

The Auditor-General
Audit Report No.34 2013–14
Performance Audit

Implementation of ANAO Performance Audit Recommendations

Department of Agriculture

Department of Human Services

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Canberra ACT
29 May 2014

Dear Mr President
Dear Madam Speaker

The Australian National Audit Office has undertaken an independent performance audit in the Department of Agriculture and the Department of Human Services titled *Implementation of ANAO Performance Audit Recommendations*. 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

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

Ian McPhee
Auditor-General

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

AUDITING FOR AUSTRALIA

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

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Abbreviations

AGDRP	Australian Government Disaster Recovery Payments
Agriculture	Department of Agriculture
BMA	Business Management Agreement
CGGs	Commonwealth Grant Guidelines
CSA	Child Support Agency
DAFF	Department of Agriculture, Fisheries and Forestry
DHS	Department of Human Services
DSS	Department of Social Services
EC	Exceptional Circumstances
ECIRS	Exceptional Circumstances Interest Rate Subsidy
FaHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
FHA	Farm Household Allowance
Finance	Department of Finance
FMA	<i>Financial Management and Accountability Act 1997</i>
FTB	Family Tax Benefit
IGA	Intergovernmental Agreement
KPIs	Key Performance Indicators
PARM	Payment Accuracy Risk Management
QAA	Quality Assessment and Assurance

QOL	Quality On Line
PBS	Portfolio Budget Statements
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
TFFP	Transitional Farm Family Payment

Summary and Recommendations

Summary

Introduction

1. Australian National Audit Office (ANAO) performance audits play an important role in stimulating improvements in public administration through audit recommendations. Performance audits also provide assurance to the Parliament about the administration of Australian Government entities and programs. Typically, performance audits give consideration to the efficiency and effectiveness of program delivery and whether relevant policy and legislative requirements have been met.

2. Audit recommendations generally address risks to the successful delivery of programs, services or functions. Entities are not compelled to implement the recommendations of performance audits.¹ However, where an entity has agreed to a recommendation, implementation of that recommendation should be timely and in line with its intended outcome to achieve the full benefit of the recommendation.

3. In general, the primary responsibility for implementing recommendations lies with senior managers in the program or business area of the entity that was subject to the audit. In this context, implementation of recommendations should be treated in the same way as the implementation of other policies, programs and business improvement initiatives, with clearly defined implementation and oversight roles, and clear expectations about quality and timeliness. Additionally, audit committees through their role in an entity's governance framework can assist in the oversight of implementation. Audit committees are not a substitute for program management control and accountability, but instead provide advice to the Chief Executive² to enable the entity to derive the anticipated benefits from, and respond appropriately to the findings and recommendations of audits. An audit committee is well placed to review the adequacy of actions in response to audit recommendations, and to advise chief executives. The audit committee relies on the timely provision of

1 The majority of recommendations (over 98 per cent) made in ANAO performance audits are agreed by entities or agreed with some qualification since 2011.

2 FMA Regulation 22C(4)(h)(i)(j). The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) will replace key provisions of the *Financial Management and Accountability Act 1997* from 1 July 2014. Section 45 of the PGPA Act requires agencies to have an audit committee. Further guidance for audit committees is expected to be provided in rules that are under development.

accurate information about progress in the implementation of recommendations, upon which to make these assessments.

4. Entity managers need to make judgements about how best to address recommendations, including allowing a reasonable timeframe for implementation which may be modified over time, due to changing priorities or circumstances. It is general practice for audit committees to consider the steps that entity management has taken to address risks identified in performance audits. Audit committees receive regular reporting, usually from internal audit on the status of implementation and it is important that adequate documentation is available to support the closure of recommendations.

Audit objective, criteria and scope

5. The objective of this audit was to assess the effectiveness of arrangements for implementing and monitoring the implementation of ANAO performance audit recommendations in the Department of Agriculture (formerly the Department of Agriculture, Fisheries and Forestry), and the Department of Human Services (DHS). To form a conclusion against this audit objective, the ANAO adopted the following high-level criteria:

- recommendations were implemented as agreed, with adequate oversight from executive management and responsible program management areas;
- implementation reporting for recommendations was accurate and timely, with established mechanisms for intervention if required; and
- comprehensive governance systems were in place to monitor ANAO performance audit reports and oversee the implementation of recommendations.

6. The audit examined the implementation of recommendations from nine earlier ANAO performance audits. Five of the audits and 11 recommendations involved the Department of Agriculture, while four audits and 17 recommendations were directed towards DHS.

Overall conclusion

7. Successful implementation of audit recommendations requires strong senior management oversight and monitoring along with timely implementation approaches that set clear responsibilities and timelines for addressing the required actions. Overall, of the 28 ANAO recommendations examined as part of this audit, 18 recommendations (five in the Department of Agriculture and 13 in DHS) were assessed by the ANAO as being adequately implemented. Seven were partially implemented (four in the Department of Agriculture and three in DHS) and two (one in each department) were assessed as being not adequately implemented.³

8. Audit recommendations assessed as partially implemented generally showed that implementation either: fell short of the intent of the recommendation; only addressed some of the risks to which the recommendation was directed; or was ongoing at the time of this audit. In these cases risks can remain not addressed or outcomes affected. While the detail of recommendations was different in each department, the audits examined commonly made recommendations directed at improving approaches to performance measurement and the assessment of program outcomes. In both departments some changes have been made in reporting arrangements, however these changes fell short of the full intent of the recommendation highlighting the need for departments to continue to focus on their approaches to performance measurement.

9. Data from departmental systems show that in relation to the 28 recommendations considered as part of this audit, the average time taken to implement recommendations was 12 months (the average reported time for implementation in the Department of Agriculture was one year and 26 days, and in DHS it was one year and three days). A timetable for implementation was generally not established by the departments and timeliness of implementation was not closely monitored. Furthermore, there were nine recommendations noted as complete in the records of internal audit of both departments that have been assessed as less than fully implemented by the ANAO.

3 One recommendation in the Department of Agriculture was assessed by the ANAO as not applicable, due to program changes since the initial recommendation was made.

10. In both departments there were examples of sound approaches to the implementation of ANAO recommendations, including appropriate oversight by senior executives, and coordination of arrangements within entities to ensure consistency with broader Commonwealth policies. A feature of both departments approach to implementation was to engage external consultants or establish internal reviews to provide additional advice in relation to ANAO recommendations. This approach may be appropriate in certain circumstances, although the reviews often had the effect of delaying implementation, in some cases by up to two years.

11. To effectively oversee the implementation of audit recommendations, entities need to have appropriate systems for tracking and managing implementation. Both departments in this audit have established systems for recording, monitoring and reporting the implementation of ANAO performance audit recommendations to provide for oversight by entity management and the audit committee. DHS's monitoring and reporting processes were reasonably well developed. The Department of Agriculture has recently introduced improvements to its monitoring and reporting system to address its concerns around a lack of visibility and accountability of program management area actions in the implementation of ANAO performance audit recommendations. The results of the audit suggest there is scope for the Department of Agriculture to further improve the information provided to the audit committee and to periodically review the adequacy of actions taken by management to implement audit recommendations. The ANAO has made one recommendation in this regard.

Key findings by chapter

Implementation of performance audit recommendations— Department of Agriculture (Chapter 2)

12. The Department of Agriculture's implementation of agreed ANAO performance audit recommendations has been variable, particularly in terms of timeliness, approach and adequacy of implementation by program areas. The variability observed reinforces the need for responsible program managers to put in place comprehensive approaches to addressing agreed recommendations. Overall, the ANAO has assessed five of the 11 recommendations as adequately implemented, four as partially implemented, and one as not adequately implemented. One recommendation was assessed

as not applicable, due to program changes that occurred since the initial recommendation was made.

13. Programs relating to grants management processes in the Department of Agriculture have been the subject of several ANAO performance audits. Of the 11 recommendations considered as part of this audit, five related to grants administration. As part of broader efforts to improve grants administration across the organisation, the department has invested resources and taken reasonable steps to address the risks identified in these recommendations. At the same time, four other recommendations examined during this audit were directed towards previously identified shortcomings in performance information and measures of program effectiveness. The ANAO's assessment of these recommendations conducted as part of this audit was that all four recommendations have only been partially implemented, two or more years after the initial recommendations were made.

14. Policy changes and other developments not foreseen at the time a recommendation is agreed can influence how an entity might implement a recommendation. It is important for entities to ensure that where significant program or policy changes occur, consideration in any new arrangement is given to the risks identified in the initial audit recommendation.

Implementation of performance audit recommendations— Department of Human Services (Chapter 3)

15. Overall the ANAO has assessed 13 of the 17 recommendations applicable to DHS as adequately implemented, three as partially implemented, and one as not adequately implemented.

16. DHS has undergone significant organisational change over the past five years, including the integration of portfolio functions in 2011⁴, which previously had separate internal audit support. In some cases, where implementation of recommendations was assessed as partial, or not adequate, the recommendation related to the period prior to the establishment of the department. However, in the period following its establishment, DHS's response to a recommendation relating to the provision of a higher level of assurance on the validity of claims paid for disaster recovery assistance was

4 The *Human Services Legislation Amendment Act 2011* integrated the services of Medicare Australia and Centrelink on 1 July 2011 into DHS.

not fully implemented. The recommendation was designed to improve payment integrity, through better risk analysis and management. The risk assessment did not achieve the full intent of the recommendation.

17. The audit of Centrelink's approach to fraud investigations found areas for improvement to support the management of fraud. A sound approach was taken by DHS in its implementation of the four ANAO recommendations relating to DHS fraud investigations. The implementation approach included the allocation of necessary resources, appropriate oversight by senior executives, coordination of functions within the department, and consultations to allow for consistency of approach within the Commonwealth. The department also invested in improved management information systems and developed performance measures to assist in higher levels of oversight and accountability. As well, the updates provided to internal audit and the audit committee accurately reflected the progress being made with implementation. There is scope to apply this approach more broadly in the department.

Monitoring and Reporting (Chapter 4)

18. Effective monitoring and reporting arrangements are a necessary part of verifying that ANAO performance audit recommendations are fully implemented. DHS has well developed monitoring and reporting processes which provide oversight of the implementation of audit recommendations, such as placing a high priority on systematic reporting on progress by the entity's audit division and clearly assigning responsibility for implementation. These processes are generally supported by a clear allocation of roles, responsibilities and oversight from senior executives at General Manager level. Although this audit identified some inaccurate and incomplete reports and records, these related to a period of time prior to the integration of separate business functions into the department in 2011. Overall, DHS's monitoring and reporting system gave responsible senior management appropriate visibility over progress and enabled the entity's internal audit to provide relevant information to the audit committee.

19. The Department of Agriculture's, internal audit and audit committee have relied on program manager certification that recommendations have been implemented. Recent changes to internal audit processes and the enhancement of reports to the audit committee are addressing concerns over visibility of actions taken in relation to ANAO recommendations. There is scope for further improvements in the department, including endorsement at the senior

executive level of plans for the implementation of ANAO recommendations, and provision of supporting documentation prior to audit committee acceptance of the closure of recommendations.

20. In both agencies, recommendations were reported as having been implemented approximately 12 months after the ANAO report was tabled (the average reported time for implementation in the Department of Agriculture was one year and 26 days, and in DHS it was one year and three days). However, a timetable for implementation was generally not established and timeliness was not closely monitored by either entity. To provide a higher level of assurance over the timeliness of implementation of recommendations, appropriate internal requirements should be developed by agencies. These could include senior management setting expectations of timeframes for finalising recommendations.

Summary of agencies' responses

21. The proposed audit report was provided to the Department of Agriculture and the Department of Human Services. Both agencies provided a formal response to the proposed report and the Department of Agriculture provided a response to the recommendation. The audited agencies' summary responses to the audit are provided below. The agencies' responses to the recommendation are contained in the body of the report following the relevant recommendation. Formal responses from the agencies are included at Appendix 1.

Department of Agriculture

22. The Department of Agriculture agrees with the recommendation of the report. The department notes the report's positive comments in relation to the grants management framework, supporting documentation and training material that supports grants processes, and the findings that identify areas for improvement in relation to the timely development and implementation of outcomes based performance indicators.

23. The department notes the development of outcomes-based performance indicators can present challenges when undertaking certain programs, such as those in the area of natural resource management given the long timeframes required to demonstrate measurable outcomes. Furthermore, for the recommendations where performance indicators were examined, in most cases the underlying program objectives changed following the

completion of the relevant audits. This complicated the circumstances for implementing the associated performance indicator recommendations.

