

The Auditor-General

# **AUSTUDY**

**Department of Employment,  
Education, Training  
and Youth Affairs**

Australian National Audit Office

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of Australia 1997

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Canberra ACT  
30 October 1997

Dear Madam President  
Dear Mr Speaker

In accordance with the authority contained in the *Audit Act 1901*, the Australian National Audit Office has undertaken a performance audit of the Department of Employment, Education, Training and Youth Affairs and I present this report and the accompanying brochure to the Parliament. The report is titled *AUSTUDY*.

Yours sincerely



P. J. Barrett  
Auditor-General

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

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# Abbreviations

AAT	Administrative Appeals Tribunal
ABS	Australian Bureau of Statistics
AIC	Assistance for Isolated Children
AMT	Actual Means Test
ANAO	Australian National Audit Office
AS	Assistant Secretary
ATO	Australian Taxation Office
BCRO	Benefits Control Review Officer
BCU	Benefits Control Unit
CES	Commonwealth Employment Service
DEETYA	Department of Employment, Education, Training and Youth Affairs
DMA	Data Matching Agency
DSS	Department of Social Security
DVA	Department of Veterans' Affairs
ESAS	Education Student Assistance System
FAS	First Assistant Secretary
FDA	For Departmental Advice
FIF	For Immediate Final
FMO	For Minister's Office
HAPM	Host Area Partnership Model
IT	Information Technology
LAN	Local Area Network
MP	Member of Parliament
MPRs	Minimum Processing Requirements
NCSS	National Client Service Standards
NoA	Notice of Assessment
PALS	Procedures and Liaison Section (National Office)
PGM	Policy Guidelines Manual

PSS	Parliamentary Services Section (National Office)
QA	Quality Assurance
SAC	Student Assistance Centre
SALO	Student Assistance Liaison Officer
SSAT	Social Security Appeals Tribunal
STEPS	Students' Entitlement Processing System
YAC	Youth Access Centre
YASC	Youth Allowance Steering Committee

# Glossary

ABSTUDY	Income support scheme for those of Aboriginal or Torres Strait Islander descent undertaking study.
Actual Means Test	New test introduced in 1996 to assess eligibility on the basis of parental expenditure .
Appeal	Formal review of an AUSTUDY assessor's decision by an independent tribunal (either the SSAT or, on a further appeal to the AAT).
Approved course	AUSTUDY will only be paid to those studying courses approved by the Minister.
Assessment	Process of reaching a decision as to initial eligibility for an AUSTUDY application.
Assessor	Front-end computer processing package for AUSTUDY applications.
Assessors	SAC staff responsible for determining initial eligibility of AUSTUDY applications.
Assets test	Where appropriate, student, parental and spousal assets are tested to determine eligibility for AUSTUDY.
Assistance for Isolated Children	Commonwealth income supplement scheme for those students located remotely from nearest educational institution.
'Away from Home' rate	Higher rate than standard rate under <i>AUSTUDY Regulations</i> , determined by criteria such as minimum travelling time between institution and parental home.
AUSTUDY	Targeted income support scheme for those requiring financial help to undertake full-time study.
AUSTUDY cut-off date	Applications made after this date cannot have payments back-dated (31 March for full year and first semester subjects and 30 June for second semester subjects).
<i>AUSTUDY Regulations</i>	Regulations made under the <i>Student and Youth Assistance Act 1973</i> that set rules for eligibility under the scheme.
AUSTUDY Supplement Loan	Eligible tertiary students can 'trade in' some of their AUSTUDY and borrow back twice that amount from the Commonwealth Bank at nominal interest rates.

Benefits Control Review Officer	SAC staff responsible for liaison with BCU and handling BCU generated work.
Benefits Control Unit	Area of DEETYA responsible for debt management and compliance.
Business Process Reengineering	Generic term used to describe approaches to generating major improvements in the way an organisation carries out its business.
Centrelink	New agency incorporating areas from DSS, DEETYA and DVA. A national network of 'shopfronts' that will deliver a number of Commonwealth services.
Youth Allowance	New income support scheme incorporating a number of existing schemes such as AUSTUDY and NEWSTART for those under the age of 25.
Continuing student	A student who was an AUSTUDY recipient in the previous year.
Eligibility	Determination by SAC assessors and ESAS as to whether an applicant will receive AUSTUDY benefits (and the level of those benefits).
Entitlement	The amount of benefits actually received.
Education Student Assistance System	The student assistance computer system which processes applications for AUSTUDY and ABSTUDY and produces payment advice and letters to applicants.
Front-end processing	All activity undertaken to determine the ongoing eligibility and entitlement level of students.
Grandfathering clause	Allows those eligible under repealed legislative provisions to remain eligible for a specified period.
Income tests	Where appropriate, student, parental and spousal income are tested to determine eligibility for AUSTUDY.
'Independent' rate	Higher rate of payment. Eligibility is determined by such factors as student homelessness, sole parent, etc.
Keymaster	Front-end computer processing package for AUSTUDY (now replaced by Assessor).
Lodgment centres	CES/Centrelink offices with responsibility for accepting AUSTUDY applications.
Minimum Processing Requirements	Departmental guide outlining the minimum documentary evidence required as proof of information provided in an AUSTUDY application form.



National Client Service Standards	The organising principles around which student assistance staff and management direct their efforts to the provision of quality services to the Department's clients. These include targets set to measure the operational performance of AUSTUDY.
Notice of Assessment	Letter sent to applicants notifying them of (in)eligibility, rate of payment, dates of payment, reassessments, debts and/or further information requirements.
Pensioner Education Supplement	Certain recipients of other Commonwealth benefits can receive a supplement of \$60 per fortnight if undertaking full or part-time study.
Policy Guidelines Manual	Departmental guide designed to aid AUSTUDY assessors in determining applicant's eligibility.
Quality Assurance	Fortnightly/monthly system to monitor the accuracy of applications processing. A two per cent random sample of applications processed during the relevant period is checked for accuracy by each SAC.
Reassessment	Change to a student's circumstances that necessitates a recalculation of eligibility or entitlement to AUSTUDY.
Registration	Process of designating an application a number on ESAS.
Review	Internal review of an AUSTUDY application by a senior assessor at the request of a client, a client's parent, a client's spouse or an MP.
Student Assistance Centre	Service delivery (lodgment, processing and enquiries) outlets for AUSTUDY, ABSTUDY and AIC.
Student Assistance Liaison Officer	Responsible for handling appeals to the SSAT and the AAT.
'Standard' rate	Minimum rate of AUSTUDY payment.
Status of application	'A' status - further information required; 'S' status - eligible for benefits; and 'X' status - ineligible for benefits.
Students' Entitlement Processing System	Information technology system that was to replace ESAS, but was terminated by the Department in March 1996.
Supervisor checks	Checks undertaken on a daily basis at each SAC to verify assessor's decisions regarding a client's eligibility and entitlement to AUSTUDY.



## **Part One**

# **Summary and Recommendations**



# Summary

## AUSTUDY

1. AUSTUDY was introduced on 1 January 1987 under the administration of the then Department of Education. AUSTUDY assists students whose individual and family circumstances are such that, without financial help, full time study would not be possible. In 1996-97 the expenditure for AUSTUDY was \$1.5b and the cost of administering Student Assistance, Sub-program 5.1<sup>1</sup>, is estimated to have been \$82m. As at 30 June 1997 there were 471 353 current AUSTUDY beneficiaries.
2. AUSTUDY is a tightly targeted scheme in that the legislation sets strict parameters for eligibility. This in turn requires a complex series of decisions to be made by those delivering the service before eligibility can be determined.
3. On 1 July 1997, the responsibility for delivering AUSTUDY was transferred from the Department of Employment, Education, Training and Youth Affairs (the Department) to Centrelink. From 1 July 1998, AUSTUDY will form part of the Youth Allowance and the Department of Social Security (DSS) will have relevant program responsibility. Centrelink will continue to deliver the payment on behalf of the DSS.
4. Although AUSTUDY will be terminated as a student assistance scheme on 30 June 1998, the findings and recommendations of this audit will be highly relevant to the Youth Allowance.

## Audit objective and criteria

5. The objectives of the audit were to:

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<sup>1</sup> Sub-program 5.1 includes the AUSTUDY, ABSTUDY, AUSTUDY/ABSTUDY Loan Supplement and Assistance for Isolated Children Schemes.

- review the implementation arrangements in relation to the transfer of delivery of AUSTUDY to Centrelink and its subsequent inclusion as part of the Youth Allowance; and
- form an opinion on the efficiency and effectiveness of the front-end<sup>2</sup> processing aspects of AUSTUDY, to identify any areas for improvement with a view to providing timely advice to Centrelink, in context of the new service delivery arrangements.

**6.** The Australian National Audit Office (ANAO) established key criteria against which to review the efficiency and effectiveness of the front-end administrative processes as well as the implementation of the new AUSTUDY arrangements. The main areas examined were:

- planning, including whether the Department had developed suitable strategic and risk management plans to address the issues associated with the transfer of delivery of AUSTUDY to Centrelink;
- AUSTUDY processes, especially at the Student Assistance Centre (SAC) level, including problems in relation to processing AUSTUDY applications and their consequences; and
- the Department's performance information relating to the front-end processing of applications and the appropriateness of the Department's action/s based on analysis of the performance information.

**7.** The audit did not address the administration of the 1997 Actual Means Test, given that an independent review, commissioned by the Department, was underway at the time of the audit.

## Conclusions

**8.** Planning in relation to implementation of the transfer arrangements was found to be well developed.

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<sup>2</sup> Front-end processing is all activity undertaken to determine the ongoing eligibility and entitlement level of students.

This included the preparation of both an implementation strategy and plan and a risk management plan.

**9.** The ANAO has identified a number of factors that contribute to the Scheme's administrative complexity. These factors have particular implications for Centrelink management and will continue to be important whenever AUSTUDY, or the Youth Allowance within which it will be incorporated from 1 July 1998, remains a tightly targeted scheme.

**10.** The ANAO has also concluded that there is substantial scope for improving the efficiency and effectiveness of the front-end processing aspects of AUSTUDY, particularly in the context of the new service delivery arrangements.

**11.** The ANAO has made twenty recommendations aimed at better management of the complexities of the Scheme and addressing the opportunities for improvement in relation to the front-end processing of applications. These include:

- establishing a sound planning framework to ensure work at all levels is directed at meeting the effective and efficient achievement of the Youth Allowance objectives;
- evaluating the significant process improvement opportunities in relation to applications processing as part of the transfer of student assistance service delivery to Centrelink and the subsequent implementation of the Youth Allowance;
- reviewing and revising the current quality assurance processes so that they contribute directly to improving the accuracy of applications processing;
- reviewing the AUSTUDY compliance and reassessment activity to improve the current situation which results from delays in reassessment of Benefits Control Unit referrals;
- ensuring that the information technology (IT) system developed for the Youth Allowance provides

adequate and user-friendly support for front-end processing staff;

- developing and implementing training strategies to address the key training needs of service delivery staff;
- reviewing the National Client Service Standards to ensure that performance information obtained is accurate, relevant and timely and is also used to improve client service; and
- implementing procedures that require the use of performance information relating to internal reviews, appeals to the Social Security Appeals Tribunal and the Administrative Appeals Tribunal and complaints, to improve front-end processes and client service.

## The Department response

**12.** This report is presented at a time of considerable change both in policy settings and administrative arrangements for the AUSTUDY program. As noted in the report, the AUSTUDY program will be subsumed within the Government's new Youth Allowance on 1 July 1998 and the responsibility for AUSTUDY service delivery arrangements was transferred from the Department to the new Commonwealth services delivery agency, Centrelink, on 1 July 1997.

**13.** The Department is pleased to note the ANAO's conclusion in respect of the first part of its audit objective that 'Planning in relation to the implementation of the transfer arrangements was considered to be well developed'. The Department had undertaken a number of initiatives as part of an overall implementation strategy to facilitate an effective transfer of student assistance to Centrelink.

**14.** In relation to the second part of the audit objective, the Department supports the ANAO's conclusion that there are significant opportunities for improvements to the business planning, applications processing and performance management of AUSTUDY.



**15.** DEETYA notes that the audit was undertaken in April-May 1997, when responsibility for the administration of AUSTUDY lay with the Department, and followed a difficult period in the administration of this program as a result of client service problems arising from deficiencies in planning and project management of the 1997 AUSTUDY Actual Means Test (AMT). These difficulties affected the performance of the SACs in the period under review.

**16.** Among other responses to the issues surrounding the 1997 AMT, the Secretary of the Department established in late February 1997 a Student Assistance Program Steering Committee to guide and direct the development, coordination and management of DEETYA's student assistance programs, with particular reference to AUSTUDY and its Actual Means Test.

**17.** The Student Assistance Program Steering Committee has been highly active since its establishment in February, and has done much already to remedy the deficiencies in planning and program management which were at the heart of the previous difficulties with AUSTUDY. In this regard the Department is pleased to note the ANAO's conclusion (para. 3.44) that the establishment of the Student Assistance Program Steering Committee is an appropriate initiative to guide the implementation of the new student assistance arrangements.

**18.** The Department also notes that, consistent with the new service delivery arrangements for AUSTUDY, nineteen of the twenty recommendations of the audit report are directed principally or jointly to Centrelink, which will also have the chief responsibility for their implementation. On 1 July 1997, the Department and Centrelink entered into a Service Arrangement for the provision of Commonwealth services by Centrelink in the areas of employment, training, education, student assistance and youth affairs. The Service Arrangement describes the student assistance services to be provided by Centrelink, its customer service objectives and key performance information which will guide its operations. The Agreement will be subject to regular

monitoring and review, both generally and in relation to relevant matters covered by the recommendations of this audit. The Department will assist both Centrelink and DSS in the implementation of those recommendations wherever possible.

**19.** Finally, the Department commends the ANAO on the overall conduct of this audit. The Department appreciated the opportunity to receive regular and timely feedback on the findings of the audit, which it found to be both well-informed and genuinely useful. It welcomes also the constructive and forward-looking tone of this report (informed though it is by the lessons of past experience), and believe that this will substantially assist the implementation of the Government's Youth Allowance.

### **Centrelink response**

**20.** Centrelink accepts all the ANAO recommendations. The recommendations made are very clearly related to future service delivery within Centrelink. The response represents a significant improvement agenda and as such will be the subject of discussion with our client departments, DEETYA and DSS, in context of the Service Arrangements.

**21.** The work undertaken by the ANAO on this project provides a timely and valuable basis for Centrelink as we take on service delivery responsibility for AUSTUDY and later the Youth Allowance.

### **DSS response**

**22.** DSS supports all the twenty recommendations and its comments reflect the Department's views on appropriate arrangements for the proposed Youth Allowance, rather than comments on the operation of the existing AUSTUDY program. DSS considers that the audit has proved useful in developing arrangements for the new Youth Allowance payment.

# Key Findings

## Complex Operating Environment

**23.** The ANAO found that AUSTUDY is a tightly targeted scheme in that the legislation sets strict parameters for eligibility. This in turn requires a complex series of decisions to be made by those delivering the service before eligibility can be determined.

**24.** The following factors contribute to the Scheme's administrative complexity:

- the number of regulations that underpin the Scheme;
- the number and frequency of changes made to these regulations each year;
- the seasonal processing of AUSTUDY applications;
- the short timeframe for implementing changes to the Scheme which usually occurs during the peak processing season;
- the complex administrative guidelines developed in relation to the Scheme; and
- the layers of interpretation that are required before the regulations and administrative guidelines can be translated into an eligibility decision.

**25.** The ANAO considers that these factors have particular implications for Centrelink management and will need to be managed while ever AUSTUDY, or the Youth Allowance within which it will be incorporated from 1 July 1998, remains a tightly targeted scheme.

## Planning

### ***Business and operational plans***

**26.** There were no formal Student Assistance Business Plans developed for 1995-96 or 1996-97. As a result, there was no administrative performance

information to assess the contribution of each level of administration to the achievement of the program objective. Only two of the nine SACs visited had developed individual operational plans for 1996-97.

**27.** The Department agreed that in 1996 there was no management framework to support the development of business plans. However, the Department considered that the restructuring of the Student Assistance Branch in early 1997 demonstrated the Department's commitment to establishing a planning framework.

**28.** The ANAO noted that the Department had implemented an appropriate strategy to address the short-term needs given that:

- student assistance delivery functions were transferred to Centrelink from 1 July 1997; and
- the implementation of the Youth Allowance, of which AUSTUDY is a component, will result in program responsibility being transferred to DSS on 1 July 1998.

**29.** The ANAO considers that the underlying principles of planning discussed in this report have longer-term relevance to the delivery of student assistance services. These principles need to be taken into consideration when implementing a planning framework to ensure that work at all levels is directed at meeting the effective and efficient achievement of the Youth Allowance objectives. The issue for the future, therefore, is not just about the commitment to a planning framework but the sound implementation of the planning principles to ensure required outcomes.

### ***Transfer arrangements for AUSTUDY***

**30.** Planning for implementation of the transfer arrangements was considered to be well developed. The Department had undertaken a number of initiatives as part of an overall implementation strategy to facilitate an effective transfer of student assistance functions to Centrelink.

**31.** An implementation plan was developed that identified tasks to be undertaken in relation to the transfer, their priority and the timeframe within which these were to be completed.

**32.** As well, the Department had undertaken a risk assessment relating to the transfer of student assistance functions at two levels:

- general risks associated with the transfer; and
- information technology (IT) risks.

## Applications Processing

### *Process Efficiency*

**33.** The ANAO identified a number of significant opportunities to improve the front-end processing of applications. These opportunities include:

- comparing the time spent on value-adding activities during the process with the total time it takes to complete the processing cycle. Where a significant difference is identified between the value-adding time and the total cycle time this indicates that there may be unnecessary delays or steps in the process that warrant further investigation;
- eliminating steps in the process by replacing manual steps with appropriate technical support to make the applications process faster and more efficient;
- incorporating the administrative guidelines rule base into an IT system to provide ready access by front-end processing staff to the appropriate information and guidance at particular steps in the assessment/decision-making processes; and
- improving client access to SACs, through redesigning processes and supporting systems, including general access to information and application-specific advice through any shopfront and/or enquiries facility.

**34.** The ANAO considers that the full benefits of the above opportunities are likely to be obtained only if they

are progressed by adopting a coordinated approach across the organisation, rather than each area being reviewed separately.

### ***Quality Assurance***

**35.** The ANAO found there is substantial scope for improvement in the Department's quality assurance (QA) processes which are used to:

- verify assessors' decisions regarding clients' eligibility and entitlement to AUSTUDY; and
- enable reporting against the National Client Service Standards.

**36.** Based on the analysis and interpretation of the ANAO's compliance testing results (and in accordance with the Department's 1997 definition of error), the ANAO has estimated that 18.2 per cent of all AUSTUDY application forms processed contain a processing error. However, the Department advised the ANAO at the completion of the fieldwork that the 1997 target and definition of error in relation to its NCSS had been incorrectly formulated by the Department. The Department indicated that it considered the target and definition used in 1996 to be more appropriate. Based on the 1996 definition, the results of the ANAO's compliance testing indicate an error rate of 2.6 per cent. This is within the Department's acceptable error rate of 4 per cent.

**37.** It should be noted that not all errors lead to over or underpayment as some errors may simply relate to incorrect address or similar matters rather than calculation of entitlement. Therefore, the 18.2 per cent error rate may not directly equate to the level of incorrect payments. However, it does provide a useful indicator of the need to improve the efficiency and effectiveness of the front-end and quality assurance processes. It is also a useful indicator of the level of potential risk of incorrect payment as the greater volume of errors not detected in the early stages places more pressure on the subsequent and final compliance controls.

## ***Reassessment of Benefits Control Unit Referrals***

**38.** The ANAO found that delays in the reassessment of cases referred to the SACs by the Benefits Control Unit (BCU) was a factor affecting the efficiency and effectiveness of applications processing. These delays had a number of privacy and financial implications. Due to the delays in reassessment of BCU referrals, the ANAO identified \$2.7m in overpayments that have the potential to be foregone. The Department estimated that, based on the cost and rate of AUSTUDY debt recovery, about 50 per cent of the identified overpayments would be foregone, that is \$1.35m.

## ***Technical Support***

**39.** The Department's IT system, the Education Student Assistance System (ESAS), does not effectively support applications processing. The lack of support provided by ESAS markedly affects the efficiency and accuracy of applications processing and the level of client service provided by SACs.

**40.** The deficiencies of ESAS and the lack of planning and coordination at the National Office level in relation to AUSTUDY training for SAC staff has contributed to several other problems, for example, inaccurate applications processing and delays in the reassessment of Benefits Control Unit referrals, which are identified throughout this report.

## **Performance Management**

### ***Client Service***

**41.** The ANAO found that the Department's National Client Service Standards were appropriately linked to the student assistance mission. However, the ANAO has identified a number of client service issues in relation to these standards. There is a need to:

- assess the operational performance of AUSTUDY through a range of acceptable measures with greater emphasis placed on quality;
- develop performance standards which are the basis of assurance that all parties are accountable and committed to their role in the achievement of appropriate levels of client service;
- recognise that, where a SAC is not meeting a National Client Service Standard, this may indicate an operational problem requiring management action. National Office should address this problem; and
- actively seek input from SACs where a particular standard has not been met, or where a SAC's performance differs from that in a previous period, and include the reasons for this variation in the fortnightly/monthly reports. This would alert other SACs to the problem, help information sharing and the identification of better practices and place more emphasis on continuous improvement.

**42.** While the ANAO acknowledges that it is not easy to define appropriate standards and targets in a complex service delivery program, care should be taken, for example when setting targets, to ensure that the focus does not become solely the achievement of individual targets at the expense of overall performance goals.<sup>3</sup> An appropriate balance needs to be struck which ensures that there is a major orientation to achieving program goals.

### ***Administrative Review***

**43.** There are several internal and external sources of administrative review available to clients who are dissatisfied with a decision made regarding their eligibility or entitlement to AUSTUDY. The ANAO found there is scope for improved efficiency and effectiveness in each of these areas, in particular the use of

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<sup>3</sup> Further information on developing sound performance information can be obtained from the *Performance Information Principles - Better Practice Guide*, jointly developed by the Australian National Audit Office and the Department of Finance, November 1996.



performance information to improve the effectiveness of the current processes.

**44.** The ANAO found that, at the National and SAC levels, there is no documented internal complaints handling or recording process. The ANAO notes that there is a strong business case for the Department to develop a formal internal complaints handling mechanism to address complaints received by the National Office and SACs.

# Recommendations

*Set out below are the ANAO's recommendations with Report paragraph reference and the Department's abbreviated responses. More detailed responses and any ANAO comments are shown in the body of the report. The ANAO considers that priority should be given to Recommendations Nos. 1 to 10, 14, 17 and 19.*

## Recommendation

### No. 1

#### Para. 3.17

The ANAO recommends that the Department of Social Security (DSS), in consultation with the Department of Employment, Education, Training and Youth Affairs (DEETYA) and Centrelink, implements a sound planning framework as soon as possible to ensure that work at all levels is directed at meeting the effective and efficient achievement of the Youth Allowance objectives. This includes the development of business and operational plans that:

- are linked and demonstrate how each level of administration is to contribute to the achievement of the overall objective;
- establish clear links between key result areas, associated strategies and performance measures within each plan; and
- identify resource allocations, critical tasks and associated priorities.

**Agreed: DEETYA, Centrelink and DSS.**

## Recommendation

### No. 2

#### Para. 4.44

The ANAO recommends that Centrelink, in consultation with the DEETYA and the DSS, evaluate the significant process improvement opportunities in relation to applications processing, as part of the transfer of student assistance service delivery to Centrelink and the subsequent implementation of the Youth Allowance. These opportunities include:

- reviewing the total time taken to process an application to increase the proportion of total time spent on value-added activities;

- eliminating steps in the process by replacing manual steps with an appropriate level of information technology system support to make applications processing faster and more efficient;
- considering the potential for achieving economies of scale by the separation of the 'front office' (lodgment) and 'back office' (processing) functions;
- consolidation of processing from the 25 Student Assistance Centres (SACs) to yield economies of scale;
- building quality into the system to reduce errors and rework, and minimise the need for checking (for example, by incorporating guided decision-making support in the IT system);
- implementing the system support necessary to enable the establishment of call centre operations. This would lead to increased efficiency and effectiveness improvements in dealing with client enquiries;
- improving AUSTUDY form design to: enhance the accuracy and completeness of information submitted by clients; enable more efficient processing of applications; and help client self-selection to reduce the volume of applications; and

reviewing client access to SACs with a view to putting in place procedures to minimise the number of separate contacts with different areas within the DEETYA or Centrelink.

