

Design and Implementation of the Quality Framework

Department of Human Services

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Canberra ACT
5 November 2018

Dear Mr President
Dear Mr Speaker

In accordance with the authority contained in the *Auditor-General Act 1997*, I have undertaken an independent performance audit in the Department of Human Services. The report is titled *Design and Implementation of the Quality Framework*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit to the Parliament.

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

Yours sincerely



Grant Hehir
Auditor-General

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

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Summary and recommendations

Background

1. The Department of Human Services (Human Services) is responsible for the delivery of social, health and other payments and services as well as the development of service delivery policy. Until July 2011, Human Services included the Child Support Agency and Commonwealth Rehabilitation Services (CRS) Australia. In July 2011, Human Services integrated the services of Centrelink and Medicare Australia, which created a much larger department. In 2017–18 Human Services administered approximately \$173.4 billion in payments.
2. Following the creation of the larger department, Human Services introduced an initiative to create a department-wide quality framework. In September 2013, Human Services developed the Quality Framework to provide a single set of expectations for ensuring the department's services are high quality and meet customer and government expectations. The strategic purpose of the Quality Framework is to mandate a consistent and integrated approach to delivering quality services and to support the department to be collaborative and proactive rather than reactive in addressing gaps, identifying systemic issues, best practice and continuous improvement opportunities.¹
3. A gap analysis conducted earlier that year had identified a lack of consistency or integration of quality measures across the department, including a lack of integrated quality reporting or a holistic view of quality. The Framework was not introduced in response to perceived significant weaknesses of the quality arrangements in place across the department.

Rationale for undertaking the audit

4. The Human Services' Quality Framework was selected for audit due to the large value of payments to which it applied and to determine whether the purpose of the Quality Framework had been met. Having been in place for five years, it was timely to undertake an audit focusing on the design, implementation and effectiveness of the Framework.

Audit objective and criteria

5. The objective of the audit was to assess the effectiveness of the design and implementation of the Human Services' Quality Framework.
6. To form a conclusion against the audit objective, the ANAO adopted the following high-level criteria:
 - Did Human Services effectively design the Quality Framework and supporting governance arrangements?
 - Has Human Services effectively implemented the Quality Framework?

1 The Framework has three desired core features: build an approach to managing quality that is integrated across programs and consistently applied in all parts of the merged operations; identify and resolve systemic issues affecting service delivery; and increased accountability within the department for quality outcomes.

- Has Human Services monitored and reported on the effectiveness of the Quality Framework and its capacity to inform continuous improvement of its services?

Conclusion

7. Human Services has been less than effective in designing and implementing a Quality Framework that achieves its strategic purpose of consistent and integrated approaches to delivering quality services. While the Framework has strengthened quality arrangements in service delivery operations where it has been comprehensively implemented, lower levels of implementation elsewhere in the department and a lack of integrated reporting on quality has limited its effectiveness in meeting core design features.

8. Human Services' design of the Framework was partly effective, with a sound evidence base underpinning the key elements of the Framework but limited implementation planning. The department also has partly effective governance arrangements for the Framework, and needs to clarify the roles of the two primary governance committees, which have not discharged key responsibilities under the Framework.

9. The Framework has been effectively implemented in the service delivery areas of the department but less comprehensively implemented in the enabling and transformation areas. The inconsistent implementation of the Framework throughout Human Services has not necessarily compromised quality, as mature quality mechanisms are in place in business areas that have not embraced the Framework. The department has integrated the Framework into its business and risk planning governance arrangements.

10. Human Services' monitoring of the Framework is partly effective with sound processes for internal monitoring but little reporting of effectiveness up to the departmental executive. There is sufficient external reporting of quality and sound processes for managing quality-related issues and promoting continuous improvement of quality in the department. However, the extent to which activities under the Framework have contributed to these processes is unclear.

Supporting findings

Design and governance

11. Human Services' design of the Quality Framework was partly effective, in terms of both the processes adopted and the design ultimately reached. The design processes included considerable internal consultation and analysis of quality arrangements in place in the department and in other comparable organisations domestically and internationally, which provided a sound evidence base for the key design elements of the Framework. However, there was limited implementation planning and trialling to guide the achievement of key objectives and management of implementation risks.

12. Human Services has partly effective governance arrangements for the Framework and needs to clarify these arrangements. The main governance body for the Framework, the Quality Advisory Group, was nominally in operation at the time of the audit in 2018 but had not met since May 2015 or discharged its responsibilities under the Framework. The Quality Council was introduced in 2016 and has performed some functions of the Quality Advisory Group but has a limited role in relation to the Framework. The Quality Management Section assisted business

areas to implement the Framework by providing policies, guidelines, tools and other support material.

Implementation of the Quality Framework

13. Human Services has not implemented the Framework comprehensively and consistently throughout the department. Rather, there has been a dichotomy. The Framework was adopted comprehensively in service delivery areas, but less comprehensively in the enabling and transformation areas of the department that have relied on their pre-existing quality mechanisms. Whether explicitly implementing the Framework or relying on their own quality mechanisms, the nine business areas examined by the ANAO in detail had a high level of alignment with the six elements of the Framework — accountability, quality processes, issues management, capability, culture and reporting.

14. The Framework has been integrated into Human Services broader governance arrangements as a result of the department rolling quality planning into business and risk plans since 2016.

Monitoring and reporting

15. Internally, Human Services has monitored the implementation of its Framework through annual assessments, internal quality reviews of individual business areas and particular quality monitoring arrangements in place in business areas. These have been sound processes, although fewer internal reviews were conducted than intended (five of 12), there has been little reporting to the Human Services executive of the effectiveness of the Framework, and a department-wide Performance and Quality Scorecard has not been developed as proposed under the Framework.

16. External reporting of quality occurs through the department's annual reports, currently including three quality-related performance indicators in the Annual Performance Statements and indicators relating to a service commitment to providing quality information. There are clear links between the Framework and the indicators in these two corporate measurement processes, but unclear attribution to specific activities being undertaken as a result of the Framework.

17. The business areas reviewed by the ANAO had appropriate processes in place to identify and record issues arising from quality measures and processes. Human Services has not implemented a department-wide issues management register as envisaged by the Framework. In June 2018 the Quality Council proposed a localised approach whereby all business areas ensure that issues can be tracked, prioritised, analysed and escalated according to their individual needs.

18. Human Services incorporated a continuous improvement methodology into the Framework to guide staff when managing systemic issues and developing solutions. Although some business areas were able to identify examples of continuous improvement, there is a lack of clarity around whether the activities undertaken under the Framework have led to improvements in products and services. There has also only been one systemic issue escalated to the Quality Council since its inception.

Recommendations

Recommendation No. 1

Paragraph 4.39

Human Services:

- (a) decides whether to retain the Quality Framework as a department-wide initiative in its current form that focuses on consistency and integration, or revises it to give greater recognition to flexible, fit-for-purpose quality approaches; and
- (b) implements processes to monitor ongoing compliance with the Framework and report on achievement of its purpose and desired key features.

Human Services' response: *Agreed*

Summary of entity response

19. The proposed report was provided to Human Services, which provided a summary response set out below. The full response from Human Services is provided at Appendix 1.

Department of Human Services

The Department of Human Services welcomes the report, and acknowledges the ANAO's finding that *"Human Services has sound quality arrangements in place throughout the department"*. The department recognises the scope to improve implementation and governance arrangements as identified in the report.

The department agrees to the recommendation, and has already commenced a comprehensive review of the Framework to assess its effectiveness.

Key learnings for all Australian Government entities

20. Below is a summary of key learnings identified in this audit that may be relevant to other Commonwealth entities.

Policy/program design

- Quality arrangements need to be fit-for-purpose for business areas within entities, and this may or may not be consistent across an entity.
- Trialling of approaches, project planning and clear monitoring of milestones and achievements are crucial elements in the design of quality frameworks and processes.
- When considering introducing a mandated enterprise-wide framework, a clear understanding of the need for the framework should be determined as a first step. The second step is to determine if a single approach, as outlined in an enterprise-wide framework, is appropriate for all business areas.

Policy/program implementation

- The implementation phase of a large-scale framework must have top-down leadership, business area ownership, frequent messaging and reporting as well as strong governance, to ensure escalation and monitoring of risks and ongoing assessment of whether changes are needed during the early phases of implementation to realise intended business impacts.

Audit findings

1. Background

1.1 The Department of Human Services (Human Services) is responsible for the delivery of social, health and other payments and services as well as the development of service delivery policy. In 2017–18 Human Services administered \$173.4 billion in payments.²

1.2 Human Services delivers payments and services across the following program areas:

- Social security and welfare — Centrelink payments and services;
- Aged care — payments to residential aged care, home care and flexible care services;
- Health — Medicare, the Pharmaceutical Benefit Scheme, Private Health Insurance Rebate, Australian Immunisation Register, National Bowel Cancer Screening Register, Australian Organ Donor Register, and services for eligible veterans; and
- Child support — Child Support Program.³

1.3 Human Services' mission is 'connecting Australians to the services they need' and its outcome statement is:

Support individuals, families and communities to achieve greater self-sufficiency; through the delivery of policy advice and high quality accessible social, health and child support services and other payments; and support providers and businesses through convenient and efficient service delivery.⁴

1.4 Human Services also has service commitments in place to provide its customers and stakeholders with a set of expectations about the services or products they are accessing. The service commitments relate to respect, quality information, honesty and integrity, and efficiency. Each commitment is supported by business improvement priorities for 2015 to 2019 (Appendix 2).⁵

1.5 For any organisation that delivers payments and services to customers, ensuring quality service delivery is essential. By implementing quality mechanisms or a quality framework, organisations can reduce errors, improve customer satisfaction and increase efficiency. This is particularly important in delivering government services, as ensuring the proper use of public funds is a legislative requirement.

Quality mechanisms in Human Services

1.6 The three major program areas in Human Services — Centrelink, Medicare and Child Support — each have processing systems that have quality mechanisms embedded, as well as other supporting resources such as guidance documents, staff training and accreditation:

2 Department of Human Services, *2017–18 Annual Report*, p. 3.

3 Human Services also delivers a range of other services including the Tasmanian Freight Equalisation Scheme and *myGov*.

4 Department of Human Services, *Portfolio Budget Statements 2018–19 Budget Related Paper No 1.11*, p. 5.

5 Department of Human Services website, 'Our service commitments', available from <https://www.humanservices.gov.au/organisations/about-us/our-department/our-service-commitments>, [accessed 20 August 2018].

- The Centrelink payment system's quality checking tool is Quality On Line (QoL), which is a quality control system designed to check customer updates made by service officers for payment correctness and documentation standards. QoL checkers review a random sample of cases and identified errors are returned to staff for correction before the final payment is processed. As at August 2018, QoL was being replaced by the Quality Management Application, which is on a more modern software platform.
- The Medicare Quality Control System is used by quality checkers to review a random selection of transactions processed by service officers. It automatically selects transactions/claims/edits based on set criteria, such as proficiency (such as a higher rate of checking for new staff) and random samples.
- The Child Support Program has a quality assurance framework with two components: individual work observations using a random sample of calls and/or transactions each month, and decision monitoring of key functions and high risk activities.

1.7 These processes were not replaced or amended due to the introduction of a department-wide framework for quality, and are still in place today. There are also other methods of ensuring quality within Human Services such as the use of the Agile⁶ methodology for ICT or transformation projects. An example of quality approaches in a Human Services business area is provided at Appendix 3.

Quality Framework

1.8 Human Services was created on 26 October 2004 and included the Child Support Agency and Commonwealth Rehabilitation Services (CRS) Australia. In July 2011 Human Services integrated the services of Centrelink and Medicare Australia, which gave rise to a much larger department. This change required Human Services to implement activities such as integrating corporate operations, reducing duplication and overlap of previously separate infrastructures, and bringing together Medicare and Centrelink service locations across the country.