Department of Human Services

24. The Department of Human Services (the department) welcomes the ANAO audit report on the *Implementation of ANAO Performance Audit Recommendations*.

25. The department notes the audit report acknowledgement of its well developed monitoring and reporting processes that govern the implementation of audit recommendations since the integration of the former Medicare Australia and Centrelink into the department on 1 July 2011 (integration). While there are no ANAO recommendations pertaining to the department in the audit report, the department will continue to focus on further enhancing audit monitoring governance by including management agreed timeframes for implementing agreed ANAO audit recommendations as suggested in the audit report. The department will also continue to maintain its close attention to addressing all agreed ANAO audit recommendations as a matter of priority.

26. The department acknowledges the ANAO findings on the status of the audit recommendations included in the ANAO sample for the audit, noting that the audit recommendations sampled were raised in audits prior to integration referred to above.

27. The department also advises that since the completion of ANAO field work, Recommendation 2 – Planning the Improving Compliance Plan—from ANAO Report No.19 2009–10 Child Support Reforms: Stage One of the Child Support Scheme Reforms and Improving Compliance is now fully implemented.

Recommendations

Recommendation No. 1
Paragraph 4.47 In order to provide a higher level of support to its audit committee, the ANAO recommends that the Department of Agriculture;

- (a) develop appropriate internal requirements setting out senior management responsibilities for implementation of ANAO recommendations and sign off on completion; and
- (b) enhance its internal reporting to give greater focus to the status of implementation, including information relating to timeliness and completion of each outstanding recommendation.

Department of Agriculture's Response: *Agreed.*

Audit Findings

1. Introduction

This chapter provides an overview of the ANAO audits that were selected for follow-up of recommendations, and outlines the oversight and accountability mechanisms for implementation, as well as the objective of the current audit, its scope and criteria.

ANAO performance audits

1.1 The Australian National Audit Office's (ANAO) performance audits are an independent and objective assessment of entity programs, policies and/or systems and are undertaken to inform the Parliament about the performance of entities. Performance audits also provide a stimulus for improved public sector performance and accountability. Performance audits typically give consideration to the efficiency and effectiveness of program delivery and whether relevant policy and legislative requirements have been met.

1.2 In its performance audits, the ANAO identifies areas where administrative improvements can be made and, in most cases, makes specific recommendations to assist entities improve their performance and to address risks to the delivery of programs, services or functions. Audit reports may also suggest the entity address opportunities for improvement even though the issue may not warrant a recommendation.

Implementation of recommendations

1.3 Entities are not compelled to implement the recommendations of performance audits. However, since 2011, the majority of recommendations (over 98 per cent) made in ANAO performance audits have been agreed by entities or agreed with some qualification. Once an entity has agreed to a recommendation, timely implementation in line with the intended outcome is important in achieving the full benefit of the recommendation.

1.4 Primary responsibility for implementing recommendations generally lies with senior managers in the program or business area of the entity that was subject to the audit. The implementation of recommendations should be treated in the same way as the implementation of other policies, programs and business improvement initiatives, with clearly defined implementation and oversight roles, and clear expectations about timeliness.

1.5 Audit committees through their position in an entity's governance framework can assist in the oversight of implementation as part of their role in advising chief executives. Audit committees generally receive regular reporting, usually from internal audit, on the status of implementation. Audit committees are not a substitute for program management control and accountability, but instead provide advice to the Chief Executive so that the entity derives the anticipated benefits from, and responds appropriately to the findings and recommendations of audits.

1.6 Entity managers need to make judgements about how best to address recommendations, including allowing a reasonable timeframe for implementation which may be modified over time, due to changing priorities or circumstances. It is general practice for audit committees to consider the steps that entity management has taken to address risks identified in performance audits. Audit committees receive regular reporting, usually from internal audit on the status of implementation and it is important that adequate documentation is available to support management decisions to close recommendations.

1.7 Audit committees were mandated for Commonwealth entities by Section 46 of the *Financial Management and Accountability Act 1997* (FMA Act) and Section 32 of the *Commonwealth Authorities and Companies Act 1997*. From 1 July 2014, the FMA and CAC Acts will be replaced by the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). The PGPA Act provides the legislative framework for the governance, performance and accountability of, and the use and management of public resources by the Commonwealth, Commonwealth entities and Commonwealth companies. Under the PGPA Act, Commonwealth entities are required to have an audit committee with a charter to be determined by the entity. The precise role each audit committee undertakes is at the discretion of the accountable authority and should be determined within the context of the entity's governance framework and purposes.⁵

1.8 The number of ANAO performance audits that are conducted in any given entity is a function of entity size, the number of programs it is responsible for, and an assessment of risk. As a result, the number of performance audit recommendations extant at a point in time is subject to a

5 Draft rule 73 for audit committees to support sections 45 and 92 of the PGPA Act. Public release version dated 17 January 2014.

wide range of variables. Governance arrangements for monitoring the implementation of ANAO recommendations will therefore vary depending on an entity’s size, complexity and nature, and the number of recommendations that have been directed to entities.

1.9 For governance arrangements to be effective, entities need to put in place effective systems to track implementation progress and determine the adequacy of proposed responses. To achieve this, the program areas responsible for recommendations need to provide timely and accurate information on implementation approaches, status and achievements.

1.10 A better practice approach⁶ to the oversight of the implementation of audit recommendations exhibits a clear allocation of roles and responsibilities at each stage in the process.⁷ The key elements of a better practice approach are outlined in Table 1.1.

Table 1.1: Elements of better practice in implementing and monitoring implementation of audit recommendations

Process Considerations	Roles and Responsibilities ¹
A clear process for:	Allocation of roles and responsibilities at each stage in the process between the:
<ul style="list-style-type: none"> • Assigning responsibility • Monitoring progress against timelines • Reporting • Follow-up and escalation • Closure 	<ul style="list-style-type: none"> • Senior responsible officer • Group/line area leadership • Internal audit unit • Audit Committee • Chief Executive

Source: ANAO.

Note 1: Roles and responsibilities may vary depending on the stage in the implementation process.

6 In 2009, the NSW Audit Office published a better practice guide on monitoring and reporting of performance audit recommendations, which includes a checklist of actions an entity should take following a performance audit. The guide describes a number of better practice elements also identified by the ANAO. A copy of the checklist is at Appendix 2

7 ANAO Audit Report No.25 2012–13, *Defence’s Implementation of Audit Recommendations*, p.29

Audit objective, criteria and scope

1.11 The objective of this audit was to assess the effectiveness of arrangements for implementing and monitoring the implementation of ANAO performance audit recommendations in the Department of Agriculture and the Department of Human Services (DHS). To form a conclusion against this audit objective, the ANAO adopted the following high-level criteria:

- recommendations were implemented as agreed, with adequate oversight from executive management and responsible program management areas;
- implementation reporting for recommendations was accurate and timely, with established mechanisms for intervention if required; and
- comprehensive governance systems were in place to monitor ANAO performance audit reports and oversee the implementation of recommendations.

1.12 The agencies⁸ included in this audit were:

- the Department of Agriculture, (formerly the Department of Agriculture, Fisheries and Forestry), which has as its objective, to enhance the sustainability, profitability and competitiveness of Australia's agriculture, food, fisheries and forestry industries; and
- the Department of Human Services (DHS), which is responsible for the development of service delivery policy and provides access to social and health services and other payments.⁹

1.13 On 18 September 2013, revised Administrative Arrangement Orders (AAOs) came into effect. Under the revised arrangements: the Department of Agriculture, Fisheries and Forestry became the Department of Agriculture. DHS' responsibilities remained unchanged.

⁸ Both departments are classified as agencies under the FMA Act.

⁹ The *Human Services Legislation Amendment Act 2011* integrated the services of Medicare Australia and Centrelink on 1 July 2011 into the Department of Human Services.

1.14 The ANAO examined the implementation of all ANAO performance audit recommendations made in the following reports:

- ANAO Audit Report No.26 2007–08, *Tasmanian Forest Industry Development and Assistance Programs*, tabled in February 2008;
- ANAO Audit Report No.22 2008–09, *Centrelink’s Complaints Handling System*, tabled in February 2009;
- ANAO Audit Report No.38 2008–09, *Administration of the buyback component of the Securing our Fishing Future Structural Adjustment Package*, tabled in May 2009;
- ANAO Audit Report No.39 2008–09, *Administration of the Securing our Fishing Future Structural Adjustment Package Assistance Programs*, tabled in May 2009;
- ANAO Audit Report No.19 2009–10, *Child Support Reforms: Stage One of the Child Support Scheme Reforms and Improving Compliance*, tabled in December 2009;
- ANAO Audit Report No.36 2009–10, *Emergency Management and Community Recovery Assistance in Centrelink*, tabled in May 2010;
- ANAO Audit Report No.10 2010–11, *Centrelink Fraud Investigations*, tabled in September 2010;
- ANAO Audit Report No.53 2010–11, *Drought Assistance*, tabled in June 2011; and
- ANAO Audit Report No.22 2012–13, *Administration of the Tasmanian Forests Intergovernmental Agreement Contractors Voluntary Exit Grants Program*, tabled in February 2013.

1.15 The audit was conducted in accordance with ANAO auditing standards at a cost to the ANAO of \$354 480.

Report structure

1.16 The structure of the report is outlined in Table 1.2.

Table 1.2: Report structure

Chapter	Description
Chapter 2 – Implementation of ANAO Performance Audit Recommendations— Department of Agriculture.	This chapter examines the implementation of ANAO performance audit recommendations in selected reports directed towards the Department of Agriculture.
Chapter 3 – Implementation of ANAO Performance Audit Recommendations— Department of Human Services.	This chapter examines the implementation of ANAO performance audit recommendations in selected reports directed towards the Department of Human Services.
Chapter 4 – Governance systems for Monitoring and Reporting.	This chapter examines the governance systems in monitoring and reporting arrangements in place to monitor the implementation of ANAO performance audit recommendations and oversee implementation of recommendations in the Department of Agriculture and the Department of Human Services.

2. Implementation of ANAO Performance Audit Recommendations— Department of Agriculture

This chapter examines the implementation of ANAO performance audit recommendations in selected reports directed towards the Department of Agriculture.

Introduction

2.1 The ANAO examined the Department of Agriculture’s performance in implementing 11 recommendations from five previous performance audits that had been tabled between February 2008 and February 2013 relating to forestry, fisheries and drought programs.

2.2 The ANAO reviewed documentation, interviewed key staff and extracted data from the department’s monitoring systems to assess the extent of implementation of the recommendations in each of the reports. Action taken to implement the recommendations was compared with the advice provided by program areas to internal audit and the department’s audit committee for the period February 2008 to September 2013 inclusive.

2.3 The extent of the implementation was then assessed against three broad categories: adequate implementation; partial implementation and not adequate implementation. The key considerations informing these assessments are provided in Table 2.1.

Table 2.1: Categorisation of implementation

Category	Explanation
Adequate implementation	The action taken met the intent of the recommendation, and sufficient evidence was provided to demonstrate action taken.
Partial implementation	This category encompasses three considerations: <ul style="list-style-type: none"> Action taken was less extensive than recommended by the ANAO. Action either fell short of the intent of the recommendation, or only addressed some of the identified risks. The entity may have established a process or procedure to address an issue, however, the specific action noted in the recommendation was not complete at the time of the assessment. The entity may have commenced action to address a recommendation but subsequent policy changes may influence how it might be implemented.
Not adequate implementation	This category encompasses two considerations: <ul style="list-style-type: none"> There is no supporting evidence that action has been undertaken. The action taken does not address the recommendation.

Source: ANAO.

ANAO assessment of the adequacy of implementation of recommendations

2.4 Overall, the Department of Agriculture’s implementation of agreed ANAO performance audit recommendations has been variable, with some inadequacies in implementation approaches. The variability observed reinforces the need for responsible program managers to ensure comprehensive approaches to addressing agreed recommendations.

2.5 The ANAO’s assessment of the department’s implementation of the recommendations is summarised in Table 2.2.

Table 2.2: Implementation overview—Department of Agriculture

	No of Recommendations
Adequate implementation	5
Partial implementation	4
Not adequate implementation	1
Not applicable	1
Total	11

Source: ANAO.

2.6 As indicated in Table 2.2, a total of 11 ANAO performance audit recommendations were assessed in the Department of Agriculture. The ANAO's assessment of the implementation of recommendations is presented in broader categories related to the issues being addressed below. More detail on the ANAO's assessment of each recommendation is provided at Appendix 3.