**Agreed: DEETYA, Centrelink and DSS.**

## Recommendation

### No. 3

#### Para. 5.22

The ANAO recommends that Centrelink ensures that:

- supervisor checks for the 1997-98 applications processing year be undertaken in accordance with established procedures; and
- formal analysis and feedback mechanisms be introduced to reduce the incidence of applications processing errors.

**Agreed: Centrelink and DSS.**

## Recommendation

### No. 4

#### Para. 5.39

The ANAO recommends that for the AUSTUDY quality assurance process to be effective, Centrelink should ensure that:

- the quality assurance methodology is consistently applied across SACs;
- the basis for reporting quality assurance information is clarified to ensure consistency and accuracy of information reported; and
- the results of the quality assurance are analysed and used as a feedback mechanism to improve the processing of AUSTUDY applications.

**Agreed: Centrelink and DSS.**

#### Recommendation

No. 5

Para. 5.58

The ANAO recommends that, to achieve efficiencies in applications processing and improve client service, Centrelink should review and revise the current quality assurance processes to ensure that the focus is on preventative controls rather than detective (back-end) control mechanisms.

**Agreed: Centrelink and DSS.**

#### Recommendation

No. 6

Para. 5.75

The ANAO recommends that Centrelink, as part of the formal process for reviewing the National Client Service Standards, consults the relevant stakeholders and widely disseminates the agreed standards to operational staff to ensure that all parties have a common understanding of the National Client Service Standards and the definitions used for reporting purposes.

**Agreed: Centrelink and DSS.**

#### Recommendation

No. 7

Para. 6.29

The ANAO recommends that Centrelink reviews the AUSTUDY compliance and reassessment activity to reduce delays in Benefits Control Unit referrals for reassessment.

**Agreed: Centrelink and DSS.**

Recommendation

No. 8

Para. 7.12

The ANAO recommends that, when developing an information technology system for the Youth Allowance, the Centrelink and the DSS:

- take account of the project management lessons learned from the DEETYA's Students' Entitlement Processing System project; and
- ensure that the redeveloped system provides adequate and user-friendly support for front-end processing staff.

**Agreed: Centrelink and DSS.**

Recommendation

No. 9

Para. 7.37

The ANAO recommends that Centrelink should ensure that:

- the development of national and operational level training strategies and plans to address the key training needs of service delivery staff are coordinated nationally for consistency and effectiveness;
- training is provided in a timely manner so that staff are familiar with legislative changes to AUSTUDY before those changes are implemented; and
- a mechanism is developed that allows regular feedback on annual AUSTUDY training programs so that these programs address the key training needs of SAC staff.

**Agreed: Centrelink and DSS.**

Recommendation

No. 10

Para. 8.38

The ANAO recommends that the National Client Service Standards be reviewed by Centrelink to ensure that:

- the operational performance of AUSTUDY is assessed through a range of acceptable measures with greater emphasis placed on quality;
- there are credible and accepted performance measures for all levels of administration responsible for the service delivery of AUSTUDY which promote accountability for, and commitment to, achievement of client service standards and targets; and
- accurate and timely reporting against the standards occurs to generate performance improvement.

**Agreed: Centrelink and DSS.**

#### Recommendation

No. 11

Para. 8.61

The ANAO recommends that Centrelink, in consultation with the DEETYA and the DSS:

- analyses the results of the latest National Client Satisfaction Survey to determine areas requiring improvement; and
- ensures that the results of future surveys are produced in a timely manner so that the information obtained can be used to improve processes in the following applications processing year.

**Agreed: DEETYA, Centrelink and DSS.**

#### Recommendation

No. 12

Para. 8.65

The ANAO recommends that Centrelink, in consultation with the DEETYA and the DSS, undertakes a fundamental review of the AUSTUDY forms design process to ensure its effectiveness in addressing staff and client needs.

**Agreed: DEETYA, Centrelink and DSS.**

## Recommendation

### No. 13

#### Para. 9.35

The ANAO recommends that, to improve the efficiency and effectiveness of reviews handling, Centrelink should consider:

- the use of teams dedicated to reviews at each SAC;
- categorising reviews on the basis of their complexity to allow more effective dissemination of reviews among officers; and
- enhancing the *Guide to Preparing Notices of Student Assistance Review Decisions* developed by the DEETYA, to include:
  - ⇒ the responsibilities of review officers;
  - ⇒ the timeliness standard that applies to the finalisation of reviews; and
  - ⇒ the guidelines for interim contact with clients where a review decision will not be prepared within the given timeframe.

**Agreed: Centrelink.**

**Agreed in Principle: DSS.**

## Recommendation

### No. 14

#### Para. 9.38

The ANAO recommends that to improve the timeliness and quality of reviews undertaken, Centrelink should:

- review the current 60 day timeliness standard for the handling of requests for internal review of AUSTUDY decisions; and
- develop a national client service standard in relation to reviews that measures the timeliness and quality of reviews handling.

**Agreed: Centrelink and DSS.**

## Recommendation

### No. 15

#### Para. 9.41

The ANAO recommends that Centrelink should analyse the number, nature and outcome of requests for internal review:

- at an operational level, to determine staff training needs and opportunities to improve client service; and
- at a national level, at least annually, to improve the framing of regulations, training materials provided to SACs and documents used to support applications processing (for example, the policy guidelines manual).

**Agreed: Centrelink and DSS.**

Recommendation  
No. 16  
Para. 9.57

The ANAO recommends that, to ensure that all SAC staff have a common understanding of the appeals process, Centrelink develops written procedures that explain:

- the steps to be followed when handling appeals lodged with the Social Security Appeals Tribunal and the Administrative Appeals Tribunal;
- the responsibilities of Student Assistance Liaison Officers;
- the supporting documents to be referred to when preparing briefing documents for the Social Security Appeals Tribunal and the Administrative Appeals Tribunal; and
- the guidelines for interim contact with clients who have lodged an appeal.

**Agreed: Centrelink and DSS.**

Recommendation  
No. 17  
Para. 9.60

The ANAO recommends that Centrelink analyses the statistics relating to appeals lodged with the Social Security Appeals Tribunal and the Administrative Appeals Tribunal to identify:

- common areas of appeal;



- training needs for internal review officers;
- ambiguities and uncertainties in the regulations;
- trends in the decisions of the Social Security Appeals Tribunal and the Administrative Appeals Tribunal (numbers and categories of appeals affirmed, varied and set aside); and
- opportunities to improve processes and decision-making.

**Agreed: Centrelink and DSS.**

**Recommendation**

**No. 18**

**Para. 9.63**

The ANAO recommends that the DEETYA and the DSS liaise with the Social Security Appeals Tribunal and the Administrative Appeals Tribunal to identify areas of ambiguity and uncertainty in the regulations and invite submissions from each regarding the redrafting of regulations.

**Agreed: DEETYA, Centrelink and DSS.**

**Recommendation**

**No. 19**

**Para. 9.97**

The ANAO recommends that the Centrelink internal complaints handling mechanism addresses Youth Allowance client complaints and that written guidelines:

- are made available to all staff and are accompanied by appropriate training;
- identify staff roles and responsibilities in relation to complaints handling;
- are comprehensive, covering all stages of the complaints handling process and clearly set out when complaints should proceed to a different stage in the process;
- identify appropriate timeliness standards for handling complaints and maintaining contact with complainants; and

- identify the kinds of redress that can be offered to clients, when these might be applicable and who has the authority to offer particular remedies.

**Agreed: Centrelink and DSS.**

Recommendation  
No. 20  
Para. 9.100

The ANAO recommends that Centrelink analyses the records of ministerial, Ombudsman and client complaints to determine opportunities for improving client service and provide feedback to both national and operational staff.

**Agreed: Centrelink and DSS.**

## **Part Two**

# **Audit Findings and Conclusions**





# Introduction

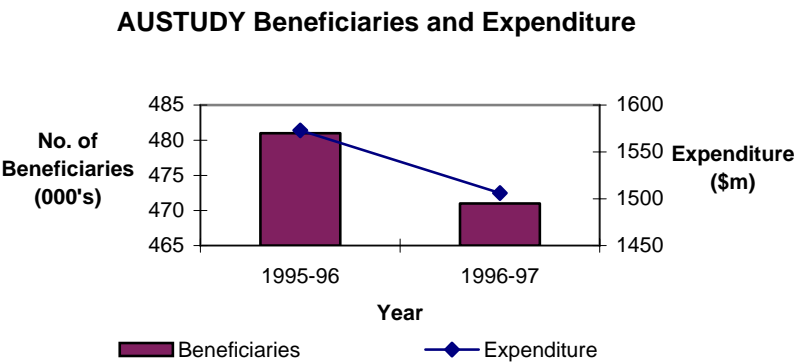
*This chapter describes the background to the audit and sets out its objective, scope, focus, methodology and criteria.*

## Background

1.1 AUSTUDY was introduced on 1 January 1987 under the administration of the then Department of Education. AUSTUDY assists students whose individual and family

circumstances are such that, without financial help, full-time study would not be possible. Figure 1 below provides an indication of the scale of the Scheme in terms of expenditure and the number of beneficiaries.

**Figure 1:**  
**1996-97 AUSTUDY beneficiaries and expenditure**





1.2 On 1 July 1997, the responsibility for delivering AUSTUDY was transferred from the Department of Employment, Education, Training and Youth Affairs (the Department) to Centrelink. From 1 July 1998, AUSTUDY will form part of the Youth Allowance. Currently program responsibility for AUSTUDY rests with the Department but under the Youth Allowance arrangements, the Department of Social Security (DSS) will have relevant program responsibility<sup>4</sup>. Centrelink will continue to deliver the payment on behalf of the DSS.

1.3 Although AUSTUDY will be terminated as a student assistance scheme on 30 June 1998, the findings and recommendations of this audit will be highly relevant to the Youth Allowance, within which AUSTUDY will be incorporated, while it remains a tightly targeted scheme (in that the legislation sets strict parameters for eligibility).

1.4 More detailed descriptions of AUSTUDY operations and the Youth

Allowance are provided later in this chapter.

## The Audit

### ***Audit objective, scope and focus***

1.5 The objectives of the audit were to:

- review the implementation arrangements in relation to the transfer of delivery of AUSTUDY to Centrelink and its subsequent inclusion as part of the Youth Allowance; and
- form an opinion on the efficiency and effectiveness of the front-end processing aspects of AUSTUDY, to identify any areas for improvement with a view to providing timely advice to Centrelink, in context of the new service delivery arrangements.

1.6 The audit did not address a number of issues. These issues and the reasons they were not included in the scope of the audit are as follows:

- ABSTUDY: this is currently the subject of a separate Departmental review to examine the most appropriate way to pay the income-tested living allowance component of ABSTUDY;
- the administration of the 1997 Actual Means Test (AMT):

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<sup>4</sup> At the time the audit was completed it had not been decided whether DSS will also have the responsibility for payments to students aged over 25, the Student Financial Loan Supplement and the Pensioner Education Supplement. The program responsibility for these three elements of AUSTUDY may remain with the Department or may transfer to DSS.

this was not examined in detail given that an independent review, commissioned by the Department was underway, at the time of the audit. Details relevant to this review are discussed in paragraph 1.31; and

- AUSTUDY debt identification and recovery: the back-end controls, which include compliance activities, debt identification and recovery, were not included in the scope of this audit given previous audit coverage.

### ***Audit criteria***

1.7 The ANAO established key criteria against which to review the efficiency and effectiveness of the front-end administrative processes as well as the implementation of the new AUSTUDY arrangements. The main areas examined were:

- planning, including whether the Department had developed suitable strategic and risk management plans to address the issues associated with the transfer of delivery of AUSTUDY to Centrelink;
- AUSTUDY processes, especially at the Student Assistance Centre (SAC) level, including problems in relation to processing AUSTUDY applications and their consequences; and

- the Department's performance information relating to the front-end processing of applications and the appropriateness of the Department's action/s based on analysis of the performance information.

### ***Audit methodology***

1.8 The audit involved undertaking field work at nine SACs during April and May 1997. Those included in the sample were: Adelaide, Bendigo, Box Hill, Dandenong, Haymarket, Mt Gravatt, Newcastle, Townsville, and Western Sydney. It is the SACs that are responsible for processing AUSTUDY applications, interpreting and applying policy procedures and guidelines and providing advice to current and prospective beneficiaries.

1.9 The ANAO pilot tested the audit approach at the Haymarket SAC prior to commencing fieldwork at the remaining eight SACs.

1.10 Fieldwork was also undertaken at the Department's Student Assistance Branch, National Office, between April and June 1997. The ANAO reviewed National Office files relating to the administration of AUSTUDY and conducted interviews with National Office staff.



1.11 During the course of the fieldwork, the ANAO undertook the following activities to examine AUSTUDY processes and identify opportunities for improvement:

- maps were developed to record the processes relating to development of administrative guidelines, applications processing, review of applications and their appeal;
- focus group discussions were held at each of the SACs visited, as part of a structured Business Process Reengineering (BPR) methodology;
- compliance work in relation to applications processing, correspondence handling and the review processes; and
- interviews with National Office and SAC staff.

1.12 The focus groups were constituted to ensure that the full range of SAC staff levels and functions were represented. Discussions were facilitated by the ANAO to ensure that the views of all participants could be expressed. The results of all focus group discussions were consolidated and the common themes arising from the discussions are provided throughout this report.

1.13 Discussion papers outlining the ANAO's findings

were issued to each SAC visited and to National Office at the completion of fieldwork. The purpose of these papers was to provide immediate feedback on the work undertaken. Comments made on these discussion papers by the SACs and National Office have been taken into consideration in preparing this report.

1.14 The ANAO engaged the services of the PSI Consulting Group to provide expert advice on BPR issues. The Australian Bureau of Statistics (ABS) was also consulted in relation to the compliance testing component of the audit. Further detailed information on the methodology is contained in Chapters 4 and 5 and in Appendices 2 and 3.

1.15 The audit was conducted in accordance with ANAO Auditing Standards and cost about \$385 000.

## Overview of AUSTUDY

1.16 AUSTUDY was introduced in January 1987 to replace three previous assistance schemes:

- the Tertiary Education Assistance Scheme;
- the Adult Secondary Education Assistance Scheme; and

- the Secondary Allowances Scheme.

1.17 AUSTUDY was designed to eliminate the financial disincentives under previous schemes for young people from low income families to participate in post compulsory education.

1.18 Part 2 of the *Student and Youth Assistance Act 1973* provides the legislative basis for AUSTUDY. The detailed rules and requirements of the Scheme are specified in the regulations made pursuant to that Act. From 1 January 1991 the *Student Assistance Regulations* were replaced by the *AUSTUDY Regulations* which were written in plain English and designed to make the rules of the Scheme clearer and more accessible to staff and clients.

1.19 Generally, assistance is available to full-time students aged sixteen or over. Some particularly disadvantaged students (those without parental support because of, for example, homelessness) can receive assistance from the minimum school leaving age (commonly, age fifteen). Study must be undertaken in AUSTUDY-approved courses and assistance is subject to citizenship and residency requirements.

1.20 AUSTUDY is provided on a non-competitive basis and encompasses an annual living

allowance paid fortnightly. For some students living away from home assistance with the cost of travel between their parents' home and the institution attended is also provided. AUSTUDY entitlements depend on the students' or their family's financial circumstances and living arrangements.

## AUSTUDY administration

1.21 The cost of administering Student Assistance, Sub-program 5.1<sup>5</sup>, in 1996-97 is estimated to have been \$82m. The ANAO was advised that about 90 per cent of these costs (\$82m) can be attributed to the administration of AUSTUDY. Until January 1997, one Branch at National Office was responsible for developing policy, procedures and legislation for AUSTUDY and coordinating the SACs. The Department's Area Offices were responsible for the SAC's day-to-day administration. In February 1997, the Student Assistance function at National Office was restructured. The new structure is illustrated in Figure 2.

1.22 As indicated in Figure 2, the responsibility for AUSTUDY administration at National Office

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<sup>5</sup> Sub-program 5.1 includes the AUSTUDY, ABSTUDY, AUSTUDY/ABSTUDY Loan Supplement and Assistance for Isolated Children Schemes.

is now shared by two branches. These two branches are now responsible for:

- formulating AUSTUDY policy, developing regulations and explaining them in the policy guidelines manual;
- administering the Education Student Assistance System<sup>6</sup> (ESAS);
- formulating the Actual Means Test (AMT) policy and administering its operation; and
- administering national SAC operations (since February 1997).

1.23 The SACs are responsible for the delivery of AUSTUDY services to clients.

## The Youth Allowance

1.24 In the 1996-97 Budget, the Government announced that payments for young people would be simplified with the introduction of the Youth Allowance from 1 July 1998. The DSS will have relevant program responsibility, and payments will be delivered by Centrelink.

1.25 The Youth Allowance will replace the following five different payments:

- AUSTUDY for full-time students up to 25 years old;
- Newstart Allowance, Youth Training Allowance and Sickness Allowance for other young people up to 21 years old; and
- More-than-minimum rate Family Payment for secondary students aged 16-18 not receiving AUSTUDY.

1.26 The Youth Allowance also reduces the number of different rates of payment.

1.27 By combining payments previously provided by the Department and DSS, the Youth Allowance is aimed at making income support for young people simpler and more flexible. Young people will not have to change payments because they have changed activity, such as moving between employment and study or training.

1.28 The Youth Allowance is also intended to remove incentives for young people to leave education or to choose unemployment over education and training. The Youth Allowance will provide the same payment for young people regardless of whether they are students or looking for work.

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<sup>6</sup> This is currently the Information Technology (IT) system that supports the student assistance applications and payment processes.

## Previous reviews of AUSTUDY

1.29 Since its introduction, AUSTUDY has been included in, and the subject of, a number of reviews, as described below. These reviews have largely focused on policy related issues.

### **Parliamentary reviews**

1.30 Two parliamentary reviews were undertaken in 1995. The reviews and the main issues they addressed are briefly outlined below:

- *Senate Employment, Education and Training References Committee Inquiry into AUSTUDY, June 1995:* this review largely dealt with policy issues with some broad administrative implications. Recommendations were largely based on oral submissions and did not include guidance on how to reduce student debt or improve administration. The inquiry was undertaken from a client perspective; and
- *Senate Rural and Regional Affairs and Transport References Committee Second report - impact of assets tests on farming*

*families' access to social security, September 1995:* this review dealt with the effects of the assets tests on farming families' access to social security. The Committee recommended that the AUSTUDY assets test, in particular the actual means test, be reviewed to determine the effects upon farming families' access to education.

### **Departmental reviews**

1.31 Mr Denis Ives AO, a former Public Service Commissioner, led an independent review team that examined the implementation of the 1997 AUSTUDY AMT( *Actual Means Test (AMT) Review*). The report from this review commented on:

- the AMT Hotline service;
- legal issues that led to some revisions to the AUSTUDY regulations; and
- the use of automatic imputation as an initial assessment tool in the 1997 test without appropriate Ministerial or other authority.

### **Previous ANAO coverage**

1.32 As part of a major audit of performance information<sup>7</sup> of the

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<sup>7</sup> Audit Report No.25 1995-96, Performance Information, Department of Employment, Education, Training and Youth Affairs.

Department's programs, the ANAO examined how well performance information for programs administered by the Department facilitated good decision-making and provided a suitable framework for control and accountability for performance. The ANAO found that further improvements could be made for all sub-programs (including the Education Assistance and Income Support sub-program of which AUSTUDY is a component).

1.33 This audit follows up on some of the performance information issues highlighted in the above report in relation to the Student Assistance sub-program.

1.34 The ANAO has also undertaken a range of audit work<sup>8</sup> of AUSTUDY. This work has largely focussed on turnaround times and debt recovery.

1.35 The processes leading to payment (in terms of accuracy) have not received previous audit coverage. As well, as mentioned previously, the transfer of delivery of AUSTUDY to Centrelink and the subsequent inclusion of AUSTUDY as part of the Youth Allowance raise a wide range of implementation issues

not addressed by any of the previous reviews.

## The report

1.36 Chapter 2 describes the AUSTUDY operating environment. Chapter 3 addresses planning issues, including the implementation arrangements relating to the transfer of the delivery of AUSTUDY to Centrelink.

1.37 Chapters 4 to 7 examine the AUSTUDY processes, especially in SACs and identify a number of process efficiency and effectiveness issues that affect applications processing.

1.38 Chapters 8 and 9 examine the performance information relating to front-end processes and explore performance management issues relating to client service and administrative reviews.

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<sup>8</sup> Audit Report No.20 1992-93: followed up Audit Report No.24 1989-90. A second follow-up was undertaken in 1994-95 (Audit Report No.5 1995-96) to review whether the Department had taken action regarding the recommendations of Report No.20.

## 2. Complex Operating Environment

*This chapter examines the environment in which AUSTUDY operates. In particular, the factors that contribute to the complexity of the Scheme are discussed. These include the number of regulations that underpin the Scheme, the number of changes to these regulations and seasonal processing.*

### Introduction

2.1 AUSTUDY is a significant scheme in terms of its expenditure and the number of beneficiaries. As indicated in Chapter 1, it is also a tightly targeted scheme requiring a complex series of decisions to be made before eligibility can be determined.

2.2 The following factors contribute to the Scheme's administrative complexity:

- the number of regulations that underpin the Scheme;
- the number of changes made to these regulations each year;
- the seasonal processing of AUSTUDY applications;
- the short timeframe for implementing changes to the Scheme which usually occurs during the peak processing season;

- the complex administrative guidelines developed in relation to the Scheme; and
- the layers of interpretation that are required before the regulations and administrative guidelines can be translated into an eligibility decision.

2.3 These are discussed under separate headings below.

### Complex regulations

2.4 A client's eligibility or entitlement to AUSTUDY is determined within a complex framework of regulations and statutory rules. The number of regulations and statutory rules made in relation to AUSTUDY is the result of a series of policy decisions aimed at better targeting the Scheme to those most in need.

2.5 The AUSTUDY decision-making process is shown at Figure 3 and identifies a series of tests that are referred to as the

General Eligibility Requirements (GER) tests. These include tests for citizenship, the minimum age and whether engaged in full-time study in an approved course<sup>9</sup>. Students who meet the GER tests may also be subject to the Income Test, Assets Test and the AMT.

been made to make changes to the Scheme. As well, there have been a number of individual amendments to these statutory rules. The number of such changes are shown in Table 1 below.

2.6 As well as the eligibility criteria, a student's entitlement may vary depending on a number of other factors, such as:

- a change in student or parental circumstances, for example, income or living arrangements; and
- AUSTUDY Supplement Requirements that provide the opportunity for students to trade between \$250 and \$3,500 of their AUSTUDY grant for an interest free loan of up to twice the specified amount. The Supplement is available to tertiary students who are ineligible for AUSTUDY solely on the basis of adjusted family income.

## Changes to AUSTUDY

2.7 There have been frequent changes to AUSTUDY since the introduction of the *AUSTUDY Regulations*. Since 1991, fourteen statutory rules have

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<sup>9</sup> To be eligible for AUSTUDY, students must be undertaking full-time study (at least 75 per cent of the normal course study load) in an AUSTUDY approved course.





. Table 1:

Number of Amendments to regulations

applications received in each month during the 1996 'processing season' which commenced in November 1995 and ended in October 1996.

Year of statutory rules of Amendments	Number Number	
1991	1	33
1992	2	65
1993	1	54
1994	3	50
1995	2	23
1996	5	63

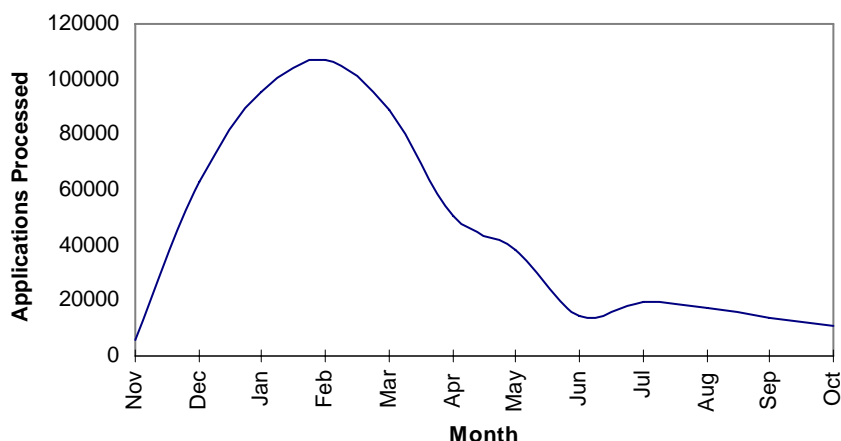
2.8 In addition, ongoing changes to the Scheme are required to be implemented in a short timeframe during the significant annual peak experienced in the applications processing workload. Table 1.1, at Appendix 1, describes in more detail the major changes to AUSTUDY introduced by the amendments to the regulations since 1991.