1.9 In this context, a Quality Framework (the Framework) was introduced in September 2013, designed to provide a single set of expectations for ensuring the department's services are high quality and meet customer and government expectations.⁷ A gap analysis conducted earlier in 2013 as part of the Framework's development identified a lack of consistency or integration of quality measures and reporting across the department. The analysis, however, did not generally find fault with the individual approaches to quality in place across business areas. Rather, it was an exercise to create a Framework to underpin the establishment of a department-wide quality culture.

1.10 The strategic purpose of the Framework is to mandate a consistent and integrated approach to delivering quality services and to support the department to be collaborative and proactive rather than reactive in addressing gaps, identifying systemic issues, best practice and continuous improvement opportunities.⁸ The Framework has three desired core features:

6 The methodology is explained at <http://agilemethodology.org/>, [accessed 31 August 2018].

7 Department of Human Services, *Quality Framework*, September 2013, p. 3.

8 Department of Human Services, *Quality Framework*, September 2013, p. 4.

- build an approach to managing quality that is integrated across programs, and consistently applied in all parts of operations;
- identify and resolve systemic issues that are affecting service delivery; and
- all leaders within the organisation taking a visible, personal and accountable ‘customer⁹ advocacy’ role in driving resolution of quality issues.¹⁰

1.11 The Framework defines quality as ensuring Government outcomes are achieved as intended and the department is meeting its published service commitments to customers.¹¹

1.12 The Framework contains six elements:

- accountability — establishment of operational and support accountability structures responsible for the implementation and administration of the framework;
- quality processes — a set of guidelines that when used repeatedly will ensure quality and inform decision-making;
- issues management — brings together the intelligence gathered through various issues and feedback registers into a consolidated register and assigns responsibility for resolution;
- capability — ensuring the department’s capability at an organisational and individual level to achieve quality outcomes;
- culture — the framework generates more teamwork and leadership, escalation of issues, creativity and discipline, assisting the department to move from reactive to proactive performance management; and
- reporting — the development of new performance reports includes new indicators of quality to provide a more balanced view of the performance of each business area.¹²

1.13 Underpinning each of these elements is the key principle of continuous improvement, which Human Services defines as an ongoing effort to improve the quality of products and services delivered by the department.

1.14 The *Guidelines for Implementing the Quality Framework* (the Guidelines) provide direction to staff on implementing the Framework, and set out four steps that business areas¹³ are required to follow:

- Step 1 Register intent to implement Framework elements;
- Step 2 Undertake self-assessment process;
- Step 3 Establish Quality Strategy Plan; and
- Step 4 Monitor and review.

9 Customers include citizens, health providers and entities that access and depend on departmental services.

10 Department of Human Services, *Quality Framework*, September 2013, p. 4.

11 Department of Human Services, *Quality Framework*, September 2013, p. 5.

12 Department of Human Services, *Quality Framework*, September 2013, p. 6.

13 The term ‘business area’ is used in this report to generically refer to a branch or service zone overseen by a SES Band 1 National Manager.

1.15 The Guidelines also provide further detail and guidance on the Framework's six elements including the seven minimum standards for quality processes, the key types of quality checks, definition of an issue, and the continuous improvement methodology.

1.16 Implementation of the Framework was devolved to Human Services' National Managers and Service Leaders, who were required to work with their General Managers and develop Quality Strategy Plans containing appropriate quality measures to support their area of business. There was no specific funding allocated to branches for the implementation of the Framework as they were expected to meet the costs as part of general business.

1.17 The Service, Performance and Coordination Division¹⁴ was responsible for developing the Framework and supporting guidance. The Quality Management Section in the Risk and Business Continuity Branch¹⁵ provided oversight of the Framework and tools such as the guidelines, training products and a quality helpdesk function. The section also undertakes other quality initiatives including: Quality Call Framework; QoL and the development of the Quality Management Application; communications activities; and the Service Centre Administrative Review.

Rationale for undertaking the audit

1.18 The Human Services Quality Framework was selected for audit due to the large value of payments to which it applied (\$173.4 billion in 2017–18) and to determine whether the purpose of the Quality Framework had been met. Having been in place for five years, it was timely to undertake an audit focusing on the design, implementation and effectiveness of the Framework.

Audit approach

Audit objective, criteria and scope

1.19 The objective of the audit was to assess the effectiveness of the design and implementation of the Human Services Quality Framework.

1.20 To form a conclusion against the audit objective, the ANAO adopted the following high-level criteria:

- Did Human Services effectively design the Quality Framework and supporting governance arrangements?
- Has Human Services effectively implemented the Quality Framework?
- Has Human Services monitored and reported on the effectiveness of the Quality Framework and its capacity to inform continuous improvement of its services?

14 As at May 2017, the division was called Service Delivery Strategy.

15 In August 2018, Human Services' restructured its corporate enabling area whereby the Quality Management Section was moved to the Audit and Risk Division and into a new branch, Risk and Business Continuity.

Audit methodology

1.21 In undertaking the audit the ANAO:

- reviewed the processes undertaken by Human Services to design and implement the Framework;
- assessed the current Quality Strategy Plans for each Human Services business area;
- reviewed a selection of business areas to assess the implementation of the Framework as part of business-as-usual operations;
- reviewed relevant documentation including the Quality Framework, guidelines, procedures, reports, meeting minutes and correspondence;
- reviewed relevant literature to establish possible comparative benchmarks for best practice, such as the *Australian/New Zealand Standard Quality Management Systems—Requirements* (AS/NZS ISO 9001:2016); and
- interviewed or received written input from staff in the specific areas of Human Services.

1.22 The audit was conducted in accordance with ANAO Auditing Standards at a cost to the ANAO of approximately \$215,000.

1.23 The team members for this audit were Renina Boyd, Nathan Callaway, Pauline Ereman and Andrew Morris.

2. Design and governance

Areas examined

This chapter examines whether the Department of Human Services (Human Services) effectively designed the Quality Framework (the Framework) and has effective governance arrangements.

Conclusion

Human Services' design of the Framework was partly effective, with a sound evidence base underpinning the key elements of the Framework but limited implementation planning. The department also has partly effective governance arrangements for the Framework, and needs to clarify the roles of the two primary governance committees, which have not discharged key responsibilities under the Framework.

Areas for improvement

The ANAO has suggested that Human Services: clarifies the role of the Quality Council regarding the Framework (paragraph 2.35); makes the Framework guidance more useful throughout the department (paragraph 2.43); and clarifies how it will monitor and enforce alignment with the Framework's elements (paragraph 2.49).

Did Human Services effectively design and plan for the implementation the Quality Framework?

Human Services' design of the Quality Framework was partly effective, in terms of both the processes adopted and design ultimately reached. The design processes included considerable internal consultation and analysis of quality arrangements in place in the department and in other comparable organisations domestically and internationally, which provided a sound evidence base for the key design elements of the Framework. However, there was limited implementation planning and trialling to guide the achievement of key objectives and management of implementation risks.

2.1 Human Services introduced its department-wide Quality Framework in September 2013 with the Secretary of Human Services stating:

The Quality Framework is a significant milestone for the department. For the first time since integration we will have a single set of expectations for ensuring that the services we deliver are high quality and meet the expectations of both customers and government.¹⁶

2.2 The Framework was designed over approximately 12 months.

Consultation, research and testing to support the design of the Quality Framework

Internal consultation

2.3 To support the design of the Framework and approach to internal consultation, Human Services developed a communication plan. The planned communication activities aimed to create

16 Department of Human Services, *Quality Framework*, September 2013, p. 3.

awareness across Human Services of the proposed Framework, and provide updates on progress and outcomes. The communication plan was comprehensive and set out the approach Human Services would take to design and implement the Framework.

2.4 Communication and consultation occurred with internal stakeholders at a range of points throughout the development of the Framework (outlined in Table 2.1).

Table 2.1: Overview of key internal consultation supporting the design of the Quality Framework

Consultation mechanism	Description
Quality Sub-Committee	Consultation with the Quality Sub-Committee led to the establishment of the Quality Advisory Group, which was intended to play a key role in the Framework and the delivery of quality customer outcomes.
Stakeholder Engagement Forum	Held in November 2012, this forum sought input from senior departmental stakeholders, which was used to inform and advance the Framework. The results of this forum are discussed at paragraph 2.5.
National Quality Managers forum	Forums were held with Human Services' national quality managers in December 2012 and February 2013. The purpose of the two forums was to inform quality managers of the proposal and to seek their ideas and input.
SES briefing and feedback sought	In March 2013, SES managers were briefed on the introduction of the Framework. The briefing included an outline of the elements of the Framework and the objectives of the Framework. As part of this process, nominations were sought from senior managers to participate in future stakeholder workshops.
Stakeholder workshops	Three stakeholder workshops were held in May 2013. The purpose of these workshops was to test the draft Framework, to ensure its utility for managers and staff and to ensure that the Framework incorporated current best practices. The results of the stakeholder workshops are discussed at paragraph 2.7.

Source: ANAO analysis of Human Services' Quality Framework documentation.

2.5 The Stakeholder Engagement Forum was held in November 2012 and included 19 participants. The forum involved facilitated discussions and activities, and participants were polled anonymously about their views. The forum's three main components included: setting the scene; readiness to develop a department-wide quality framework; and principles and strategies for a department-wide quality framework. Overall, the forum participants felt that it was important to have a Quality Framework for the department, but that it would not be easy to introduce.

2.6 The key barriers/issues to implementing a Framework for the department were identified as: lack of agreement; over-promising; lack of understanding; lack of ownership; unclear definitions; resistance and non-compliance; and integrating systems.

2.7 In May 2013, a further three stakeholder workshops were held with 84 staff (14 SES and 70 non-SES staff in Brisbane, Canberra and Melbourne) in attendance. As with the Stakeholder Engagement Forum, participants engaged in facilitated discussions and were anonymously questioned about the proposed Framework. Of the six elements of the Framework, culture was considered the most difficult to advance and accountability was considered the easiest to advance.

Consideration of relevant material in designing the Framework

2.8 In developing the Framework, Human Services considered:

- prior quality arrangements within the department;
- comparable arrangements in other organisations; and
- better practice in the management of quality.

2.9 As the Framework was being developed, Human Services undertook a stocktake of quality control and quality assurance processes that were already in place in the department. The stocktake covered governance arrangements, quality control and quality assurance processes, systems used for quality, performance monitoring and reporting, staff capabilities, transaction monitoring and methodologies. The Quality Framework states that ‘this was distributed to stakeholders for review and input’.

2.10 Across Human Services’ three major business streams (Centrelink, Medicare and Child Support), the stocktake found that there were a range of quality arrangements in place at that time. For example, Centrelink had 12 quality control and assurance processes; Medicare had 10 such processes; and Child Support had no formal quality control processes.¹⁷ In designing the Framework, Human Services recognised that many business areas already had quality frameworks and quality assurance processes in place. Rather than replace these, the Framework was designed to underpin the establishment of a common, customer-centric quality culture regardless of service brand history, services or products.

2.11 Human Services undertook an assessment of the elements of its Framework against the Australian Taxation Office’s Integrated Quality Framework. The assessment assisted Human Services to benchmark its proposed Framework against an established quality framework in a comparable organisation. Human Services identified that communication and change management were two areas requiring further development when compared to the Australian Taxation Office’s arrangements. A literature review was also undertaken on a range of material from around the world about quality frameworks and processes.

2.12 While Human Services did not specifically consider the *Australian/New Zealand Standard Quality Management Systems—Requirements* (AS/NZS ISO 9001:2016) in the design of the Framework, the ANAO has summarised the Standard and mapped the audit findings/discussions against each requirement of the Standard (see Appendix 4).

Purpose and key elements of the Framework

2.13 In January 2013, Human Services undertook a gap analysis of its approach to managing quality, based on the stocktake of quality control and quality assurance processes discussed above. The analysis was undertaken to identify a single set of expectations for the Framework. The analysis found a range of gaps regarding: governance; structures and standards; key performance indicators and reporting; quality control and quality assurance; staff capability and

17 The stocktake found that Child Support had no system support for quality control, although some ad hoc quality assurance checking was undertaken.

training; transaction monitoring; and methodologies. The gaps are outlined in Table 2.2, and largely relate to lack of consistency or integration of quality approaches across the department.