Implementation of recommendations—the Department of Agriculture

Grant Management Procedures in Agriculture

2.7 Of the 11 recommendations that were examined as part of this audit, five were related to grant management procedures, including program guidelines, funding deeds, payment of claims and compliance arrangements. The ANAO assessed all five recommendations as having been adequately implemented.

2.8 In responding to the recommendations on grants, the department invested resources and took reasonable steps to address the risks identified within the audits. The department's overall approach included some specific action in response to individual recommendations, and at the same time, a broader department wide process to clarify the overall framework, which also served to address the issues identified in the ANAO recommendations.

2.9 In particular, the department established a grants management framework under which all grant programs and individual grants would operate. The framework includes policies and procedures for:

- planning grants programs, developing an evaluation strategy and establishing key performance indicators;
- developing funding deeds which include reporting requirements and payment schedules;
- monitoring performance and financial management of funding agreements, and acquittal and release of grant funds;
- developing templates for correct documentation of grant approvals; and
- using control systems that require confirmation of Regulation 9 approval before payments can be processed.

2.10 The department has also developed a range of supporting documentation for program areas to use during grants administration, including a Grants Management Manual, which incorporates the requirements of the Commonwealth Grant Guidelines from 2009, and the update issued in 2012, to support grants processes. The department addressed the requirements of the ANAO recommendations relating to the quality and transparency of grant assessment processes through the development and implementation of a dedicated training course for staff. The training materials highlighted the importance of documentation relating to grants, which was an important part of one of the ANAO recommendations.

2.11 The overall actions taken by the department in developing its grants guidance material, and the enhancements being undertaken to its compliance approaches are satisfactory responses to the recommendations, noting that the actual operational components of the compliance arrangements have not been assessed by the ANAO. While the changes made to the oversight and monitoring arrangements should enhance accountability for the receipt of grant funds, the new framework does not guarantee all procedures will be followed, and continued management oversight will be required.

Key performance indicators

2.12 Performance monitoring and reporting supports the assessment of program progress and informs decisions about whether the objectives remain achievable or whether the scope, timing or resourcing need review. Four of the 11 ANAO recommendations that were examined as part of this audit were directed towards previously identified shortcomings in performance information and measures of program effectiveness. Three of these recommendations were partially implemented by the department and one was not adequately implemented.

Performance Measurement—Forestry Programs

2.13 A key finding of ANAO Audit Report No.26 2007–08 *Tasmanian Forest Industry Development and Assistance Programs* related to performance indicators and information on individual projects needed to support an assessment of the program's effectiveness. Accordingly, one of the recommendations was directed towards the collection and, where necessary, validation of relevant performance data as well as recording, analysing and reporting of this data on an ongoing basis. The department agreed and in its response to the

recommendation noted the need to select meaningful performance indicators to better monitor the success of such programs.

2.14 The department's approach to implementing this recommendation initially included efforts to collect and validate relevant performance data. However, the level of data that could be collected retrospectively was limited (as the guidelines for the program were already finalised, and funding deeds already entered into). Consequently, it was not considered practical by the department to set new performance measures for projects already funded.

2.15 In relation to overall program effectiveness, the department also commenced a project to develop key performance indicators (KPIs) to better assess the program's (then) objectives of developing the value of the Tasmanian forestry industry. However, the department advised that a downturn in the industry during the period meant that the government's policy objectives changed significantly over time, from industry development assistance to industry support and adjustment, which would require a different set of KPIs. The department considered that it would not be sensible to be reporting publicly on the contribution of a project to value-add while at the same time it was providing exit assistance, in some cases to the same businesses.

2.16 The ANAO assessed the department's implementation of this recommendation as partially implemented. The intent of the recommendation was for the department to collect, validate, analyse and report program implementation and administration using relevant performance data. While the department went some way toward collecting relevant performance data, the KPIs that were established in response did not provide sufficient data on program delivery to assess the extent to which the Australian government's stated objectives for the program were achieved. There were significant policy changes from August 2011 when the new Intergovernmental Agreement was signed, signalling a shift in the type of industry support the Commonwealth would provide. Although this occurred some three years after the recommendation had been made, the department has advised that it was aware of the policy shift well before 2011 and had commenced planning its response to the changes.

Performance Measurement—Fishing Program

2.17 ANAO Audit Report No.39 2008–09, *Administration of the Securing our Fishing Future Structural Adjustment Package Assistance Programs*, which was tabled on 27 May 2009, concluded that the department needed to develop KPIs for each assistance program and assess whether the performance data collected supported the evaluation and measurement of the program’s objectives. The recommendation indicated that the department should develop key outcome performance indicators for each of the programs; and collect, analyse and report the relevant performance information.

2.18 The department agreed that the development of KPIs would contribute to effective measurement of the programs, as well as the extent to which each of the programs have contributed to achieving the structural adjustment package outcomes. However, the department did not act straight away to develop outcome indicators. The approach it adopted to respond to the recommendation was to rely on an internally conducted review of the package at the completion of the program. The review was finalised in June 2011, having commenced in May 2010.

2.19 The review report provides a number of examples of the outputs from the program in the form of case studies that showed where, for example, new technologies had been introduced and business efficiency had been improved. The completion review observed that although KPIs were developed in retrospect, no baseline data had been collected and most of the projects had been completed. As a result, the review report produced an assessment of outputs, rather than outcomes. The department has advised that although output focused, these case studies provided a series of tests to measure the program’s achievements against its objectives. For any future fisheries programs, the department will seek to establish baseline data for key performance indicators allowing a more outcomes, rather than outputs, focused evaluation.

2.20 The ANAO assessed the department’s implementation of this recommendation as not adequately implemented. The intent of the recommendation was for the department to collect, analyse and report relevant program performance information. Although the department commissioned a program completion review which contained some useful information, two years had elapsed from the date the recommendation was made and the review report did not contain relevant program outcome performance measures.

Performance measurement—Drought assistance programs

2.21 In ANAO Audit Report No.53 2010–11 *Drought Assistance*, which was tabled on 22 June 2011, there were two recommendations directed towards improvements in performance information. The Australian Government’s drought policy at the time included arrangements with the state/territory governments to deliver Exceptional Circumstances Interest Rate Subsidies (ECIRS) to farmers and small business operators experiencing exceptional hardship due to a rare and severe event. One recommendation from the report was directed towards the Department of Agriculture’s monitoring of Centrelink’s performance in delivering drought assistance programs against established KPIs, and the other was to provide more timely information on the design and appropriateness of Australia’s current and future drought policies through complementary effectiveness KPIs.

2.22 The implementation of the ANAO recommendations was affected by subsequent policy changes in relation to Government provision of drought assistance. The ECIRS program was closed on 30 June 2012. Instead, the Transitional Farm Family Payment (TFFP) was introduced. The Government subsequently announced in the 2013–14 Budget¹⁰ that from 1 July 2014, the TFFP would be replaced by the Farm Household Allowance (FHA), which provides a targeted form of income support for farm families.

Monitoring Centrelink performance

2.23 At the time of the ANAO’s report in 2011, the provision of drought assistance payments by Centrelink occurred within the framework of the Business Partnership Agreement that was in place between the Departments of Agriculture and Human Services. This agreement expired on 30 June 2012 and a new Bilateral Management Agreement (BMA) and schedule for the provision of services to the Department of Agriculture by DHS came into effect on 1 July 2012, although the details of the schedule of services was not finalised until 11 April 2013.

2.24 The KPIs established in the schedule mainly deal with the quantity of services delivered by DHS, rather than the impact of these services on the individuals. Although this reflects DHS’s key role in delivering services, there are shortcomings in the quality and completeness of the information needed to form a view as to the effectiveness of the arrangements and services delivered

10 Commonwealth of Australia, *Budget 2013–14, Budget Measures, Budget Paper No 2*, Canberra, p. 77.

by DHS, and cost of the program. For example, at January 2014, the Department of Agriculture had not specified its requirements for payment integrity reporting and had not received any reports from DHS covering assurance about the payments being made under the program.

2.25 The head agreement between the department and DHS provides a framework to monitor DHS's progress against appropriate performance measures. However, the revised agreement and services schedule took almost two years to finalise. DHS's performance reports indicate that it is meeting its performance targets for the majority of the KPIs directly relevant to TFFP. However, the Department of Agriculture has not managed the development of the services schedule with a view to provide a higher level of assurance over DHS's delivery of services. The department advises that a new system to provide better financial reporting is being implemented in 2014, however it remains the case that the department's response to the initial ANAO recommendation has only been partially implemented.

Evaluation and KPIs

2.26 The second recommendation from this audit was focused on approaches that could be used to monitor and review the effectiveness of the drought program. The recommendation suggested that through a combination of planned evaluations and the ongoing refinement and reporting against a range of effectiveness KPIs, the Department of Agriculture could provide stakeholders with a better indication of the impact of Exceptional Circumstances assistance on an ongoing basis. The department agreed with qualification to the recommendation. It acknowledged the need to provide more information on the appropriateness of Australia's current and future drought policies and indicated it would work to align current and future drought assistance program metrics according to published guidance from the (then) Department of Finance and Deregulation (Finance). The department expressed reservations about the benefits to be had from the use of KPIs to specifically measure the effectiveness of drought support programs as they operate as entitlement programs without mutual obligations from recipients.

2.27 In response to the recommendation, the department made some changes to the KPIs contained in its Portfolio Budget Statements (PBS). The relevant KPIs from the department's PBS of 2011–12, 2012–13 and 2013–14 are shown at Appendix 4. Four of the five KPIs are service delivery targets provided by DHS which do not provide any information about the design and

appropriateness of drought policies, and also do not provide sufficient information on drought assistance outcomes or effectiveness of the program.

2.28 As discussed at paragraph 2.26, the department had indicated that it would take into account guidance available from Finance. A relevant extract from Finance’s 2012–13 PBS guidance indicates that KPIs are the basis on which to assess the effectiveness of the program in achieving its objectives and involve measuring the impacts of these activities on the target group.¹¹

2.29 The ANAO has assessed this recommendation as partially implemented. The changes to the KPIs introduced by the department over time do not address the intent of the ANAO recommendation and are not consistent with the guidance that is available from Finance. The department has relied on data that is collected by DHS, however this provides little information of the effect on the target group of the government policy. Although the changes in the KPIs and the information in the annual report introduce some additional data and perspectives, there is currently a lack of consistency in the key terms and items reported between the BMA, the PBS and the annual report, resulting in less than optimal information on the performance of the program.

2.30 While the ANAO recognises the role of DHS in providing service delivery information, and that this information is used to form the basis of the reported KPIs, the Department of Agriculture, as the department with overall policy responsibility, plays the key role in providing the overall assessment of the outcomes and effectiveness of the program. The department could have better targeted its monitoring and reporting activities and adopted a more systematic approach to identifying in advance the information that it required to determine KPI requirements. The BMA contains provisions for the services schedule to be modified in the transition to the new Farm Household Allowance commencing on 1 July 2014. This provides the department with the opportunity to improve its KPIs to measure the impacts of the new program.

11 The (then) Department of Finance and Deregulation, *Guidance for the Preparation of the 2012–13 Portfolio Budget Statements March 2012* [Internet], Finance, p.29, available from <<http://www.finance.gov.au/budget-process/portfolio-budget-statements.html>> [accessed 17 September 2013].

2.31 There were a number of policy changes that have occurred in the program area to which the recommendations relate. However, the department's response to each of these recommendations may have been aided through a clear strategy or plan which addressed KPIs (ensuring they were fit for purpose and reliable) and performance information needs (ensuring there was an appropriate level of program reporting).

Implementation of Recommendations where programs change

2.32 In some cases, recommendations are made in programs which subsequently change significantly or are terminated. In such cases continued implementation of a recommendation may not always be appropriate. However, it is important that consideration is given to whether the risks identified in the original recommendation remain relevant and should be addressed in new program arrangements. A further recommendation made in ANAO Audit Report No.53 2010–11 *Drought Assistance*, which was tabled on 22 June 2011, concerned the Exceptional Circumstances Interest Rate Subsidy (ECIRS) program, and was for the department to ensure that eligibility criteria were appropriately applied as the scheme was being wound down and that future schemes appropriately consider the eligibility issues raised in the report.

2.33 The department's principal response to the recommendation was to engage a consultant to review the administration and delivery of the ECIRS program in New South Wales and Victoria in March 2012, nine months after the ANAO report was tabled.¹² The consultant's report, provided to the department in June 2012, also made recommendations with respect to any future Exceptional Circumstances or similar assistance initiatives. As a result of this delay, the department was not in a position to implement a key part of the recommendation, which was to provide assurance that the minimum assessment criteria for ECIRS eligibility were being met as the program was winding down. This assurance was important to ensure that farm families experiencing hardship were treated equitably under the fund, particularly with respect to the level of funding provided to individual recipients.