## Seasonal processing

2.9 Student assistance clients are required to apply annually for AUSTUDY at the commencement of a year of study. As a result there is a marked seasonality in SAC workload with applications being received and processed mainly from November to March (compliance and review activities are carried out by SACs in the remainder of the year). Figure 4 below indicates the number of



**Figure 4:**  
**The 1996 AUSTUDY Processing Season**



2.10 The number of applications received in January/February is high because only applicants who apply for AUSTUDY before 31 March can receive full year benefits. Applications are made by students so that benefits can be received from the first pay period of the year, that is 1 January<sup>10</sup>.

2.11 There is a relatively constant, but lesser, volume of applications received between April and December. Students can become eligible for

AUSTUDY at any time during the year if their circumstances change, for example:

- they turn sixteen years of age and therefore become eligible for AUSTUDY;
- they commence tertiary studies; or
- their parents experience a decline in income.

## Implementation of changes

2.12 As well as dealing with this seasonal peak in workload, changes to AUSTUDY through regulations are also being implemented during the processing season.

<sup>10</sup> Continuing AUSTUDY beneficiaries and new students, who have not had a break in study of more than a semester, receive benefits from 1 January. Students who have had a break in study of a semester or more or who are undertaking study in an approved short course are paid from the date of commencement of study.

2.13 The high level processes undertaken by the Department relating to the development of the *AUSTUDY Regulations* are shown in Figure 5 below. The major changes to the *AUSTUDY Regulations* usually occur as a result of Budget decisions but, as noted in Figure 5, other causes include internal review of policy, the appeals processes and amendments to Social Security legislation requiring consequential *AUSTUDY* amendments.

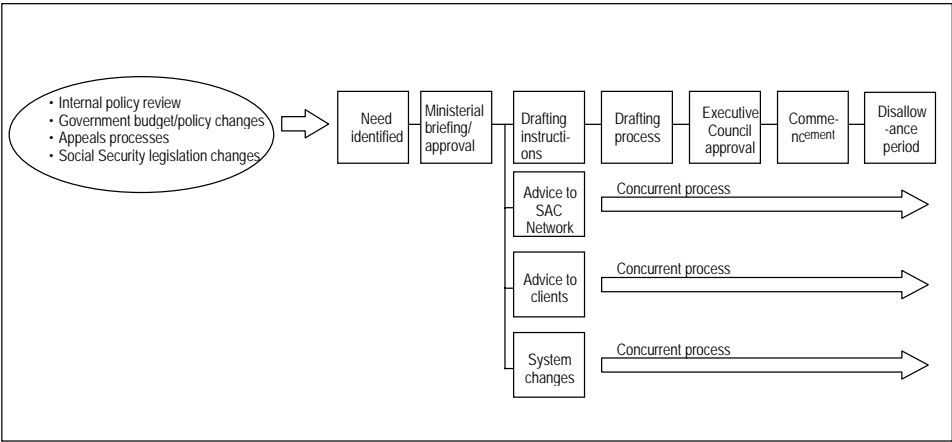
2.14 Legislative changes usually commence on 1 January following the Budget (generally in May but for 1996, in August) for application to the forthcoming

period of study. The timeframe to implement the legislative changes is short, that is, between when the Budget is brought down and 1 January.

2.15 Therefore, the process of legislative drafting is carried out in a short timeframe concurrently with other necessary processes, such as:

- system development;
- advising clients of changes (including changes to application forms); and
- advising the SAC network of the changes so that administrative procedures are amended as required.

**Figure 5:**  
**Amendments to the *AUSTUDY Regulations***



2.16 The concurrent processes are considered to be necessary due to the circumstances in which the changes to the Scheme are being made. However, there is a particular risk that appropriate links may not be made and that issues may be overlooked or not fully addressed.

2.17 As part of addressing the risks posed by the concurrent processes, the ANAO notes that a 'Publications Sub-Committee' was set up in 1997 to approve the content of external publications and forms (to reduce the likelihood of ambiguities or conflicting advice in published material). Until that time, no formal procedures existed to draw together the concurrent processes, although several were undertaken within one Branch of the Department.

## Administrative guidelines

2.18 As well as operating in a complex environment the AUSTUDY administrative guidelines, issued by National Office, are complex because of the regulations that underpin the Scheme. These are the primary source of reference for SACs. The AUSTUDY administrative guidelines include:

- the policy guidelines manual (PGM): this is a comprehensive manual containing 579 pages

designed to assist staff by providing detailed information on the Act and regulations as well as case studies on how they apply in particular situations; and

- the Minimum Processing Requirements (MPRs): a much smaller set of guidelines (19 pages) that identify the types and status of documentation to accompany an application and the methods by which information can be obtained.

## Layers of interpretation

2.19 The two levels of administration of AUSTUDY (discussed in Chapter 1) and the complex administrative guidelines disseminated by National Office, lead to a number of layers of interpretation of the *AUSTUDY Regulations*.

2.20 As mentioned above, the PGM is the primary source of reference for SACs and is used as the main mechanism to apply the 163 pages (31 March 1996 Reprint) of *AUSTUDY Regulations*.

2.21 The PGM is updated for each processing year and is supplemented by policy circulars which communicate changes to AUSTUDY policy, or provide clarifications of existing policy, which are to be implemented during the year. Information in the circulars is included in the

PGM each year when it is updated for the next student assistance year.

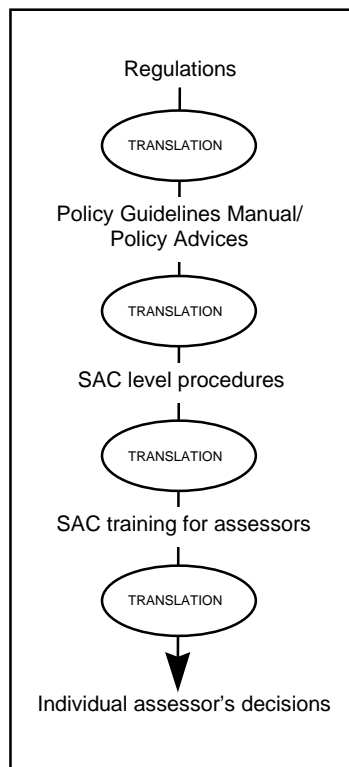
2.22 As well, because they are discrete administrative units, individual SACs develop their own strategy and materials for training staff in relation to policy changes and their effect on applications processing, building on core training material provided by National Office. SACs may also produce their own

administrative interpretations of the requirements of the regulations issued as 'Administrative Advice' or 'Assessing Notes'. This issue is discussed further in Chapter 4.

2.23 Thus, a number of layers of interpretation exist before the complex requirements of the regulations are translated into assessment decisions, as shown in Figure 6.

**Figure 6:**

**Layers of Interpretation**



2.24 The risk in this situation is that complex requirements may be misinterpreted as they pass through the various layers of interpretation and produce inconsistent or inappropriate decisions. This risk is increased by legislation being implemented in a short timeframe as transaction volumes are approaching their peak.

## Conclusion

2.25 The issues of scale, complexity, numerous changes made to the *AUSTUDY Regulations* in a short timeframe,

the SAC workload, complex administrative guidelines and the layers of interpretation discussed above have particular implications for Centrelink management. These issues will continue to be important while *AUSTUDY*, or the Youth Allowance within which it will be incorporated from 1 July 1998, remains a tightly targeted scheme. These issues need comprehensive management if they are to be addressed effectively.

2.26 Given these factors the ANAO has identified strategies to address these complexities. These are outlined in the remaining chapters of this report.





## 3. Planning

*This chapter discusses planning issues in relation to AUSTUDY administration. The ANAO identified scope for marked improvement in the areas of business and operational planning. The ANAO found that the Department had addressed effectively all planning issues relating to the transfer of student assistance functions to Centrelink. The ANAO has recommended the implementation of an appropriate planning framework to ensure work at all levels is directed at meeting the effective and efficient achievement of the Youth Allowance objective.*

### Introduction

3.1 Planning is an essential element of efficient and effective administration. It provides a focus on outcomes and identifies the lines of reporting and accountability. Formal planning processes are particularly necessary given the complexity of the operating environment.

3.2 Planning in relation to AUSTUDY administration was examined in two main areas:

- the business plan (for the Department's National Office) and operational plans (for each SAC); and
- the implementation of the new AUSTUDY administrative arrangements.

### Business and operational plans

#### **Background**

3.3 Business plans provide the overall strategies to achieve the mission and objectives of the program. They also set out the roles and responsibilities of the branch, and of the various sections within the branch, in relation to the achievement of the objective. As well, they include performance measures to assess the achievement of the objective; and resource allocation and implementation priorities to ensure the Department's resources are focussed on critical business activities.

3.4 Similarly, operational plans, if appropriately linked to the business plans, can highlight:

- unnecessary duplication of activity;
- any critical activities not being addressed; and

- whether a particular area of administration is under or overburdened.

### ***Key criteria***

3.5 The ANAO aimed to establish whether:

- Student Assistance Business Plans were developed on an annual basis to enable work at National Office to be directed at meeting the Student Assistance mission and objectives; and
- operational plans were developed by SACs to provide a sound and common understanding of the action required to achieve the objectives outlined in the Student Assistance Business Plan; and help the effective monitoring of performance and accountability.

### ***Business plans***

3.6 There were no formal Student Assistance Business Plans developed for 1995-96 or 1996-97. As a result, there was no administrative performance information to assess the contribution of each level of administration to the achievement of the program objectives. The adequacy of the performance information obtained in relation to AUSTUDY front-end processes is discussed throughout this report, especially in Chapters 8 and 9.

3.7 The Department agreed there was no management framework in 1996 to support the development of business plans. However, the Department considered that the restructuring of the Student Assistance Branch in early 1997 demonstrated the Department's commitment to establishing a planning framework that identified clear links between all levels of administration.

3.8 The Department further advised that the lack of business plans does not necessarily imply a lack of planning in the student assistance business activities. For example:

- each year, the student assistance area undertakes a detailed planning process for rebuilding ESAS which supports AUSTUDY applications processing (discussed in Chapter 7);
- a comprehensive and well planned process is followed each year in relation to the development of student assistance forms and associated material (discussed in Chapter 8); and
- a Student Assistance Program Steering Committee (discussed in paragraphs 3.28 to 3.31) was set up in March 1997 and, as part of its broader agenda, developed a work program for AUSTUDY for the rest of 1997.

## **Operational plans**

3.9 Only two of the nine SACs the ANAO visited (Mt Gravatt and Newcastle) had developed individual operational plans for 1996-97. These included:

- the student assistance objective;
- an environmental analysis;
- a strengths, weaknesses, opportunities and threats analysis (SWOT);
- the National Client Service Standards for 1997 and strategies to achieve these; and
- the critical dates for completion of essential tasks.

3.10 The ANAO considers these operational plans to be better practice because they provide a focus and a strategic approach to SAC operations.

3.11 However, operational plans should also identify resource allocations, critical tasks and associated priorities. As well, clear links should be established between the operational plans and business plans developed at the National Office to ensure all levels of administration are working towards common objectives. Clear links should also be established within each plan, between key result areas,

associated strategies and performance measures.

3.12 The ANAO notes that the *AMT Review* commissioned by the Department in May 1997 identified similar concerns which had contributed to the ineffective implementation of the 1997 AMT. These were:

- insufficient project management of a very complex policy implementation task, including insufficient planning;
- limited training and a loss of corporate knowledge and succession planning, due to the large round of redundancies; and
- work pressures that resulted from ineffective resource allocation, performance management and priority setting mechanisms.

3.13 The report provided a number of lessons learned and action needed to prevent a recurrence of the implementation problems identified above. The ANAO considers that it is important that the report is acted on quickly and followed up effectively.

## **Conclusion**

3.14 The development of a work Program by the Student Assistance Program Steering Committee is considered to be an appropriate strategy to address

the short-term needs of the Student Assistance Branch given that:

- student assistance delivery functions were transferred to Centrelink from 1 July 1997; and
- the implementation of the Youth Allowance, of which AUSTUDY is a component, will result in program responsibility being transferred to DSS on 1 July 1998.

3.15 However, the ANAO considers that the underlying principles of planning discussed in this chapter have longer-term relevance to the delivery of student assistance services and need to be taken into consideration when implementing a sound planning framework. This is particularly important given the complex nature of AUSTUDY, discussed in Chapter 1. This will ensure that work at all levels is directed at meeting the effective and efficient achievement of the Youth Allowance objectives.

3.16 The issue for the future, therefore, is not just about the commitment to a planning framework but the sound implementation of the planning principles to ensure required outcomes.

### **Recommendation No.1**

3.17 The ANAO recommends that the DSS, in consultation with

the Department of Employment, Education, Training and Youth Affairs (DEETYA) and Centrelink, implements a sound planning framework as soon as possible to ensure that work at all levels is directed at meeting the effective and efficient achievement of the Youth Allowance objectives. This includes the development of business and operational plans that:

- are linked and demonstrate how each level of administration is to contribute to the achievement of the overall objective;
- establish clear links between key result areas, associated strategies and performance measures within each plan; and
- identify resource allocations, critical tasks and associated priorities.

### **DEETYA Response**

3.18 Agreed. We readily endorse the need for an effective planning framework to guide the implementation of the new Youth Allowance. Along with Centrelink, DEETYA is a member of the Youth Allowance Steering Committee established by DSS for this purpose. The Committee has already established a project management framework to guide its work.

### ***Centrelink Response***

3.19 Agreed. The lack of formal planning mechanisms for 1996 and 1997 is noted. The development of a planning framework for student assistance within Centrelink has been identified as a key priority and has already commenced. This is being located within the context of Centrelink corporate planning processes and reflects strategic consideration of bringing together effective management of Student Assistance 1998 (based on the rebuilding of ESAS system for 1998), the incorporation of policy reviews and the effective deployment of the Centrelink network whilst managing an effective progression to a common platform for the Youth Allowance. The three organisations have established a Steering Committee to oversight and integrate the plans from the transition to the Youth Allowance.

### ***DSS Response***

3.20 DSS supports this recommendation. A Youth Allowance Steering Committee (YASC) has been convened to oversight the Youth Allowance implementation. It is comprised of representatives of DSS, DEETYA and Centrelink, who in turn report to their respective Boards of Management. The YASC has endorsed a project management framework which includes a comprehensive implementation plan and a

strategic project schedule which identifies critical tasks and milestones. Contribution projects, of which there are many, have individual project plans linked to the strategic project schedule. The strategic project schedule is coordinated and monitored through the Youth Allowance Implementation Branch of DSS. Progress against the implementation plan is monitored by the YASC at monthly meetings. Performance measures for Youth Allowance will be jointly developed with Centrelink.

3.21 Youth Allowance is subject to departmental strategic, business and operational planning processes, which are currently under review as part of the establishment of the new DSS organisation.

## **Transfer arrangements for AUSTUDY**

### ***Background***

3.22 As mentioned in paragraph 1.2, the Youth Allowance will be implemented from 1 July 1998. The DSS will have program responsibility for the Youth Allowance and payments will be delivered by Centrelink. DEETYA and DSS are jointly responsible for the transition arrangements.

## ***Key criteria***

3.23 The ANAO reviewed the implementation arrangements relating to the transfer of SACs to Centrelink to establish whether the Department had developed:

- an implementation strategy to address the high-level issues associated with the transfer;
- an implementation plan which refers to the broad objectives of the transfer and includes milestones and targets to ensure the achievement of critical stages of the implementation; and
- a risk management plan linked to the implementation plan that identifies major risks associated with implementation of new arrangements and strategies to address those risks.

## ***Implementation strategy***

3.24 The ANAO found that the Student Assistance Branch had undertaken several initiatives as part of an overall implementation strategy to facilitate a smooth transfer of student assistance delivery functions to Centrelink on 1 July 1997. These included:

- establishing a SAC Management and Information Section in November 1996;
- establishing the Student Assistance Program Steering Committee in March 1997;

- establishing other committees to manage transition arrangements; and
- keeping National and SAC staff regularly informed on the progress of transfer arrangements.

3.25 Each of these initiatives is discussed briefly below.

## ***SAC Management and Information Section***

3.26 The SAC Management and Information Section<sup>11</sup> was set up in November 1996 to support and oversight the management and delivery of services to students through SACs. This included the provision of day-to-day SAC operational support and monitoring of resources. Since then, the Section had assumed a number of other responsibilities including:

- liaising with DSS and Centrelink on all transfer issues to ensure the agencies were working towards a common objective and there were no gaps in the planning process;
- identifying the tasks which were required to be undertaken at the SAC level in preparation for the transfer;

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<sup>11</sup> The SAC Management and Information Section was transferred to Centrelink on 1 July 1997.

- liaising with SAC staff on all transfer issues and informing them about progress towards the transfer; and
- planning and implementing the transfer of all SAC staff (about 1000 staff) and National Office Student Assistance staff (about 63) to Centrelink.

3.27 The Section has played a major coordination role in ensuring an effective and smooth transfer.

### *Student Assistance Program Steering Committee*

3.28 This Committee<sup>12</sup> was established in March 1997 to guide and direct the development, coordination and management of the Department's student assistance programs, particularly in relation to AUSTUDY and its Actual Means Test.

3.29 The specific responsibilities of this Committee are to:

- initiate the development of, and clear, student assistance policy options for consideration by Minister(s);
- direct and monitor the implementation of student

assistance program arrangements, ensuring the efficiency and effectiveness of operational management;

- ensure that the legislative and regulatory provisions relating to student assistance are consistent with agreed policy and the administrative practice is fully consistent with these provisions;
- ensure there is effective consultation and coordination between all relevant areas of the Department on student assistance matters; and
- in consultation with DSS, facilitate a smooth transition to the implementation of the Government's proposed Youth Allowance and associated service delivery arrangements for student assistance.

3.30 The Committee met for the first time in March 1997 and since then has met on a monthly basis. It identified five main areas requiring attention:

- the ongoing management of student assistance for the 1997 season, including a timetable for action to be taken on outstanding issues;
- planning for the 1998 AUSTUDY season (given that the Youth Allowance does not commence until 1 July 1998);
- planning in relation to ABSTUDY and implementation of the AMT

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<sup>12</sup> The committee has senior executives from the following areas within the Department: Youth, Students and Social Policy Division; Legal and Review Division; Analysis and Review Division; and Applications Development Branch, Systems Division.

and AUSTUDY/ABSTUDY Supplement reviews;

- planning for the transfer of functions to Centrelink from 1 July 1997; and
- finalising policy details for the Youth Allowance.

3.31 The Committee had developed a work program to deal with the five key areas listed above.

#### *Other committees coordinating transition arrangements*

3.32 Three other committees have been established to manage arrangements before the introduction of the Youth Allowance on 1 July 1998. These are:

- the Student Assistance Review Steering Committee: this has been established to

oversee the implementation of reviews of the AUSTUDY AMT, ABSTUDY and the AUSTUDY and ABSTUDY Supplementary Loans Schemes;

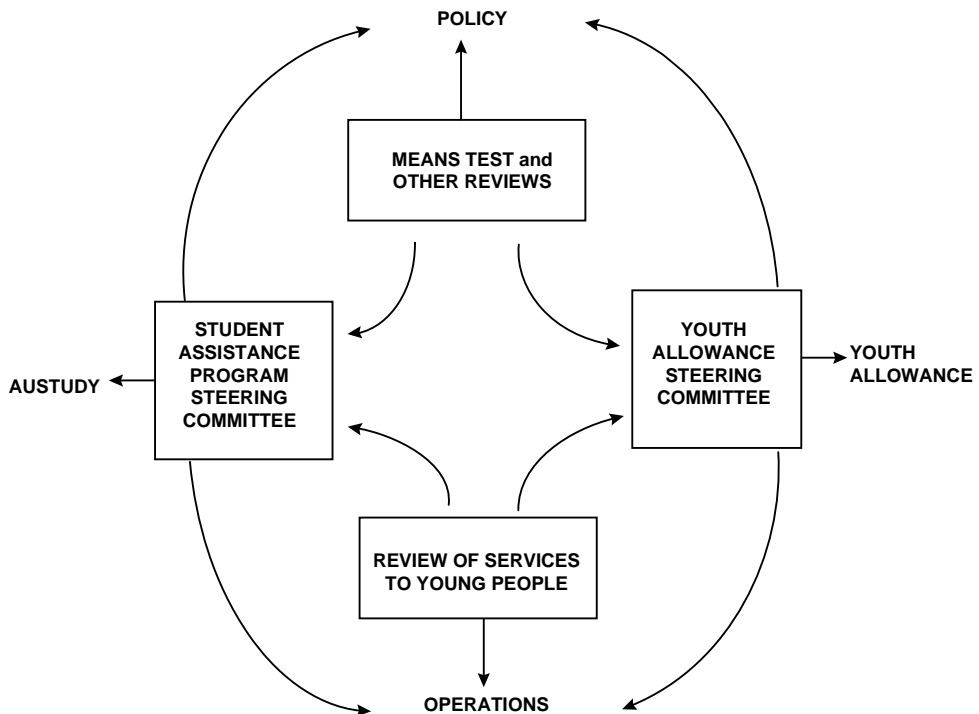
- the Youth Allowance Steering Committee: this has been established to review arrangements for the introduction of the Youth Allowance; and
- the Review of Youth Service Provision Committee: the review aims to establish the means by which Centrelink will provide services to young people, including the delivery of student assistance services.

3.33 Figure 7 demonstrates the management arrangements for student assistance programs and the relationship between the various committees.



**Figure 7:**

**Relationship between the committees established to manage student assistance programs and the implementation of the Youth Allowance**



Source: Department of Employment, Education, Training and Youth Affairs

### *Communication*

3.34 Overall, discussions with SAC staff indicated that they were being kept informed on the transfer process through:

- Centrelink newsletters and videos;
- the Department's staff bulletin; and
- teleconferences.

3.35 SAC Managers had conducted discussions with Area Agency coordinators on matters associated with the transfer of SACs to Centrelink. SAC Management and Information Section had also arranged a joint Department/Centrelink SAC Managers' conference in May 1997 which addressed a number of transfer issues relating to:

- the role of student assistance in Centrelink;
- reporting arrangements;
- accommodation;
- technology requirements; and
- the staffing formula.

### ***Implementation plan***

3.36 An implementation plan was developed by the SAC Management and Information Section which identified the tasks to be undertaken in relation to the transfer, their relative priority and the timeframe within which these were to be completed. Using project management techniques, an implementation timetable was drawn up and responsibility for key tasks associated with the transfer assigned to a particular person or area.

3.37 As part of the implementation plan, the National Office student assistance staff were allocated to various positions to determine the distribution of staffing positions between the Department and Centrelink.

### ***Risk assessment***

3.38 The Department has undertaken a risk assessment relating to the transfer of student assistance functions at two levels:

- general risks associated with the transfer; and
- information technology (IT) risks.

3.39 The ANAO reviewed the student assistance risk assessment plan developed by the SAC Management and Information Section<sup>13</sup>. It identifies the areas of risk, strategies to address the risks and the Section responsible.

3.40 The Department also established an IT Committee to handle the implementation issues. It has representatives from various areas within the Department including Benefits Control<sup>14</sup> and Student Assistance. A discussion paper was developed titled 'IT Framework, Objectives and Issues for Transfer to Centrelink'.

3.41 The discussion paper provides a comprehensive risk assessment of the student assistance payment and the SAC computer environment. The paper includes identifying: the areas of risk; what the associated risks were; and how these risks could be managed. It also maps

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<sup>13</sup> Based on the *Guidelines for Managing Risk in the Australian Public Service* issued by Management Advisory Board/Management Improvement Advisory Committee, October 1996.

<sup>14</sup> Responsible for handling AUSTUDY debt management issues.

out in detail the related system processes.

3.42 The SAC Management and Information Section also undertook a detailed analysis of all the primary IT applications currently being used at the SACs. This involved identifying the system applications, how these were generally used at the SACs for business purposes and the issues that needed to be considered in relation to the transfer.