Table 2.2: Quality Gap Analysis, January 2013

Element	Gaps
Governance	<ul style="list-style-type: none"> • No overall accountability for quality to provide transparency into quality issues. • No holistic view of quality.
Structures and standards	<ul style="list-style-type: none"> • No holistic view of issues management, including systemic issues and improvement strategies. Issues are sourced from reviews and quality checking only — no view of other types of feedback that may indicate an issue. • No process for ensuring quality is included at the design phase of new work. • No clear process of how quality improves outcomes for customers.
Key performance indicators and reporting	<ul style="list-style-type: none"> • No integrated quality reporting. • No benchmarking intelligence on quality is reported. • Other sources of quality intelligence are not reported. • No reporting of systemic issues identified through help desks and support areas. • No overall quality scorecard.
Quality control and quality assurance	<ul style="list-style-type: none"> • Lack of consistent quality checking approach. • No quality system assessment performance measures. • No rework data available. • Lack of IT supported quality systems. • Limited historic quality results data available. • Ad hoc approach to addressing systemic issues.
Staff capability and training	<ul style="list-style-type: none"> • No consistent standard for accreditation of quality checkers. • No issues log of quality issues raised by checkers.
Transaction monitoring	<ul style="list-style-type: none"> • Only one master program reports accuracy of information results from phone calls.
Methodologies	<ul style="list-style-type: none"> • No single approach to addressing quality issues. • No integrated quality reporting.

Source: Human Services' Quality Gap Analysis.

2.14 There is alignment between the gaps identified in Table 2.2 and the goals and six key elements of the Framework (outlined in Chapter 1). In this sense, Human Services designed the Framework to address gaps that it identified in its approach to managing quality.

Planning for the implementation of the Framework

2.15 The implementation of the Framework in 2013 represented the first time a department-wide approach to quality was being mandated in the newly integrated department. It was to become a key mechanism to ensure that the services Human Services delivers are high quality and meeting the expectations of customers and the government.

Proof of concept trial

2.16 In mid-2013 Human Services conducted a trial to test the feasibility of the draft Framework, verify its objectives and test aspects of implementation. The trial was conducted in the Assessment Services Branch (Service Delivery Operations Group) for the Job Capacity Assessments process.¹⁸

2.17 The trial focused on the Framework's rollout and assessed the four steps to implementation (refer to paragraph 1.14) and the approach to implementing the Framework elements. The trial identified four recommendations regarding the implementation process and these were addressed.

2.18 Human Services delivers a diverse range of services across a large number of business areas and the trial may have been more informative if it included more business areas, particularly those in the enabling and support areas which have a very different role than service delivery business areas.

Implementation planning

2.19 Human Services advised that the development and implementation of the Framework was not a project in the department's project governance framework as it was internally funded, and therefore no formal implementation plan was developed. Human Services further advised that an informal project plan was developed, however, it was unable to locate this document. This indicates that a project plan was not considered crucial in supporting the implementation of the Framework.

2.20 In the absence of a formal project plan, the ANAO sought other information to assess whether there was effective implementation planning for the Framework (see Table 2.3). There were some elements of implementation planning however, overall, it was ad hoc.

18 The Job Capacity Assessments process is about assessing an individual's eligibility for a Disability Support Pension claim.

Table 2.3: Implementation planning approach

Planning element	ANAO assessment
Risk management	A document titled 'Extract of Project Governance spreadsheet' provided by Human Services lists six risks regarding the Quality Framework. These risks were not fully managed, including by: properly assessing them; assigning responsibilities for their management; implementing mitigation strategies; and monitoring and reviewing.
Stakeholder Communication Plan	As discussed in paragraph 2.3, a communication plan was developed to guide stakeholder engagement and communication activities. These were focused on the activities in the lead up to the launch of the Framework, with relatively few stakeholder engagement and communication activities in the period following the launch of the Framework.
Change Impact Summary	This document outlined that Human Services would absorb the cost of developing and implementing the Framework and associated resources. The Change Impact Summary outlined that the main impact would be on National Managers and Service Leaders (SES Band 1) who would be accountable for quality within their branch.

Source: ANAO analysis of Human Services documentation.

2.21 A 2016 internal audit into the Framework identified that Human Services' business areas were unclear about the purpose of the Framework and how the Framework was to interact with existing quality mechanisms. The audit found that there was confusion among business areas whether it was mandatory to implement the Framework. The audit stated:

Issues which have contributed to the low rate of implementation of the framework include uncertainty about the purpose of the framework, lack of understanding from business areas of how the framework interacts with any existing quality assurance mechanisms and a conscious decision by the Business Process Operations Branch to use a persuasive influencing approach rather than prescribing requirements and holding business areas to account for implementing the framework.¹⁹

2.22 The ANAO considers Human Services could have more comprehensively planned the implementation of the Framework. A formal project plan would have assisted the department to effectively monitor and implement the Framework by documenting planning assumptions and decisions such as scope, resources and cost, schedule, desired outcomes and risk management. Risk management would have been improved by identifying strategies to address a potentially low take-up rate, and performance measures developed relating to the implementation of the Framework.

19 Department of Human Services, *Quality Framework* (Internal Audit Report), August 2016, p. 3. Persuasive influencing refers to a more passive implementation approach rather than a prescriptive approach where functional areas are directed to achieve compliance

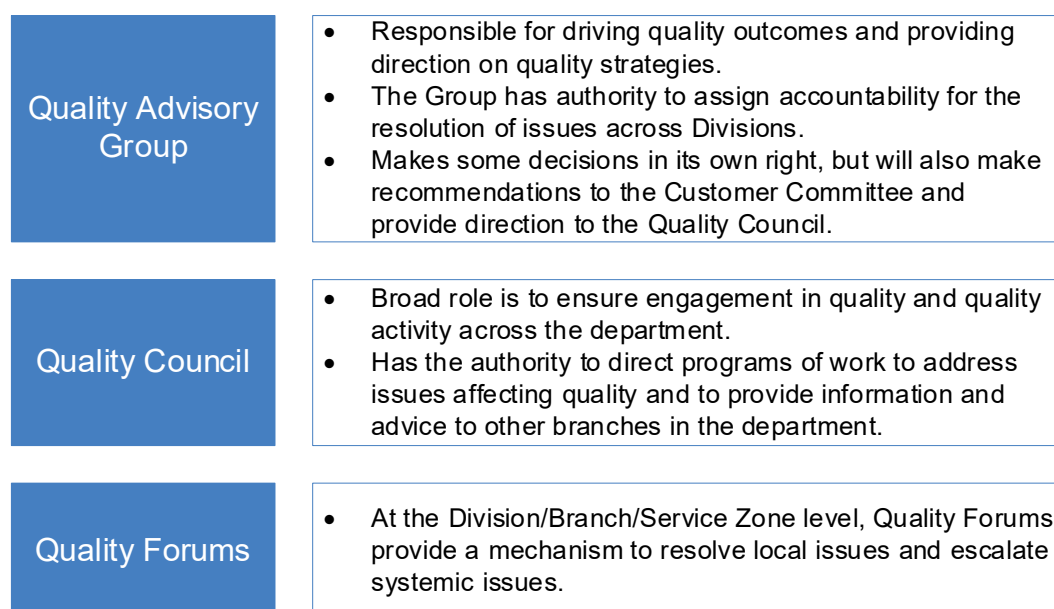
Does Human Services have appropriate governance and management arrangements in place for the Quality Framework?

Human Services has partly effective governance arrangements for the Framework and needs to clarify these arrangements. The main governance body for the Framework, the Quality Advisory Group, was nominally in operation at the time of the audit in 2018 but had not met since May 2015 or discharged its responsibilities under the Framework. The Quality Council was introduced in 2016 and has performed some functions of the Quality Advisory Group but has a limited role in relation to the Framework. The Quality Management Section assisted business areas to implement the Framework by providing policies, guidelines, tools and other support material.

2.23 A key element of the Framework is to establish accountability structures that are responsible for implementing and overseeing the Framework. In 2013, when the Framework was introduced, the Quality Advisory Group was the primary oversight body for the Framework. Its role was to strategically direct the implementation of the Framework. The Quality Advisory Group held its first meeting in January 2013. It reported to the Customer Committee, which then reported to the Executive Committee.

2.24 In 2015, a revised governance structure was developed to oversee quality. The new arrangements included the establishment of the Quality Council and the introduction of business area quality forums. Since this time, Human Services has adopted a three-tiered governance structure for quality, as outlined in Figure 2.1. This structure retains reporting by the Quality Advisory Group to the Customer Committee, and then to the Executive Committee.

Figure 2.1: Human Services' Quality Framework governance structure, June 2018



Source: ANAO analysis of Human Services documentation.

2.25 The detailed functions of the Quality Advisory Group and the Quality Council are outlined in Appendix 5.

Quality Advisory Group

2.26 The Quality Advisory Group is responsible for key activities and deliverables relating to the Framework, as set out in Figure 2.1 and Appendix 5. This includes reporting to and advising the Customer Committee on whether the Framework is working as intended. Up until 2015, membership included a range of General Managers (SES Band 2) and National Managers (SES Band 1) from across Human Services, and chaired by the General Manager of Service Delivery Strategy Division. In 2015, the Quality Advisory Group's structure was revised. Membership changed to include only General Managers and meetings were to occur every six months. The Quality Advisory Group was to maintain its key role of 'driving quality outcomes and providing direction on quality strategies to ensure high quality government and customer outcomes'.

2.27 The Quality Advisory Group held nine meetings between January 2013 and May 2015. This was consistent with the group's previous terms of reference which required quarterly meetings. The ANAO's review of the meeting minutes indicate that the Quality Advisory Group was only partially effective in undertaking its role. There was evidence that the Quality Advisory Group oversaw and drove the development of the Framework, however, there was only limited oversight regarding its implementation. Despite the ongoing key role of the Quality Advisory Group, it has not met since May 2015.

2.28 There was also limited reporting from the Quality Advisory Group to the Customer Committee on the Framework. The Framework was discussed four times in the Customer Committee minutes around the time of the development of the Framework and was not subsequently discussed. The Quality Advisory Group's reports did not alert the Customer Committee to the slow implementation of the Framework, and the Group did not otherwise ensure the timely implementation of the Framework.

2.29 The internal audit²⁰ conducted in 2016 found the governance arrangements supporting the Framework needed to be strengthened to improve its coverage. At that time, only 29 of 139 branches (21 per cent) had developed a Quality Strategy Plan.²¹

2.30 In addition, the Quality Advisory Group did not undertake other roles in its terms of reference including developing key departmental quality indicators and identifying and managing key systemic issues affecting the department's quality.

2.31 In February 2018, members of the Quality Council agreed to propose that the Quality Advisory Group be formally closed and that issues requiring escalation from the Quality Council go through the General Manager, Service Delivery Strategy Division. As at July 2018, a final decision had not had been made with regards to the continuation of the Quality Advisory Group.

20 Department of Human Services, *Quality Framework* (Internal Audit Report), August 2016, p. 3. The internal audit was conducted to provide assurance for Human Services in light of the ANAO having listed the topic as a potential audit in its *2016 Annual Audit Work Program*.

21 A Quality Strategy Plan is a key document of the Framework. It is to outline the business area's current quality arrangements and identify areas for improvement in accordance with the Framework. Areas for improvement should be accompanied by implementation arrangements such as responsibilities and timeframes for implementation.

Quality Council

2.32 A key reason for the introduction of the Quality Council was that there was no clear relationship between the Quality Advisory Group and business area quality structures. The Quality Council consists of 15 National Managers from across the department, with the majority from Service Delivery Operations Group.²² It held its first meeting in March 2016 and seven meetings up until April 2018. This was less than specified in the Quality Council terms of reference, which required meetings every two months. It was intended that the Quality Council would report to the Quality Advisory Group.

