcopy form (downloaded from Human Services Website or from Service Centres)
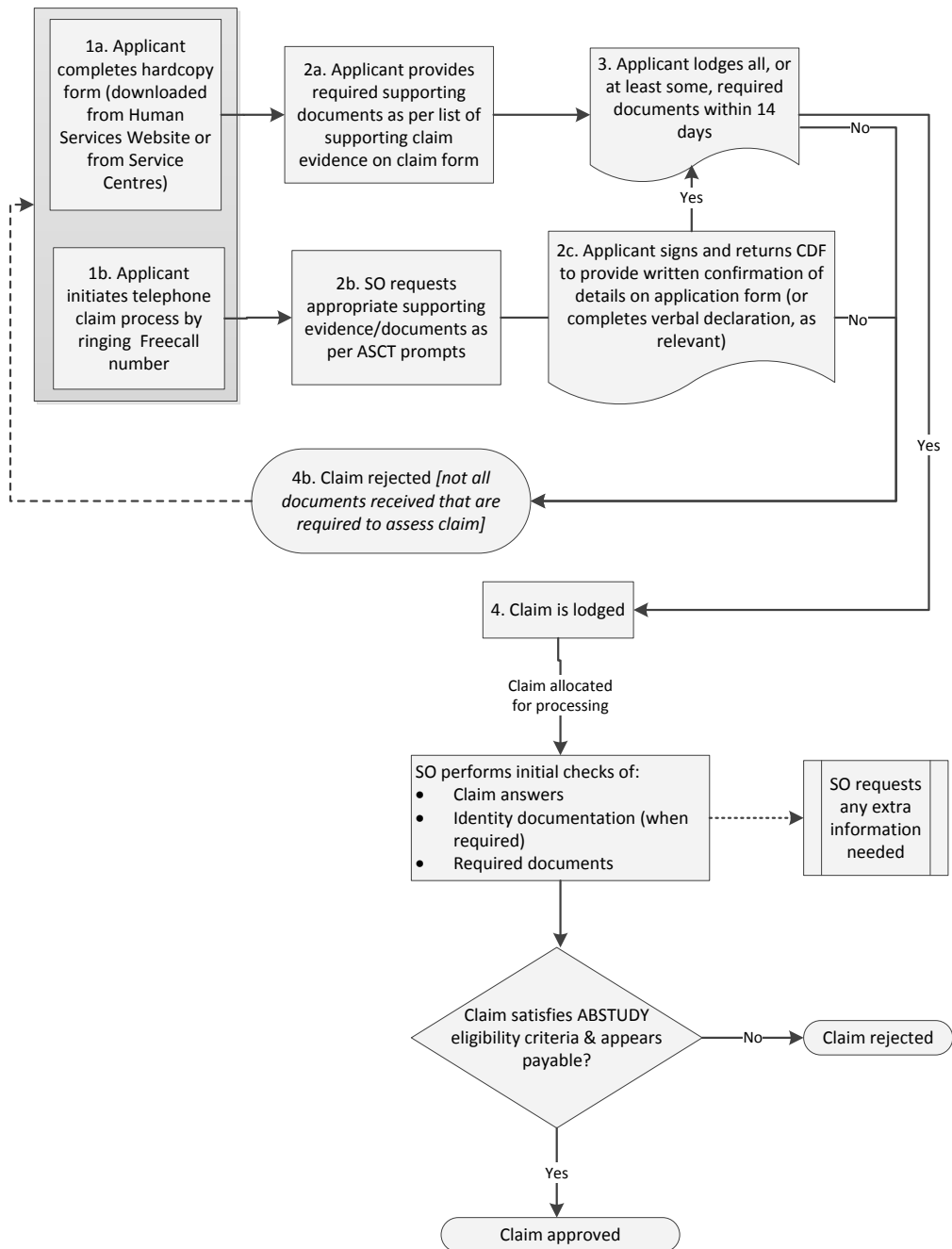
**1b.** Applicant initiates telephone claim process by ringing Freecall number

**2a.** Applicant provides required supporting documents as per list of supporting claim evidence on claim form

**2b.** SO requests appropriate supporting evidence/documents as per ASCT prompts

**2c.** Applicant signs and returns CDF to provide written confirmation of details on application form (or completes verbal declaration, as relevant)

**3.** Applicant lodges all, or at least some, required documents within 14 days

**4b.** Claim rejected *[not all documents received that are required to assess claim]*

**4.** Claim is lodged

Claim allocated for processing

SO performs initial checks of:
- Claim answers
- Identity documentation (when required)
- Required documents

SO requests any extra information needed

Claim satisfies ABSTUDY eligibility criteria & appears payable?

Claim rejected

Claim approved

Source: ANAO analysis of Human Services information.