### ***Conclusion***

3.43 The ANAO considers that appropriate planning, including

the development of an implementation strategy and plan and a risk management plan, was undertaken by the Department to facilitate an effective transfer of student assistance functions to Centrelink.

3.44 The ANAO considers that establishment of the Student Assistance Steering Committee is an appropriate initiative to guide the implementation of the new student assistance arrangements.

## 4. Applications Processing Efficiency

*This chapter examines the efficiency issues relating to the front-end processing of AUSTUDY applications. The ANAO found significant improvement opportunities in front-end processes, particularly in relation to the assessing, enquiries and lodgment functions. The ANAO has recommended that these findings be taken into consideration when designing front-end processes relating to the implementation of the Youth Allowance.*

### Introduction

4.1 Front-end processing refers to all activity undertaken to determine the ongoing eligibility and entitlement level of students.

4.2 AUSTUDY applications are lodged by students each year at either a SAC or a Lodgment Centre<sup>15</sup>. SACs are responsible for processing AUSTUDY application forms according to the Minimum Processing Requirements (MPRs) that specify the minimum standards and documentary evidence required in responses by students to each question on the application form.

4.3 In 1996-97 SACs processed about 537 500 AUSTUDY applications.

4.4 Issues associated with the efficiency of AUSTUDY applications processing are discussed in this chapter, while issues in relation to the effectiveness of applications processing are discussed in the following chapter.

### Process efficiency

#### **Background**

4.5 The ANAO's analysis of the efficiency of AUSTUDY front-end processes was based on business process reengineering (BPR) techniques<sup>16</sup>. BPR is a generic

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<sup>15</sup> Lodgment Centres are places where applications for AUSTUDY can be accepted, other than SACs. Prior to Centrelink arrangements, these were any Youth Access Centre (YAC) or Commonwealth Employment Service (CES) office.

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<sup>16</sup> The ANAO's analysis of AUSTUDY processes takes the form of a 'feasibility study' and does not constitute a full business process reengineering exercise.

term used to describe approaches to generating major improvements in the way an organisation carries out its business. These approaches are characterised by:

- their identification of the organisation's business processes designed to deliver value to a customer;
- the analysis of these processes from an internal (cost/ efficiency) and external (customer/best practice) review; and
- the fundamental redesign of the processes to produce dramatic improvements in cost and service.

4.6 The methodology and the key criteria used by the ANAO to identify process efficiency issues are discussed below. The potential areas of reengineering opportunity are also discussed.

4.7 This discussion reveals the potential for significant improvement in functions that account for about 72 per cent of SAC resources.

### ***Methodology***

4.8 The overall audit methodology was described in Chapter 1. This discussion provides the details of the methodology used for this part of the audit. The ANAO visited nine SACs to gain an understanding of existing AUSTUDY front-end

processes, and in consultation with SAC management:

- documented each major step in the process at each SAC and developed process maps that set out these steps in diagrammatic form. Accuracy of the ANAO's maps was confirmed by SAC management;
- attributed the staffing resources of the SAC to each major step in the process based on an analysis of activity;
- documented the elapsed time attributable to each major step in the process; and
- documented the actual time spent working on an application at each major step in the process.

4.9 Review and analysis of the potential for process improvement were informed by this understanding and through focus group discussions in each of the nine SACs. The focus group discussions involved an assessment of:

- the current processes against the process design best practice framework described under the 'Key criteria' section of this chapter; and
- customer needs and gaps to identify the extent to which needs were being met and reasons for any performance

shortfalls (Chapter 8 discusses in further detail customer needs and gaps analysis).

### ***Key criteria***

4.10 To assist in its assessment of the efficiency and effectiveness of AUSTUDY processes the ANAO developed a series of questions for the focus group participants. The questions challenged current practice from a broad perspective (see Appendix 2) and were based on the following framework for process design best practice:

- cycle times: addressing the causes of delays in the process and whether there was significant difference between time spent on value-adding activities and the total time it takes to complete the applications processing cycle;
- task efficiency: the number of steps in the process, areas of duplication, data capture and reporting arrangements;
- focus on adding value: assessing low-value work tasks in the process that could be eliminated;
- guided decision making: whether administrative guidelines were useful in supporting applications processing, accessible to all assessing staff and effective in communicating policy changes; and

- accessibility: whether there are multiple points of access and whether clients can find their way into the system easily.

### ***The process***

4.11 Overall, the process mapping exercise revealed no significant variations between SACs in the applications assessment process (three exceptions found are discussed below). Figure 8 demonstrates the process for dealing with an application from new and continuing students.

4.12 The ANAO noted slight process differences among SACs in the following areas:

- the majority of SACs registered applications before assessment as outlined in Figure 8. However, at three SACs the step of assessment and verification preceded that of registration of the application. The ANAO considers that it is a better practice to register applications before they are assessed. This ensures that there is a record of all applications. The records include incomplete applications which are returned to the client for action (which would not be recorded where assessment preceded the registration of applications);

- most of the SACs did not remove client Tax File Numbers from the AUSTUDY application form unless the application was going to leave the SAC premises. The ANAO considers that the Department should ensure that variation in the treatment of Tax File Numbers does not result in a breach of privacy regulations; and
- four SACs used the new IT assessment system Assessor for the assessment and verification step of applications processing. One SAC used the old IT assessment system Keymaster. The remaining three SACs used a combination of the two<sup>17</sup>. These variations affected the number of steps and resources involved in application processing. The debate between SACs on the Assessor versus Keymaster matter relates to a broader issue on the extent to which the IT system could better be contributing to an efficient and effective process. This is

discussed further in paragraph 4.21 below.

### **SAC Resources**

4.13 The SAC network employs between 750 and 1080 full-time equivalent staff (1996-97 figures) depending on the time of year. The allocation for salary expenditure in 1996-97 was \$43m. Figure 9 shows the allocation of staff resources to the processes undertaken in SACs based on the activity analysis undertaken by the ANAO at the nine SACs visited during the audit.

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<sup>17</sup> Assessor was introduced during the 1996 processing season and is designed to completely replace Keymaster in 1997. Keymaster remained available in 1996 as a transition arrangement. Using Assessor applications processing involves only one person, while Keymaster requires three people. However, the opportunity for independent data validation is lost using the Assessor system. For this reason, some SACs continued using Keymaster in 1996, rather than switching to Assessor.





## Process improvement opportunities

### ***Cycle times***

4.14 A key indicator of possible process inefficiency used in BPR exercises is derived by comparing the time spent on value-adding activities during the process with the total time it takes to complete the processing cycle. Where a significant difference is found between the value-adding time and the total cycle time this indicates that there may be unnecessary delays or steps in the process that warrant further investigation.

4.15 Analysis of cycle times in the nine SACs visited revealed that, on average, an application from a new student takes about eight elapsed days from receipt to dispatch of the Notice of Assessment to the client. However, in this time only 23 minutes, on average, is spent actually working on the application. That is, less than half of one percent of the time it takes to deal with an application is actually spent working on it. For the remainder of the time the application is either in a queue waiting for action, or being handed from one step to the next.

### ***Task efficiency***

4.16 Figure 10 shows the process for handling applications

from new students and documents the number of hand-offs, that is, where work is handed from one step to another in the process. In this particular case there are at least thirteen hand-offs in the process.

4.17 The large number of hand-offs suggests that a critical efficiency issue is whether any of the steps in the process could be eliminated. The fact that the assessing process is paper-based and, as discussed in Chapter 7, is not supported by the full potential of technology because of the constraints of ESAS, reinforces that there is an efficiency issue. A common theme in the focus group discussions was that significant resources are consumed in performing tasks due to inadequate IT systems. The focus group participants considered that improvements to the IT system would greatly improve application processing.

### ***Focus on adding value***

4.18 Figure 11 highlights (that is, the shaded boxes) the large number of low-value adding steps in processing applications from new students that could be replaced with appropriate technical support, generating a faster, more efficient process.

4.19 In addition to the low-value adding steps highlighted in Figure 11, the focus group discussions and the ANAO's analysis revealed that the Scheme's quality assurance process does not add value to the assessment of applications. This process is carried out to report against the National Client Service Standards and requires SACs to review a sample of applications each fortnight and report to National Office on processing errors found. The data are not used by SACs, or nationally, to improve applications processing (quality assurance is discussed in further detail in Chapter 5).

4.20 The ANAO considers that there is significant potential to replace manual steps in the process with appropriate IT system support, thereby making applications processing faster and more efficient. The potential areas include:

- issuing receipts for applications;
- transferring applications between SACs;
- sorting applications;
- attaching application numbers to forms;
- entering dates for the purpose of the National Client Service Standards;

- undertaking supervisor checks<sup>18</sup>;
- batching applications;
- existing student - check for other applications;
- allocating client identification numbers;
- asking applicants to supply their Tax File Numbers;
- returning letters to assessors for action;
- compiling letters;
- despatching mail; and
- undertaking the National quality assurance checks.

### *System support*

4.21 Improved technical support would not only assist assessors deal with the complexity of the process, but would provide a more efficient assessing function. The ANAO found opportunities for improvement in a number of areas which include:

- developing strategies for a user friendly computing environment;

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<sup>18</sup> Supervisor checks are undertaken on a daily basis at each SAC and are used to verify assessors' decisions regarding client's eligibility and entitlement to AUSTUDY. This process is further discussed in Chapter 5.

- providing on-line help and references to guide decision-making;
- validating system, editing and logic checking of data;
- expanding the scope of data stored on the system and available to assessors;
- eliminating the need to refer to the paper file as well as the data stored on the IT system;
- improving the quality of system generated letters/notices; and
- allowing for comments or file notes to be made on the system as applications proceed through the process, or enquiries are made by clients.
- consolidation of processing from the 25 SACs to yield economies of scale;
- building quality into the system to reduce errors and rework, and minimising the need for checking (for example, by incorporating guided decision-making support in the IT system); and
- improving AUSTUDY form design to: enhance the accuracy and completeness of information submitted by clients; enable more efficient processing of applications; and help client self-selection to reduce the volume of applications.

### *Redesign of the assessing function*

4.22 The ANAO's activity survey at the nine SACs visited demonstrates that the assessment and reassessment of applications consumes about 44 per cent of SAC resources. In addition to the possibility for eliminating steps in the process (with appropriate IT system support) as discussed in paragraphs 4.18 to 4.21 above, opportunities for improving the efficiency of the (re) assessment parts of the process identified by the focus group discussions and other analysis include:

### *Enquiries*

4.23 SACs receive enquiries concerning eligibility, the status of applications, overpayments and the Scheme generally. SACs received 1.4 million telephone calls in 1995-96 and, based on the ANAO's activity analysis, answering client enquiries consumed 22 per cent of the total SAC staffing resources.

4.24 Enquiries are handled locally at each SAC because the paper file is held at that location and ESAS does not support enquiries being dealt with at a central location. The benefits of telephone call centre operations - which include improved access and the creation of efficiencies and streamlined operations - are

therefore currently unavailable in respect of this significant area of activity.

### *Lodgment*

4.25 Six per cent of SAC resources are consumed performing the lodgment function which involves a student lodging their application at a SAC. The total resources attributed to this function are increased by the property and other expenses incurred in the maintenance of 'shopfronts' at each SAC. As a result of the transfer of delivery of AUSTUDY to Centrelink, there is scope for the lodgment function to be absorbed at marginal cost by the established shopfronts of Centrelink. Because of the significant economies of scale which would be available, it would be expected that the marginal cost to Centrelink would be considerably below the cost currently being borne by the Department.

### ***Administrative Guidelines***

4.26 The ANAO found that the PGM and the MPRs were generally available to assessors in electronic form and in hard copy.

4.27 A major issue which arose in the focus group discussions held at the nine SACs concerned the PGM. While the SAC staff considered that the PGM was useful in supporting applications

processing, neither version (electronic or hard copy) has a comprehensive index or a search facility to allow ready reference to its detailed contents. Some staff preferred to refer directly to the regulations. The focus group discussions also revealed that:

- some SACs found it necessary to re-write policy circulars in summary form to make them more 'user friendly'. These were referred to as 'Assessing Notes' or 'Administrative Advice'(discussed in Chapter 2);
- the MPRs did not necessarily mean that SACs consistently applied the regulations which underpin the Scheme because they were re-written by SACs or were followed selectively; and
- the level of information sharing between SACs was limited, resulting in SACs separately resolving similar issues of interpretation and administration.

4.28 The risk of incorrect interpretation is increased by the relative inaccessibility of the contents of PGM to those assessors who are temporary staff employed to deal with the peak applications processing workload. As well, the difficulties created by the loss of a significant body of assessing experience in the SACs as a result of a recent round of

voluntary redundancies was also a common theme in focus group discussions.

4.29 In terms of the timeliness of information dissemination, the focus groups noted that assessment of applications was often well underway before the legislative changes for a processing season became law. This is a result of the short timeframe for the implementation of changes as discussed in Chapter 2.

### ***Accessibility of the Scheme***

4.30 The ANAO found that, depending on the complexity of the application, a client may need to contact a number of different areas within and outside the Department. As well, the recent round of redundancies had a considerable effect on the client's access to SACs. Both these findings are discussed separately below.

#### ***Multiple points of access***

4.31 As Figure 12 illustrates, at the time of the audit, a student may have had to contact ten different areas or offices depending on the complexity of their application. This is due to the following factors:

- the network of 25 SACs separate their workload on the basis of the academic institutions in each of their geographical areas;
- the network of Commonwealth Employment Service and Youth Assistance Centre offices act as lodgment centres for applications but cannot be used for follow up contact because of IT limitations (this must be done through the appropriate SAC);
- Student Assistance Liaison Officers (SALOs)<sup>19</sup> are located in only one SAC in each State and this may not be the same SAC that holds the client's application;
- the educational institution (that is, TAFE, University or High School) that the client attends holds the information on course loads and attendance;
- the Commonwealth Bank of Australia holds all AUSTUDY Supplement Loan accounts;
- all enquiries and reviews related to the Actual Means Test (AMT) are dealt with by the National Office AMT Section, not by SACs; and
- separate systems used by the SACs (ESAS) and Benefits Control Unit (Student Assistance Recoveries System<sup>20</sup>) for AUSTUDY

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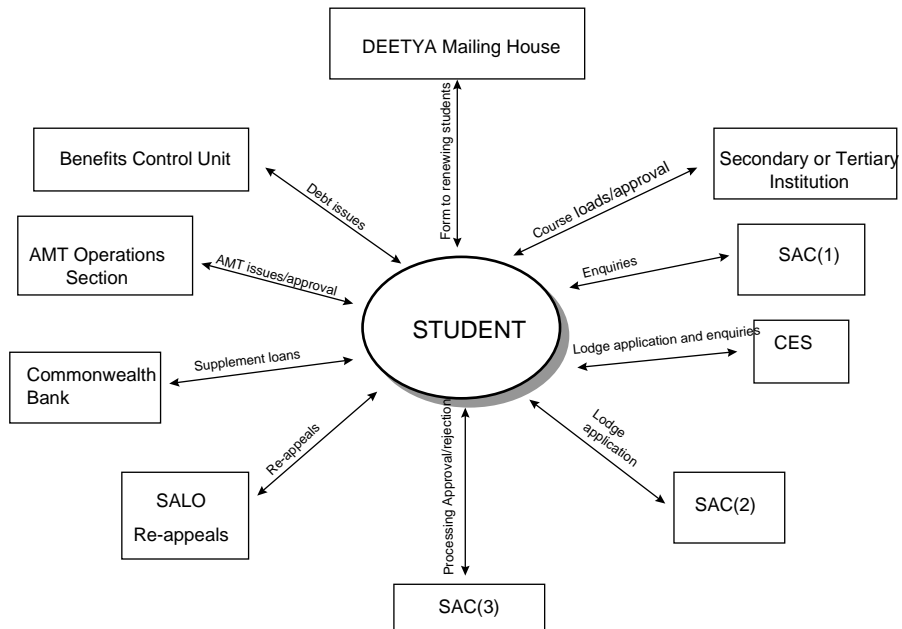
<sup>19</sup> Student Assistance Liaison Officers operate in SACs and coordinate action in relation to applications for review of departmental decisions by the Social Security Appeals Tribunal and Administrative Appeals Tribunal.

<sup>20</sup> The DEETYA's debt management system.

related debt require direct  
contact with a Benefits Control

Unit instead of the SAC.

**Figure 12:**  
**Student access points**



4.32 The ANAO found, through focus group discussions, that the multiple points of access:

- confuse and frustrate clients; and
- cause delays in the process.

4.33 This adversely affects the ability of clients to make a timely, informed decision about whether to undertake or continue their academic studies.

### *SAC opening hours*

4.34 As a result of the significant level of voluntary redundancies during the latter half of 1996, the then Departmental Secretary announced that SACs would be allowed to reduce their opening hours to compensate for the loss of staff.

4.35 The nature of this reduction was at the discretion of individual SACs so that in some metropolitan areas SACs had different opening hours. The Department did not advise clients of these variations, through advertisements or publications. Focus group participants indicated that this caused inconvenience to clients who were unfamiliar with the variations in SAC opening hours.

## Conclusion

4.36 The ANAO identified a number of significant opportunities to improve the front-end processing of applications. These opportunities include:

- comparing the time spent on value-adding activities during the process with the total time it takes to complete the processing cycle. Where a significant difference is found between the value-adding time and the total cycle time this indicates that there may be unnecessary delays or steps in the process that warrant further investigation;
- eliminating steps in the process by replacing manual steps with appropriate technical support to make the applications process faster and more efficient; and
- redesigning the assessing, enquiries, and lodgment function which together consume about 72 per cent of SAC resources.

4.37 The ANAO also noted that, although the Scheme is rule-based and therefore lends itself to computer assisted guided decision-making, no IT system support is available to assist assessors in the decision-making process.

4.38 The ANAO considers that the incorporation of the

administrative guidelines' rule base into an IT system to provide ready access to the appropriate information and guidance to assessors at particular steps in the assessment/decision-making processes will:

- contribute to a more controlled and accurate assessment process; and
- increase the potential for timely exchange of information on changes to the Scheme and their procedural implications.

4.39 The achievement of these outcomes would be facilitated in the short term by making fully indexed administrative guidelines available electronically, with a search facility.

4.40 The extent to which the Scheme rules may be built into a system for guided decision-making - which could possibly encompass an 'expert' system to emulate the assessing decision-making process - requires consideration having regard to the development time and costs of this approach and the previous experience of the Department with the Students' Entitlement Processing System (STEPS) IT system project.

4.41 As well, client access to SACs could be improved, if processes and supporting systems are redesigned, through general access to information and application-specific advice

through any shopfront and/or enquiries facility, and removing the need, for example, for separate contact with the SALO, AMT Operations Section and BCU.

4.42 The ANAO was advised by Centrelink that the practice of different SAC opening hours will not continue under the new service delivery arrangements. However, if circumstances necessitate any changes to the SAC opening hours, the new arrangements need to be communicated to clients. This could be through:

- liaison with educational institutions; or
- adequate signage on the outside of relevant buildings.

4.43 The ANAO considers that the full benefits of the opportunities identified in this chapter are only likely to be obtained if they are progressed by adopting a coordinated approach across the organisation, rather than each area being reviewed separately.

## **Recommendation No.2**

4.44 The ANAO recommends that Centrelink, in consultation with the DEETYA and the DSS, evaluate the significant process improvement opportunities in relation to applications processing, as part of the transfer of student assistance service delivery to Centrelink and the



subsequent implementation of the Youth Allowance. These opportunities include:

- reviewing the total time taken to process an application to increase the proportion of total time spent on value-added activities;
- replacing manual steps in the process with an appropriate level of information technology system support to make applications processing faster and more efficient;
- considering the potential for achieving economies of scale by the separation of the 'front-office' (lodgment) and 'back-office' (processing) functions;
- consolidation of processing from the 25 SACs to yield economies of scale;
- building quality into the system to reduce errors and rework, and minimise the need for checking (for example, by incorporating guided decision-making support in the IT system);
- implementing the system support necessary to enable the establishment of call centre operations. This would lead to increased efficiency and effectiveness in dealing with client enquiries;
- improving AUSTUDY form design to: enhance the

accuracy and completeness of information submitted by clients; enable more efficient processing of applications; and help client self-selection to reduce the volume of applications; and

- reviewing client access to SACs with a view to putting in place procedures to minimise the number of separate contacts with different areas within the Department or Centrelink.

### ***DEETYA Response***

4.45 Agreed. DEETYA supports the ANAO's conclusion that there are significant opportunities for process improvement and reengineering of student assistance operations, and that these should be exploited as far as possible in the implementation of the Youth Allowance. We will be pleased to work with Centrelink and DSS in planning for and implementing the suggested improvements.

### ***Centrelink Response***

4.46 We have noted the work of the consultancy engaged by ANAO to explore reengineering opportunities. This focused primarily on resources; cycle times; value adding; process complexity; and systems support. The issues identified are germane to the detailed examination of existing and proposed processes that will be

undertaken as part of process reengineering and the move towards a new platform for the delivery of the Youth Allowance.

***DSS Response***

4.47 DSS supports this recommendation.

# 5. Quality Assurance

*The previous chapter examined the efficiency of front-end processing procedures. This chapter examines the effectiveness of applications processing through a review of the Department's quality assurance (QA) process. The results of the ANAO's examination of a sample of AUSTUDY applications are detailed and indicate that current QA processes are not working effectively. The ANAO has made four recommendations aimed at improving the AUSTUDY QA processes.*

## Introduction

5.1 The ANAO undertook compliance testing of a sample of AUSTUDY applications to assess the effectiveness of the Department's QA process and to provide an independent assessment of the accuracy of applications processing.

5.2 A system of QA has two main purposes:

- to monitor the accuracy of work undertaken; and
- to provide information to allow improvement of processes.

5.3 Given the complex series of decisions required to determine a client's eligibility for AUSTUDY (Chapter 2), QA for AUSTUDY is currently undertaken at two levels:

- supervisor checks: these are undertaken on a daily basis at each SAC and are used to verify assessors' decisions regarding a client's eligibility and entitlement to AUSTUDY; and

- the national QA process: this is undertaken each fortnight during the processing season (and each month at other times of the year) to enable reporting against the National Client Service Standards (NCSS).

5.4 NCSS 2, that is 'initial determination of entitlement and ongoing fortnightly allowance to be correct in all cases', is measured through the Scheme's National QA process. In 1997, the target set in relation to this standard is that '96 per cent of applications are to contain **no errors**'. The Department has defined an error as:

**'An error for this standard is any mistake on any data item'.**

5.5 The process of supervisor checks is designed to contribute to the achievement of the target for NCSS 2, while the National QA process measures its actual achievement.

5.6 The following discussion describes the QA processes and

outlines the key criteria used to assess their effectiveness. The ANAO's findings in relation to the QA process, in particular the results of the ANAO's compliance testing, are discussed separately below. Issues in relation to setting and meeting NCSS 2 follow this discussion.

## Supervisor checks

### **Background**

5.7 National Office has issued supervisor check procedures that outline:

- the level of checking to be undertaken by SAC staff (that is, what decisions to check);
- the basis of checking (that is, the number of each type of application that must be checked); and
- the basis for reducing the level of supervisor checking for an assessor (that is, the acceptable error rate).

5.8 The procedures state that supervisor checks must initially be undertaken on 100 per cent of applications assessed<sup>21</sup>. Once

an assessor reaches an acceptable standard, the level of checking may be progressively reduced to the minimum required check<sup>22</sup>, at the supervisor's discretion.

5.9 Supervisors are required to check that the following decisions are correct:

- overall eligibility and rate of allowance (minimum required check);
- eligibility for dependent's deduction (deduction to income based on number and age of dependent children); and
- accuracy of all other assessor coding (coding of decisions or information contained in the application form, for example, the tax indicator).

5.10 The procedures require that the results of supervisor checks are recorded in a standard format showing the description and source of the error. As well, supervisors are required to sign and date applications that have been checked.

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<sup>21</sup> The procedures indicate that the 100 per cent check is to continue until an assessor is able to achieve an error rate of no more than three minor errors (errors that would not result in an over- or under- payment) in thirty consecutive applications within each Scheme (that is AUSTUDY, ABSTUDY, AIC) and within each level in the Scheme (that is, tertiary and secondary, new and continuing applications). The ANAO noted that this

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definition of minor errors was not carried forward and reflected in the 1997 or 1996 NCSS.