2.33 As outlined in Figure 2.1, the Quality Council is responsible for ensuring engagement in quality activities across products and services at operational levels and overseeing initiatives to address issues affecting quality. The ANAO reviewed the minutes of the Quality Council meetings held between March 2016 and April 2018. A range of topics were discussed at these meetings including: the introduction of a new quality checking system; quality reporting; the take-up rate of the Framework across the department; the operation of quality forums; Framework-related policies and procedures; and issues management.

2.34 The minutes of the Quality Council meetings indicate that the Council has performed some of the functions of the Quality Advisory Group such as driving the development of quality reporting. Human Services should clarify the role of the Quality Advisory Group and the Quality Council in this regard.

2.35 The Quality Council's terms of reference were last updated in January 2018 and still state that it reports to the Quality Advisory Group, which it has not done. As indicated in paragraph 2.31, Human Services is considering the role of the Quality Advisory Group. It should also clarify the roles and responsibilities of the Quality Council regarding the Quality Framework and accordingly update the Framework documentation.

Quality governance in business areas

2.36 Quality forums were designed to provide a mechanism to resolve local quality issues and escalate systemic issues to the Quality Council. Human Services advised that a stocktake of quality forums conducted in June 2016 identified 16 formal quality forums and 198 informal quality forums. Formal quality forums are able to escalate systemic issues to the Quality Council. Informal quality forums have quality as an agenda item and can escalate quality issues through their usual reporting and governance frameworks.

2.37 The Quality Council oversees the activities of quality forums to ensure that systemic issues potentially affecting multiple areas are being escalated and tracked. Minutes of Quality Council meetings demonstrate that it has been overseeing the activities of the formal quality forums. There is, however, no record of regular reporting from the quality forums to the Quality Council and it is difficult to determine whether sufficient oversight is provided across the 16 formal quality forums. It is timely for Human Services to assess the role of the Quality Council in terms of overseeing quality forums and whether improved visibility would add value.

22 The membership of the Quality Council comprises nine National Managers from Service Delivery and Operations Group, two from Integrity and Information Group, and one each from Health and Aged Care Group, Chief Information Officer Group, Payments Reform Group, and Corporate Enabling Group.

2.38 Various governance arrangements were in place in business areas to assist with the oversight and management of quality. Some business areas held regular meetings that covered only quality issues, while others discussed quality as part of a range of issues in other meetings. Some meetings were formal (with terms of references, defined membership, and meeting minutes) while others were less formal (for example, weekly director meetings not minuted and weekly branch meetings). There is no common model for quality governance across all business areas but the Framework provides sufficient flexibility to design fit-for-purpose quality governance arrangements.

Central coordination

2.39 One of the key goals of the Framework is to create an approach to managing quality that is integrated across programs and consistently applied within the department.²³ The achievement of this objective requires effective coordination and supporting material and training.

2.40 At the time of audit fieldwork, the Quality Management Section within Business Processing Branch performed the role of central coordination.²⁴ This role, as set out in the *Guidelines for Implementing the Quality Framework* (the Guidelines), included supporting the implementation of the Framework.²⁵ It also conducted internal reviews to assess the ongoing operation of the Framework, and accordingly had a role in overseeing implementation of the Framework.

Supporting implementation of the Framework

Quality Framework and associated guidelines

2.41 The two primary documents to support areas within Human Services to implement the Framework are the Quality Framework and the Guidelines. The Framework, developed in 2013, outlines the six elements and the general expectations around implementation. As discussed in Chapter 1, the Guidelines provide detailed information about applying the Framework including the four steps to implementation.

2.42 The ANAO held discussions with nine business areas across Human Services, which revealed a low level of awareness of the Guidelines. Four business areas were not aware of the seven minimum standards in the Guidelines. The remaining five business areas were aware of the Guidelines, however, their comments suggested that they considered them to be more relevant for service delivery areas rather than other areas in the department. The ANAO notes that many of the examples in the Guidelines were from service delivery areas with very few from enabling or corporate areas.

2.43 Human Services has identified that the Quality Framework and associated Guidelines require updating (discussed in paragraph 2.48). In reviewing the Framework documentation, the

23 Department of Human Services, *Guidelines for Implementing the Quality Framework*, p. 4.

24 As discussed in Chapter 1, in August 2018 the Quality Management Section moved to the Risk and Business Continuity Branch in the Audit and Risk Division.

25 Department of Human Services, *Guidelines for Implementing the Quality Framework*, p. 9, Item 1.1.2 of the Guidelines sets out the role of the Business Process, Non-Working Age Branch in developing and maintaining the Framework, providing advice, continuous improvement of the Framework and internal reviews.

department should consider how to make the Guidelines more applicable throughout the department.

Other support material and training

2.44 To encourage consistency across the department, the Framework included the development of common language and tools, templates and reference materials. The Quality Management Section established the Quality Management Hub on the Human Services intranet as a repository for quality resources to assist business areas to implement the Framework. The Quality Management Hub includes policies, guidelines, tools and other support material. For example, there is a range of policies, procedures, guidelines and templates to support business areas to develop quality processes (one of the six elements of the Framework). There is also material to assist business areas undertake continuous improvement activities. The 2016 internal audit found that the support material was generally effective in assisting business areas to implement the Framework.

2.45 While business areas are primarily responsible for managing the development of quality related skills²⁶, a range of Framework-related courses have been developed by the Learning and Development Branch. Table 2.4 outlines the purpose of each of the three main courses that have supported the implementation of the Framework, and includes the number of course participants between the launch of the Framework in September 2013 and April 2018.

Table 2.4: Training to support the Quality Framework

Course name	Course purpose	Course participants — September 2013 to April 2018
Quality Awareness	To explain the Framework, including the six quality elements and outlines the role of staff in relation to quality.	3358
Quality Checking — Driving Quality	To help Quality Checkers understand the importance of quality checking, their role in the process and how this fits into the Framework.	2227
Introduction to Process Improvement Techniques	To introduce staff to the concepts of problem solving and continuous improvement techniques.	1659

Note: Over the period 2012–13 to 2016–17 the average departmental staffing number was 35,074.

Source: Human Services information.

Review and oversight of implementation

2.46 Human Services, through the Quality Management Section, has conducted four annual reviews of the Framework in order to continuously improve its effectiveness and ensure ongoing alignment to the department's strategic priorities.

26 These skilling activities included courses for risk management, system testing, project management, quality call listening, ICT and other technical topics, quality checking certification and workload management.

2.47 Following the launch of the Framework, in 2014 Human Services also conducted a self-assessment against the International Social Security Association Service Quality Guidelines.²⁷ The department assessed itself as having an overall maturity rating of four²⁸ (out of five) across the seven service quality guidelines, and identified improvement opportunities that it included in its 2014 initial annual assessment of the Framework.

2.48 In response to recommendations of the 2016 internal audit of the Quality Framework, the 2017 annual assessment examined aspects of their implementation, including uptake of the Framework as indicated by coverage of Quality Strategy Plans. The 2017 review identified the need to review the Framework's guidance documents and policies. Human Services advised that a comprehensive review of the Quality Framework was planned to occur in 2018 to examine its effectiveness but was put on hold to consider the findings of this audit.

2.49 Notwithstanding the internal audit and the annual reviews, there was no specific area or person responsible for the implementation of the Framework as Human Services deemed it appropriate for the implementation of the Framework to be devolved to National Managers.²⁹ The Quality Management Section has focused on a facilitation role to support National Managers and Service Leaders to implement the Framework, and has not taken an active role to oversee compliance. There is scope for Human Services to clarify how it will monitor and enforce alignment with the Framework's elements in the future.

27 The International Social Security Association is the principal international institution bringing together social security agencies and organisations. The Service Quality Guidelines aim to assist social security institutions to develop and improve service performance.

28 Level four maturity rating is 'Advanced'. This means that the department considers itself to have advanced structures, processes and mechanisms to support implementation of the Guidelines.

29 Department of Human Services, *Quality Framework* (Internal Audit Report), August 2016 p. 3.

3. Implementation of the Quality Framework

Areas examined

This chapter examines whether the Department of Human Services (Human Services) effectively implemented the Quality Framework (the Framework) throughout the department and integrated the Framework into broader governance arrangements.

Conclusion

The Framework has been effectively implemented in the service delivery areas of the department but less comprehensively implemented in the enabling and transformation areas. The inconsistent implementation of the Framework throughout Human Services has not necessarily compromised quality, as mature quality mechanisms are in place in business areas that have not embraced the Framework. The department has integrated the Framework into its business and risk planning governance arrangements.

Areas for improvement

The ANAO has suggested that Human Services provides clear direction to business areas about how best to address quality in business and risk plans (paragraph 3.30).

Has Human Services implemented the Quality Framework comprehensively and consistently throughout the department?

Human Services has not implemented the Framework comprehensively and consistently throughout the department. Rather, there has been a dichotomy. The Framework was adopted comprehensively in service delivery areas, but less comprehensively in the enabling and transformation areas of the department that have relied on their pre-existing quality mechanisms. Whether explicitly implementing the Framework or relying on their own quality mechanisms, the nine business areas examined by the ANAO in detail had a high level of alignment with the six elements of the Framework — accountability, quality processes, issues management, capability, culture and reporting.

Implementation of the Quality Framework

Steps for implementing the Framework

3.1 In order to support the implementation of the Framework, the *Guidelines for Implementing the Quality Framework* (the Guidelines) contained four steps (refer to paragraph 1.14). Human Services' alignment with the four steps and how it implemented the Framework in practice is outlined in Table 3.1. It shows slow take-up or largely mixed adherence throughout the department to applying the four steps to implement the Framework.

Table 3.1: Adherence to the four steps in implementing the Quality Framework

Step	ANAO analysis
Step 1: Register intent to implement framework elements	Business areas were required to register their intent to implement elements of the Framework. Registration was slow to progress and all areas had registered their intent by 2016. The slow registration was primarily due to the passive approach that Human Services applied in implementing the Framework, which led to business areas being unclear as to whether they were required to comply.
Step 2: Undertake self-assessment process	Business areas were required to complete a self-assessment to identify gaps in current quality practices. The ANAO reviewed 38 Quality Strategy Plans (which were considered full plans, as discussed in paragraph 3.17) to determine if there was reference to self-assessments being undertaken prior to the development of the Quality Strategy Plan. Of those 38 plans, approximately half made reference to a self-assessment and the remainder did not.
Step 3: Establish Quality Strategy Plan	Business areas were required to develop a Quality Strategy Plan that outlines tasks and initiatives required to implement the elements of the Framework. The ANAO reviewed all Quality Strategy Plans that were completed and submitted to the Quality Management Section (66 in total). The review found that this step was not consistently undertaken and was often combined with step two where the self-assessment was then considered to be a Quality Strategy Plan. More detailed discussion of Quality Strategy Plans is in the next section.
Step 4: Monitor and review	Business areas were required to monitor quality strategies to ensure incremental improvements over time. The ANAO reviewed nine business areas as part of the audit (discussed in more detail in paragraphs 3.19 to 3.22) and all nine areas monitor their quality initiatives, processes and activities at regular points.

Source: ANAO analysis of Human Services information.