¹² These states were selected for the review as they adopted different approaches to interpreting the minimum assessment criteria, as noted in the ANAO Audit Report No.53 2010–11, *Drought Assistance*.

2.34 The (then) Minister was advised in December 2012 that the department considered it had responded in full to the recommendation and that it would use the ANAO's assessments to inform the development of future drought assistance programs. The department's processes for providing advice to the Minister on this recommendation could have usefully involved greater consideration of the steps that had actually been taken and their outcome.

2.35 Subsequently, a new Intergovernmental Agreement on National Drought Program Reform was entered into between the Commonwealth and states in 2013 and the *Farm Finance* program was also introduced. *Farm Finance* provides concessional loans administered via the states under bilateral agreements. The department has advised that the consultant's report and ANAO recommendations were considered in the development of the *Farm Finance* concessional loan scheme. However, the demonstration of this would have been assisted if the department's decisions in relation to this had been documented and risk treatments reflected in administrative processes for the new program.

2.36 Overall, the ANAO assessed the department's implementation of this recommendation as partially implemented. The department was required to manage the issues involved when the Government decided to close the ECIRS program. However, the intent of the ANAO recommendation was to both: improve the administration of the ECIRS whilst it was in operation, and make suggestions about the arrangements to take forward in any future scheme. Although the department has taken steps to ensure the ANAO recommendation was considered in the development of *Farm Finance*, the lack of activity at the outset and delay in engaging the consultant meant that opportunities for program improvement were foregone.

2.37 ANAO Audit Report No.38 2008–09 *Administration of the buyback component of the Securing our Fishing Future Structural Adjustment Package* examined (the then) Department of Agriculture, Forestry and Fisheries' administration of the Fishing Concession Buyback (the 'buyback' program), also known as the Business Exit Assistance program. The program was designed to facilitate business exit from the Australian fishing industry, to remove significant fishing capacity and contribute towards the recovery of fish stocks. The buyback component offered the holders of eligible concessions the opportunity to rationalise their business or to exit the industry through a voluntary tender process. The department based its value for money assessment on an algorithm. However, an error was subsequently identified

and the ANAO recommended several steps the department should take to enhance the transparency and accountability of any future evaluation process where an algorithm is used.

2.38 The ANAO has assessed the department's implementation of this recommendation as 'not applicable', observing that there have been no further examples of the use of algorithms in evaluations. However, the department's documentation processes with respect to the implementation of the recommendation had significant shortcomings.

2.39 The department managed the implementation of this recommendation through its completion review of the package, discussed at paragraph 2.19. This review was conducted internally by the department and was finalised in June 2011, some two years following the tabling of the ANAO report. The completion review report took a narrower view of the ANAO recommendation by limiting it to future buy back schemes, and makes no specific provision for the necessary conditions to be inserted in future evaluation methodologies.

2.40 Records of the department's approach to implementing this recommendation are limited. Although it is listed in eTRAC¹³ as having been presented to the audit committee at its meeting of 23 June 2009, records were not taken or maintained of subsequent decisions. Specifically, there are no departmental records setting out the merits, risks and any alternative options considered in referring the implementation of this recommendation to the completion review. There is also no record of the date when the department considered the recommendation had been implemented.

Conclusion

2.41 The Department of Agriculture's implementation of agreed ANAO performance audit recommendations has been variable, with some inadequacies in the timeliness, approach and adequacy of implementation by program areas. The variability observed reinforces the need for responsible program managers to ensure comprehensive and forward thinking approaches to addressing agreed recommendations. While five recommendations relating to grants management had been adequately implemented, it is noteworthy that four of the 11 recommendations examined during this audit were directed

¹³ The department uses an electronic database known as eTRAC, to monitor the status of implementation of ANAO audit recommendations. This is discussed in more detail in Chapter 4.

towards previously identified shortcomings in performance information and measures of program effectiveness. ANAO assessment of these recommendations conducted as part of this audit show that these four recommendations have only been partially implemented; two or more years after the initial recommendations were made.

2.42 The department's implementation of audit recommendations occurred during a period of significant policy changes. Such changes and other developments not foreseen at the time a recommendation is agreed can influence how an entity might implement a recommendation. However, it is important for entities to ensure that whatever action is taken in response to an ANAO performance audit recommendation, relevant risks identified in the initial audit are addressed.

3. Implementation of ANAO Performance Audit Recommendations— Department of Human Services

This chapter examines the implementation of ANAO performance audit recommendations in selected reports directed towards the Department of Human Services.

Introduction

3.1 The ANAO examined the Department of Human Services' (DHS) performance in implementing 17 recommendations from nine previous performance audits that had been tabled between February 2009 and September 2010 relating to the Department of Human Services.

3.2 The ANAO reviewed documentation, interviewed key staff and extracted data from entity monitoring systems to assess the extent of implementation of the recommendations in each of the reports. Action taken to implement the recommendations was compared with the advice provided by program areas to internal audit and the department's audit committee.

3.3 The extent of the implementation was then assessed against three broad categories: adequate implementation; partial implementation and not adequate implementation. The key considerations informing these assessments are provided in Table 3.1.

Table 3.1: Categorisation of implementation

Category	Explanation
Adequate implementation	The action taken met the intent of the recommendation, and sufficient evidence was provided to demonstrate action taken.
Partial implementation	This category encompasses three considerations: <ul style="list-style-type: none">• Action taken was less extensive than recommended by the ANAO. Action either fell short of the intent of the recommendation, or only addressed some of the identified risks.• The entity may have established a process or procedure to address an issue, however, the specific action noted in the recommendation was not complete at the time of the assessment.• The entity may have commenced action to address a recommendation but subsequent policy changes may influence how it might be implemented.

Category	Explanation
Not adequate implementation	<p>This category encompasses two considerations:</p> <ul style="list-style-type: none"> • There is no supporting evidence that action has been undertaken. • The action taken does not address the recommendation.

Source: ANAO.

ANAO assessment of the adequacy of implementation of recommendations

3.4 The ANAO’s assessment of the department’s implementation of the recommendations is summarised in Table 3.2.

Table 3.2: Implementation overview—DHS

	No. of Recommendations
Implementation adequate	13
Partial implementation	3
Not adequate implementation	1
Not applicable	0
Total	17

Source: ANAO.

3.5 As indicated in Table 3.2, a total of 17 ANAO performance audit recommendations were assessed in DHS. The assessment of each individual recommendation is provided at Appendix 5. The ANAO’s assessment of the implementation of recommendations is presented in broader categories related to the issues being addressed below.

Implementation of recommendations—the Department of Human Services

Fraud and Non-Compliance

3.6 DHS’s approach to the four ANAO performance audit recommendations from ANAO Audit Report No.10 2010–11 *Centrelink Fraud Investigations* demonstrated a sound approach to the implementation of recommendations. The four recommendations were focused on supporting Centrelink’s approach to managing external fraud by: more effectively using its intelligence capability; ensuring compliance with external and internal fraud investigation requirements; providing closer oversight of decision

making by fraud investigators as well as more targeted and effective training; and improving the integrity and quality of its fraud data.

3.7 All of the recommendations were assessed by ANAO as adequately implemented. Several key actions were taken to address the audit report's recommendations including:

- establishing an operational management committee to provide managerial oversight and assurance that appropriate decisions were made in relation to serious non-compliance investigations;
- producing a set of guidelines for fraud investigators to provide clarity on prioritisation of fraud cases, case selection policies and how to appropriately document and categorise investigations;
- enhancing management systems and conducting staff training; and
- expanding performance fraud investigation targets, and reporting these on a weekly, fortnightly and monthly basis.

3.8 DHS's practice of allocating implementation responsibilities to senior officers (General Manager level) worked in this instance to provide a higher level of assurance that appropriate and timely action had been taken.

3.9 The enhanced management system developed by the department also provides a basis for the introduction of additional performance measures and reporting. There would be benefit in the department undertaking further work in the use of performance data to assess the cost-effectiveness of DHS's fraud control strategies including the administrative costs associated with data collection and the control and management of fraud strategies.

Payment integrity

3.10 One of the recommendations flowing from ANAO Audit Report No.36 2009–10, *Emergency Management and Community Recovery Assistance in Centrelink*, was directed towards DHS providing adequate assurance on the validity of claims paid for disaster recovery assistance. Examples of risks to payment integrity are customer self-declarations and payments processed without signatures.

3.11 In response to the audit, the department developed a Payment Accuracy Risk Management plan (PARM) for Australian Government Disaster Recovery Payments (AGDRP) in-line with DHS's risk management policy. The PARM is designed to categorise risks according to: customer, administration, or policy and legislation, and to identify, target and monitor appropriate risk treatments and controls.

3.12 The ANAO's review of the PARM showed that it contained some useful material in relation to program integrity, but did not specifically address the requirement of the recommendation to provide greater assurance over payment integrity risks. New risk treatments to mitigate each of the medium risks identified in the PARM have been assigned to senior officers or branches to action. These treatments have not yet been finalised, and the listed controls of prevention, deterrence and detection are broad ranging.

3.13 As an illustration, one of the risk treatments identified in six of the eight risks identified in the PARM is the department's Quality On Line (QOL) system. The QOL system is a quality control process designed to detect and prevent errors at their source. DHS conducted a review¹⁴ of AGDRP new claims following the Tasmanian Bushfires and Queensland Floods in January 2013. The review examined a randomised selection of 427 cases to determine if the claims were assessed correctly according to legislative and policy requirements. Analysis of claims and reviews that had been QOL checked was also included in the review process. The review report shows that cases that have been subject to the QOL process are as error prone as those that were not subject to QOL.

3.14 The PARM could be improved if it proposed monitoring and reporting of the effectiveness of the treatment strategies in relation to payment integrity (which was the focus of the ANAO recommendation). Without a systematic approach to monitoring and reporting against the risk treatment approaches outlined above, the risk assessment may be overstating the effectiveness of the risk treatments. As a result, the ANAO has assessed this recommendation as partially implemented.

3.15 A DHS internal audit in July 2013 identified areas to improve the PARM in relation to payment integrity. The department has also advised that it has developed new processes to assess payment conformance.

14 Quality Assessment and Assurance review.

Complaint Handling

3.16 ANAO Audit Report No 22 2008–09 *Centrelink's Complaint Handling System* made three recommendations to improve DHS's ability to effectively and accurately measure, monitor and report on customer awareness of its complaints handling system, based on the results of the customer satisfaction surveys. One of the recommendations was assessed as partially implemented.¹⁵ This recommendation focused on the potential to further improve the use of customer feedback and provide Centrelink with opportunities to improve performance and address systemic problems through the inclusion of data from all sources in the reports. Previously, all national and area office reports were populated with data from only one component of the Integrated Customer Feedback Database.

3.17 The department is developing an integrated, customer-centric model for the provision of complaints, suggestions and compliments. DHS advised the ANAO that this integrated approach would improve customer experience and be more efficient than the multiple existing models. The new system is intended to unify the organisational response to feedback through links to general business. Although considerable work has been done, as at December 2013, DHS continued to operate independent models for the management of customer feedback and complaints across the four service brands of Medicare, Centrelink, Child Support and CRS Australia. Until the new system is implemented, the opportunity for systematic analyses that would support continuous improvement of service delivery will remain limited. While the department has undertaken a range of relevant actions to address the recommendation, it remains in progress and has been assessed as partially implemented.

Child Support Reforms

3.18 ANAO Audit Report No.19 2009–10 *Child Support Reforms: Stage One of the Child Support Scheme Reforms and Improving Compliance* made six recommendations to help improve existing business practices and implement future policy initiatives. Four of the six recommendations were implemented adequately, with the two exceptions discussed in more detail below.

¹⁵ ANAO assessment of the remaining recommendations is at Appendix 5

Planning the improving compliance program

3.19 One of the ANAO recommendations from the audit was, in order to adequately address continuing and emerging compliance risks to the Child Support Scheme, for the Child Support Agency to improve its approach to compliance risk management, particularly through implementing procedures that allow for the better identification, treatment and monitoring of risks.

3.20 Following the tabling of the ANAO audit, DHS commenced a project for the development and implementation of an in-house risk and intelligence capability. The project was part of an integrated approach to support compliance and target fraud across social, health, welfare and child support. The project was closed in August 2011, with the transfer of the function into the program management area responsible for serious non-compliance.