<sup>22</sup> The minimum required check is that a random five per cent sample of applications are checked by supervisors to determine whether the correct decision has been made regarding the student's overall eligibility and rate of allowance.

5.11 For internal audit purposes, the procedures state that supervisors must:

- maintain a written record of all applications checked;
- ensure that records are stored in confidence; and
- maintain records in the workplace for a minimum period of seven years.

5.12 National Office does not require the provision of statistics in relation to supervisor checks. However, the procedures state that periodic recording and analysis of errors detected by supervisors may assist in reducing the incidence of errors.

### ***Key criteria***

5.13 The ANAO examined whether:

- supervisor checks were undertaken in accordance with National Office procedures; and
- feedback mechanisms reduced the incidence of application processing errors.

### ***Compliance with National Office procedures***

5.14 The ANAO found that at the start of the processing season the majority of assessors have 100 per cent of their assessments checked by their supervisors.

5.15 The criteria for reducing the level of supervisor checking varied across SACs, but was broadly consistent with the National Office Procedures for Supervisor Checks. In general, the level of checking is reduced according to:

- the number, frequency and type of errors recorded in a given number of applications processed;
- the experience of the assessor; and
- the workload of the individual SAC.

5.16 The ANAO acknowledges that current procedures require a high level of checking, some of which may not be necessary in the future providing errors are detected through improved support from ESAS or its replacement. This issue is discussed further in Chapter 7.

5.17 The ANAO also found that records of supervisor checking were not being maintained by SACs in accordance with National Office procedures. For example, some SACs did not record all applications checked or provide sufficient detail on the nature and source of errors to allow adequate analysis and provide useful feedback.

5.18 None of the supervisors signed and dated applications that had been checked (based on the ANAO's examination of the

applications selected for compliance testing). The SACs visited indicated that they were not aware of this requirement. As well, records of supervisor checking were usually destroyed after each processing season.

### **Feedback mechanisms**

5.19 Feedback in relation to errors was usually provided to assessors on an individual basis. However, no formal analysis of supervisor check record sheets was undertaken by SACs to identify opportunities for improving guidelines and procedures and, therefore, the accuracy of applications processing.

### **Conclusion**

5.20 The ANAO was unable to determine whether supervisor checks were being undertaken thoroughly, or in line with the procedural requirements, as a result of inadequate recording practices by SACs. As well, there were no formal analysis and feedback mechanisms in place to use information gained from the checks to reduce the incidence of applications processing errors.

5.21 Therefore, the ANAO considers that supervisor checks may not be fully effective, particularly in light of the level of errors identified by the ANAO's compliance testing results.

These results are discussed in paragraphs 5.50 to 5.57.

### **Recommendation No.3**

5.22 The ANAO recommends that Centrelink ensures that:

- supervisor checks for the 1997-98 applications processing year be undertaken in accordance with established procedures; and
- formal analysis and feedback mechanisms be introduced to reduce the incidence of applications processing errors.

### **Centrelink Response**

5.23 Agreed. Our quality control mechanisms are currently the subject of review and will be aligned with those operating across the broader Centrelink organisation. This will include processes for the analysis of errors.

### **DSS Response**

5.24 DSS supports the introduction of formal analysis and feedback mechanisms to help minimise the incidence of processing errors in relation to Youth Allowance claims.

## National QA process

### **Background**

5.25 Each fortnight during the processing season (and each month at other times of the year), National Office sends every SAC an identified two per cent random sample of applications for QA purposes. The sample consists of a series of printouts of key data contained in the electronic version of the client's file and includes items such as:

- name;
- date of birth;
- period of eligibility;
- parental/spouse/client's income details; and
- rate of pay.

5.26 SACs are required to check the hard copy client applications against the printouts sent by National Office to determine if any processing errors have been made.

5.27 The standard states that errors are to be reported on the basis of the number of applications containing errors, rather than the number of errors found in an application. In other words, if an application contains more than one error it is only reported as one error for the purposes of QA.

5.28 The results of this testing are returned to National Office on a standard form. National Office then includes these figures in the NCSS fortnightly/monthly report sent to SACs.

### **Key criteria**

5.29 The ANAO assessed the National QA process to determine whether:

- SACs were checking the QA sample;
- SACs were reporting errors on a consistent basis; and
- the Department was taking appropriate action based on its analysis of the results of QA.

### **SAC checking of the QA sample**

5.30 The ANAO found that SACs were not checking the QA sample on a consistent basis. Two of the nine SACs visited did not undertake QA of the complete two per cent sample of applications identified by National Office during the 1996-97 processing season. The reasons cited for incomplete QA checking were time and staff constraints. National Office had not queried why these SACs were not reporting the error rate for the complete sample.

### ***Inconsistent reporting of errors***

5.31 In addition, despite the definition of an error (outlined in paragraph 5.4) the ANAO identified considerable variation among SACs in relation to the reporting of applications processing errors. While some SACs reported all errors, others reported only those errors with the potential to, or had caused, an under or overpayment.

5.32 While the National QA results indicate that the Department is meeting the target set for NCSS 2, the results of the ANAO's compliance testing, discussed in paragraphs 5.50 to 5.57, indicate a higher error rate for applications processing than is currently reported through the QA process.

5.33 To meet the target, in some cases, the QA officer negotiated with local SAC management to agree what would be reported as an error. One of the factors affecting this decision was whether or not the SAC would be able to meet the NCSS if all errors were reported. Where the QA process indicated that the SAC was not going to meet the target, errors were corrected by the SAC but not reported. Therefore, the QA results did not accurately reflect the true error rate in applications processing.

### ***Analysis of QA results***

5.34 The ANAO found that SACs do not generally analyse and use the results of the QA process to improve the accuracy of applications processing.

5.35 In some cases the training and QA responsibilities were shared by the same officer to ensure that processing issues identified during the QA process were fed back into training. However, the majority of SACs did not record sufficient detail in relation to the QA checks to allow for further analysis of the types of error detected.

5.36 As well, analysis was not undertaken at National Office to identify:

- the reasons that some SACs were not meeting the target for NCSS 2; and
- any trends in SAC performance.

### ***Conclusion***

5.37 The ANAO considers that the current National QA process is not effective because of inconsistent application of the QA methodology.

5.38 There were some SACs that were not checking the complete QA sample. As well, SACs were not reporting the results of the QA process on a consistent basis. Given that not all errors are being reported, the



QA results cannot present a true picture of the accuracy of applications processing. As well, performance information obtained through the QA process is not currently being used to improve the accuracy of applications processing.

#### **Recommendation No.4**

5.39 The ANAO recommends that for the AUSTUDY quality assurance process to be effective, Centrelink should ensure that:

- the quality assurance methodology is consistently applied across SACs;
- the basis for reporting quality assurance information is clarified to ensure consistency and accuracy of information reported; and
- the results of the quality assurance are analysed and used as a feedback mechanism to improve processing of AUSTUDY applications.

#### **Centrelink Response**

5.40 Agreed. Our quality control mechanisms are currently the subject of review and will be aligned with those operating across the broader Centrelink organisation. This will include processes for the analysis of errors.

#### **DSS Response**

5.41 DSS supports this recommendation.

### **ANAO compliance testing**

#### **Methodology**

5.42 As part of fieldwork undertaken at SACs, the ANAO examined a sample of AUSTUDY applications to establish whether they were being accurately processed and to assess the effectiveness of AUSTUDY's QA processes.

#### **Australian Bureau of Statistics (ABS)**

5.43 In determining the statistical methodology to be used for compliance testing, the ANAO sought advice from the ABS Statistical Consultancy Unit in relation to sample design and selection. The ABS also assisted the ANAO by analysing and interpreting the results of compliance testing. Further details of the advice provided by ABS regarding sample design and selection is at Appendix 3.

#### **Definition of an error**

5.44 As discussed in paragraph 5.4, NCSS 2 (and its related targets and definitions) provides a measure of the accuracy of applications

processing. In determining what constituted an error for the purposes of compliance testing, the ANAO used the definition of error as outlined in the 1997 NCSS (that applied to the 1996-97 processing season):

**‘An error for this standard is any mistake on any data item’.**

#### *Audit approach to compliance testing*

5.45 Applications were tested by the ANAO following the same process as that used for the Department’s QA process, discussed in paragraphs 5.25 to 5.28.

5.46 The results of the ANAO’s examination of applications are reported on the basis of the 1997 definition of an error outlined in paragraph 5.44. As well, in accordance with the Department’s QA reporting procedures, the ANAO recorded errors on the basis of the number of applications containing errors, rather than the number of errors identified in an individual application.

5.47 During fieldwork, all errors identified through compliance testing were discussed and confirmed as errors with senior SAC staff. In addition, the ANAO met National Office staff to discuss and agree on the errors identified prior to reporting.

### **Key criteria**

5.48 The ANAO examined the sample of applications to establish whether applications had been processed accurately and in accordance with the AUSTUDY policy guidelines and procedures. The ANAO also assessed:

- the incidence of errors and their effects on client service; and
- the efficiency issues arising from the volume of follow-up work generated by processing errors.

5.49 The ANAO did not focus on identifying the incidence of under or overpayment in relation to AUSTUDY. A detailed examination of debt identification and debt management issues was not included in the scope of this audit.

### **Results**

5.50 Based on the analysis and interpretation of the results of the compliance testing ( and in accordance with the 1997 definition of an error), the ANAO has estimated that 18.2 per cent of all AUSTUDY application forms processed contain a processing error<sup>23</sup>.

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1.1      23 The ABS has advised that the standard error on the estimate of total errors is 3.3 per cent. This means that the Department can be 95 per cent sure that the true error rate

5.51 However, the Department advised the ANAO at the completion of the fieldwork that the 1997 target and definition of error in relation to NCSS 2 had been incorrectly formulated by the Department. The Department indicated that it considered the target and definition used in 1996 to be more appropriate. Based on the 1996 target for NCSS 2, the results of the ANAO's compliance testing indicate an error rate of 2.6 per cent. This is within the Department's acceptable error rate of 4 per cent.

5.52 The difference between the 1996 and 1997 targets for NCSS 2, and the implications for reporting errors, is discussed in further detail in paragraphs 5.61 to 5.74.

5.53 The ANAO's compliance testing identified errors in the following areas:

- incorrect eligibility or entitlement decisions;
- incorrect payment destinations (error in bank account or taxation details);

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(the error rate obtained if all application forms were audited) is between 11.7 per cent and 24.7 per cent. Furthermore, the Department can be 99 per cent sure that the true error rate is between 9.7 per cent and 26.7 per cent (these percentage intervals are called confidence intervals).

- breaches of the AUSTUDY Minimum Processing Requirements;
- errors that compromise Benefits Control Unit compliance activities (client's name spelt incorrectly, Date of Birth entered incorrectly, education institution entered incorrectly); and
- other data entry or coding errors.

5.54 Further analysis of the compliance results found that there are differences in the processing accuracy rates between SACs that are higher than could be attributed to chance variation due to the sampling process. These differences are statistically significant and indicate that applications processing is fundamentally less accurate in some SACs.

## **Conclusion**

5.55 The ANAO acknowledges that the majority of errors relating to eligibility or entitlement decisions, education institution and enrolment details, and some data entry or coding errors, are likely to be subsequently identified through the Department's compliance regime (discussed in Chapter 6).

5.56 As well, it should be noted that not all errors lead to over or underpayment as some errors may simply relate to incorrect

address or similar matters rather than calculation of entitlement. Therefore, the 18.2 per cent error rate may not directly equate to the level of incorrect payments. However, it does provide a useful indicator of the need to improve the efficiency and effectiveness of the front-end and quality assurance processes. It is also a useful indicator of the level of potential risk of incorrect payment as the greater volume of errors not detected in the early stages places more pressure on the subsequent and final compliance controls.

5.57 The ANAO's results raise a number of concerns that need to be addressed, as follows:

- the value of the supervisor checks undertaken at the SACs in terms of improving the accuracy of applications processing;
- the validity of the results obtained through the 1997 National Office QA checks given the incorrect formulation of the target and definition for NCSS 2;
- the possible increases in efficiency to be gained through having effective preventative controls rather than relying on detective (back-end) control mechanisms;
- the effects on client service of:
  - ⇒ the failure to follow departmental guidelines

and obtain adequate initial information from clients;

- ⇒ assessor errors in determining eligibility or entitlement that subsequently result in an under or overpayment to the client; and
- ⇒ data entry errors which necessitate further unnecessary client contact.

### **Recommendation No.5**

5.58 The ANAO recommends that, to achieve efficiencies in applications processing and improve client service, Centrelink should review and revise the current quality assurance processes to ensure that the focus is on preventative controls rather than detective (back-end) control mechanisms.

### **Centrelink Response**

5.59 Agreed. Our quality control mechanisms are currently the subject of review and will be aligned with those operating across the broader Centrelink organisation. This will include processes for the analysis of errors.

### **DSS Response**

5.60 DSS supports this recommendation.

## NCSS 2

5.61 As mentioned in paragraph 5.51, following the completion of the ANAO's fieldwork the Department identified a problem with the wording of the target and definition of an error for NCSS 2 as outlined in the 1997 NCSS.

5.62 The Department advised the ANAO that the definition of an error had been incorrectly expanded in 1997. The 1997 definition did not reflect the types of errors on which the Department wanted SACs to report as part of the QA process. The Department further advised that the standard and definition of an error used in the previous year (1996) reflected the Department's intention in terms of QA reporting.

5.63 In 1996 the target for NCSS 2 stated that '96 per cent of assessments are **not to lead to an incorrect or delayed payment**'. An error for the standard was defined by the Department as:

**'any error which affects a client's entitlement or level of entitlement (including incorrect transcription of bank account details)'**.

5.64 The differences in the wording of the target and definition of an error in the 1996 and 1997 NCSS has major

implications for the reporting of errors.

5.65 The Department advised that the incorrect revision of NCSS 2 in 1997 was the result of a combination of factors. Before 1996, the NCSS were reviewed and revised by National Office annually. However, this formal review was not undertaken in 1996 due to restructuring within the Department.

5.66 This restructuring involved the transfer of responsibility for the review and revision of the NCSS to Area Coordination Unit in late 1995 and subsequently to Student Assistance Branch, National Office, in October 1996.

5.67 As a result, the 1997 NCSS were finalised quickly for release before the 1997 processing season began (1 November 1996). In the process of finalising the standard, other relevant sections of Student Assistance Branch and SAC managers were not consulted about the 1997 revisions.

5.68 The difference between the 1996 and 1997 NCSS was discovered by the Department after the ANAO's fieldwork. Before this, some areas of the Department, and many of the SACs, were unaware of the change that had been made to the wording of the target or the definition of an error in relation to NCSS 2.

5.69 The fact that some SACs were reporting against the 1996 target and definition for NCSS 2, while others were using the revised 1997 target and definition, may account for some of the variations in QA reporting identified by the ANAO across the SACs.

5.70 By adopting a narrower definition of error before 1997 (focussing on (under) overpayments) the Department is not obtaining performance information in relation to:

- breaches of the Minimum Processing Requirements;
- errors that compromise Benefits Control Unit compliance activities; and
- data entry and coding errors.

5.71 All of these errors are an important measure of the quality of client service and the volume of follow-up work needed as a result of application processing errors.

## **Conclusion**

5.72 The definitional problems that occurred with NCSS 2 in 1997 account for some of the variations in QA reporting identified by the ANAO across the SACs.

5.73 The results of the ANAO's compliance testing indicate that

variations in the definition of errors have a significant effect on the number of errors reported. Therefore it is imperative that, as part of the review of the NCSS, input be sought from all relevant stakeholders to ensure consistency between information reported and the performance information sought by the Department. As a result, AUSTUDY managers will have access to reports that present an accurate and consistent picture of applications processing.

5.74 The ANAO considers that the QA process should also be used to measure the overall accuracy of applications processing by taking into account errors that affect client service and cause follow-up work to be generated.

## **Recommendation No.6**

5.75 The ANAO recommends that Centrelink, as part of the formal process for reviewing the National Client Service Standards, consults the relevant stakeholders and widely disseminates the agreed standards to operational staff to ensure that all parties have a common understanding of the National Client Service Standards and the definitions used for reporting purposes.

### ***Centrelink Response***

5.76 Agreed. The need to move towards a revised performance management framework reflecting relevant standards and performance indicators represents a major current priority. This is an important issue for both Centrelink and DEETYA and is being taken forward jointly under a Service Arrangement. We have consulted ANAO on this issue and are currently reviewing service standards in consultation with key stakeholders. Centrelink is strongly linking organisational goals and performance indicators through the adoption of the Balance Score Card.

### ***DSS Response***

5.77 DSS supports this recommendation noting that the development of national client service standards for Youth Allowance would form part of a Service Arrangement between DSS and Centrelink to deliver this program.





## 6. Reassessment of Benefits Control Unit Referrals

*This chapter examines an issue in relation to AUSTUDY debt management. Delays in the reassessment of cases referred to the SACs by the Benefits Control Unit was a factor affecting the efficiency and effectiveness of the front-end applications process. The ANAO has recommended several strategies for improvement.*

### Introduction

6.1 The ANAO's audit focussed on front-end processing of applications and did not examine in detail issues related to debt management in National or Area Offices. However, during the course of the fieldwork, several SACs expressed concerns about delays in the reassessment of cases referred to them by the Benefits Control Unit (BCU). Because this issue is considered to affect the efficiency and effectiveness of applications processing, and will continue to be relevant under the new AUSTUDY arrangements, the ANAO addressed it as part of this audit.

### Compliance regime

#### **Background**

6.2 Clients are required to advise the Department within seven days if their AUSTUDY eligibility circumstances change. They do this by writing or telephoning a SAC, which then reassesses the client's eligibility and entitlement. The Department also has a compliance regime to monitor each client's continuing eligibility and verify data received from past clients. As part of this regime, Compliance Section, National Office undertakes a series of checks to detect change in client circumstances. These are:

- data matching: through the Data Matching Agency (DMA) details of all student assistance clients (and their parents/spouses) are matched every two months with:
  - ⇒ data from the DSS and the Department of Veterans' Affairs (DVA) to detect people who may be

‘double dipping’ for government assistance. Since August 1995 a supplementary match with DSS has been undertaken fortnightly; and

⇒ data from the ATO to detect those clients who may have gained a higher rate of AUSTUDY by under-declaring their own/spouse/parental income to the Department compared with the income advised to ATO.

- eligibility: questionnaires are sent to clients periodically asking them to confirm that their eligibility, as described in their application form, remains current. Payment is stopped for those clients who fail to respond to the questionnaires;
- enrolment: every semester/term the Department confirms directly with education institutions that clients continue to satisfy the academic criteria for AUSTUDY; and
- internal data matching: information provided in the current year is checked with data provided in previous years to detect information that is incompatible with the client’s current eligibility or entitlement. The data base is also scanned in a number of ways for possible duplicate applications.

6.3 Compliance Section designs and manages this annual program. BCUs in Area Office use local knowledge to confirm the data quality and liaise with the institutions and clients to establish whether an overpayment exists. If a potential overpayment is found, the client is notified<sup>24</sup> that an anomaly exists.

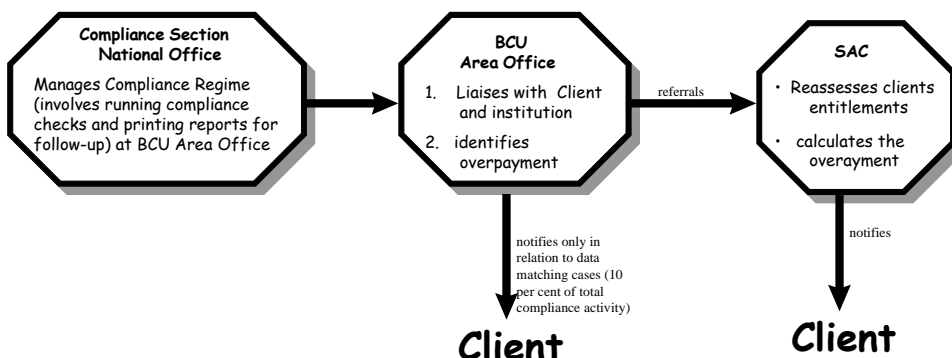
6.4 BCU then sends the cases to the local SAC for reassessment of the client’s entitlement or eligibility. The SAC is responsible for undertaking the reassessment, calculating the actual amount of overpayment and notifying the client of the debt. This process has been illustrated in Figure 13 below.

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<sup>24</sup> Clients are notified in this way only in the case of data matching activity which constitutes 10 per cent of all BCU referrals. In the remainder of the cases, clients are contacted by the SACs when the actual amount of overpayment is calculated.

**Figure 13:**

**BCU reassessment and referral process**



**Key criteria**

6.5 The ANAO aimed to establish:

- whether BCU referrals were taken into account when reporting on achievement of the NCSS set in relation to the turnaround of reassessments;
- whether there were delays in SACs' reassessment of BCU referred cases; and
- the implications of any delays in reassessments of the BCU referrals.

**NCSS 3**

6.6 NCSS 3 relates to reassessments. According to this standard SACs are 'to

6.9 Discussions with the Department indicated that NCSS 3 does not delineate turnaround

process changes in client's circumstances promptly and in time for the next available payday'. In 1997, the target set in relation to this standard is that '80 per cent of reassessments are to take effect by the next available payday'.

6.7 The achievement of this standard is dependent on how quickly SACs can process incoming correspondence, BCU referrals and advice received from clients over the phone.

6.8 However, NCSS 3 excludes referrals generated as a result of data matching checks (as previously mentioned these constitute 10 per cent of BCU referrals) because these generally relate to previous years. of BCU referred reassessments from client initiated reassessments. However, the

ANAO was advised that the BCU referred reassessments are only measured and reported in the National Office AUSTUDY Performance Report<sup>25</sup> from when the SAC assessor registers the case for reassessment, as opposed to when the case is referred by the BCU for reassessment.

6.10 Therefore, SACs are not held accountable for the reassessments referred to them by the BCU, even though the reassessment function uses about 17 per cent of SAC resources (see Chapter 4).

### ***Delays in reassessment***

6.11 During the ANAO's fieldwork, several SACs indicated that delays were occurring in reassessing overpayment cases found through external data matching checks. Delays had also been experienced in reassessing enrolment and eligibility cases depending on the time of the year when these were referred.

6.12 Compliance Section agreed that considerable delays in the reassessment process was of concern, particularly in relation to the external data matching

checks<sup>26</sup>. A review of the related correspondence confirmed that this issue had been consistently raised by the Compliance Section since 1995, and as recently as May 1997 with the SAC Management and Information Section; for example:

*'the situation varies across the country but in the worst SACs it can take over six months to turnaround a BCU referral. In extreme cases there has been outright refusal to reassess BCU cases. In at least one SAC there exists a backlog of literally thousands of cases (which is now being addressed) and historically this is not unique. Delays such as this have a severe impact on the recovery of overpayments creating difficulty for the Department to demonstrate it is meeting its saving targets'.*

6.13 The Department advised the ANAO that although there are delays in the reassessment of BCU referrals, the Department has been effective in meeting the 1997 target for program savings set by the Department of Finance and Administration (\$109.32m identified as savings in 1996-97).

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<sup>25</sup> These are reports on SAC performance against the NCSS. The report is produced by National Office, fortnightly over the peak season and monthly during the rest of the year.

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<sup>26</sup> Although substantial overpayments also are found during enrolment checks, no management information reports are available to show the time lags between when the case is referred to the SAC for reassessment and when the debt is calculated and the student notified. This is because the present AUSTUDY compliance system does not have the capability to identify the average delay in reassessing enrolment check referrals.

6.14 The main factors that contribute to the delays in the reassessment of BCU referrals are discussed below.

### *Lack of system support*

6.15 Reassessments normally take two to three minutes using ESAS. However as ESAS data is archived each year, the Data Management Agency selection from ATO income matches (usually one to two years old) cannot be reassessed on ESAS, and a client's entitlement has to be re-calculated manually. Some SACs have developed a spreadsheet-based package to overcome the need to undertake manual calculations. However, the process remains time consuming as client data more than two years old is not available on ESAS and assessors have to retrieve the client's hard copy file from archives.

6.16 As a result, reassessments relating to data matching checks can take ten to twenty times longer than other reassessments<sup>27</sup>.

### *Seasonal*

6.17 Due to the seasonal nature of the SAC work, reassessment cases (through enrolment, eligibility, internal and data matching checks) that are

referred to the SACs between 1 November and 31 March do not receive priority. The priority for SACs during this period is processing as many applications as possible to ensure clients are on pay before the commencement of the educational institution's academic year.