Quality Strategy Plans

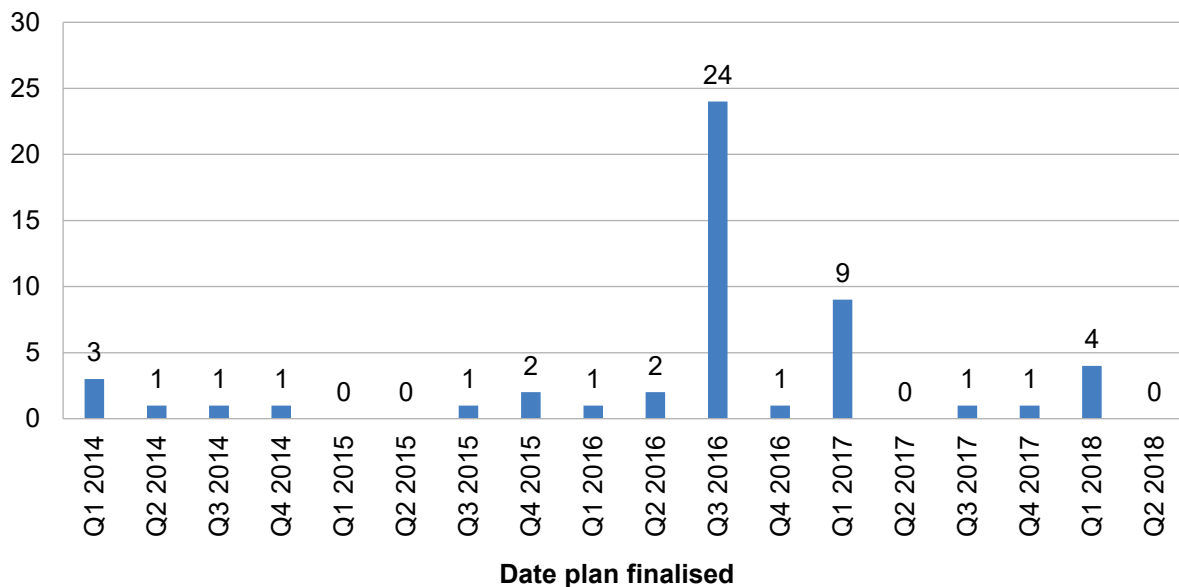
3.2 A key component of the Framework implementation was for business areas to develop Quality Strategy Plans that set out how they would ensure tasks and initiatives are in place or developed that contribute to quality, including timeframes and actions to address gaps identified through the self-assessment process.

3.3 The implementation of Quality Strategy Plans was slow from 2013 to 2016. The 2016 internal audit on the Framework found that: ‘...at the time of fieldwork only 29 of the department’s 139 branches had developed a Quality Strategy Plan’. The internal audit was previously discussed at paragraph 2.21.

3.4 Following the audit findings, a decision was made in June 2016 by the Quality Council:

The low take up of QSP needs to be addressed before ANAO undertake an audit planned for later this year. A minute has been drafted for the Deputy Secretary, Service Delivery Operations (SDO) Group which recommends a KPM of 100% of all branches in the SDO group to have a Quality Strategy Plan in place by 31 December 2016. A targeted, risk based approach will be undertaken to address all other areas of the department.

3.5 Following the Quality Council decision, a minute was sent to all General Managers in August 2016 seeking 100 per cent coverage of Quality Strategy Plans by September 2016. The result was a spike in the rollout of Quality Strategy Plans in mid-2016 as shown in Figure 3.1.

Figure 3.1: Timing of the development of Quality Strategy Plans in Human Services

Note: A small number of plans provided by Human Services were updates to original plans.

Source: ANAO analysis of Human Services Quality Strategy Plans.

3.6 In the 2017 annual assessment of the Framework, Human Services reported that it had achieved full compliance in implementing the Framework across the department:

In March 2017, the department achieved the significant milestone of 100% Quality Strategy Plans implemented. This means that quality initiatives have now been identified and implemented across every branch in the department.

3.7 The ANAO's review of all Quality Strategy Plans, as at June 2018³⁰, does not support this view as 19 of 137 branches (14 per cent) were not covered by a Quality Strategy Plan at any level — branch, division or group. In addition, at that time only 56 plans (41 per cent of branches) were developed at a branch or service zone level in line with Framework's initial intent, 28 plans (42 per cent of 66 plans) used more limited plan types, and four Quality Strategy Plans (six per cent of plans) were not complete.

3.8 The service delivery areas of the department more effectively implemented the Quality Strategy Plans than the other areas in terms of coverage, establishment at the branch level and use of more detailed plan types.

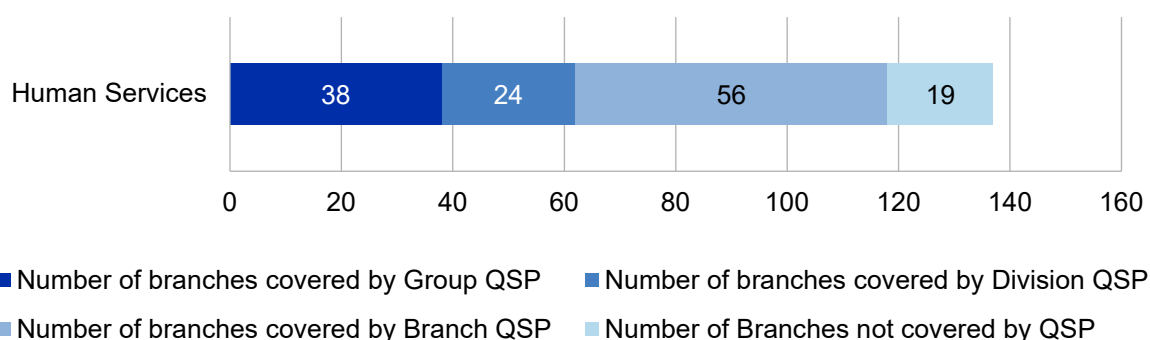
30 The majority of plans were assessed as at June 2018 but in September 2018 Human Services provided two new plans.

Coverage of Quality Strategy Plans

3.9 The ANAO examined the coverage of Quality Strategy Plans across Human Services as at June 2018. As shown in Figure 3.2, of 137 branches (including service zones) in existence at that time, Quality Strategy Plans had been identified as in place for 118 branches (86 per cent) and not in place for 19 branches (14 per cent). Reasons for branches not having plans included that four new branches created in 2017–18 had not completed a plan, and plans are not required for five temporary branches. One group (that fulfilled a corporate function) decided to consolidate quality initiatives for ten branches into its 2017–18 business and risk plan, in lieu of a separate Quality Strategy Plan. The ANAO considers that this was not in conformance with the Framework, which required the preparation of a Quality Strategy Plan at Step 3 of the Framework (refer to paragraph 1.14, which was reinforced in 2016 as outlined in paragraph 3.12 below).

3.10 Of the 19 branches without a Quality Strategy Plan in place, only one was from the 32 Service Delivery Operations branches, and the remaining 18 from the 105 other branches.

Figure 3.2: Coverage of Quality Strategy Plans across Human Services, June 2018



Note: In the legend to this graph, QSP is Quality Strategy Plans.

Source: ANAO analysis of Human Services Quality Strategy Plans.

3.11 In terms of the ‘targeted, risk-based approach’ undertaken to address all areas of the department other than the Service Delivery Operations Group (discussed in paragraph 3.4), Human Services advised that the decision on how to implement the Quality Framework was for National Managers. Also, the targeted risk-based approach did not relate to the level at which plans would be implemented (group, division or branch) and that decision was also for business areas.³¹ Overall, there was little direction to clarify the consideration for a targeted, risk-based approach to developing Quality Strategy Plans, or evidence that the approaches were targeted and risk-based.

Level of Quality Strategy Plans

3.12 The original intent of the Framework was that plans would be developed at a branch or service zone level. Under the element of ‘accountability’, the Framework states ‘The establishment of quality plans is required to support the implementation of the branch quality strategy’ and ‘Each National Manager is accountable for managing the administration of their

31 The Quality Management Section provided some advice to business areas³¹ around the level they could develop their quality strategy plan. Other business areas advised that section that their management had provided direction in this regard.

quality strategy’. In addition, the minute sent to General Managers in August 2016 (refer to paragraph 3.5) states that ‘At a minimum each branch is required to develop a Quality Strategy Plan as part of implementing the elements of the Quality Framework’.

3.13 In practice, Human Services implemented plans at the group, division and branch level. Across the department, the majority of Quality Strategy Plans were at the group or division level (53 per cent of all plans in place). As at June 2018, the Service Delivery Operations Group had the greatest incidence of Quality Strategy Plans at the branch level (21 of the 23 plans or 91 per cent). In comparison, 34 of the other 43 plans (79 per cent) from the enabling and transformation areas were at the branch level.

3.14 A decision to change from requiring Quality Strategy Plans to be developed at the group or division level was made by the Quality Council in June 2016 (see paragraph 3.4). The Guidelines should have been revised to reflect the change in approach to implementation, noting that an opportunity arose when the Guidelines were updated in 2017.

Type of Quality Strategy Plans and completeness

3.15 Another issue with the Quality Strategy Plans is the arrangements used by business areas. Three main document types were used by business areas to develop their quality plans:

- Quality Strategy Plan/Framework, detailed — these high-level and comprehensive documents primarily contain narrative focusing on how the six elements of the Quality Framework will be addressed within their business areas. Some include implementation details such as roles and responsibilities.
- Quality Strategy Plan, succinct — these documents contain a table that sets out the results of the self-assessment as well as additional implementation details such as timeframes and responsible officers.
- Quality Self-assessment and Quality Strategy Plan — these documents are a shorter version of the succinct Quality Strategy Plans above, and many of the fields have been pre-filled with guidance notes by the Quality Management Section. The template does not include fields for implementation information.

3.16 Of the 66 plans reviewed by the ANAO, 38 were Quality Strategy Plans, 26 were self-assessments, and two were in other formats. Many business areas that completed the self-assessment document used it as their Quality Strategy Plan, notwithstanding that this format does not contain sufficient detail for a comprehensive strategy plan such as implementation information, for example, timeframes or accountable officers. Some of the self-assessments also had limited detail about what quality arrangements were in place and what will be done to address gaps or enact change. Despite the limited detail, the Quality Management Section had encouraged the use of the self-assessment template as a Quality Strategy Plan by titling it ‘Quality Self-Assessment and Quality Strategy Plan’.

3.17 The ANAO considers the 26 business areas that completed the self-assessment template as a Quality Strategy Plan did not comply with the requirements of the Framework as they did not complete step three and actually establish a Quality Strategy Plan. Step 3 of the Guidelines states ‘The Quality Strategy Plan also details the timeframes and actions needed to address the gaps identified through the self-assessment process to achieve alignment with the elements of the

framework'. The plans based on the self-assessment template did not include all this mandated information, particularly timeframes.

3.18 Across the three formats used by the business areas, there were varying degrees of information in the plans. Some plans were very comprehensive and it was clear a significant amount of work had gone into completing them, whereas others were not as complete, yet had been registered as having complied with the Framework. Of the 66 plans reviewed in June 2018, the ANAO assessed 62 as complete, one as partially complete, and three as not complete.³²

Review of quality approaches in business areas

3.19 The ANAO reviewed nine business areas across the department in order to ascertain how business areas approach quality in practice, and how the Framework influences these approaches. The nine areas included four service delivery areas, and five non-service delivery (enabling) business areas, of which two were program areas³³ and three were information and communications technology (ICT) or transformation³⁴ areas.

3.20 Business area managers were asked a common set of questions about their knowledge of the Framework, quality assurance mechanisms in place, reporting, governance, support for staff and integration of quality with business and risk plans. A summary of the responses is provided at Table 3.2.

Table 3.2: Analysis of Human Services' business areas alignment with the six elements of the Quality Framework

Quality Framework element	ANAO analysis
Accountability: appropriate governance structures established to support and oversee quality, and Quality Strategy Plans are in place	<p><i>All nine business areas had suitable accountability arrangements, although there was mixed practical use of the Quality Strategy Plans.</i></p> <p>All nine areas had completed some form of quality plan, however five were self-assessments rather than detailed Quality Strategy Plans.</p> <p>Five business areas advised they did not actively use their Quality Strategy Plans and the plans were not key drivers of their approach to quality. However the four service delivery areas regularly reviewed their quality plans.</p> <p>The nine business areas each had suitable governance oversight arrangements in place such as quality forums, executive committees and project boards.</p>

32 The ANAO assessed Quality Strategy Plans as being complete if they addressed all six elements of the Framework. An assessment of 'partially complete' was made if any of the six elements were not addressed. Plans were assessed as 'not complete' where they were significantly incomplete. On 26 September 2018, Human Services provided the ANAO with three updated plans, which meant that there was only one incomplete plan and the rest were all complete.