3.21 With the transfer, a number of new processes and supporting documents were prepared, including a risk register and a risk management plan. These processes and documents address the intent of the recommendation, in relation to the child support program, encompassing a comprehensive compliance risk framework. However, some elements of the framework took significant time to implement. For instance, the risk management plan was finalised in August 2013, almost 44 months from the time the recommendation was made in December 2009.

3.22 In addition, the risk treatments to mitigate each of the identified risk events were not assigned to designated staff for action, nor were there any performance measures attached. The risk management plan could have been improved if it included monitoring and reporting of the treatment strategies. Without a systematic approach to monitoring and reporting against the risk treatment approaches, the department is not well positioned to determine the effectiveness of the risk management plan.

3.23 The ANAO has assessed this recommendation as partially implemented. The revised framework and associated documents are an adequate response to the first part of the recommendation and the department took a project approach to responding to the risks, including by allocating specific funding. However, improvements can still be made in relation to compliance risk management, particularly in the area of treatment and monitoring of risks.

Family Tax Benefit savings target

3.24 At the time the Improving Compliance program¹⁶ was established in 2010–11¹⁷, it was estimated that there would be a significant reduction in Family Tax Benefit (FTB) expenditure.¹⁸ The Child Support Agency (CSA, now DHS) had administrative responsibility for the program. The (then) Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) had policy responsibility for the program and was responsible for monitoring of data in relation to these savings and tracking and reporting the overall savings. Recognising the role of both entities, the recommendation was directed to both CSA and FaHCSIA.

3.25 When the 2009–10 ANAO audit was conducted, the proportion of FTB savings that related to the Improving Compliance program could not be quantified by DHS. The recommendation suggested that to improve the accuracy and usefulness of the relevant performance reporting, the FTB savings attributed to compliance action be estimated and reported. DHS agreed and indicated that it would work with FaHCSIA on estimating and reporting FTB impacts in normal reporting cycles.

3.26 Since the tabling of the ANAO report, DHS has continued to collaborate with the Department of Social Services (previously FaHCSIA) to measure and report FTB impacts. Key Performance Indicators for the Child Support Scheme were added to the 2012–13 FaHCSIA Portfolio Budget Statements (PBS)¹⁹, which includes a measure: *reduction of Family Tax Benefit as a result of the maintenance income test*. The same measure is also shown in the Department of Social Services (DSS) 2013–14 PBS.²⁰ However, the available data does not provide sufficient detail to address the recommendation. The reduction in FTB expenditure as a result of the operation of the maintenance income test reflects the normal operation of the system. The recommendation

16 The Improving Compliance program was a Government initiative designed to achieve three key outcomes, broadly, these related to meeting child support collection targets, maintaining rates of compliance, and achieving a Family Tax Benefit (FTB) savings target.

17 DHS 2010–11 PBS <<http://www.humanservices.gov.au/spw/corporate/publications-and-resources/budget/resources/1011/2010-11-pbs-dhs.pdf>> p. 17.

18 The FTB is a payment to help families raise dependent children. FTB payments are means-tested, with the rate of payment affected by a number of factors such as family income—which includes child support payments (or ‘maintenance income’).

19 <http://resources.fahcsia.gov.au/budget/2012-13/FaHCSIA_PBS_2012-13.pdf>, p. 47.

20 <http://www.dss.gov.au/sites/default/files/documents/05_2013/fahcsia_portfolio_budget_statements_2013-14.pdf>, p. 51.

was, however, directed towards estimating and reporting the reduction in expenditure specifically as a result of compliance activity. FaHCSIA noted in its response to the 2009–10 ANAO Audit Report that while it tracked and reported overall FTB savings, these savings could not be attributed to specific components of Child Support compliance activity, but agreed that it would continue to explore opportunities for more detailed analysis of FTB savings in the future.

3.27 The ANAO has assessed this recommendation as not adequately implemented. The actions taken by the department in working with DSS in developing and reporting an estimate of the impact of FTB impacts on child support payments provides a useful measure of the operation of the maintenance income test. However, it does not address the intent of the recommendation in relation to identifying the impact of compliance activity. To implement this recommendation, joint action is required by DHS and DSS. DSS has since advised DHS that identifying and reporting specific components of Child Support compliance activity against the range of interacting variables that impact FTB expenditure is likely to be resource-intensive. However, DSS has further noted it would continue to explore opportunities for more detailed analysis of FTB savings in the future. DHS has advised that it will work closely with DSS and will implement any necessary action as advised by DSS.

Conclusion

3.28 Overall the ANAO has assessed 13 of the 17 recommendations applicable to DHS as adequately implemented, three were partially implemented, and one was not adequately implemented. The department's implementation of recommendations in response to the audit of Centrelink's Fraud Investigations exhibited several characteristics of sound practice. There was an appropriate involvement of senior responsible officers to coordinate project planning within the department and to ensure consistency of approach within the Commonwealth. The department also invested in improved management information systems and developed performance measures to assist in higher levels of oversight and accountability. The updates provided to internal audit and the audit committee accurately reflected the progress being made with implementation of the recommendations. There is scope to further enhance the work completed in this area to date, through the use of the established performance data to assess the cost-effectiveness of the department's fraud control strategies.

3.29 In one instance where the ANAO assessed that DHS had only partially implemented a recommendation, this was because the work was ongoing at the time of the audit, however implementation was based on a defined project with allocated funding and senior officer oversight. In the other two cases of partial implementation, the department's implementation suffered from a lack of timeliness and did not fully address all related matters.

3.30 In all other cases, the recommendations had been made prior to integration of Centrelink and CSA into DHS, highlighting that in cases of significant organisational change, it is important to retain a focus on addressing risks identified under previous organisational arrangements.

4. Systems for Monitoring Implementation and Reporting Progress

This chapter examines the governance systems in place to monitor the implementation of ANAO performance audit recommendations in the Department of Agriculture and the Department of Human Services.

Introduction

4.1 As noted in paragraph 1.5, a key element of effective implementation of recommendations is the oversight and monitoring approach put in place by entities to maintain visibility over progress and sufficiency of implementation. Responsibility for implementing ANAO recommendations should be assigned to the relevant business or program management area of an entity. It is also important to have effective systems in place for the whole entity to facilitate a consistent approach and the ability to obtain an entity wide perspective of risks identified through performance audits. In this context, the ANAO examined the records of internal audit and audit committee meetings of the Department of Agriculture and the Department of Human Services (DHS) in relation to monitoring implementation of recommendations.

4.2 Internal audit is generally a part of the corporate governance framework that entities establish to manage risks and achieve their objectives. An important role of internal audit in relation to audit recommendations is to support the audit committee by monitoring and providing advice on the implementation of audit recommendations.

The role of audit committees

4.3 In general, an entity's audit committee supports the Chief Executive by providing advice that key controls are operating effectively. In this context, the audit committee's role includes, *inter alia* reviewing the adequacy of responses to reports of internal and external audits. In this way, audit committees play an important role in an entity's governance frameworks and risk management

practices. In relation to external audit, under the FMA Act and regulations²¹, an audit committee's responsibilities generally involve:

- acting as a forum for communication between the Chief Executive/Board, senior management and external audit on the committee's full range of responsibilities;
- providing input and feedback on the financial statements, performance audit and assurance review coverage proposed by external audit, and provide feedback on the audit services provided;
- reviewing external audit plans and reports in respect of planned or completed audits and monitoring management's implementation of audit recommendations;
- providing advice to the Chief Executive/Board on action to be taken on significant issues raised in relevant external audit cross-entity reports or better practice guides; and
- reviewing the adequacy of the entity's response to reports of internal and external audit.

4.4 One way the committee can effectively monitor management's implementation of an audit recommendation is to have a standing agenda item requiring a listing of outstanding recommendations to be tabled at scheduled meetings. To assist the committee to assess management's performance in implementing audit recommendations, internal audit would generally maintain an appropriate process for monitoring and reporting on the status of agreed and/or high risk internal or external audit recommendations.²²

4.5 This chapter examines the governance systems and processes in place in the two departments for monitoring the implementation of ANAO performance audit recommendations, including whether reliable and accurate reports are provided to the respective audit committees.

21 FMA Regulation 22C(4)(h)(i)(j). The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) will replace key provisions of the FMA Act from 1 July 2014. Section 45 of the PGPA Act requires agencies to have an audit committee. Rule 73 of the PGPA provides further guidance for audit committees.

22 ANAO Better Practice Guide – *Public Sector Audit Committees*, August 2011, Canberra, p. 32.

Monitoring of ANAO performance audit recommendations

Audit Committee Charters

4.6 Both departments subject to this audit have established audit committees governed by an audit committee charter. DHS's Audit Committee Charter governs its functions and objectives. Among other things the audit committee's responsibilities include: reviewing, monitoring and recommending improvements to the department's governance arrangements; risk management; external audit process; and entity compliance with legislation, regulations and government policy. The DHS audit committee is made up of at least six members, of which the Chair is an independent member; the Deputy Chair is a Deputy Secretary, two internal members at General Manager level or above; and two independent members selected for their specialist knowledge of IT and financial management respectively.

4.7 The Department of Agriculture's Audit Committee Charter states that the Committee's responsibilities include: reviewing all external audit plans and reports in respect of planned or completed audits; and monitoring management's implementation of audit recommendations. The audit committee has a number of members external to the entity, including the Chair. The audit committee's charter prescribes that the Chair must, at least annually, report to the Secretary on the committee's operations and activities during the year and includes a summary of the department's progress in addressing recommendations made in internal, external and Parliamentary Committee reports.

Systems for monitoring ANAO performance audit recommendations

4.8 DHS and the Department of Agriculture have each established an electronic system which is used to support the entities in the monitoring and reporting of the implementation of performance audit recommendations. The DHS system is managed by internal audit and is used to create, manage and record decisions taken in relation to each individual recommendation. The Department of Agriculture's system was designed to track decisions and actions from various executive forums. Use of these systems can support the entities' audit committees in the conduct of their activities and responsibilities in providing independent advice and assurance to their respective Chief Executives.

The Department of Human Services

4.9 The DHS audit recommendation monitoring system is used to provide quarterly reports to the Executive Committee and to all audit committee meetings about the status of ANAO audit recommendations. Reports are distributed to the responsible Deputy Secretary, General Manager and National Manager, and include details of action taken to date. The status of ANAO recommendations is regularly updated until action is considered complete and submitted for closure by the program area.

4.10 DHS has undergone significant organisational change, with the integration of Medicare Australia and Centrelink into the department from 1 July 2011.²³ These changes included the integration of previous stand alone internal audit functions. The Child Support Agency (CSA) became part of DHS through a re-organisation that occurred in 2008. Prior to the re-organisation, CSA had its own Internal Audit Branch that maintained its own records. A key focus of the work of DHS internal audit post establishment has been to improve the department's tracking and reporting arrangements for audit recommendations. The information provided to the audit committee on ANAO performance audit recommendations includes a listing of the audits and the number of 'open' recommendations being monitored, along with an attachment detailing each recommendation being monitored. An example of the reports to the audit committee is in Table 4.1.

23 The *Human Services Legislation Amendment Act 2011* (the Act) integrated the services of Medicare Australia and Centrelink on 1 July 2011 into DHS.

Table 4.1: Example of DHS open recommendations report¹

Report Name	Release Date	Issue and Recommendation	Management Comment	Audit Comment
Emergency Management and Community Recovery Assistance in Centrelink ANAO 36/2009–10 Contact Officer GM Corporate Operations	18 May 2010	Recommendation: To improve Centrelink’s preparedness for responding to future disasters, the ANAO recommends that Centrelink include disasters that impact on multiple areas in its emergency and business continuity test exercise program.	November 2010 A multijurisdictional scenario based exercise was conducted to assist Centrelink prepare for managing large disasters spanning various geographic areas. Representation included portfolio entities (Medicare, CSA and DHS), FaHCSIA, Social Work Services, and the two areas and one national program directly impacted by the disaster.	GM, Audit Assessment: Audit supports the closure of this recommendation as the requirements have been met. Status: Closed

Source: ANAO from DHS documents.

Note 1: Minor detail has been omitted from Table 4.1 for clarity.

The Department of Agriculture

4.11 The department uses an electronic database (eTRAC), to monitor the status of implementation of ANAO audit recommendations although until late 2013, limited information about ANAO recommendations was included. During 2011, the department commenced making incremental enhancements to eTRAC, as discussed in the following paragraphs.

4.12 During the 2011–12 financial years, updates on the implementation status of individual performance audit recommendations were not presented to the audit committee. eTRAC records of internal and external audit recommendations provided limited information in relation to progress with implementation. Consequently the department became concerned over the inability to monitor management’s implementation of internal and external audit recommendations. In November 2011, an updated process with more information on internal audit recommendations was provided to the audit committee. However, ANAO audit recommendations were not included in the update.