6.18 A combination of the lack of support provided by ESAS and the seasonal processing peak therefore causes a backlog of reassessments to build up. At one of the SACs visited during the audit, there was a six month delay in the reassessment of data matching cases.

### *Implications*

6.19 Delays in the reassessment of BCU referrals have a number of privacy and financial implications. These are discussed below.

### *Privacy issues*

6.20 Privacy is an issue particularly in relation to the data matching referrals. For the purposes of the *Data-Matching Program (Assistance and Tax) Act 1990* a Department has one year in which to complete 'action' on a data matching investigation. Until 1995 the Privacy Commissioner's staff defined 'action' as having been completed when the BCU referred the case to the SAC for reassessment. Therefore, to

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<sup>27</sup> Based on Compliance Section's analysis of various checks and the related problems.

comply with the Act the Department had one year in which to carry out a data matching investigation and refer it to the SAC for reassessment.

6.21 However in August 1996, the Privacy Commissioner's office advised the Department of a legal opinion from the Attorney General's Department specifically addressing this issue. The opinion states that action should be defined as having been completed when action to formally quantify the debt is commenced.

6.22 Therefore, the referral of cases to SACs from BCUs in itself does not constitute completion of action. Any case that has been referred to a SAC and is not reassessed (that is, had a debt raised) within the twelve month limit needs to have an extension of time approved by the Secretary or the case cannot be completed.

### *Foregone overpayments*

6.23 Compliance Section has indicated in correspondence with Student Assistance Operations Branch that delays in reassessment lead to:

- at best, increased levels of overpayments (ongoing) for current clients; or
- at worst, older debts for non-current clients which are more difficult to recover, given that

debts generally become more difficult to recover as they age.

6.24 The ANAO analysed the average delays in the reassessment process (from 1 July 1996 to 30 April 1997) and their implications in terms of overpayments that may have to be foregone. The findings are presented in Table 4.1, at Appendix 4, and are summarised below:

- the maximum number (2863) of referrals were those identified through external data matching and these were outstanding on average for 95 days;
- the total number of referrals relating to eligibility and internal checks was also high, 1434 and 1124 respectively, and had been outstanding for a substantial time (167 days and 148 days respectively); and
- based on the average level of overpayment, this represents about \$2.7m in overpayments that have the potential to be foregone (refer to Table 4.1 at Appendix 4 for detailed calculations).

6.25 The Department estimated that, based on the cost and rate of AUSTUDY debt recovery, about 50 per cent of the identified overpayments would be foregone, that is \$1.35m.

6.26 As mentioned above, the ANAO was unable to establish the time lags and financial implications in relation to reassessments identified through enrolment checks. However, compliance statistics indicate that the majority of overpayments (\$36m) are identified through enrolment checks.

6.27 The ANAO was advised that the compliance function for AUSTUDY has now been transferred to Centrelink. Under the current DSS/Centrelink model, staff who undertake the compliance investigation also undertake the reassessment of the case.

### **Conclusion**

6.28 Delays in the reassessment of cases referred to the SACs by the BCU is a factor affecting the efficiency and effectiveness of applications processing. However, under the new arrangements, there is scope to review the AUSTUDY compliance and reassessment activity to maximise efficiency and effectiveness. Some of the options other than the DSS/Centrelink model available to improve the situation described in this chapter include:

- SACs having Benefits Control Review Officers who prioritise

the work that comes from the BCU and manage the workflow; and

- providing BCUs with assessors on a rotational basis who can assess the case as soon as it is identified as opposed to relying on SACs to undertake the reassessments.

### **Recommendation No.7**

6.29 The ANAO recommends that Centrelink reviews the AUSTUDY compliance and reassessment activity to reduce delays in reassessment of Benefits Control Unit referrals.

### **Centrelink Response**

6.30 Agreed. We are examining the separate reporting of compliance reassessments. In addition to this Centrelink will introduce processes to support those few cases of reassessment that cannot be performed within ESAS.

### **DSS Response**

6.31 DSS supports this recommendation.

# 7. Technical Support

*This chapter examines the level and adequacy of the IT system and training support provided in relation to the front-end processing of AUSTUDY applications. The ANAO found that the current IT system does not effectively support applications processing and that there is scope for improvement in the planning and coordination of AUSTUDY training. Both of these areas provide technical support to applications processing and the ANAO has made recommendations aimed at bringing about some improvements.*

## Introduction

7.1 Efficient and effective IT system support and training are two strategies for managing the complexity of AUSTUDY. As part of reviewing the processing efficiency of AUSTUDY, the ANAO examined IT system support and training issues relating to front - end processing of applications.

## Systems support

### **Key criteria**

7.2 The ANAO aimed to identify the effectiveness of ESAS<sup>28</sup>, the IT system that processes applications and assists administration of student assistance payments for the

AUSTUDY, ABSTUDY and AIC Schemes<sup>29</sup>.

### **ESAS**

7.3 ESAS reflects student assistance structures and practices as they existed when the system was first developed in 1986 for use in the 1987 academic year (by the then Department of Education). At that stage, there were only eight SACs (there are now 27) to deliver the Scheme. The primary objective of the system at that time was to provide payments of entitlements to student assistance beneficiaries. According to the Department, ESAS has been expected to meet a number of additional objectives over the years. These are to:

- support the achievement of NCSS for student assistance

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<sup>28</sup> ESAS is supported by the front-end applications processing package Assessor, which replaced Keymaster in 1997.

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<sup>29</sup> This audit is reviewing only AUSTUDY, not ABSTUDY or AIC.



processing, elements of which include handling applications, correspondence and enquiries;

- improve executive and management information;
- increase the level of benefits control during and after processing; and
- provide additional support for staff providing student assistance.

7.4 Although ESAS is rebuilt each year to take account of changes announced in the Federal Budget, discussions with SAC staff, through the focus groups, identified a number of issues relating to the extent to which processes were adequately supported by ESAS.

7.5 The majority of SAC staff stated that ESAS is not user-friendly and does not provide adequate guidance in relation to applications processing. SAC staff consider that a windows-based IT system with enhanced decision-making<sup>30</sup> and logic checking capabilities<sup>31</sup> would

improve the efficiency and accuracy of applications processing.

7.6 In addition, the focus group participants considered that ESAS detracts from their ability to provide good client service. For example ESAS:

- is not client based and does not store adequate information in terms of historical data (only two years). As a result, enquiry functions are poor and this detracts from the ability of staff to refer to information from current and/or previous years when undertaking assessments and answering client enquiries;
- does not have a facility to allow file notes or comments to be made and stored. Because of this SAC staff are often unaware of the outcome of, or action being taken in relation to, previous client enquiries. This can lead to duplication of action and frustration for clients;

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<sup>30</sup> For example, pull-down menus that allow assessors to access information to aid decision-making (for example, policy guidelines) while assessing an application. This would improve the accuracy and efficiency of applications processing by limiting the need to consult other information sources (PGM or Regulations).

<sup>31</sup> SAC Staff commented that ESAS currently has insufficient automatic logic checking. For example the system:

- 
- does not identify possible duplicate applications where a client's name or date of birth are entered incorrectly;
  - is unable to cross-reference applications lodged by siblings to identify discrepancies in income or asset details or prevent multiple requests for the same information; and
  - does not check that answers to questions are logical and consistent.
  -

- does not automatically delete
- additional information has been received from clients and entered on the system. This can lead to unnecessary requests for information and additional work for SACs; and
- paragraph codes, used for the Notice of Assessment (NoA)<sup>32</sup>, are restrictive and several codes used together produce a disjointed letter. Many client enquiries are generated because the NoA does not adequately explain decisions relating to eligibility or requests for additional information.

7.7 Given the limitations of ESAS, in September 1994, the Department began developing a new system, Students' Entitlement Processing System (STEPS). At that time the Department acknowledged two general areas of deficiency with ESAS:

- the system did not provide adequate support, outside the basic functions of assessment and payment of entitlements, even for requirements which existed at the time. These requirements included management information needs, enquiry facilities,

follow-up messages once quality control and debt recovery activities; and

- the system is now unable to meet the additional requirements which have been placed upon it since its initial design and implementation and which must be met both in the short-term and longer term by the Department. These range from the very broad requirements which must support the achievement of NCSS to the enhancement of work undertaken by student assistance staff.

7.8 STEPS, which was terminated in March 1996, was to provide a 'user friendly' graphical user interface and automate many decision processes through the use of expert or knowledge-based system technology. It was to be implemented by June 1996. Implementation of STEPS would have resulted in a number of administrative improvements. These are detailed at Appendix 5.

7.9 The STEPS project demonstrated the shortcomings of ESAS and if implemented successfully may have resulted in a more efficient delivery of student assistance services.

## **Conclusion**

7.10 ESAS does not effectively support applications processing.

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<sup>32</sup> The NoA is the method the Department uses to communicate the outcome of an AUSTUDY application or reassessment to a client.

The lack of support provided by ESAS impacts markedly on the efficiency and accuracy of applications processing and the level of client service provided by SACs. As well, the deficiencies of ESAS have contributed to a number of other problems noted throughout this report.

7.11 The issues relating to strong IT system support continue to be relevant while ever AUSTUDY, or the Youth Allowance within which it will be incorporated from 1 July 1998, remains a tightly targeted scheme. As well, effective IT system support is essential for Centrelink to effectively manage service delivery of the Youth Allowance.

### **Recommendation No.8**

7.12 The ANAO recommends that when developing an information technology system for Youth Allowance, Centrelink and the DSS:

- take account of the project management lessons learned from the DEETYA's Students' Entitlement Processing System project; and
- ensure that the redeveloped system provides adequate and user-friendly support for front-end processing staff.

### **Centrelink Response**

7.13 Agreed. We note that your report recognises the

limitations of the ESAS system and the attempts that were made to introduce STEPS. The need to take on board the lessons of the latter process is accepted as we move towards a common platform for the delivery of the Youth Allowance. Your report recognises that the lack of decision making support within ESAS has been a barrier to overall performance improvement.

### **DSS Response**

7.14 DSS supports this recommendation. DSS supports Centrelink's intention to use the Host Area Partnership Model (HAPM) process in its systems development and product design process. Under the HAPM, Centrelink will undertake a systems user assurance process, detailed system testing and adequate procedural reference material to support the information technology system. All of these elements have been considered in the Youth Allowance Project Plan and a critical pathway and milestones identified for each one in the strategic project schedule.

### **Training**

#### **Background**

7.15 As part of a reorganisation of the Department's operational and reporting structure in 1994, responsibility for organising and

delivering training for SACs was delegated to Area Offices. Under the new structure, Area Offices were to provide general administrative training to SAC staff. Delivery of technical or assessing training (in relation to policy, procedural or ESAS/IT changes) remained the responsibility of National Office and SAC Training Officers.

7.16 In November 1996, the SAC Management and Information Section in National Office was set up to support and oversight the management and delivery of services to students through SACs. This section is now responsible for coordinating the development of technical training strategies and materials for SACs.

### ***Key criteria***

7.17 The ANAO examined training at the national level to determine:

- whether there was a training strategy in place for AUSTUDY that addressed the key training needs of SAC staff;
- the timing, relevance and adequacy of training materials provided to SACs; and
- planning for and training of Centrelink staff (in particular, the Lodgment Centre Training Program) as part of the transition arrangements.

7.18 The ANAO also examined training by SACs to determine:

- whether SACs had a training officer(s) responsible for coordinating and conducting training for SAC staff; and
- whether SACs had developed a training plan that identified the training needs of SAC staff and strategies to address those needs.

### ***AUSTUDY national training strategy***

7.19 The ANAO found that National Office does not have an overall training strategy or plan in relation to AUSTUDY which addressed the key training needs of SAC staff. Consequently, there is a lack of national coordination in relation to AUSTUDY training.

7.20 National Office disseminates reference-based training material to SACs each year before the processing season begins. In 1996 this was supplemented by training conducted by the AMT Policy Section, National Office, for SAC AMT contact officers and the development of an AMT training package for SAC staff.

7.21 In early November 1996, the SAC Management and Information Section organised a conference for SAC Managers to exchange ideas and information on a range of issues including training. At the end of

November, the Section undertook a survey of SACs to establish a profile of student assistance operations. The survey also provided SACs with an opportunity to comment on any immediate and/or future training needs.

7.22 A joint DEETYA/Centrelink SAC Managers' conference was held on 15-16 May 1997 to discuss issues in relation to the transfer of SACs to Centrelink.

7.23 SAC Managers commented that both the 1996 and 1997 SAC Managers' Conferences provided a useful means of exchanging information, sharing better practices and discussing issues of concern, including training.

### ***Timing, relevance and adequacy of training***

7.24 SAC staff commented, through the focus group discussions and SAC survey (referred to in paragraph 7.21 above), that technical policy-related training material was delivered to the SACs too late. This affected the SAC's ability to conduct adequate training for permanent and temporary staff before the processing season began. In addition, there is little opportunity for staff to undertake training once the processing season commences.

7.25 However, the ANAO acknowledges that the requirement to wait for the passage of legislation (following the Budget) can impede National Office's ability to disseminate training materials to SACs in time for adequate training before the processing season starts.

7.26 The ANAO found that the reference-based training materials developed by National Office were used by less than half of the SACs visited. Although the SACs generally found that the training material provided was adequate, more detail was required in some specific areas.

7.27 As well, SACs considered that this method of training was more useful for temporary staff, rather than experienced assessors. This is because it teaches staff to navigate the PGM and other reference documents to establish clients' eligibility and entitlement and the case studies provided are relatively simple.

### ***Training for Centrelink staff***

7.28 The Centrelink transition training strategy was developed by the Assistant SAC Manager, Newcastle, and delivered by the SACs to DSS lodgment centre staff in April 1997. DSS Area Agency Coordinators, Agency Training Managers and Agency Regional Managers, as well as SAC Managers and Trainers

were consulted as to the most appropriate delivery option, timetable and venues for training.

7.29 The ANAO considers this approach to be appropriate.

### ***SAC training strategies and plans***

7.30 The ANAO found that the majority of SACs visited had a Training Officer. However, most SACs had not developed a suitable training plan.

7.31 One SAC had produced a draft training plan that specified the role of the SAC Trainer, identified immediate and future training needs and included a training calendar. Another SAC had produced a training plan that outlined the training strategy for new starters and temporary staff.

7.32 SACs conduct mainly on-the-job training in relation to applications processing. This is provided by experienced SAC staff. Some SACs also provided more general types of training, for example on how to handle difficult clients and client enquiries.

7.33 The majority of Area Offices were not providing any training to SACs.

### ***Conclusion***

7.34 Training is essentially an individual agency responsibility. Whether training is provided

centrally or devolved to areas or individual offices, it is important to develop a national training strategy to ensure that the key training needs of all SAC staff are addressed.

7.35 The ANAO recognises that since the establishment of the SAC Management and Information Section, National Office has coordinated two SAC Managers' conferences. The SAC Managers' Conferences and SAC survey organised by this Section in 1996 and 1997 are appropriate initiatives to improve the overall coordination and commitment of SACs to the achievement of the student assistance business objectives.

7.36 However, currently there is a lack of planning and coordination by National Office in relation to AUSTUDY training for SAC staff. This has contributed to several problems, for example, inaccurate applications processing and delays in the reassessment of Benefits Control Unit referrals, which are noted throughout this report. There is a need to:

- develop national and operational level training strategies and plans that address the key training needs of service delivery staff; and
- improve the timing, relevance and adequacy of training materials that support applications processing.

### **Recommendation No.9**

7.37 The ANAO recommends that Centrelink should ensure that:

- the development of national and operational level training strategies and plans to address the key training needs of service delivery staff are coordinated nationally for consistency and effectiveness;
- training is provided in a timely manner so that staff are familiar with legislative changes to AUSTUDY before those changes are implemented; and
- a mechanism is developed that allows regular feedback on annual AUSTUDY training programs so that these programs address the key training needs of SAC staff.

### **Centrelink Response**

7.38 Agreed. Training to support the delivery of Student Assistance in 1998 and the transition to the Youth Allowance has been recognised as a major priority. In the case of the Actual Means Test a comprehensive program is being put in place to inform the network of the impact of changes for 1998.

### **DSS Response**

7.39 DSS supports this recommendation. A national training strategy is included in the strategic project schedule for Youth Allowance implementation.

## 8. Performance Management - Client Service

*This chapter examines the performance management mechanisms used by AUSTUDY to monitor and improve client service. These mechanisms are the National Client Service Standards and the National Client Satisfaction Survey. The ANAO has made three recommendations aimed at improving performance management regarding client service.*

### Introduction

8.1 Performance management concerns the measurement and analysis of performance to ensure the efficient and effective achievement of program objectives. It involves:

- setting standards and targets to be achieved;
- measuring progress in achieving these standards and targets;
- critically analysing the results in order to continuously improve current processes; and
- providing feedback on analysis to the areas responsible for service delivery.

8.2 The performance management mechanisms used to monitor and improve client service are discussed in this chapter and the administrative review mechanisms used to

ensure accountability for AUSTUDY decisions are discussed in the following chapter.

### Client service

8.3 Many of AUSTUDY's clients<sup>33</sup> depend on the income support received to begin, or continue, their academic studies. It is therefore important that the Department provides an efficient, reliable and client-focused service to these clients.

8.4 There has been an increasing emphasis in recent times on the need for departments to deliver high quality client service and to be accountable to clients and the Government for the provision of these services.

8.5 To ensure this accountability client service charters are to be introduced

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<sup>33</sup> AUSTUDY has about 500 000 beneficiaries each calendar year.



throughout the Australian Public Service. These charters are to be developed within the next two years by all government agencies that provide services to the public. The Service Charters Task Force has established a set of principles<sup>34</sup> that underpin the development of service charters and is currently writing guidelines to further assist agencies.

8.6 The client service issues discussed in this chapter should be taken into consideration when the client service charter for Centrelink is developed.

8.7 This chapter examines issues concerning the following mechanisms used by the Department to monitor and improve AUSTUDY client service:

- the National Client Service Standards (NCSS); and
- the National Client Satisfaction Survey.

## National Client Service Standards

### **Background**

8.8 The NCSS are designed to be the 'organising principles around which student assistance staff and management direct their efforts to the provision of quality services to the Department's

clients. The NCSS were established in 1989 (and have been reviewed annually since then) as part of a major program to improve the overall level of service delivery and quality of the Department's student assistance services'.<sup>35</sup>

8.9 The current NCSS are derived from the Student Assistance Mission:

*'To provide a total quality service ensuring accurate, prompt, polite and efficient services to student assistance clients, so that our clients may take advantage of educational opportunities'.<sup>36</sup>*

8.10 Reports of SAC performance against the NCSS<sup>37</sup> (which are set out in Table 2) are produced by National Office fortnightly over the peak season and monthly during the rest of the year. SACs use these reports to benchmark themselves against other SACs and to assess how they are performing against national standards.

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<sup>34</sup> Service Charters Task Force, *Putting Service First - Principles for Developing a Service Charter*, March 1997.

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<sup>35</sup> DEETYA, Youth Students and Social Policy Division, *Student Assistance National Client Service Standards 1997*, October 1996, (page 2).

<sup>36</sup> Ibid., page 1.

<sup>37</sup> The *AUSTUDY Performance Report*.

**Table 2:**  
**1997 National Client Service Standards**

**NCSS 1A<sup>38</sup>**

**(Departmental Standard) To advise eligibility for Student Assistance within 21 days of lodgment of any application at a DEETYA outlet**

Target: 70 per cent within 21 days

**NCSS 1B<sup>39</sup>**

**(SAC Standard) To determine entitlement for completed applications within 7 working days of receipt in the correct SAC**

Target: 80 per cent within 7 working days

**NCSS 2<sup>40</sup>**

**Initial determination of entitlement and ongoing fortnightly allowance to be correct in all cases**

(\*NB. The aim of this standard is to build in a system of quality assurance. This is discussed in detail in Chapter 5.)

Target: 96 per cent of cases to have no errors

**NCSS 3<sup>41</sup>**

**To process changes in clients' circumstances promptly and in time for the next available payday**

Target: 80 per cent of reassessments to take effect by the next available

payday

**NCSS 4<sup>42</sup>**

**To answer telephone calls within two minutes or less**

Target: 75 per cent of telephone calls to be answered in two minutes

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<sup>38</sup> Measures any application (including those awaiting additional information) from the date received at a DEETYA outlet to the date of successful assessment run on ESAS (that is, application either eligible or ineligible) plus three days (to allow the Notice of Assessment to reach the applicant by mail).

<sup>39</sup> Measures completed applications (excluding those awaiting additional information) from the date received at the correct SAC to the date of successful assessment run on ESAS.

<sup>40</sup> Discussed in Chapter 5.

<sup>41</sup> A measurement of how quickly SACs can process incoming correspondence, Benefits Control referrals and phone advice. Standards 1A, 1B and 3 can be measured by the ESAS computer system.

<sup>42</sup> Measured through the use of automated telephone enquiries software at the majority of SACs. Callers who drop out of the system while on hold, callers who receive the engaged signal and enquiries received via liaison lines (special enquiries lines established for intermediaries and/or CES offices) are not included in this standard.

***Key criteria***

8.11 The ANAO reviewed the NCSS to establish whether:

- clear links could be established between the NCSS and the student assistance mission, including whether a balance of measures existed that allow an assessment of efficiency and effectiveness (that is, a balanced range of input, process, client, output and outcome measures);
- the NCSS include performance measures for all levels of administration

responsible for the service delivery of AUSTUDY; and

- there were appropriate mechanisms to ensure adequate reporting against these standards.

***A balance of measures linked to the Student Assistance Mission***

8.12 The ANAO found that the NCSS are linked to the Student Assistance Mission, as shown in Table 3.

**Table 3:****Links between the NCSS and the Student Assistance Mission**

***Student Assistance Mission:*** to provide a total quality service ensuring accurate, prompt, polite and efficient services to student assistance clients, so that our clients may take advantage of educational opportunities.

<b>Standard measure</b>	<b>Linked to Student Assistance Mission?</b>	<b>Type of</b>
NCSS 1A (70 per cent Within 21 days)	Yes (‘prompt’ and ‘efficient’)	process
NCSS 1B (80 per cent within 7 days)	Yes (‘prompt’ and ‘efficient’)	process
NCSS 2 (96 per cent of cases to have no errors)	Yes (‘accurate’)	output
NCSS 3 (80 per cent of reassessments to take effect by the next available payday)	Yes (‘prompt’ and ‘efficient’)	process
NCSS 4 (75 per cent of telephone calls to be answered in two minutes)	Yes (‘prompt’ and ‘efficient’)	process

8.13 The table also shows the types of measures currently being used to assess AUSTUDY’s operational performance. The focus is largely on process. In addition to the NCSS, client satisfaction is measured through the National Client Satisfaction Survey, discussed in paragraphs 8.41 to 8.60.

8.14 The NCSS do not address input (such as resources) or process efficiency measures (for example, cost per application processed).

### ***Accountability under the NCSS***

8.15 The NCSS include targets that are to be met by those responsible for the service delivery of AUSTUDY. However,

the NCSS do not include performance measures for all relevant areas. Currently there are no NCSS to measure the performance of:

- lodgment centres, in relation to the lodgment function for AUSTUDY; and
- SACs in terms of the internal review of AUSTUDY applications.

8.16 Issues relating to performance measures for lodgment centres are discussed below. Internal review is discussed in Chapter 9.

### *Lodgment centres*

8.17 The function of lodgment centres is to provide an initial point of contact for clients and a first screening of AUSTUDY applications. When accepting applications, lodgment centres are required to:

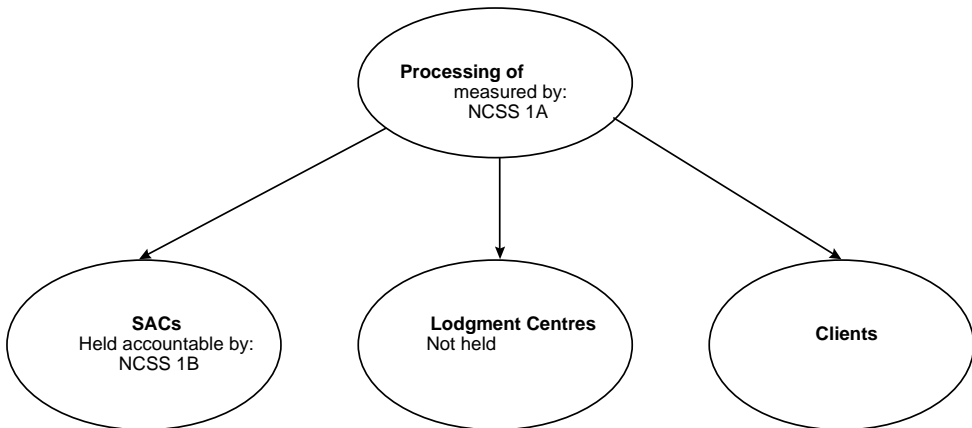
- check the completeness of the form (that is, all appropriate questions are answered and the form is signed and dated by the relevant parties);
- check that all the required documentation is attached to the application (for example, proof of identity);
- sight original documents where necessary, photocopy these documents and indicate on the photocopy that the original has been sighted; and

- send the completed application (along with the supporting documentation) to the appropriate SAC as quickly as possible.