33 The term 'program area' refers to a branch that does not deliver direct services to the public, but manages a program that supports service delivery.

34 A transformation area in Human Services is one undertaking a major reform project, including a significant ICT component, to improve the way the department delivers a service or product.

Quality Framework element	ANAO analysis
Quality processes: suitable quality checking processes are utilised	<p><i>All nine business areas had suitable checking processes.</i></p> <p>The three ICT/transformation business areas used the quality assurance resources embedded in the ICT processes and project methodologies they applied such as the <i>Structured Agile Framework</i>.</p> <p>Of the two program areas, one had long-standing quality assurance checks within its online system, and the other newer program area was in the process of developing more robust and automated quality checking processes.</p> <p>The four service delivery business areas utilised quality checking processes that followed the Quality Framework's seven minimum standards. The other five areas were generally not familiar with the standards.</p>
Issues management: registers or databases are in place to capture issues relating to quality	<p><i>All nine business areas had issues management arrangements in place that were effective in capturing and reporting on issues.</i></p> <p>Issues management arrangements included methodical processes embedded in ICT and project systems, SharePoint databases, shared email inboxes, helpdesks and spreadsheets.</p> <p>Three of the service delivery business areas also captured issues through the quality processes embedded in the Centrelink and Medicare payments processing systems.</p>
Capability: staff have the skills and resources to undertake their quality responsibilities and achieve quality outcomes	<p><i>All nine business areas each had sufficient learning and development opportunities aimed at ensuring staff are capable of undertaking their roles and understand the importance of quality assurance.</i></p> <p>Staff in service delivery areas who undertake a 'quality checker' role go through an annual reaccreditation process.</p>
Culture: quality is built into systems, processes and roles, leaders value and enable quality, and staff are provided with effective communication to support a quality culture	<p><i>All nine business areas could demonstrate a quality culture, reflecting the high alignment with the other five elements of quality in the Framework.</i></p> <p>The payment processing systems for the social security, health, aged care and child support programs have embedded quality assurance mechanisms, and most were in place prior to the introduction of the Quality Framework.</p> <p>The ICT/transformation areas utilised specific ICT project methodologies which have embedded quality and continuous improvement elements.</p> <p>Each of the business areas had either a National Manager or Executive Level 2 officer whose key role was quality assurance and to lead a culture of quality within their area.</p> <p>All areas demonstrated a range of reports, learning and development and communications that were available to staff. The four service areas in particular had specific quality and performance communications and resources available to staff.</p>
Reporting: regular performance reports are produced that provide a clear view of the performance of the business area	<p><i>All nine business areas produced suitable and regular quality and performance reports.</i></p> <p>The reports were in various formats such as 'dashboard' style, snapshots, executive briefs and longer comprehensive reports (the latter observed primarily in the ICT/transformation areas).</p> <p>Service delivery areas produced performance reports at a local level, or used the reports prepared for them by the Quality Management Section.</p>

Source: ANAO analysis of Human Services business areas.

3.21 The ANAO's analysis of the nine business areas indicates a high level of alignment with the six elements of the Framework.³⁵ The four business areas with service delivery functions achieved this alignment with direct reference to and use of the Quality Framework and supporting guidance. The other five business areas achieved this alignment largely irrespective of the Framework.

3.22 This analysis provides assurance about the quality mechanisms operating within Human Services. It also indicates that the Framework itself is not meeting the original intent of applying to the whole department, regardless of whether a business area has or does not have a service delivery function.

Is the Quality Framework integrated into Human Services' broader governance arrangements?

The Framework has been integrated into Human Services' broader governance arrangements as a result of the department rolling quality planning into business and risk plans since 2016.

3.23 The implementation of the Framework in 2013 provided for a common approach by business areas to address quality. Since the introduction of the Framework, there have been various changes to the implementation approach as discussed earlier in this chapter. One of the pivotal changes was the move to integrating quality assurance elements and activities in the annual business and risk planning cycle.

3.24 In 2014 the Guidelines were updated to state under Step 3 — Establish a quality strategy plan:

In order to develop a business as usual approach to quality, business areas should identify and include quality initiatives in business planning, including any actions rolled over from the initial Quality Strategy Plan.

3.25 Human Services advised that this meant Quality Strategy Plans were required to be established but not required to be reviewed or updated as that would now occur in business and risk planning.

Business and risk plans

3.26 Business and risk plans contain three parts: business description and context; business objectives and performance measures; and risk assessment. Business and risk plans are mandated at the group level and divisions and branches have the option of developing their own plans (cascading down from the group plan).

3.27 The Business and Risk Plan template was updated considerably in 2017–18 to include risks, controls and treatments along with business objectives and performance measures.³⁶ However, the only change related to the inclusion of quality was on page two of the template under the section 'What should be considered when developing a business and risk plan'. Nine documents are referenced with one of them being the Framework, described as 'Provides a single set of

35 Human Services internal framework reviews showed similar high levels of alignment with the six elements of the Framework, as shown in Table 4.1.

36 The previous template included business objectives, performance measures and a progress report section.

expectations for ensuring that the services we deliver are high quality and meet the expectations of both recipient and government’.

3.28 The ANAO reviewed the department’s eight group-level 2017–18 business and risk plans and identified quality elements in each plan. These ranged from specific business objectives that directly related to quality such as ‘Deliver high-quality services to customers within resources agreed by the Secretary’, to broader objectives that still contribute to quality services and products such as ‘Enhance workforce capability and capacity’.

3.29 The business plans for the nine business areas were also reviewed³⁷, and quality-related business objectives and risks were included in each plan. The business and risk plans for the service delivery areas most clearly included quality elements, noting these plans were based on the group-level plan which contained very clear quality measures.

3.30 To help ensure that business objectives and risks that address quality are further embedded in the business and risk plans, business areas could be provided with guidance on how best to achieve that in the plans. The development of this guidance would ideally coincide with a review of the Quality Framework and Guidelines.

37 Of the nine business areas reviewed, four had a plan at the branch level, three had a plan at the Division level and two had a plan at the Group level.

4. Monitoring and reporting

Areas examined

This chapter examines whether the Department of Human Services (Human Services) effectively monitors and reports on the achievements of the Quality Framework (the Framework). The chapter also examines whether Human Services effectively manages issues and uses the results of quality initiatives under the Framework to continuously improve its products and services.

Conclusion

Human Services' monitoring of the Framework is partly effective with sound processes for internal monitoring but little reporting of effectiveness up to the departmental executive. There is sufficient external reporting of quality and sound processes for managing quality-related issues and promoting continuous improvement of quality in the department. However, the extent to which activities under the Framework have contributed to these processes is unclear.

Areas for improvement

The ANAO has recommended that Human Services assesses whether to retain the Framework in its current form, and if so how to more fully implement it across the department (paragraph 4.38). The ANAO has also suggested that Human Services: reassesses the feasibility of developing a departmental-level reporting mechanism on quality (paragraph 4.16); and better supports quality forums to escalate systemic issues to the Quality Council (paragraph 4.36).

Has the Department of Human Services monitored and reported on the implementation and achievements of its Quality Framework?

Internally, Human Services has monitored the implementation of its Framework through annual assessments, internal quality reviews of individual business areas and particular quality monitoring arrangements in place in business areas. These have been sound processes, although fewer internal reviews have been conducted than intended (five of 12), there has been little reporting to the Human Services executive of the effectiveness of the Framework, and a department-wide Performance and Quality Scorecard has not been developed as proposed under the Framework.

External reporting of quality occurs through the department's annual reports, currently including three quality-related performance indicators in the Annual Performance Statements and indicators relating to a service commitment to providing quality information. There are clear links between the Framework and the indicators in these two corporate measurement processes, but unclear attribution to specific activities being undertaken as a result of the Framework.

4.1 Human Services' approach to monitoring the implementation of the Framework involves internal quality framework reviews and annual assessments of the Quality Framework.

4.2 The Quality Management Section is responsible for monitoring the implementation of the Framework and reporting to the Quality Advisory Group and the Quality Council.

Internal quality framework reviews

4.3 Human Services' policy on internal quality framework reviews specifies that the reviews were to be conducted at intervals across each financial year on a sample of business areas to ensure the Framework's elements are implemented. The number of reviews undertaken and a summary of the outcomes was to be reported to the Quality Advisory Group on an ongoing basis.

4.4 In February 2015, the Quality Advisory Group approved a schedule of internal quality framework reviews to be undertaken. Three branches were to be reviewed each quarter between January 2015 and December 2015 (12 reviews in total) however, this did not occur. An initial review had been conducted in October 2014 and five reviews were conducted in total. Table 4.1 outlines the reviews conducted and overall findings.

Table 4.1: Internal Quality Framework Reviews

Business area (review date)	Overall maturity rating ^a	Ratings against the six elements of the Quality Framework
Assessment Services Branch (October 2014)	4 — Advanced	All elements were assessed as 'Advanced', the fourth level of maturity.
Zone Sydney (October 2015)	4 — Advanced	Culture was assessed as the most mature element of the Framework. Reporting was the least mature.
Customer Compliance Branch (October 2015)	5 — Optimum	All elements were assessed at full maturity.
Zone South Queensland (November 2015)	5 — Optimum	Accountability, Quality Processes, Issues Management, Capability and Culture were all assessed as full maturity. Reporting was assessed as 'Advanced'.
Zone Tasmania (February 2016) ^b	4 — Advanced	Capability was the most mature element. The other elements were all assessed as 'Advanced'.

Note a: The reviews use a five point maturity rating scale: 1 *None* — there is little focus on service quality; 2 *Initiated* — awareness of service quality is emerging in the business area; 3 *Intermediate* — standard service delivery processes are documented but may not be consistent across the business area; 4 *Advanced* — there are highly defined and integrated service delivery processes in place and applied consistently across the business area; and 5 *Optimum* — service quality is continuously improved to maintain maximum efficiency and effectiveness.

Note b: This review was originally scheduled to be completed by the end of September 2015.

Source: ANAO analysis of Internal Quality Framework Review reports.

4.5 The results of these reviews are very positive, with the five branches assessed all achieving the top two maturity ratings. This is consistent with the ANAO's testing of branch compliance with the Framework's six elements shown in Table 3.2.

4.6 A meeting of the Quality Council in June 2016 discussed the approach to conducting internal quality framework reviews. It noted the reviews were 'resource intensive and may not provide value proportionate to the time invested'. An action item was that the Quality Management Section drafts a proposal for a revised approach to conducting the reviews, however, this has not occurred. No reviews have been conducted since February 2016 and Human Services advised the Internal Quality Framework Review Policy was still under review as at June 2018.

Annual assessments of the Quality Framework

4.7 As discussed in Chapter 2, the Quality Management Section conducts annual assessments of the Framework to evaluate its effectiveness. The Annual Assessment of the Quality Framework Policy outlines the expectations in regards to conducting annual assessments. As outlined in the policy, the assessment focuses on implementation, strategy, policies, guidelines, procedures, tools, templates, resources and the Quality Management Hub (discussed in Chapter 2). The Annual Assessment of the Quality Framework Policy was approved in July 2014 by the Quality Advisory Group. It was due for review in July 2015, however, this review did not occur.

4.8 Annual assessments have generally been conducted in accordance with the July 2014 policy, including that:

- the first assessment was conducted 12 months after the release of the Framework and assessments have been conducted annually thereafter;
- quantitative and qualitative data was used to assess the implementation and operation of the Framework and the results were presented in reports;
- the current year annual assessment reports against the implementation of the previous year's recommendations; and
- identified improvements are planned.