4.13 Subsequently, at its June 2012 meeting, the audit committee requested that in future, the recommendation status report include ANAO recommendations. Additional reporting then occurred, although initially these reports lacked supporting information about the status of ANAO recommendations.

4.14 At the December 2012 audit committee meeting, some enhancements were made to the presentation of information concerning monitoring of the implementation of ANAO recommendations. From December 2012 until June 2013, a summary table was presented, although no explanatory comments or supporting materials were provided. As an example, the status of ANAO recommendations presented to the audit committee meeting of 5 December 2012 is reproduced in Table 4.2.

Table 4.2: Status of ANAO performance audit recommendations report to the audit committee meeting of 5 December 2012

ANAO recommendations at 27 August 2012	Completed recommendations	New recommendations	Active recommendations at 27 November 2012	Overdue recommendations
5	0	0	0	0

Source: ANAO from Department of Agriculture documents.

4.15 Further enhancements were made in September 2013, following commencement of this audit. At the audit committee meeting of 6 September 2013, in addition to the overall statistics shown in Table 4.2, more detailed information was provided in relation to the (then) one active recommendation. The additional information is shown in Table 4.3.

Table 4.3: Enhanced reporting to Audit Committee—September 2013

ANAO Report	Meeting Date	Rec No.	Recommendation	Risk Rate	Action Officer	Due Date	Revised Due Date
Admin of the Northern Australia Quarantine Strategy	20 June 2012	2	To provide meaningful data to inform border management decisions and measure performance, the ANAO recommends that the department: <ul style="list-style-type: none"> • Improve QA processes to ensure that border operations data are accurate and complete • Analyse border operations data to calculate inspection and seizure rates and establish baselines for each Torres Strait arrival pathway 	Low	RM North Region	30 June 2013	30 Sep 2013

Source: ANAO from Department of Agriculture documents.

4.16 The additional material included in the audit committee papers in December 2012 and September 2013 relating to the implementation of ANAO recommendations is helpful in providing an understanding of the status of recommendations being managed within the department and reflects an increasing interest in monitoring the implementation of ANAO recommendations. However, there is scope to provide a higher level of support to the audit committee through the provision of additional information in cases where extensions of time have been granted, and the basis on which recommendations have been or will be closed.

Monitoring timeliness of implementation

4.17 Recommendations can vary in scope and complexity for a number of reasons, and it is important for internal audit and the audit committee to keep the entity’s Chief Executive informed on progress with implementing recommendations that are complex, difficult or are overdue.

4.18 The ANAO examined the records of both departments to assess timeliness of implementation of the audit recommendations selected for follow up; an overall total of 28 recommendations, 11 in the Department of Agriculture and 17 in DHS. The available data shows that on average, the entities program management areas reported implementation in approximately 12 months. (The average reported time for implementation in the Department of Agriculture was one year and 26 days, and in DHS it was one year and three days).²⁴ A timetable for implementation was generally not established and timeliness was not closely monitored or reported. There were nine recommendations noted as complete in the records of internal audit (five in the Department of Agriculture and four in DHS) that have been assessed as less than fully implemented by the ANAO.

4.19 To assist with managing timeliness and quality of the implementation of recommendations, appropriate internal requirements should be developed by entities. There is a need for a more rigorous system of establishing a reasonable implementation date and for granting extensions. This could include senior management setting expectations around timeframes for finalising recommendations and closer monitoring of recommendations that are likely to take, or have taken more than, twelve months to complete. This would improve overall governance of the implementation of ANAO recommendations.

Consultants and other reviews

4.20 To inform their implementation approaches to ANAO recommendations, both departments initiated a number of consultant or internal reviews. In most cases, these reviews substantially confirmed the ANAO findings and recommendations.

4.21 In general, the reviews, while lending additional perspectives to the issues, took some time to complete and delayed the full implementation of the recommendations, in some cases by up to two years. In all cases, the departments' responses to the ANAO recommendations made as part of the audit process did not indicate that implementation would be contingent upon a review.

²⁴ A table with more detailed data for the Department of Agriculture is at Appendix 6 and DHS at Appendix 7.

4.22 The objectives the departments set for the reviews generally involved additional review activity in the same program areas covered by the ANAO findings and recommendations and to that extent represented potential duplication and effort. Additional review activities and the engagement of consultants to assist with the implementation of key aspects of ANAO recommendations may be appropriate in certain circumstances. However, a more structured approach to implementation of the recommendations, setting out a strategy including milestones, actions to be taken by responsible staff or consultants and markers for completion, could provide the departments with an appropriate level of assurance, while limiting the administrative workload and cost. It would also likely give rise to a timelier resolution of the recommendation.

Information provided by program management areas

4.23 The quality of the information provided by program areas is a factor which affects the ability of the audit committee to provide advice to Chief Executives in relation to the implementation of audit recommendations. The quality of the status updates provided to the audit committee is part of a sound control environment and provides a higher level of assurance that required actions will be undertaken as and when required. Although DHS's and the Department of Agriculture's processes and systems have a number of controls in place, including audit trails, these controls have not always provided the entities with sufficient assurance in relation to the quality of the information supplied.

Level of reporting detail

4.24 As noted previously, audit committees play an important role in monitoring management's implementation and adequacy of responses to audit recommendations. In some cases, because of a lack of reporting detail, it is not possible to determine if the department's audit committee was aware of actions taken by management to implement the ANAO recommendations from the subject audit.

The Department of Human Services

4.25 ANAO Audit Report No.36 2009–10 *Emergency Management and Community Recovery Assistance in Centrelink*, which was tabled on 19 May 2010, made four recommendations which were all agreed by the department. All four recommendations were tracked and updated through the audit tracking

system until May 2011, when the last of the recommendations was closed on advice from the program management area that implementation was complete.

4.26 The update process involved the provision of summary progress reports from the program management area. A timeline showing when updates were provided to internal audit and DHS's audit committee until implementation is shown in Table 4.4.

Table 4.4: Timeline of updates provided to internal audit and audit committee

	August 2010	November 2010	March 2011	May 2011
Recommendation 1	✘	Implemented	-	-
Recommendation 2	✓	✓	✘	Implemented
Recommendation 3	✓	Implemented	-	-
Recommendation 4	✓	Implemented	-	-

Source: ANAO from DHS data.

4.27 In relation to Recommendation 1, the update provided to the audit committee for the August 2010 meeting indicates that there was no management comment received. However, there is no record of follow-up action from internal audit. The subsequent update provided to the audit committee in November 2010 provided additional details, and on this basis the recommendation was marked as complete and closed.

4.28 In relation to Recommendation 2, there was no management comment received for the March 2011 meeting, notwithstanding that the November 2010 update indicated that implementation was only 50 per cent complete. There is no record of follow up action from internal audit. In May 2011, the recommendation was marked as complete and closed in the system. However, the update states that a relevant report (on payment accuracy) would not be available until July 2011. Given that actions were still outstanding, it would have been prudent for internal audit to advise the audit committee that further action may be required and the recommendation should have remained open until all actions were complete.

The Department of Agriculture

4.29 ANAO Audit Report No.53 2010–11 *Drought Assistance*, which was tabled on 22 June 2011, made three recommendations. The department agreed fully with two recommendations, and one was agreed with qualification. The first audit committee meeting that was held after the ANAO report was tabled

was on 15 September 2011. At this meeting the three recommendations arising from the report were allocated a planned implementation date of 31 December 2012. However, no supporting comments were provided by the program area responsible to explain the need for an eighteen month implementation period.

4.30 The next audit committee meeting was held on 9 March 2012. The records of the meeting show that although there was a strong focus on internal audit recommendations, progress with the implementation of these and other ANAO recommendations was not considered. eTRAC records indicate that all three recommendations were implemented and closed on 21 December 2012.

4.31 One of the recommendations (Recommendation 2) involved the department establishing arrangements to obtain greater assurance regarding DHS's delivery performance and payment integrity for Exceptional Circumstances payments. The Department of Agriculture had agreed to the recommendation at the time the report was tabled. Several updates on this recommendation were entered into the eTRAC system between April 2012 and 30 January 2013. The 30 January 2013 update states that a new (agreement) framework was effective from 1 July 2012 and that the integrity of drought assistance payments would be monitored through the improved governance arrangements that had been negotiated and documented in the revised head agreement and service schedules. However, the services schedule was not signed until 11 April 2013, and the department has not yet actioned several of its key sections including obtaining reports of payment integrity, as discussed in paragraph 2.23 of this report.

4.32 It could be expected that the time that elapsed in finalising the head agreement and the services schedule is a matter that should have been brought to the attention of the audit committee. Similarly, the committee should have been advised of the lack of relevant reporting capacity, particularly for payment integrity, at the time the recommendation was closed. However, in this case, information provided to internal audit by the program area (about the extent of implementation of the recommendation), had not been updated to reflect the delay in developing and implementing the services schedule and the reports.

Completeness and accuracy

4.33 The purpose of audit committee and internal audit monitoring of ANAO audit report recommendations is to provide a higher level of transparency and accountability of the program area's approach to improvement. This is particularly important if implementation has not progressed as intended and identified risks remain untreated. There were a number of instances where the advice provided from program management areas was not sufficiently detailed or accurate to form a judgement about whether or not a recommendation should be closed or further action taken.

The Department of Human Services

4.34 The updates provided by DHS's program areas to the audit committee were at times comprehensive, particularly when there were major developments to report, and at other times were relatively short statements of status. DHS's practice of nominating senior officers (General Manager level) as the point of contact for implementation of recommendations generally facilitated the provision of an appropriate level of information to the audit committee.

4.35 However, the ANAO identified some gaps in internal audit records. In some cases, but not all, this related to a period of time prior to establishment of the department. For example, in relation to one of the recommendations from ANAO Audit Report No.22 2008–09 *Centrelink's Complaint Handling System*, an update report provided to the audit committee in November 2009 indicated that the statistical treatment used to analyse customer survey results was complete (implying that the treatment was in place). The update also noted that the program area had taken steps to complete the audit recommendation. On that basis, internal audit recommended closure of monitoring. However, the revised statistical treatment was not applied to the customer survey until 2011.

4.36 Another recommendation from the audit was recommended for closure in May 2010. This recommendation was closed on the basis of advice from the program area that discussions were taking place about a common approach to feedback recording and reporting within the portfolio. However, at the time these discussions were preliminary and the ANAO's assessment (discussed in more detail at paragraph 3.17) is that this recommendation is not yet fully implemented.

4.37 In addition, internal audit records in relation to the recommendations of ANAO Audit Report No.19 2009–10 *Child Support Reforms and Improving Compliance*, are incomplete. In 2004, the (then) Child Support Agency (CSA) became part of the newly formed DHS, although for the most part, it operated as a separate entity until 2008. A re-organisation at that time brought together the enabling functions (such as IT, HR, Finance and Legal services) within the department.

4.38 Prior to the re-organisation, CSA had a stand-alone internal audit function. After the re-organisation, records of CSA internal audit with respect to the recommendations under review were incomplete. Although the current records of DHS internal audit list the six ANAO recommendations from Report No.19 in the tracking system, the action taken in relation to the individual recommendations is not held. There are outstanding matters relating to one of these recommendations, which are discussed in more detail at paragraph 3.26.

4.39 A re-organisation of enabling functions represents a significant risk in relation to records management. In 2008, when CSA's enabling functions were brought under those of DHS, the department needed to implement arrangements to enable access to historical information when required, including audit committee records. The ANAO was advised by DHS that at the time of integration, it was not in a position to seek management comments from current program areas to populate the database for all audits. However, the end result has been that for this audit, records are incomplete and those that are available are in a variety of locations.

Supporting documents

4.40 ANAO Audit Report No.25 2012–13 *Defence's Implementation of Audit Recommendations* sets out an example of adequate implementation of ANAO recommendations. One of the key features is the provision of supporting documentation, particularly where ANAO recommendations are being proposed for closure. The report notes²⁵:

There was a good level of assurance provided by Defence that the recommendation was complete. There was a closure minute that clearly stated the issues identified by the audit that led to the recommendation. ... The closure minute provided clear linkages as to how Defence's actions addressed the intent of the recommendation, and supporting documents provided evidence of Defence action.