8.18 NCSS 1A is the overall standard used to measure the prompt processing of applications. Prompt processing is required so that clients can make an informed decision as to whether or not it is economically feasible for them to undertake study that year. There are three variables that affect the achievement of NCSS 1A. These are shown in Figure 14.



**Figure 14:**  
**Accountability for meeting NCSS 1A**



8.19 Accountability for the SACs' role in ensuring prompt processing of applications is measured by NCSS 1A and reinforced by NCSS 1B. However, as Figure 14 shows, lodgment centres have no separate performance measure for their role in achieving the target for NCSS 1A.

8.20 Comments from the SAC focus groups participants indicated that this lack of accountability has led to the following problems :

- some lodgment centres do not thoroughly check applications to ensure that all of the appropriate information is

included and attached. This increases the time taken to process an application, as the SAC has to follow-up this information with clients. As well, this can cause frustration for clients who are not advised of additional information requirements at the time of lodging their application; and

- some lodgment centres cause delays in application processing due to the time taken to deliver applications to the appropriate SAC. There is no standard against which to measure the length of time taken, although this information is recorded on the front of the application form

(that is, 'date first sighted' and 'date received in SAC').

8.21 The ANAO considers that the need for thorough checking of applications by lodgment centres should be reinforced through the development of an appropriate NCSS. In the absence of such a standard, the problems noted above may continue with Centrelink shopfronts which are now responsible for the lodgment function.

### ***Reporting against the NCSS***

8.22 The AUSTUDY Performance Report is the primary report used by SACs to measure their performance both against the NCSS and against SACs with similar demographic and other characteristics.

8.23 The ANAO found that the importance placed on this report by SACs and National Office encourages SACs to meet the NCSS at the expense of client service. Examples of this were raised by participants of the focus group discussions, and are shown below:

- returning incomplete applications to clients (NCSS 1A and NCSS 1B);
- assigning an ineligible code to the application and suppressing the NoA, although the client is not ineligible (NCSS 1A and NCSS 1B); and

- not adequately completing telephone enquiries (NCSS 4).

8.24 These are discussed separately below. Issues relating to the reporting of quality assurance results for NCSS 2 and reporting against NCSS 3 were discussed in Chapters 5 and 6 respectively.

### ***Returning incomplete applications***

8.25 When an application is lodged, registered, processed and found to be incomplete, it is assigned an 'A' status by ESAS<sup>43</sup>. While an application remains on 'A' status, it is included in the reporting against the achievement of NCSS 1A and 1B (to provide advice regarding eligibility within 21 days or seven days respectively). However, SACs' ability to meet this standard is affected by the timely provision of additional information by the client.

8.26 Therefore, some SACs returned incomplete applications to clients without registering them on ESAS. This was so that they were excluded from the measure of SAC performance against NCSS 1A and 1B.

8.27 Some SAC staff advised, however, that this action is taken with the aim of providing better

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<sup>43</sup> 'A' status signifies that the student needs to provide further information before the SAC can determine whether they are eligible for AUSTUDY.



client service. This is because new applications are given a higher processing priority over the receipt of other information through the mail, such as additional information and requests for review.

8.28 However, the ANAO considers that the following problems can occur as a result of returning application forms without first registering them on ESAS:

- the potential for applications to be lost in the mail with no record at the SAC that they were received; and
- reduced levels of client service. Telephone and counter enquiry staff are unable to refer to the client's paper file to assist with enquiries and advise clients of progress in processing their application.

*Inappropriately assigning the application an ineligible status*

8.29 When an application is found to be ineligible for benefits ESAS assigns it an 'X' status. This generates a NoA that is sent to the applicant stating that they are ineligible for benefits in the current year.

8.30 One of the SACs visited by the ANAO processed incomplete applications and placed them on the 'A' status queue (thereby generating a NoA requesting further information).

However, as the 21 day target for NCSS 1A approached, the SAC then assigned an 'X' status to the application and suppressed the second NoA that was generated. This was done to meet NCSS 1A.

8.31 There are a number of problems with this practice:

- the reports generated from ESAS showing the SACs performance against NCSS 1A or 1B and the number of clients found to be eligible or ineligible at a given point in time will be inaccurate and misleading;
- the assessors have to remember to suppress the second NoA that will otherwise be issued to the client notifying them of their ineligibility; and
- it is a circumvention of established procedures so that the NCSS can be met.

*Completion of telephone enquiries*

8.32 During the peak processing season, telephone queues become overburdened with enquiries from clients. SAC staff stated that in some cases, in order to meet NCSS 4 (that is, telephone calls will be answered within two minutes), telephone calls were ended prematurely if other calls were waiting (that is, a complete response was not provided). This reduces the waiting time for

other callers. However, the ANAO considers that there are two problems with this:

- clients may receive an unsatisfactory explanation in relation to their telephone enquiry (therefore reducing the level of client service provided by the SAC); and
- an unsatisfactory response may lead to a further enquiry, thereby increasing the overall number of enquiries received.

### *Comparability of data*

8.33 As previously mentioned, NCSS reports are used by SACs to benchmark against other similar SACs. These reports are useful in providing an indication of performance:

- if the figures reported are directly comparable (that is, based on the same assumptions and using the same measures); and
- where figures are not directly comparable, SACs are given the opportunity to comment on why they are not comparable.

8.34 The ANAO found that the data in these reports are not always comparable. In particular, there is no mechanism for SACs to comment on factors that influence their performance either against the standards or against other SACs. For example:

- one SAC's telephone monitoring system had been faulty for over two years. The reports generated by that system could not be relied upon to provide an accurate measure of call waiting times for NCSS 4; and
- during the round of voluntary redundancies offered in late 1996, two SACs had staff reductions of up to 35 per cent of their total staff. These were mainly experienced assessing staff. Those SACs therefore had to operate with inexperienced, temporary staff. This adversely affected their ability to deliver AUSTUDY services in a timely and accurate manner.

### **Conclusion**

8.35 The ANAO considers that appropriate links have been established between the NCSS and the student assistance mission. However, in order to address the client service issues identified in relation to the NCSS there is a need to:

- assess the operational performance of AUSTUDY through a range of acceptable measures with greater emphasis placed on quality;
- develop performance standards which are the basis of assurance that all parties are accountable and committed to their role in the

achievement of appropriate levels of client service;

- recognise that, where a SAC is not meeting a NCSS, this may be indicative of an operational problem requiring management action. National Office should address this problem; and
- actively seek input from SACs where a particular standard has not been met, or where a SAC's performance differs from that in a previous period, and include the reasons for this variation in the fortnightly/monthly reports. This would alert other SACs to the problem, help information sharing and identification of better practices and put more emphasis on continuous improvement.

8.36 According to SACs, achieving the targets set by the NCSS is their primary focus. Currently, these standards are encouraging some inappropriate behaviour from SACs due to an emphasis on processes.

8.37 While the ANAO acknowledges that it is not easy to define appropriate standards and targets, care should be taken, for example when setting targets, to ensure that the focus does not become the achievement of individual targets

at the expense of overall performance.<sup>44</sup>

### **Recommendation No.10**

8.38 The ANAO recommends that the National Client Service Standards be reviewed by Centrelink to ensure that:

- the operational performance of AUSTUDY is assessed through a range of acceptable measures with greater emphasis placed on quality;
- there are credible and accepted performance measures for all levels of administration responsible for the service delivery of AUSTUDY which promote accountability for, and commitment to, achievement of client service standards and targets; and
- accurate and timely reporting against the standards occurs to generate performance improvement.

### **Centrelink Response**

8.39 Agreed. The review referred to at response to

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<sup>44</sup> Further information on developing sound performance information can be obtained from the *Performance Information Principles - Better Practice Guide* developed jointly by the Australian National Audit Office and the Department of Finance, November 1996.

recommendation no.6 , clearly reflects these principles. Following the current review a document will be distributed clearly defining the standards particularly emphasising their quality dimensions.

### **DSS Response**

8.40 DSS supports this recommendation. DSS will seek Centrelink's assistance to jointly develop Youth Allowance performance measures which emphasise quality and which are effectively linked to program objectives.

## **National Client Satisfaction Survey**

### **Background**

8.41 In addition to the NCSS, the Department currently uses another service standard to measure client satisfaction with the delivery of AUSTUDY services, that is:

**'80 per cent of clients surveyed are satisfied with the quality of Student Assistance Centre service'<sup>45</sup>**

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<sup>45</sup> This standard was included in the 1993 Student Assistance National Client Service Standards and has been used since then to measure client satisfaction. However, no reference has been made to this standard in the Student Assistance National Client Service Standards since 1993.

8.42 To measure this standard, the Department conducts a National Client Satisfaction Survey. The Department has conducted this survey each year from 1991 to 1994<sup>46</sup>. The results of the 1994 survey, which cost about \$35 000<sup>47</sup>, were reported in summary brochures issued to Area and SAC offices at the end of June 1995.

8.43 The most recent survey took place in 1996 and cost about \$165 000<sup>48</sup>. The Department used consultants to conduct that survey and report the results. The main telephone survey took place in May and June 1996. The questions in the survey aimed to establish client satisfaction levels with different areas of the AUSTUDY process, such as how easy it was to complete the application form and the politeness of SAC staff.

8.44 Overall, 6 878 AUSTUDY applicants were interviewed. Of these, 1 267 were outside the scope of the survey for various reasons. Of the remainder, 5 019 interviews were completed.

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<sup>46</sup> As a result of delays in finalising results of the 1994 survey, a survey was not conducted in 1995.

<sup>47</sup> The 1994 Survey include interviews with 710 AUSTUDY and ABSTUDY clients.

<sup>48</sup> The 1996 survey includes interviews with 6878 AUSTUDY and 808 ABSTUDY clients.

The results of the 1996 survey are not yet finalised.

### ***Key criteria***

8.45 The ANAO reviewed:

- the results of the 1994 client satisfaction survey to determine how the Department used the information to improve the AUSTUDY scheme; and
- the methodology and preliminary findings of the 1996 client satisfaction survey and compared these with the ANAO's findings from the focus group discussions, to determine whether the Department was focussed on meeting its clients' needs.

8.46 Through focus group discussions, designed to assess process efficiency and effectiveness, the ANAO also sought to identify gaps in meeting client needs; that is, the extent to which client needs were being met and the reasons for any performance shortfalls.

### ***The 1994 survey***

8.47 The Department reported the results of the 1994 survey in its 1994-95 annual report. Client responses were analysed in terms of possible improvements to AUSTUDY. These were identified in the survey as:

- better training for staff (Chapter 7);

- simplification of application forms so that the text is more readable and non-bureaucratic (discussed in paragraphs 8.51 to 8.53);
- simplification of the applications process (Chapter 4); and
- faster processing of applications (Chapter 4).

8.48 Despite the reporting and dissemination of these results, many of the issues identified in the 1994 survey continue to be a problem in the administration of AUSTUDY; as discussed in the chapters referred to above.

### ***The 1996 survey***

8.49 The final results of the 1996 survey are not yet available, but will be reported on both a national and SAC basis. However, the ANAO has received the methodology report and draft reports relating to the nine SACs visited during fieldwork. Table 4 below presents the preliminary results of the 1996 National Client Satisfaction Survey<sup>49</sup>.

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<sup>49</sup> A total of 1755 clients were surveyed from the nine SACs covered by the ANAO's fieldwork.



**Table 4:****Analysis of the preliminary results of the 1996 National Client Satisfaction Survey for the nine SACs visited.**

<b>Number of clients surveyed</b>	<b>Percentage very satisfied/satisfied per cent</b>
<b>1755</b>	<b>84</b>

8.50 Figure 15, shows the most common reasons for dissatisfaction with the AUSTUDY application process. The results are shown as a proportion of total dissatisfied clients and as a proportion of total SAC clients.

- the lack of user friendly forms.

***Focus group discussions***

8.51 During the focus groups discussions, the ANAO asked SAC staff to rate their own effectiveness in meeting certain client needs. A summary of the ANAO's results is at Appendix 6. The focus groups identified gaps in their ability to meet client needs in the following areas:

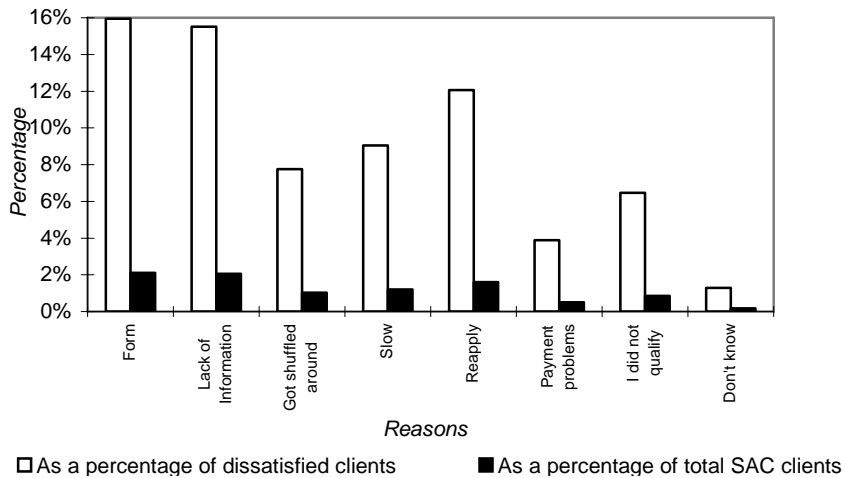
- lack of prompt responses to general and specific enquiries during the processing season;
- clients' inability to determine whether their application would be successful or not;
- clients' inability to understand or accept the reasons for their ineligibility;
- complex processes; and





**Figure 15:**

Most common reasons for dissatisfaction<sup>50</sup> with AUSTUDY among clients of the nine SACs visited.



<sup>50</sup> List of the most common reasons for client dissatisfaction with AUSTUDY in 1996:

- form too complicated/difficult/long/too many forms;
- lack of/unclear/incorrect information;
- 'got shuffled from one person to another', 'staff were unhelpful' or 'staff didn't know what they were doing';
- length of time to wait for formal notification of success or too long/slow to be approved/paid;
- difficulty getting application form/had to reapply/lost form;
- payment problems, for example, overpayments/late/cancelled without notice;
- application was not approved/I did not qualify; and
- do not know/cannot say.

8.52 The ANAO compared the results of the focus group discussions with the findings from the 1994 survey and the draft findings from the 1996 National Client Survey. The ANAO found that client perceptions from the survey results correlate strongly with the results of the focus group discussions. One of the main areas of client and staff concern relates to the AUSTUDY application form.

#### *AUSTUDY application form*

8.53 Each year National Office undertakes an extensive process of reviewing and redesigning the AUSTUDY application form, and associated material, with a view to capturing the relevant data and minimising the potential for client error. This process is described in Appendix 7.

8.54 However, the focus group participants indicated that AUSTUDY application forms were not user friendly or simple, nor did they enable clients to determine for themselves whether or not an application would be successful. These findings are consistent with the preliminary results of the 1996 National Client Satisfaction Survey, which indicated that dissatisfaction with AUSTUDY was largely in the area of forms being too complicated, difficult or long.

8.55 As well, focus group participants stated that the layout

of questions on the AUSTUDY form did not match sufficiently with the assessing process on Assessor (the front-end processing package linked to ESAS). This creates inefficiency in applications processing.

#### **Conclusion**

8.56 Client satisfaction surveys, such as the one currently used by the Department, provide an important measure of client satisfaction, but more importantly they also provide a source of client input for improving AUSTUDY.

8.57 Although the client satisfaction standard (80 per cent) was met by the Department according to the preliminary results of the 1996 survey, there is a need to take into consideration the views of clients (about 70 000 if the results of the survey were extrapolated to the entire AUSTUDY population) who were dissatisfied with the quality of SAC service they received.

8.58 The ANAO considers that given the time and resources spent surveying AUSTUDY clients, the Department should analyse the reasons for client dissatisfaction and use this information to improve the current processes.

8.59 In particular, the ANAO considers that the Department needs to address the concerns of

clients and staff in relation to the design of AUSTUDY forms.

8.60 The ANAO acknowledges that the Department currently undertakes an extensive review of AUSTUDY forms each year and that the complexity of the Scheme affects form design, in particular the Department's ability to simplify and shorten the current form.

### **Recommendation No.11**

8.61 The ANAO recommends that Centrelink, in consultation with the DEETYA and the DSS:

- analyses the results of the latest National Client Satisfaction Survey to determine areas requiring improvement; and
- ensures that the results of future surveys are produced in a timely manner so that the information obtained can be used to improve processes in the following applications processing year.

### **DEETYA Response**

8.62 Agreed. The Department will be happy to share the detailed results of the 1996 National Client Satisfaction Survey with our colleagues at Centrelink, and to assist them where possible in implementing identified improvements.

### **Centrelink Response**

8.63 Agreed. In addition to the survey referred to in your report which has been the subject of analysis, Centrelink undertook a further survey in May 1997 and the results of that have been taken into account in the review of service standards. Consistent with broader Centrelink policy, we are now working on six monthly surveys with a requirement for prompt publication.

### **DSS Response**

8.64 DSS supports this recommendation. The introduction of the Youth Allowance and reengineering of claim and review processes for students may offer an opportunity to reduce seasonal peaks in processing workloads

### **Recommendation No.12**

8.65 The ANAO recommends that Centrelink, in consultation with the DEETYA and the DSS, undertakes a fundamental review of the AUSTUDY forms design process to ensure its effectiveness in addressing staff and client needs.

### **DEETYA Response**

8.66 Agreed. The Department readily accepts the spirit of this recommendation, while noting

the constraints imposed by the inherent complexity of the current AUSTUDY scheme. We have been working closely with Centrelink to identify the scope for improvements in forms design for 1998.

the Youth Allowance strategic project schedule.

### ***Centrelink Response***

8.67 Agreed. Our forms are currently subject to extensive focus testing and design procedures. In addition, an analysis of the main application forms is undertaken each year to identify those areas where customers have had difficulty in answering questions or answered incorrect those questions contained in the forms. It should be noted that AUSTUDY is a highly targeted scheme and the contents of the applications forms reflect Government policy. We will however, in moving towards the Youth Allowance, be undertaking a major forms analysis exercise.

### ***DSS Response***

8.68 DSS supports the redesign of forms to ensure an effective product that addresses staff and customer needs. A fundamental review of AUSTUDY forms design would not be necessary as all AUSTUDY and Youth Training Allowance forms will be replaced by Youth Allowance forms. A forms development strategy has been identified as a critical area for Youth Allowance and included in

## 9. Performance Management - Administrative Review

*The previous chapter examined performance management in relation to client service. This chapter examines performance management in terms of AUSTUDY administrative review mechanisms. These are mechanisms for handling requests for internal and external review of AUSTUDY decisions and complaints. The ANAO found that there is scope for improved efficiency and effectiveness in each of these areas, in particular the use of performance information to improve the effectiveness of the current processes. The ANAO has made nine recommendations for improvement, including the development of a formal internal complaints handling mechanism.*

### Introduction

9.1 There are several internal and external sources of administrative review available to clients who are dissatisfied with a decision made regarding their eligibility or entitlement to AUSTUDY.

9.2 As part of the ANAO's examination of the efficiency and effectiveness of AUSTUDY front-end processing procedures, the ANAO sought to establish how applications for internal and external administrative review are handled by the Department.

9.3 The ANAO also sought to establish whether the Department had an internal complaints handling mechanism that encouraged, recorded and addressed client complaints.

### **Relationship between reviews, appeals and complaints handling**

9.4 A 'review' is a written request by a client to the Department for reconsideration of a decision made regarding their eligibility or entitlement to AUSTUDY. A review is different from a 'reassessment' of a client's application, although the outcome of a review may involve a reassessment of the client's entitlement to AUSTUDY. Reassessments were discussed in Chapter 6.

9.5 Students dissatisfied with the outcome of a departmental review, can request an independent review of the Department's decision by the Social Security Appeals Tribunal (SSAT). This request is known as an 'appeal'. Decisions of the SSAT are reviewable by the Administrative Appeals Tribunal

(AAT), subject to an appeal being lodged by a party to the SSAT hearing.

9.6 Figure 16 maps the relationship between original decisions, requests for internal review and appeals to the SSAT and the AAT, including the relevant timeframes.

9.7 Complaints handling processes are arrangements for

9.8 Internal complaints handling processes are also separate from the independent review undertaken by the Commonwealth Ombudsman (the Ombudsman) in respect of complaints about the administrative actions of Departments.

9.9 An effective complaints handling system should encourage client complaints and recognise their value in identifying opportunities to improve client service.

9.10 The key criteria used to assess the adequacy and effectiveness of AUSTUDY's processes for handling requests for internal review, appeals to the SSAT and AAT and complaints and the ANAO's findings are discussed separately below.

dealing with client expressions of dissatisfaction with services or products. These processes differ from arrangements for processing requests for internal review of departmental decisions under relevant agency legislation, although client concerns sometimes relate to both client service and eligibility issues

## Reviews

### **Background**

9.11 Requests for internal review of student assistance decisions are handled by SACs. However, in 1996 and 1997 requests for review of decisions relating to the operation of the Actual Means Test (AMT) were handled in National Office by senior staff of the AUSTUDY AMT Review Team. As mentioned in Chapter 1, issues relating to the administration of the AMT in 1997 were not examined in detail as part of this audit.

### **Key criteria**

9.12 The ANAO examined:

- the approach adopted by SACs to handling client's request for an internal review;
- the guidelines/procedures available to staff when making review decisions;

- ten reviews in each SAC<sup>51</sup> to establish the efficiency and effectiveness of reviews handling, that is whether:
  - ⇒ the review was actioned by the appropriate officer;
  - ⇒ the departmental response was adequate;
  - ⇒ the review decision was appropriate; and
  - ⇒ the review was finalised within the designated period;
- the appropriateness of the timeliness standard established for finalising AUSTUDY reviews; and
- the type and adequacy of the performance information maintained by the Department in relation to AUSTUDY reviews.

### ***Approach to reviews***

9.13 The ANAO found slight variations to the approach to handling reviews at the SACs visited.

9.14 Most SACs distributed requests for review to senior assessing staff. However, one SAC had an officer dedicated to reviews and another had a separate review team consisting of officers at various levels. The

number of staff in this team varied according to the backlog of work and the stage of the processing season. The SAC that had adopted the team approach to reviews handling had a smaller backlog of reviews than the other SACs visited.

9.15 The ANAO considers having a team of officers dedicated to reviews to be a better practice because:

- officers are able to build up expertise in handling reviews;
- it makes the process more efficient; and
- it ensures consistency in responses provided to clients.

### ***Review procedures***

9.16 The SACs visited did not have written procedures regarding internal reviews. However, the *Guide to Preparing Notices of Student Assistance Review Decisions* (the Guide) developed by the Legal Group in National Office and/or pro forma letters were used by SACs to ensure that:

- all responses meet the requirements outlined in section 308(1) of the *Student and Youth Assistance Act 1973*; and
- consistency of formatting and style was maintained.

9.17 The ANAO considers the Guide to be an adequate

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<sup>51</sup> The reviews to be audited were chosen at random from the register of reviews maintained by each SAC.

substitute for written review procedures. However, the ANAO noted that a number of SACs were not using the Guide widely in the preparation of student assistance review decisions. As well, the ANAO considers that the Guide should be enhanced to include:

- the responsibilities of review officers;
- the timeliness standard that applies to the finalisation of reviews; and
- the guidelines for interim contact with clients where a review decision will not be prepared within the given timeframe.

### ***Efficiency and effectiveness of reviews handling***

9.18 The ANAO found that the majority of the reviews examined had been undertaken satisfactorily. The reviews had been actioned by an appropriate officer (an officer more senior to the original decision maker), provided a thorough explanation of the Department's decision and contained an appropriate decision. However, there was scope for improvement in terms of the timeliness of responses to requests for review.