4.9 The 2014 annual assessment report was sent to the Quality Advisory Group in December 2014 but was not discussed at any meetings. The 2015 and 2016 annual assessments were approved by the Director, Quality Management Section and the 2017 assessment was approved by the National Manager, Business Processing Branch. The July 2014 policy states the findings of the annual assessments should be sent to then General Manager, Service Performance and Coordination Division and distributed to the Quality Advisory Group, but since 2014 this has not occurred. All four reports were published on the Quality Management Hub.

4.10 The four annual assessments have outlined achievements from implementing the Framework. These include the introduction of improved governance arrangements around quality, deployment of a new IT system to support quality activities, establishment of the Quality Call Framework, and creation of guidance and other material. The most recent annual assessment identified a range of opportunities to improve the Framework (see Table 4.2).

Table 4.2: Improvement opportunities

Improvement opportunities identified in the 2017 annual assessment
<p>The assessment identified a need to:</p> <ul style="list-style-type: none">• review the Framework to ensure consistency with organisational changes;• establish a defined issues management process;• better communicate information about the Framework;• review the interaction of the Framework with other quality assurance mechanisms;• consider how to ensure ongoing compliance with the Framework and how to monitor progress towards the Framework's objectives; and• improve the department's capacity to measure a business area's performance and improvement as a result of implementing the Framework.

Source: Human Services' 2017 annual assessment of the Framework.

4.11 As at June 2018, Human Services advised the initiatives identified in the 2017 assessment were being progressed and should be reported on in the 2018 annual assessment.

Reporting to Quality Advisory Group and Quality Council

4.12 The results of internal quality framework reviews and annual assessments were required to be reported to the Quality Advisory Group, however it has not met since May 2015. Prior to that time, one internal quality framework review and one annual assessment were completed but the results were not presented to the Quality Advisory Group. The results of the internal quality framework reviews and annual assessments have also not been provided to the Quality Council since its first meeting in March 2016, however that is not a specific requirement of this forum under its terms of reference.

4.13 Up until May 2015, while the Quality Advisory Group was meeting, the implementation of the Framework was reported as part of a standing agenda item. Reporting was based around the number of business areas that were at various stages of implementation. When the Quality Council was established, this reporting continued until March 2017 when Human Services deemed all business areas had implemented the Framework.

4.14 As discussed in Chapter 3, the ANAO does not agree that all business areas had implemented the Framework, and consequently considers that reporting of the effectiveness of implementation in the Quality Council was overly positive and ceased prematurely. As outlined in Chapter 2 (Table 2.2), gaps were identified during the design phase of the Framework relating to the department's approach to quality. The Framework aimed to address many of these gaps, and while some initiatives were discussed at the Quality Advisory Group and Quality Council, there has been no regular monitoring and reporting on the department's progress in addressing those identified gaps. At the highest levels, there has been very little reporting and assurance of the effectiveness of the Framework to Human Services' executive.

Monitoring and reporting on quality

4.15 The aim of the reporting element of the Quality Framework was to establish new indicators of quality to provide a more balanced view of the performance of each business area. At the time of the introduction of the Framework, Human Services had a range of performance reports such as scorecards and performance snapshots in place. The Framework proposed the development of a department-wide Performance and Quality Scorecard that reported systemic issues, strategies and timelines for improvement.³⁸

4.16 As at June 2018, Human Services had not developed a holistic scorecard or report on quality as set out in the Framework. As such, there is no regular consolidated reporting on quality to the quality governance bodies (Quality Council, Quality Advisory Group and Customer Committee) and the Executive Committee. Human Services should reassess the feasibility and usefulness of developing a departmental-level reporting mechanism on quality, and update the Framework accordingly.

4.17 Despite not having developed a departmental-wide performance and quality scorecard, a range of monitoring and reporting is undertaken by the business areas. All nine business areas

38 Department of Human Services, *Quality Framework*, September 2013 p. 11.

reviewed for this audit undertook regular monitoring and reporting in relation to quality. Face-to-Face Services Division, for example, has recently established a Performance Reporting Framework and now produces a monthly Executive Dashboard that includes reporting on quality.

4.18 In addition, the Quality Management Section provides various reports to service delivery areas, such as monthly Quality Online reports (Centrelink) and monthly reports from the Medicare Quality Control System.

Alignment with other key corporate measures

4.19 In the Framework, Human Services states ‘quality is ensuring Government outcomes are achieved as intended and that we are meeting our published service commitments to customers’.³⁹

4.20 The *Guidelines for Implementing the Quality Framework* state that Human Services would ‘identify quality achievements throughout the department to be included in the Annual Report’. This occurred in the 2013–14 Annual Report⁴⁰ after the initial release of the Framework, but has not occurred since. Human Services advised that quality achievements are reported in the annual assessments of the Framework rather than the Annual Report. The ANAO considers that the term ‘Annual Report’ refers to the departmental Annual Report not the annual assessments, and that the department should either follow this guidance or revise the Guidelines to reflect reporting through annual assessments.

4.21 Human Services reports on performance around achieving the Government’s expected outcomes for the department through the Portfolio Budget Statements, Corporate Plan and Annual Report (which includes an annual performance statement).

4.22 Human Services’ outcome in its Portfolio Budget Statements is ‘Support individual, families and communities to achieve greater self-sufficiency, through the delivery of policy advice and high quality accessible social, health and child support services and other payments’. There are 36 performance measures in its Portfolio Budget Statements. Human Services advised it uses quality processes to inform the reporting of three of these performance measures (see Table 4.3). Some of these quality processes are associated with those business areas that have comprehensively implemented the Framework such as service delivery areas, and some are from areas that have not. Accordingly, there is mixed and unclear attribution of the reporting of quality-related performance measures to the Quality Framework.

4.23 Consistent with the department’s Portfolio Budget Statements, the quality-related performance measures presented in Table 4.3 are included in the department’s Corporate Plan and Annual Performance Statement.

39 Department of Human Services, *Quality Framework*, September 2013, p. 5.

40 Department of Human Services, *Annual Report 2013–14*, p. 109.

Table 4.3: Quality-related performance measures and results, 2014–15 to 2016–17

Measure / target	2014–15 (per cent)	2015–16 (per cent)	2016–17 (per cent)
Achievement of payment quality standards: Centrelink: delivery of correct payments • Target: ≥ 95 per cent	98.1	98.4	98.3
Support economic and social participation of Indigenous Australian through the timely delivery of appropriate departmental payments and services: Centrelink: delivery of correct payments for Indigenous Australians • Target: ≥ 95 per cent	98.9	99.3	99.1
Achievement of payment quality standards: Medicare: delivery of accurate medical benefits and services • Target: ≥ 98 per cent	98.0	98.0	99.1

Source: Human Services' annual reports.

4.24 As discussed in Chapter 1, Human Services has four service commitments around respect, quality information, honesty and integrity, and efficiency that outline what Human Services will do for its customers.

4.25 The Framework states that quality is about ensuring the published service commitments to customers are met. In this sense, the Framework was designed to assist the department to meet its service commitments. Monitoring performance against the service commitments is undertaken via an annual customer survey that draws on the respondent's most recent interaction with the department and Human Services reports on the results of this survey in its Annual Report.⁴¹ As one of the service commitments is directly related to quality, the ANAO considers there is a link between the Framework and the service commitments, but there is not clear attribution to the activities of the Framework.

Has Human Services effectively identified and recorded issues arising from quality measures and processes?

The business areas reviewed by the ANAO had appropriate processes in place to identify and record issues arising from quality measures and processes. Human Services has not implemented a department-wide issues management register as envisaged by the Framework. In June 2018 the Quality Council proposed a localised approach whereby all business areas ensure that issues can be tracked, prioritised, analysed and escalated according to their individual needs.

4.26 The Framework aimed to establish a consolidated issues management register that would capture issues from business areas in order to facilitate analysis and identification of systemic concerns. The Framework states the aim of the issues management process is to bring 'together

41 Department of Human Services, *Annual Report 2016–17*, p. 176.

the intelligence gathered through various issues and feedback registers across the department into a consolidated issues management register'.⁴²

4.27 Human Services advised there is no single record of issues and related treatment outcomes, despite intentions to establish a departmental-wide issues management register. The 2017 annual assessment of the Framework found that work to define issues management processes was ongoing and Human Services was considering how to improve the development and use of an issues management register template.

4.28 At its June 2018 meeting, the Quality Council proposed to remove the need for a common issues register from the Framework and initiate a requirement for all business areas to ensure that issues can be tracked, prioritised, analysed and escalated according to their individual needs. This approach recognises the individual needs of business areas.⁴³

4.29 Each of the business areas reviewed by the ANAO had approaches to issues management in place (see Table 3.2). These approaches included issues registers, meetings to discuss risks and issues, issues management mailboxes, governance, and issues management reporting. At two Quality Council meetings held in 2017, there was discussion on the implementation of a Service Zone Issues Management Register. Although a template was developed, the take-up by business areas was optional. In the three service zones the ANAO reviewed, each had a different format for their issues management registers. Face-to-Face Services Division (which encompasses the service zones) would get the greatest benefit of having a consolidated issues register due to the common functions it undertakes. The Smart Centres area⁴⁴ is currently implementing branch level issues registers which will be stored on a divisional SharePoint site.

Does Human Services use the results of quality initiatives under the Framework to continuously improve products and services?

Human Services incorporated a continuous improvement methodology into the Framework to guide staff when managing systemic issues and developing solutions. Although some business areas were able to identify examples of continuous improvement, there is a lack of clarity around whether the activities undertaken under the Framework have led to improvements in products and services. There has also only been one systemic issue escalated to the Quality Council since its inception.

4.30 Human Services defines continuous improvement as: 'ongoing effort to improve the quality of products and services delivered by the department' and that 'the long-term health of the department depends on our commitment to continuous improvement'.⁴⁵

42 Department of Human Services, *Quality Framework*, September 2013, p. 27.

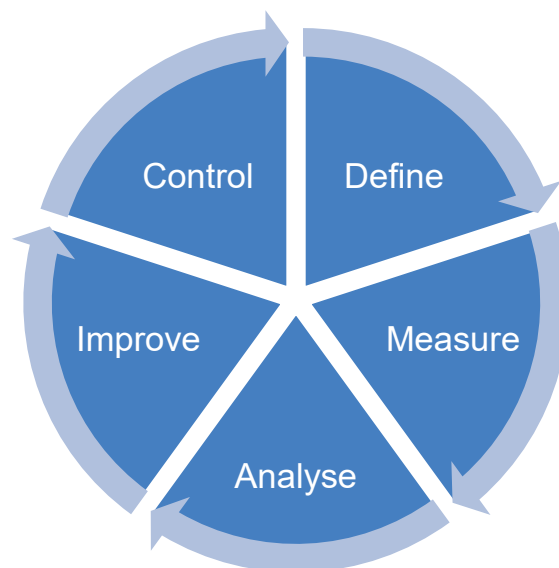
43 In line with the Quality Council proposal, there would be merit in Human Services providing guidance to business areas on how to share registers throughout the department to provide an opportunity for access by other business areas.

44 The key function of the Smart Centres is call centre, as well as other supporting processing and service delivery.

45 Department of Human Services, *Guidelines for Implementing the Quality Framework*, May 2017, p. 27.

4.31 The department's continuous improvement methodology involves five steps: Define; Measure; Analyse; Improve; and Control (DMAIC). The DMAIC continuous improvement methodology is presented in Figure 4.1.

Figure 4.1: Human Service DMAIC^a continuous improvement methodology



Note a: *Define*: identify the opportunity; *Measure*: the current state; *Analyse*: the root causes; *Improve*: generate, experiment and execute solutions; *Control*: sustain improvements over time.

Source: Human Services Quality Framework.

4.32 Human Services has developed a range of material to support the application of its DMAIC continuous improvement methodology. The continuous improvement page on Human Services' intranet explains each of the five continuous improvement steps. There are 22 tools to support the application of the DMAIC methodology including planning documents, analytical tools, process mapping guidance and post implementation review templates.