4.41 DHS has introduced a comparable process. Where an audit recommendation is submitted to internal audit for closure, substantiating documentation may be requested from the program management areas. Guidance issued by internal audit indicates that the supporting documentation is for the purpose of evaluating the adequacy, effectiveness, and timeliness of actions taken by management including an assessment of the likely level of residual risk. On completion of the assessment, a recommendation to close or keep the recommendation open is made to the General Manager Audit. The department advised that it is continuing to develop its audit recommendations and monitoring regime including formal 'closure packs' for ANAO recommendations.

4.42 Similar processes have not yet been introduced in the Department of Agriculture. The department is considerably smaller than DHS and with fewer corporate resources. However, the process of providing supporting documentation on the closure of a recommendation need not be onerous and it would heighten the level of oversight by the audit committee. It would also be a useful practice for program areas to adopt prior to seeking audit committee endorsement of closure of recommendations. The ANAO has made suggestions and provided examples to internal audit in this regard. There would also be benefit in periodic internal audit assessments of a sample of recommendations to provide strengthened assurance to audit committees in relation to implementation.

25 ANAO Audit Report No.25 2012–13, *Defence's Implementation of Audit Recommendations*, 27 February 2013, p.78.

Conclusion

4.43 Effective monitoring and reporting arrangements are necessary to ensure that ANAO performance audit recommendations are fully implemented. The quality of internal audit advice to the audit committee depends on the provision of accurate information on implementation from the departments' program areas.

4.44 DHS has well developed monitoring and reporting processes which govern the implementation of audit recommendations, such as placing a high priority on audit monitoring, clearly assigning responsibility, and systematic monitoring and reporting on progress by the department's audit division. These processes are generally supported by a clear allocation of roles, responsibilities and oversight from senior executives at General Manager level. Although this audit identified some inaccurate and incomplete reports and records, these related to a time period prior to the integration of the department in 2011.

4.45 Internal audit and the audit committee in the Department of Agriculture have relied on program manager certification that recommendations have been implemented without any supporting documentation. This audit highlights that there are risks in this approach, particularly in relation to the five recommendations that were either partially implemented or not adequately implemented. A more systematic approach to monitoring ANAO performance audit recommendations is required in the department to support the audit committee. Endorsement of the implementation of ANAO recommendations at the Senior Executive level, and provision of supporting documentation prior to audit committee acceptance of the closure of recommendations would assist in this regard. There would also be benefit in periodic internal audit assessments of a sample of recommendations to provide strengthened assurance to audit committees in relation to implementation.

4.46 On average, recommendations were reported by program management areas as having been implemented within 12 months (the average reported time for implementation in the Department of Agriculture was one year and 26 days, and in DHS it was one year and three days). However, a timetable for implementation was generally not established and timeliness was not closely monitored. To assist with ensuring the implementation of recommendations is timely and of the required quality, appropriate internal requirements should

be developed by entities. These could include senior management expectations of timeframes for finalising recommendations.

Recommendation No.1

4.47 In order to provide a higher level of support to its audit committee, the ANAO recommends that the Department of Agriculture;

- (a) develop appropriate internal requirements setting out senior management responsibilities for implementation of ANAO recommendations and sign off on completion; and
- (b) enhance its internal reporting to give greater focus to the status of implementation, including information relating to timeliness and completion of each outstanding recommendation.

Department of Agriculture's response:

4.48 *Agreed.*



Ian McPhee
Auditor-General

Canberra ACT
29 May 2014

Appendices

Appendix 1: Agencies' Responses



Australian Government
Department of Agriculture

SECRETARY

Ref: D14/68997

Dr Andrew Pope
Group Executive Director
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Dr Pope

Thank you for your letter of 10 April 2014 providing the opportunity to respond to the Section 19 report on the *Implementation of ANAO Performance Audit Recommendations*.

The department notes the report's positive comments in relation to the grants management framework, supporting documentation and training material that support grants processes. The department also notes the acknowledgement of improvements made in reporting progress against agreed ANAO performance audit recommendations to the Audit Committee. The department acknowledges that further improvements could be made in the internal management, implementation, reporting and sign-off arrangements for agreed performance audit recommendations.

The department agrees with the report's recommendation.

The Department's comments for inclusion in the Audit Report Summary are provided at Attachment A.

If you require any further clarification on our comments, please contact Greg Healy, Director Internal and Business Assurance on 02 6272 5543 or greg.healy@daff.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P Grimes'.

Paul Grimes

7 May 2014

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ATTACHMENT A

Audit Report Summary and Recommendation response

Audit Report Summary

The Department of Agriculture agrees with the recommendation of the report. The department notes the report's positive comments in relation to the grants management framework, supporting documentation and training material that support grants processes, and the findings that identify areas for improvement in relation to the timely development and implementation of outcomes based performance indicators.

The department notes the development of outcomes-based performance indicators can present challenges when undertaking certain programs, such as those in the area of natural resource management given the long timeframes required to demonstrate measurable outcomes. Furthermore, for the recommendations where performance indicators were examined, in most cases the underlying program objectives changed following the completion of the relevant audits. This complicated the circumstances for implementing the associated performance indicator recommendations.

Department of Agriculture response to Recommendation 1:

Agreed.



Australian Government
Department of Human Services

Kathryn Campbell CSC
Secretary

Ref: EC14/131

Dr Andrew Pope
Group Executive Director
Performance Audit Services Group
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Andrew
Dear Dr Pope

Thank you for the opportunity to comment formally on the proposed 'section 19' report arising from the Australian National Audit Office's (ANAO) performance audit of *Implementation of ANAO Performance Audit Recommendations*, dated 10 April 2014.

The Department of Human Services (the department) welcomes this report which concludes that the department has well developed monitoring and reporting processes which govern the implementation of audit recommendations. The department also notes there are no recommendations as a result of the ANAO audit. It will continue to maintain its close attention to addressing agreed audit recommendations from any other ANAO audit reports as a matter of priority.

Attachment A to this letter details the department's overall response to the proposed report.

If you would like to discuss the department's response, please do not hesitate to contact Allan Gaukroger, General Manager, Audit, on 6223 4392 or by email at allan.gaukroger@humanservices.gov.au.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kathryn Campbell'.

Kathryn Campbell

9 May 2014

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Attachment A

Response to the section 19 report on the performance audit of *Implementation of ANAO Performance Audit Recommendations*

The Department of Human Services (the department) welcomes the ANAO audit report on the *Implementation of ANAO Performance Audit Recommendations*.

The department notes the audit report acknowledgement of its well-developed monitoring and reporting processes that govern the implementation of audit recommendations since the integration of the former Medicare Australia and Centrelink into the department on 1 July 2011 (integration). While there are no ANAO recommendations pertaining to the department in the audit report, the department will continue to focus on further enhancing audit monitoring governance by including management-agreed timeframes for implementing agreed ANAO audit recommendations as suggested in the audit report. The department will also continue to maintain its close attention to addressing all agreed ANAO audit recommendations as a matter of priority.

The department acknowledges the ANAO findings on the status of the audit recommendations included in the ANAO sample for the audit, noting that the audit recommendations sampled were raised in audits prior to integration referred to above.

The department also advises that since the completion of ANAO field work, Recommendation 2 – Planning the Improving Compliance Plan - from ANAO Report No. 19 2009-10 Child Support Reforms: Stage One of the Child Support Scheme Reforms and Improving Compliance is now fully implemented.

Appendix 2: NSW Audit Office Better Practice Guide checklist on monitoring and reporting of performance audit recommendations

Following a performance audit, entities should:

- Assign responsibility for the implementation of recommendations accepted to a single person or branch.
- Develop an action plan which includes a timetable for implementation and clearly outlines roles and responsibilities for the implementation of each recommendation accepted.
- Include in the plan mechanisms to monitor and report on results against key indicators where they have been identified in the audit.
- Allocate sufficient resources to implement the plan and set realistic and achievable timeframes and targets.
- Have the plan endorsed by the Chief Executive Officer (CEO) and where appropriate, the Board and the Minister.
- Incorporate the plan in other planning documents such as the corporate plan, business plans or performance agreements.
- Nominate or establish a committee to monitor and report on progress (some entities use their audit committee or risk management committee to do this).
- Provide regular reports on the progress of implementation of the recommendations to the CEO and where appropriate, the Board and the Minister.
- Raise staff awareness of the outcomes of the performance audit and invite feedback on how best to implement the recommendations.
- Regularly review and monitor the plan and make amendments, where necessary, to maintain relevance and appropriateness.
- Report progress and actions taken to address issues raised in the performance audit in the annual report (reporting progress each year until implementation is complete).

Appendix 3: ANAO assessment of implementation of recommendations—Department of Agriculture

Report Title and Recommendation	ANAO Assessment
ANAO Report No.26 2007–08 Tasmanian Forest Industry Development and Assistance Programs	
Recommendation 1 – Performance indicators	Partial Implementation
To effectively report against the outcome performance indicators for the Tasmanian forest industry assistance programs in the Portfolio Budget Statements and the department’s project plan, the ANAO recommends that the Department of Agriculture, Fisheries and Forestry: <ol style="list-style-type: none"> a) collect and, where necessary, validate relevant performance data; and b) record, analyse and report this data on an ongoing basis. 	
Recommendation 2 – Financial arrangements	Adequate Implementation
To better protect the Commonwealth’s interests, the ANAO recommends that the Department of Agriculture, Fisheries and Forestry use the current standard funding deed for future projects tailored to incorporate the: <ol style="list-style-type: none"> a) method by which payments are made; and b) financial arrangements in place to acquire the assets, other than through outright purchase or leasing. 	
Recommendation 3 – Operational guidelines for payment of claims	Adequate Implementation
To effectively monitor compliance with the funding deeds, for the Tasmanian forest industry assistance programs, the ANAO recommends that the Department of Agriculture, Fisheries and Forestry: <ol style="list-style-type: none"> a) develop operational guidelines for the payment of claims, compliance reporting and the acquittal of grants; and b) clarify reporting requirements and provide guidance to grant recipients. 	
ANAO Report No. 22 2012–13 Administration of the Tasmanian Forests Intergovernmental Agreement Contractors Voluntary Exit Grants Program	
Recommendation 1 – Program guidelines	Adequate Implementation
To improve the quality and transparency of grant assessment processes for future grants programs, the ANAO recommends that the Department of Agriculture, Fisheries and Forestry reinforce the: <ul style="list-style-type: none"> • obligations to manage programs in accordance with approved program guidelines and the Commonwealth Grants Guidelines; and • importance of retaining documentation to appropriately evidence the assessment of grant applications and decisions made. 	

Report Title and Recommendation	ANAO Assessment
<p>Recommendation 2 – Program guidelines</p> <p>To enhance the transparency of future grants programs, the ANAO recommends that the Department of Agriculture, Fisheries and Forestry advise applicants of any significant changes to the:</p> <ul style="list-style-type: none"> • method used to determine grant funding offers; and • assessment process outlined in the program guidelines. 	Adequate Implementation
<p>Recommendation 3 – Compliance</p> <p>To enable the Department of Agriculture, Fisheries and Forestry to monitor compliance with the terms and conditions of funding, the ANAO recommends that the department reinforce the importance of:</p> <ul style="list-style-type: none"> • preparing compliance strategies and determining the basis for funding ongoing compliance activities early in the design phase of grants programs; and • incorporating compliance obligations into program guidelines and funding agreements. 	Adequate Implementation
ANAO Audit Report No. 53 2010–11 Drought Assistance	
<p>Recommendation 1 – Implementation of arrangements for Exceptional Circumstance Interest Rate Subsidy (ECIRS) eligibility</p> <p>In light of concerns raised in recent reviews that highlighted the impact of the different interpretations of the Exceptional Circumstances Interest Rate Subsidy (ECIRS), the ANAO recommends that DAFF:</p> <ol style="list-style-type: none"> a) implements arrangements to provide assurance that the minimum assessment criteria for ECIRS eligibility are being met; and b) gathers data on the variability in ECIRS payments across jurisdictions, with a view to informing future Australian and state/territory government drought policy initiatives. 	Partial Implementation
<p>Recommendation 2 – Centrelink performance in delivering drought assistance</p> <p>In developing a new BMA with Centrelink, the ANAO recommends that DAFF negotiates arrangements that would provide greater assurance in relation to:</p> <ol style="list-style-type: none"> a) Centrelink’s performance in delivering each individual drought assistance program against established key performance indicators; and b) the integrity of drought assistance payments. 	Partial Implementation
<p>Recommendation 3 – Evaluation and KPIs</p> <p>To provide more timely information on the design and appropriateness of Australia’s current and future drought polices, the ANAO recommends that DAFF:</p> <ol style="list-style-type: none"> a) builds on existing evaluation work and develops a range of complementary effectiveness key performance indicators (KPIs); and b) uses these KPIs to report annually on drought assistance outcomes. 	Partial Implementation

Report Title and Recommendation	ANAO Assessment
ANAO Report No. 38 2008–09 Administration of the Buyback Component of the Securing our Fishing Future Structural Adjustment Package	
Recommendation 1 – The buyback program	N/A
<p>To enhance the transparency and accountability of any future evaluation process when evaluation tools such as an algorithm are used, the ANAO recommends that the Department of Agriculture, Fisheries and Forestry:</p> <ol style="list-style-type: none"> a) assess and document the risks associated with using an algorithm and develop appropriate mitigation strategies; b) develop and implement quality assurance processes surrounding the development and running of the algorithm and the results generated; and c) incorporate in any evaluation methodology and plan, the capacity for the evaluation panel to intercede at appropriate decision points in the process. 	
ANAO Report No. 39 2008–09 Administration of the Securing our Fishing Future Structural Adjustment Package Assistance Programs	
Recommendation 1 – Structural adjustments	Not Adequate Implementation
<p>To enable the Department of Agriculture, Fisheries and Forestry to measure and report against the objectives of the industry and community assistance programs, the ANAO recommends that the department:</p> <ul style="list-style-type: none"> • develop key outcome performance indicators for each of the programs; and • collect, analyse and report the relevant performance information. 	

Source: ANAO.

Appendix 4: Department of Agriculture—changes in drought KPIs over time

Key Performance Indicators	2011–12	2012–13	2013–14
Eligible applicants (farmers and small businesses) receive sufficient financial resources to meet immediate needs within timeframe specified by the Business Partnership Agreement/Bilateral Management Agreement.	100%	100%	100%
Interim Income Support claims to be processed within 42 days in accordance with the Business Partnership Agreement with Centrelink/Department of Human Services.	80%	80%	80%
EC Relief Payment claims to be processed within 42 days in accordance with the Business Partnership Agreement with Centrelink/DHS	80%	80%	80%
Grant claims to be processed within 91 days in accordance with the Protocol agreed with Centrelink	80%	<i>Discontinued</i>	-
Minister/Parliamentary Secretary and executive satisfied with the quality and timeliness of policy advice and support.	High Level of Satisfaction Achieved	<i>Discontinued</i>	-
Effective understanding of stakeholder views on future programs to help producers prepare for and manage drought	-	Consult Stakeholders	Consult Stakeholders
Underpinning research, advice, forecasts, projects, products and data services are delivered on time, within budget and are of high quality.	-	85%	<i>Discontinued</i>
Work with DHS to ensure systems are in place to enable the Farm Household Allowance (FHA) to be implemented from 1 July 2014	-	-	Systems in place
Amendments to the <i>Farm Household Support Act 1992</i> to enable the FHA to be implemented from 1 July 2014 are passed by the Parliament	-	-	Legislation passed by the Parliament

Source: ANAO from DAFF Portfolio Budget Statements.

Appendix 5: ANAO assessment of implementation of recommendations—Department of Human Services

ANAO Report Title and Recommendation	ANAO Assessment
ANAO Report No.10 2010–11 – Centrelink Fraud Investigations	
<p>Recommendation 1 – Prioritisation, targets and performance indicators</p> <p>To facilitate the more effective use of its fraud intelligence capability, the ANAO recommends that DHS: review its fraud prioritisation and case selection policies; internal targets; and performance indicators for fraud management; so as to better align these polices and measures with its fraud control strategies.</p>	Adequate Implementation
<p>Recommendation 2 – Fraud investigations, case management support</p> <p>The ANAO recommends that DHS reviews the support provided to fraud control staff, paying particular attention to:</p> <ul style="list-style-type: none"> • the content of its Fraud Investigation Manual to ensure investigation guidelines, procedural controls, processes and practices are clearly articulated and consistent with the Australian Government Investigations Standards and Social Security legislation; • managerial oversight of decision making and documenting of critical decisions throughout the investigative process, including when an administrative investigation transitions to a criminal investigation; and • the efficiency and useability of DHS’s fraud-related decision support and reporting systems. 	Adequate Implementation
<p>Recommendation 3 – Training and quality assurance</p> <p>To improve compliance with external and internal fraud investigation requirements and the quality of its decision-making, the ANAO recommends that DHS:</p> <ul style="list-style-type: none"> • increase the level of guidance and oversight provided to support decision-making by fraud investigators throughout the investigative process, from the point of case selection through to finalisation of the fraud investigation; and • develop a rolling program of specialised training for its fraud control staff that includes regular refresher courses on the policies and procedures in its Fraud Investigation Manual. 	Adequate Implementation
<p>Recommendation 4 – Recording, reporting and evaluation of fraud data</p> <p>To improve the quality and reliability of its fraud management-related systems, the ANAO recommends that DHS review its standards and procedural controls for the accurate recording, reporting and evaluation of fraud data, to enable:</p> <ul style="list-style-type: none"> • investigation timeframes to be monitored, particularly in regard to serious fraud cases; and • fraud to be more accurately quantified and the cost-effectiveness of DHS’s fraud control strategies to be assessed. 	Adequate Implementation

ANAO Report Title and Recommendation	ANAO Assessment
ANAO Report No. 36 2009–10 – Emergency Management and Community Recovery Assistance in Centrelink	
Recommendation 1 – Disaster preparedness	Adequate Implementation
To improve Centrelink’s preparedness for responding to future disasters, the ANAO recommends that Centrelink include disasters that impact on multiple Areas in its emergency and business continuity test exercise program.	
Recommendation 2 – Risks to payment integrity	Partial Implementation
To provide adequate assurance on the validity of claims paid for disaster recovery assistance, the ANAO recommends that Centrelink: <ul style="list-style-type: none"> • undertake an analysis of the risks to payment integrity that arise from service delivery decisions (such as claimant self-declaration) taken during a disaster response; and • address the risks identified in the analysis as either high or significant as part of its follow-up payment integrity activities. 	
Recommendation 3 – Collection and reporting of disaster recovery payment information	Adequate Implementation
The ANAO recommends that Centrelink assess the reliability of emergency recovery payment data and reports generated from its system(s), and update the approach, standards and procedures for the collection, storage and use of the data.	
Recommendation 4 – Customer experience and feedback	Adequate Implementation
To improve customer awareness of the availability of disaster recovery assistance, the ANAO recommends that Centrelink: <ul style="list-style-type: none"> • review its communication strategy to ensure that information on disaster recovery assistance is accessible to target audiences and responsive to the particular disaster situation; and • reinforce key recovery messages for the time period that assistance is available so that information reaches community members when they are receptive. 	
ANAO Report No. 19 2009–10 Child Support Reforms: – Stage One of the Child Support Scheme Reforms and Improving Compliance	
Recommendation 1 – Project management	Adequate Implementation
Where initiatives within the Human Services portfolio require multiple entities to communicate with customers for a shared purpose, the ANAO recommends that the Department of Human Services coordinate communications to facilitate the provision of cohesive and comprehensive information to affected individuals.	

ANAO Report Title and Recommendation	ANAO Assessment
<p>Recommendation 2 – Planning the Improving Compliance plan</p> <p>In order to adequately address continuing and emerging compliance risks to the Child Support Scheme, the ANAO recommends that CSA improve its approach to compliance risk management, particularly through implementing procedures that allow for the better identification, treatment and monitoring of risks.</p>	Partial Implementation
<p>Recommendation 3 – The Prosecution project</p> <p>To improve the effectiveness of prosecution activity, the ANAO recommends that CSA review and update its prosecution policy to ensure that it meets current operational requirements, including guidance on case selection.</p>	Adequate Implementation
<p>Recommendation 4 – Case selection</p> <p>The ANAO recommends that CSA develop a coordinated national approach to case selection that:</p> <ul style="list-style-type: none"> • is risk based and provides appropriate coverage of CSA’s customers; • strategically allocates cases to suitable compliance projects; and • utilises analysis from successful case types to inform the strategies of its compliance projects. 	Adequate Implementation
<p>Recommendation 5 – Budget and resource allocation</p> <p>The ANAO recommends that CSA improve its budget and resource management processes through early identification of program requirements and allocations that align with program objectives.</p>	Adequate Implementation
<p>Recommendation 6 – Family Tax Benefit (FTB) savings target</p> <p>To improve the accuracy and usefulness of the Child Support Scheme compliance performance reporting, the ANAO recommends that Family Tax Benefit payment savings attributable to compliance action are estimated and reported.</p>	Not Adequate Implementation
ANAO Report No. 22 2008–09 Centrelink’s Complaint Handling System	
<p>Recommendation 1 – Complaints handling system - awareness and satisfaction</p> <p>To improve Centrelink’s ability to effectively and accurately measure, monitor and report on customer awareness of its complaints handling system, the ANAO recommends that Centrelink:</p> <ol style="list-style-type: none"> a) develop and include in the annual National Customer Satisfaction Survey, questions that specifically assess the level of customer awareness of the complaints handling system and the likely avenues by which a customer would lodge a complaint; and b) review the statistical treatment used to analyse the survey results to more accurately represent the ‘missing data’ and address the risk of misinterpretation of customer survey results. 	Adequate Implementation

ANAO Report Title and Recommendation	ANAO Assessment
<p>Recommendation 2 – Monitoring and reporting of customer feedback information</p> <p>To improve the accuracy of Centrelink’s data on the total number and types of complaints received by the agency, the ANAO recommends that Centrelink:</p> <ul style="list-style-type: none"> a) investigate options for improving the integration of the oral complaint reporting function into the existing systems used by CSC officers; and b) regularly review and monitor the reporting of oral complaints received to ensure that all oral complaints are recorded. 	Adequate Implementation
<p>Recommendation 3 – Monitoring and reporting of customer feedback information</p> <p>The ANAO recommends that Centrelink use the ICFD (or similar) as the central repository for all customer feedback to enable:</p> <ul style="list-style-type: none"> a) better quality assurance coverage; and b) accurate and complete records for internal and external reporting purposes. 	Partial Implementation

Source: ANAO.

Appendix 6: Reported time taken to implement ANAO Performance Audit Recommendations— Department of Agriculture

ANAO Audit Title	Tabling Date	Rec No.	Planned Implement Date	Extended Implement Date	Reported Implement Date	Total Time Elapsed	Comments
No. 26 of 2007–08 Tasmanian Forest Industry	28 Feb 08	1	-	-	-	-	Progress report provided to Audit Committee meeting of 28 October 2008. Implementation date not monitored
		2	-	-	-	-	
		3	-	-	-	-	
No. 38 of 2008–09 Fishing Buy Back	27 May 09	1	-	-	-	-	Implementation date not monitored
No. 39 of 2008–09 Fishing Adjustment Package	27 May 09	1	30 Jun 10	29 Apr 11	22 Apr 11	23 Months	Evidence of implementation not provided to audit committee
No. 53 of 2010–11 Drought Assistance	22 Jun 11	1	31 Dec 12	-	21 Dec 12	18 Months	Evidence of implementation not provided to audit committee
		2	31 Dec 12	-	21 Dec 12		
		3	31 Dec 12	-	21 Dec 12		
No. 22 of 2012–13 Forests IGA	21 Feb 13	1	1 Jun 13	-	5 Jul 13	5 Months	Evidence of implementation not provided to audit committee
		2	1 Jun 13	-	5 Jul 13		
		3	1 Jun 13	-	5 Jul 13		

Source: ANAO from departmental records.

Appendix 7: Reported time taken to implement ANAO performance audit recommendations—the Department of Human Services

ANAO Audit Title	Tabling Date	Rec No.	Reported Implement Date	Elapsed Time	Comments
No.22 of 2008–09 Complaints Handling System	17 Feb 09	1	15 Nov 09	271 days	Evidence of implementation provided to AC
		2	15 Aug 09	179 days	
		3	15 May 10	1 year and 87 days	
No.19 of 2009–10 Child Support Reforms	18 Dec 09	1-6	Not Available	Not Available	Implementation data is incomplete. ¹
No.36 of 2009–10 Emergency Management and Community Assistance	19 May 10	1	15 Nov 10	180 days	Evidence of implementation provided to AC
		2	15 May 11	361 days	
		3	15 Nov 10	180 days	
		4	15 Nov 10		
No.10 of 2010–11 Fraud Investigations	30 Sep 10	1	15 Jun 12	1 year and 259 days	Evidence of implementation provided to AC
		2	15 Jun 12		
		3	15 Jan 12	1 year and 107 days	
		4	15 Jan 12		

Source: ANAO from DHS Records.

Note: 1. Audit committee oversight of these recommendations is discussed in more detail in Chapter 4.

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