4.33 As outlined in Chapter 2, training relating to continuous improvement techniques is a course available to staff to support implementation of the Framework. The introduction to process improvement techniques course aims to introduce staff to the DMAIC continuous improvement techniques. Between September 2013 and April 2018, 1659 staff had undertaken this training. Human Services' Self-Assessment Report on Implementing the International Social Security Association Service Quality Guidelines (discussed in Chapter 2) identified an opportunity for the department to improve its approach to continuous improvement training by developing an intermediate process improvement techniques training course, in addition to the introductory course. Human Services advised the need for an intermediate course will be assessed following the completion of a review of the introductory course.

4.34 Human Services' self-assessment against the International Social Security Association Service Quality Guidelines also identified an opportunity to develop a departmental-wide forward view of planned continuous improvement activities; and a register of completed continuous improvement activities, lessons learnt and supporting documentation so that they could be shared across the department. These initiatives had not been completed at the time of audit fieldwork.

4.35 It is not clear whether the quality activities undertaken as part of the Framework have led to improvements in products and services. Six of the nine business areas interviewed for the audit had a continuous improvement approach in place and five identified examples of continuous improvement activities. Those examples indicated the Framework and its underpinning theme of continuous improvement may have contributed to assisting business areas to improve processes, products and service delivery.

4.36 Between March 2016 and June 2017, one systemic issue was reported to the Quality Council by the service zone quality forums (shown below). The Quality Council considered this a good practice example of how issues of this nature should be addressed. The ANAO notes that Human Services is currently undertaking work to improve its issues management approach. Given the low number of issues that have been escalated to the Quality Council, the ANAO suggests that Human Services ensures quality forums understand the role of the Quality Council and clear process are in place for escalating or reporting issues.

Case study 1. Identity confirmation

An issue in relation to confirming the identity of customers was identified by the service zones. The Service Zone Quality Forum had been monitoring the issue and it was investigated using a taskforce approach. The taskforce included three forum members from across zones and was assisted by the Quality Management Section. The DMAIC continuous improvement methodology was used to address the issue. This assisted in identifying the root causes of the issue and established that the issue was systemic across service zones.

It was escalated to the Quality Council because of the systemic nature of the issue. A range of improvements were made to the department's Identity Confirmation Guided Procedure to address the issue.

Ongoing application of the Quality Framework

4.37 The analysis in this audit has identified that Human Services has sound quality arrangements in place throughout the department, but limited uptake of the Framework beyond service delivery areas. There is difficulty in attributing quality improvements and outcomes to the Framework, separate from prevailing business-as-usual quality processes.

4.38 Human Services advised it was to conduct a comprehensive review of the Framework in 2018 to examine its effectiveness. Part of the review should be to determine whether the Framework continues to be applied throughout the department in its current form or whether to scale back the integration objectives and allow the prevailing fit-for-purpose quality arrangements to operate separately. If the Framework is to be retained in a similar form, guidance needs to be revised to better support the non-service delivery areas in the department.

Recommendation no.1

4.39 Human Services:

- (a) decides whether to retain the Quality Framework as a department-wide initiative in its current form that focuses on consistency and integration, or revises it to give greater recognition to flexible, fit-for-purpose quality approaches; and
- (b) implements processes to monitor ongoing compliance with the Framework and report on achievement of its purpose and desired key features.

Entity response: *Agreed.*

4.40 The department has commenced reviewing the quality framework to determine the future approach. A decision on the ongoing design, implementation, governance and reporting arrangements will be made based on the outcomes of the review.



Grant Hehir
Auditor-General

Canberra ACT
5 November 2018

Appendices

Appendix 1 Entity response



Australian Government
Department of Human Services

Our Ref: EC18-000737

Secretary
Renée Leon PSM

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

Dear Mr Hehir

Design and Implementation of the Department of Human Services' Quality Framework

Thank you for providing the Department of Human Services (the department) with the opportunity to comment on the Australian National Audit Office's (ANAO) proposed report on *The Design and Implementation of the Department of Human Services' Quality Framework*.

The department welcomes the ANAO's finding that "*Human Services has sound quality arrangements in place throughout the department*". The department notes the report, and agrees with the recommendation.

Attachment A to this letter provides the department's detailed response to the recommendation and **Attachment B** provides suggested changes to certain text in the proposed report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Renée Leon'.

Renée Leon

23 October 2018

Appendix 2 Human Services' service commitments and improvement priorities

Service commitment	Business improvement priorities 2015–19
Respect: 'we will listen and work with you to understand your individual and cultural needs'	<ul style="list-style-type: none"> • Provide quality services that take into account your individual circumstances. • Provide targeted services when your needs are more complex.
Quality information: 'we are committed to providing consistent and accurate information'	<ul style="list-style-type: none"> • Provide options for you to access the information that you need across the department. • Ensure our decision-making timeframes and processes are clear and available to you. • Design products and services that take into account your feedback.
Honesty and integrity: 'we will be open and honest and follow through on our commitments'	<ul style="list-style-type: none"> • Act in a manner that is transparent and consistent. • Improve access to payments and services to all in the community. • Measure your satisfaction with our services and use this to improve our service.
Efficiency: 'we simplify the way we deliver services to you'	<ul style="list-style-type: none"> • Use new technology so systems are flexible and easier for you to use. • Increase the number of services available to you through our self-managed services channels. • Give you the choice to have your information shared across the department via myGov.

Source: Human Services' website, <https://www.humanservices.gov.au/organisations/about-us/our-department/our-service-commitments>.

Appendix 3 Quality mechanisms in Smart Centres

1. Human Services provides telephone and processing services through Smart Centres, previously referred to as call centres. Smart Centres are responsible for delivering telephony and processing services and are located in many locations around Australia. Calls are managed and distributed nationally through a virtual network.
2. In 2016–17 the department handled around 52 million calls for Centrelink, Child Support and Medicare services.
3. In addition to the general Smart Centres that provide Centrelink services, specific smart centres and divisions provide services for targeted groups. These include Medicare, child support, multilingual, rural, remote, health professionals, aged care organisations and small business.
4. The two key requirements of Smart Centres are accurate advice and correct processing. To ensure accuracy and correctness, quality mechanisms are embedded in processes, systems and training. The four main quality initiatives in place in Smart Centres are Quality On Line, Quality Management Application, Aim for Accuracy and the Quality Call Framework.

Quality On Line

5. As discussed in Chapter 1 (paragraph 1.6), Quality On Line (QoL) is a program where QoL checkers review a sample of processing activities completed by service officers as a result of a call, to identify potential errors and return feedback to the service officer for correction. The main aim of QoL is to ensure payments are correct before they are processed.
6. There are two quality standards against which activities are checked through QoL: Getting It Right—Minimum Standards; and Payment Correctness.
7. QoL checkers are formally accredited/certified and recertification is required annually. The level of checking of a service officer's work depends on their level of proficiency and experience. Team leaders are responsible for monitoring service officers' proficiency levels.
8. Feedback on errors is communicated to service officers in daily reports. Team leaders are required to have feedback monitoring processes in place to ensure feedback and errors are actioned. The checking process also provides training opportunities and the ability to prevent incorrect decisions.
9. QoL is being replaced by the Quality Management Application tool which is compatible with the new Centrelink payment processing system. Payments move onto the new tool when they transition to the new processing system.

Quality Call Framework

10. The Quality Call Framework, implemented in 2017, is used to measure the quality of telephone interaction between department staff and its customers. It provides a set of five quality standards that calls are assessed against to help ensure consistent and accurate telephone services are provided.
11. Call evaluations are completed by quality checkers through live co-listening of calls and recorded call listening, with feedback captured in evaluation forms as well as provided to service officers verbally.

12. Under the Quality Call Framework, service officers have nine calls evaluated per quarter by a team leader. However this number can be varied by a National Manager depending on workload and the length of calls that have been selected.
13. Results from call checking are provided in Performance Snapshot reports and results are primarily used at an individual service officer level to drive performance and quality improvements, including training needs.
14. The Quality Call Framework, QoL and the Quality Management Application are owned by the Quality Management Section.

Appendix 4 Standard on quality management systems

1. The *Australian/New Zealand Standard Quality Management Systems—Requirements* (AS/NZS ISO 9001:2016) specifies the requirements for a quality management system and the key processes needed to support the system. The Standard is based on the quality management principles in the *Australian/New Zealand Standard Quality Management systems—Fundamentals and vocabulary* (AS/NZS ISO 9000:2016):

- customer focus;
- leadership;
- engagement of people;
- process approach;
- improvement;
- evidence-based decision making; and
- relationship management.

2. The requirements of a quality management system as stated in the AS/NZS ISO 9001:2016 are included in the following table. The ANAO did not assess whether Human Services meets all of the requirements, however, these requirements were used to inform the ANAO's audit. The relevant sections of the ANAO's audit that discuss the requirements of the standard are specified in the table.

Requirement	Description	ANAO coverage of this requirement
Context of the organisation	Organisations need to understand the context they operate in and the needs and expectations of interested parties. They also need to determine the scope of a quality management system and the required processes to support the system.	Chapter 1 Chapter 3, paragraphs 3.23–3.30
Leadership	Senior management must have leadership skills and commitment to customer focus; establish a quality policy that is understood, communicated and applied; ensure that roles and responsibilities are assigned, communicated and understood within the organisation.	Chapter 2, paragraphs 2.23–2.38
Planning	Organisations need to consider actions to address the key issues, risks and opportunities; establish quality objectives that are measurable; plan how to achieve the objectives.	Chapter 2, paragraphs 2.13–2.22 Chapter 4, paragraphs 4.1–4.11
Support	Resources are essential for a quality management system so organisations must have: skilled and capable people; appropriate infrastructure; a suitable environment for the operation of processes; organisational knowledge; competent staff; awareness of quality management system; and documented information that is updated and appropriately controlled.	Chapter 2, paragraphs 2.36–2.49

Requirement	Description	ANAO coverage of this requirement
Operations	The operation of a quality management system needs to be planned, implemented and controlled. Products or services need to be designed and developed with appropriate planning, inputs, management and control of processes, products and services.	Chapter 3, paragraphs 3.19–3.22
Performance evaluation	Organisations must evaluate the performance and effectiveness of the quality management system, monitor customer satisfaction, analyse and evaluate data, undertake internal audits and management reviews of the quality management system.	Chapter 4, paragraphs 4.1–4.25
Improvement	Organisations must seek opportunities to improve and implement actions to improve customer satisfaction, and in the event of non-conformance, take the necessary corrective actions. Organisations shall also continuously improve the quality management system.	Chapter 4, paragraphs 4.7–4.11 and 4.25–4.35

Source: AS/NZS ISO 9001:2016 and ANAO analysis of Human Services' quality management system.

Appendix 5 Quality Advisory Group and Quality Council functions

Quality Advisory Group	Quality Council
<p>Responsible for:</p> <ul style="list-style-type: none"> • providing advice and recommendations to the Customer Committee^a in respect of whether the Framework is working as intended; • maintaining or amending the Framework as required; • proposing key departmental performance indicators regarding quality; • monitoring the progress of the Quality Council; • providing guidance on emerging quality issues; • identifying systemic issues impacting quality and assigning responsibility for resolution; and • ensuring alignment at the executive level that quality improvement strategies receives necessary support. 	<p>Responsible for:</p> <ul style="list-style-type: none"> • ensuring there is sufficient planning and controls in place to monitor the quality of new products and services; • driving consultation within and across quality forums; • examining quality metrics in order to identify trends and systemic issues, and escalate issues as required; • directing and driving causal analysis and continuous improvement of quality management processes at business area level; • providing guidance and advice in relation to issues escalated from quality forums; • participating in and driving quality related communications; • promoting the application of lessons learned; and • encouraging ownership of quality, engaging stakeholders and staff in quality improvement efforts.

Note a: Part of the role of the Customer Committee, which is responsible for providing advice to the Executive Committee, is to examine operational performance metrics (including adherence to quality) in order to identify future trends and issues, and escalate issues where required.

Source: Quality Advisory Group terms of reference and Quality Council terms of reference.