9.19 In undertaking an analysis of the timeliness of responses to requests for review, the ANAO examined:

- whether responses had been provided to clients within the 60 day Departmental timeframe; and
- how many reviews had been responded to within a 21 day<sup>52</sup> period.

9.20 The following table details the results of the ANAO's examination.

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<sup>52</sup> This period was selected based on National Client Service Standard 1A which provides that students are to be advised of their eligibility within 21 days of lodging an application at a DEETYA outlet. As a request for internal review relates to students being advised of their eligibility for AUSTUDY, it was considered an appropriate standard against which to measure the timeliness of review handling.



**Table 5:**  
**Timeliness of reviews handling**

Total number of reviews audited	90
Number of reviews finalised within 60 days	72
Proportion of total reviews audited finalised within 60 days	
Per cent	80
Number of reviews finalised within 21 days	30
Proportion of total reviews audited finalised within 21 days	
Per cent	33

9.21 Although Table 5 shows that 80 per cent of the reviews audited had been finalised within the Department’s timeliness standard, during the fieldwork the ANAO was informed by most SACs that they had a backlog of reviews. The main factors contributing to the backlog were:

- the seasonal nature of processing;
- policy changes in relation to the AMT; and
- the opportunity cost of assigning staff to reviews rather than to assessing, particularly during the peak processing season.

9.22 Most SAC management and staff felt that it was more important to provide clients with an initial eligibility decision regarding their application and

9.23 therefore reviews were assigned a lower priority. However, the ANAO is aware that SACs assign higher priority to requests for review lodged by homeless clients.

***Appropriateness of the timeliness standard for reviews***

9.24 The ANAO was unable to identify a rationale for the 60 day timeliness standard currently being used by the Department in relation to the finalisation of AUSTUDY reviews.

9.25 The ANAO benchmarked the Department’s timeliness standard for handling internal reviews against two other government departments, the Australian Taxation Office (ATO) and the DSS.

9.26 The ATO’s operational performance standard for providing rulings by the Commissioner for Taxation (internal review of a taxation assessment) in relation to routine cases states that 100 per

cent are to be correctly answered within seven weeks (35 days)<sup>53</sup>. DSS's Performance Standards, Results and Targets for 1996-97 in relation to reviews and appeals state that:

- authorised review officers are to finalise 95 per cent of requests for review within fourteen days (where the client is left without adequate means of support); and
- authorised review officers are to finalise 75 per cent of requests for review within 28 days (all types of review)<sup>54</sup>.

9.27 Given that a clients' decision to study, or continue studying, is dependent upon a decision regarding their eligibility or entitlement to AUSTUDY, the ANAO considers that the Department should aim to reduce the processing time for reviews. The results of the ANAO's benchmarking indicate that there is scope for improving the timeliness of reviews handling.

### ***Performance information***

9.28 The Department has not developed a NCSS in relation to reviews, and is therefore unable

to measure the performance of SACs in this area.

9.29 The ANAO found that National Office does not require SACs to regularly report on, or analyse, the outcome of requests for review in order to identify opportunities for improving processes or client service.

9.30 However, a register of reviews (either manual, stored on the LAN at the SAC, or both) was maintained at all SACs visited. The register was used to record:

- the date when the review was lodged;
- the date of the review decision;
- the regulation that applied to the review decision; and
- the outcome of the review.

9.31 Two SACs analysed this information and provided feedback to management to determine staff training needs. Another SAC was in the initial stages of setting up a system to analyse the reviews by categorising them according to issues.

### ***Conclusion***

9.32 Given that resource limitations affect the handling of reviews, improvements in

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<sup>53</sup> Australian Taxation Office, 1995-98 Corporate Plan.

<sup>54</sup> Department of Social Security, Annual Report 1995-96.

efficiency and effectiveness may be achieved through:

- the use of teams dedicated to reviews;
- categorising reviews on the basis of their complexity and allocating the more complex reviews to more experienced review officers;
- reviewing the current timeliness standard for finalisation of reviews; and
- developing a client service standard in relation to reviews, similar to that developed by DSS, that covers both timeliness and quality.

9.33 In addition, the information in the register of reviews maintained at each SAC provide an important source of performance information and further analysis should be undertaken at the operational level to identify staff training needs and opportunities for improving client service.

9.34 National Office should seek information from operational areas regarding the number, nature and outcome of requests for internal review. These reports should be analysed and fed back into improvements in:

- the wording of regulations;
- training materials provided to SACs; and

- documents used to support applications processing (for example, the PGM).

9.35 The Report on the Administration of the 1997 AUSTUDY AMT commented on the lack of analysis of performance information relating to reviews and appeals. The report indicated that, in regard to the AMT, there needed to be a more conscious recognition by the Department of the value of feedback of information from the internal review process, SSAT and AAT cases. The ANAO agrees with this comment and considers that it applies equally to all areas of review and appeal, not just the AMT. The importance of feedback from the SSAT and AAT is discussed in further detail in the next section of this chapter.

### **Recommendation No.13**

9.36 The ANAO recommends that, to improve the efficiency and effectiveness of reviews handling, Centrelink consider:

- the use of teams dedicated to reviews at each SAC;
- categorising reviews on the basis of their complexity to allow more effective dissemination of reviews among officers; and
- enhancing the *Guide to Preparing Notices of Student Assistance Review Decisions*

developed by the Department, to include:

- ⇒ the responsibilities of review officers;
- ⇒ the timeliness standard that applies to the finalisation of reviews; and
- ⇒ the guidelines for interim contact with clients where a review decision will not be prepared within the given timeframe.

### **Centrelink Response**

9.37 Agreed. The essence of the recommendation is accepted. More widespread introduction of dedicated review teams will not be confined to SACs as we are working towards the integration of review activity across all Centrelink operations. We are currently updating our Program Guideline Manuals and in doing so will ensure that it incorporates clear instructions and standards for review staff.

### **DSS Response**

9.38 DSS supports efficient and effective review processes but considers that dedicated review teams within SACs may not be the only, or preferred, way to achieve this, particularly where programs are delivered via a large, distributed network of Centrelink outlets.

### **Recommendation No.14**

9.39 The ANAO recommends that, to improve the timeliness and quality of reviews undertaken, Centrelink should:

- review the current 60 day timeliness standard for the handling of requests for internal review of AUSTUDY decisions; and
- develop a national client service standard in relation to reviews that measures the timeliness and quality of reviews handling.

### **Centrelink Response**

9.40 Agreed. This is being incorporated in the review of service standards referred to above.

### **DSS Response**

9.41 DSS supports this recommendation.

### **Recommendation No.15**

9.42 The ANAO recommends that Centrelink should analyse the number, nature and outcome of requests for internal review:

- at an operational level, to determine staff training needs and opportunities to improve client service; and
- at a national level, at least annually, to improve the framing of regulations,

training materials provided to SACs and documents used to support applications processing (for example, the policy guidelines manual).

### ***Centrelink Response***

9.43 Agreed. We are incorporating this consideration into our review of service standards and are ensuring that this issue is taken into consideration in the further development of Centrelink complaints handling mechanisms.

### ***DSS Response***

9.44 DSS supports this recommendation. DSS will liaise

with Centrelink to develop an effective mechanism to monitor applications for internal review to inform ongoing development of policy on Youth Allowance.

## **Appeals**

### ***Background***

9.45 The following table shows the number of appeals relating to AUSTUDY lodged with the SSAT and the AAT and the cost of these to the Department.

**.Table 6:****AUSTUDY appeals lodged with the SSAT and the AAT.**

	<b>SSAT</b>	<b>AAT</b>
No. of appeals lodged in 1996	2929	323
No. of appeals lodged in 1997, as at 13 May.	708	125
Estimated cost to the Department of each appeal <sup>55</sup> .	700	3 000
Approximate annual cost of appeals in 1996	2 000 000	970 000
Approximate cost of appeals in 1997, as at 13 May.	500 000	375 000

9.46 As shown in Table 6, in 1996 the approximate combined annual cost of SSAT and AAT appeals regarding AUSTUDY was in the order of \$3 million.

**Key criteria**

9.47 The ANAO examined AUSTUDY procedures for handling appeals lodged with the SSAT and the AAT and the adequacy of the performance information maintained by the Department in relation to these appeals.

**Procedure for handling appeals**

9.48 Departmental Student Assistance Liaison Officers (SALOs) operate in SACs and coordinate action in relation to applications for review of

departmental decisions by the SSAT and the AAT.

9.49 SALOs prepare briefing documents for appeals and review and correct internal decisions before a SSAT hearing, where considered appropriate. Briefing documents for appeals lodged in respect of AMT decisions are prepared by the AMT Section, National Office, before being sent to SALOs. The ANAO found that the process for handling appeals was consistent across the SACs.

9.50 Two SACs had developed internal procedures explaining the appeals process and procedures for handling SSAT and AAT appeals. The ANAO considers this to be a sound practice as it allows other officers to take on the role of

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<sup>55</sup> DEETYA, Student Assistance Policy Branch, Performance and Resources Section, file NO95/04747.

SALO in the event of staff absences.

### ***Performance information***

9.51 SACs record all SSAT and AAT appeals. Appeals registers include:

- the date the appeal was received;
- any legislative deadlines applicable to the appeal; and
- the regulations which applied to the appeal and the outcome of the appeal.

9.52 One SAC undertook a comparative analysis of the number of appeals received against previous years. Three SACs analysed their register of appeals to determine staff training needs.

9.53 The Department advised the ANAO that in the National Office, the outcome of SSAT and AAT appeals are monitored by the Legal Group. Summary statistics are provided to Division and Branch Heads with policy and operational responsibility for the relevant areas. However, the ANAO found no evidence of any analysis being undertaken concerning decisions of the SSAT or the AAT.

9.54 As well, the summary statistics are based on information provided by the SSAT and outcomes are reported by SSAT office.

Therefore, it is not possible to identify and analyse the number of appeals by SAC or the proportion of decisions varied or set aside by the Tribunal. If National Office had required SACs to regularly report on the number, nature and outcome of appeals using the registers currently maintained at each SAC, this analysis would have been possible.

### ***Conclusion***

9.55 The ANAO considers that written procedures should be developed to handle of SSAT and AAT appeals. These procedures should provide staff with a basic knowledge of the appeals process and enable the appeals function to be undertaken by SAC staff in the absence of the SALO.

9.56 The ANAO considers that further analysis should be undertaken of the registers of SSAT and AAT appeals to identify staff training needs and to improve the quality and consistency of internal review decisions.

9.57 In addition, this information can be used by the Department to liaise with the SSAT and the AAT to identify areas of ambiguity and uncertainty in the regulations.

### ***Recommendation No.16***

9.58 The ANAO recommends that, to ensure that all staff have a common understanding of the appeals process, Centrelink develops written procedures for SAC staff that explain:

- the steps to be followed when handling appeals lodged with the Social Security Appeals Tribunal and the Administrative Appeals Tribunal;
- the responsibilities of Student Assistance Liaison Officers;
- the supporting documents to be referred to when preparing briefing documents for the Social Security Appeals Tribunal and the Administrative Appeals Tribunal; and
- the guidelines for interim contact with clients who have lodged an appeal.

### ***Centrelink Response***

9.59 Agreed. We are enhancing advice on these procedures in the current redevelopment of our Program Guideline Manuals.

### ***DSS Response***

9.60 DSS supports this recommendation.

### ***Recommendation No.17***

9.61 The ANAO recommends that Centrelink analyses the statistics relating to appeals lodged with the Social Security Appeals Tribunal and the Administrative Appeals Tribunal to identify:

- common areas of appeal;
- training needs for internal review officers;
- ambiguities and uncertainties in the regulations;
- trends in the decisions of the Social Security Appeals Tribunal and the Administrative Appeals Tribunal (numbers and categories of appeals affirmed, varied and set aside); and
- opportunities to improve processes and decision-making.

### ***Centrelink Response***

9.62 Agreed. Consistent with broader Centrelink policy, Centrelink carefully analyses SSAT and AAT decisions in respect of the Actual Means Test. DEETYA conducts overall analysis of all decisions relating to AUSTUDY, and Centrelink will continue to identify improvements that can be made in the analysis of the operational implications of review outcomes.



## **DSS Response**

9.63 DSS supports this recommendation. DSS will monitor and analyse appeals to assess implications for the Youth Allowance program and inform ongoing development of policy on Youth Allowance.

## **Recommendation No.18**

9.64 The ANAO recommends that the DEETYA and the DSS liaise with the Social Security Appeals Tribunal and the Administrative Appeals Tribunal to identify areas of ambiguity and uncertainty in the regulations and invite submissions from each regarding the redrafting of regulations.

## **DEETYA Response**

9.65 Agreed. The Department has written to the SSAT and the AAT seeking comments on the AUSTUDY Regulations. We will continue to consult with DSS (and Centrelink, where appropriate) on these matters.

## **Centrelink Response**

9.66 Agreed. This is primarily a matter for DEETYA and DSS in the framing of legislation and legislative amendments. However, Centrelink will continue direct SSAT liaison at the operational level and continue to participate in briefing

sessions of SSAT meetings convened by DEETYA.

## **DSS Response**

9.67 DSS will continue to liaise regularly with the SSAT and AAT and will consider possible matters for legislative amendment which may arise in the course of SSAT or AAT decisions on individual cases or more generally.

## **Complaints handling**

9.68 The ANAO examined AUSTUDY complaints handling within National Office and SACs.

9.69 The following discussion outlines the Department's processes, the key criteria used by the ANAO to assess the adequacy of the Department's AUSTUDY complaints handling and provides an assessment of the procedures employed.

## **Key criteria**

9.70 The ANAO sought to establish whether AUSTUDY has a documented internal complaints handling process in place that:

- encourages client complaints;
- records all complaints relating to AUSTUDY;
- deals adequately with all complaints correspondence (all correspondence replied to

in a timely, consistent and client-focused manner);

- identifies major areas of concern arising from client complaints; and
- uses the information derived from complaints to feed back into improving client service and remedying any problems identified with AUSTUDY administration.

### ***National level***

9.71 Nationally, there is no documented internal complaints handling or recording process. National Office has no written guidelines for staff regarding the processes for dealing with client complaints about AUSTUDY.

9.72 However, National Office receives complaints about AUSTUDY through ministerial correspondence and complaints referred to the Office by the Ombudsman.

### ***Ministerial correspondence***

9.73 Ministerial correspondence (ministerials) is correspondence addressed to Members of Parliament (MPs) by constituents seeking information, or expressing views or concerns, in relation to the policy or programs delivered by a Department.

9.74 Although National Office maintains a record of all ministerials received<sup>56</sup>, no information is maintained on the outcome of ministerial complaints. As well, no analysis is undertaken to identify trends or recurring issues. Therefore, there is no feedback mechanism to improve processes or client service.

9.75 The ANAO examined a sample of 30 records of ministerial correspondence, received between 1 December 1996 and 1 April 1997, in relation to AUSTUDY to determine whether the Department was responding to these in accordance with their timeliness standards<sup>57</sup>.

9.76 Table 8.1, at Appendix 8, details the results of the ANAO's examination of ministerials

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<sup>56</sup> 965 ministerials were received in relation to AUSTUDY between 1 December 1996 and 1 April 1997.

<sup>57</sup> The procedures for handling ministerials are outlined in the Parliamentary Procedures Handbook developed by the Parliamentary Services Section, National Office. These standards state that:

- VIP correspondence (correspondence directly from a Minister or MP, or correspondence on behalf of a student from a Minister or MP) and correspondence marked For Immediate Final (FIF) and For Departmental Advice (FDA) are to be cleared within ten working days; and
- all other ministerial correspondence is to be cleared within fifteen working days.
-

which found that none<sup>58</sup> of the ministerials reviewed had been responded to within the relevant Departmental timeliness standard. However, the Department advised the ANAO that as at July 1997 there are only 25 overdue ministerials.

9.77 The ANAO acknowledges that the Department's ability to respond to ministerial complaints in a timely manner is affected by the AUSTUDY applications processing season. As well, the AMT had a significant effect on the volume of ministerials received in 1997.

#### *Ombudsman complaints*

9.78 Written complaints from the Commonwealth Ombudsman's Office are referred to Legal Branch, National Office. Copies of complaints relating to AUSTUDY are then sent to the Procedures and Liaison Section (PALS), National Office, which seeks input from the relevant area (for example, the SAC) before preparing a response for the Ombudsman.

9.79 Table 7 shows the number of complaints about

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<sup>58</sup> It should be noted that six of the thirty ministerial records examined by the ANAO, although not finalised, were not overdue as at 2 April 1997.

Student Assistance (AUSTUDY, ABSTUDY, AIC)<sup>59</sup>. received by the Ombudsman in 1995-96 and 1996-97.

9.80 As shown above, a large proportion of the written and oral complaints received by the Ombudsman about the Department relate to student assistance.

9.81 As well as reporting on the number of complaints received, by agency, each financial year in its annual report, the Ombudsman produces quarterly reports for departmental secretaries in relation to the number and outcome of complaints received about their department. These reports serve to highlight any trends or issues arising in relation to complaints.

9.82 The ANAO was advised that these quarterly reports are reviewed by Senior Executive Staff and then disseminated, for information, to relevant staff within the Student Assistance Branch. However, the ANAO found no evidence of any analysis being undertaken or feedback being provided to the SACs.

#### *Internal review of the ministerial correspondence process*

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<sup>59</sup> Commonwealth Ombudsman, *Annual Report*, 1995-96 and 1996-97.



**Table 7:****Number of complaints about student assistance received by the Ombudsman.**

	1995-96	1996-97
Written complaints received		
Number	233	201
As a proportion of total written complaints received about the Department		
Per cent	60	71
Oral complaints received		
Number	1 107	1 711
As a proportion of total oral complaints received about the Department		
Per cent	48	64

9.83 In 1995, an internal review<sup>60</sup> of the Department's ministerial process was initiated by the National Office Functions and Resources Review as a result of concerns about the efficiency of the system. The Review's final report was completed in August 1995.

9.84 In general, the review found that the Department achieved good results in terms of the quality of the content of ministerial replies and the timeliness of responses. However, the cost of dealing with ministerials, the majority of which was classified by staff as client

complaints, was identified as significant in workload and financial terms<sup>61</sup>.

9.85 Part of the solution recommended in the Report involved establishing a client service phone line to provide an alternative means of making a complaint. This recommendation was considered to have a number of potential benefits. These included:

- reducing the volume of ministerials, and therefore providing a more efficient and cost-effective way of responding to public complaints and concerns;

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<sup>60</sup> DEETYA National Office Functions and Resources Review Team, *Review of the Ministerial Correspondence Process*, August 1995.

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<sup>61</sup> The Department was unable to provide any costing figures in relation to AUSTUDY ministerials.

- potentially improving the Department's client service and enhancing the Department's professional image; and
- consolidating the various Program Hotlines (ten at the time of the Review) into one to gain economies of scale and a single access point for the Department's clients.

9.86 This recommendation was supported by both of the then Ministers and the Ombudsman as a means of reducing the workload of each of these offices, as well as the Department.

9.87 National Office was to undertake a feasibility study of this option in late 1995-early 1996. However, this study was not undertaken and the ANAO was unable to find evidence of any further discussion or consideration of this option.

### **SAC level**

9.88 The ANAO found that there is no documented internal complaints handling or recording process in SACs. In all SACs visited, complaints were handled on an ad hoc basis.

9.89 Complaints that come through the general enquiries system at SACs (either telephone or counter) are handled by an enquiries officer and, where necessary, may be referred to SAC management for action. SAC staff commented through

the focus group discussions that in some cases clients who remained dissatisfied with a departmental decision or action were referred to a Minister or the Ombudsman.

9.90 A National Office Minute to SAC staff dated 17 January 1997, from the Student Assistance Branch, advised that SAC staff should not be referring clients to their local MP or the Minister to make complaints regarding student assistance operational and policy matters. Staff were advised to attempt to resolve complaints by explaining the policy intent or the operational situation to the client, having regard to their circumstances and, if they were unable to resolve the complaint, to refer the client to the SAC Manager for action. Complaints that remained unresolved were to be referred in writing to the Assistant Secretary, Student Assistance Branch, or made by telephone to the Director, SAC Management and Information Section.

9.91 The ANAO found that four of the SACs visited maintained registers of complaints received from MPs and the Ombudsman. These registers record the number of complaints received and the time taken to finalise these complaints. However, no analysis of this information was undertaken to improve client service. Two SACs used e-mail to communicate problems

identified through individual complaints as a means of improving client service.

## ***Conclusion***

9.92 The ANAO considers that there is a strong business case for a formal internal complaints handling mechanism to address complaints received by National Office and SACs. This case is based on:

- the number of complaints or enquiries regarding AUSTUDY currently dealt with by Ministers, MPs and the Commonwealth Ombudsman (1507 from 1 December 1996 to 1 April 1997);
- the significant costs associated with preparing responses to ministerial and Ombudsman correspondence;
- the gains in efficiency and effectiveness to be achieved by handling enquiries or complaints internally in the first instance (as complaints escalate and involve contact with other offices, agencies or tribunals, the cost and time taken to resolve these complaints increases);
- improvements to client service and the professional image of the Department; and
- the ability to capture valuable client feedback on client service and identify opportunities for improvement.

Currently, a National Client Satisfaction Survey is used to obtain this information.

However, the significant time lag between data capture and reporting (over twelve months for the 1996 Client Satisfaction Survey, discussed in the previous chapter) limits the usefulness of the results obtained and opportunities for improvement may already have been lost.

9.93 The ANAO was advised that Centrelink is in the process of establishing an internal complaints handling mechanism. The ANAO suggests that, as part of the development of a formal internal complaints handling mechanism, Centrelink give further consideration to establishing the client service phone line recommended by the Department's Review of the Ministerial Correspondence Process.

9.94 The key elements and benefits of effective complaints handling have been identified in the Australian Standard on Complaints Handling<sup>62</sup> and in A Good Practice Guide for Effective Complaints Handling, released by the Ombudsman in May 1997. When an internal complaints handling mechanism is being set up, the ANAO suggests that Centrelink consults these sources to ensure that the

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<sup>62</sup> Standards Australia, Australian Standard. Complaints Handling, (AS4269-1995)

complaints system developed incorporates the appropriate best practices recorded in these publications.

9.95 As well, complaints referred to the Department by MPs or the Ombudsman provide an important indication of client satisfaction and represent opportunities for the Department to improve aspects of client service. However, for the Department to gain any benefit from the resolution of such complaints, analysis of the trends and issues arising from these needs to be undertaken and feedback provided by National Office and SACs.

9.96 The ANAO considers it appropriate that responsibility for handling client complaints be devolved to SACs, rather than complaints being handled by National Office or transferred to other government agencies or MPs' offices.

9.97 However, SAC staff require some guidance and training in complaints handling and action that may be taken to redress a client complaint. Given that some complaints may be more appropriately dealt with by National Office, guidelines also need to address cases which should be referred to it.

### **Recommendation No.19**

9.98 The ANAO recommends that the Centrelink internal

complaints handling mechanism addresses Youth Allowance client complaints and that written guidelines:

- are made available to all staff and are accompanied by appropriate training;
- identify staff roles and responsibilities in relation to complaints handling;
- are comprehensive, covering all stages of the complaints handling process and clearly set out when complaints should proceed to a different stage in the process;
- identify appropriate timeliness standards for handling complaints and maintaining contact with complainants; and
- identify the kinds of redress that can be offered to clients, when these might be applicable and who has the authority to offer particular remedies.

### **Centrelink Response**

9.99 Agreed. Centrelink has already introduced a formal complaints handling mechanism which incorporates an 1800 telephone number. This is a mechanism for all customer service issues including those selected for the Youth Allowance. In addition to the telephone facility, complaints handling now



incorporates detailed analysis, follow-up and feedback process.

### ***DSS Response***

9.100 DSS supports this recommendation. DSS is aware that Centrelink has developed an internal complaints handling system which includes guidelines, feedback/comments cards and a '1800' customer hotline.

### ***Recommendation No.20***

9.101 The ANAO recommends that Centrelink analyses records of ministerial, Ombudsman and client complaints to determine opportunities for improving client service and provide feedback to both national and operational staff.

### ***Centrelink Response***

9.102 Agreed. This issue is being addressed in the broader context of overall complaints handling mechanisms.

### ***DSS Response***

9.103 DSS supports this recommendation.

P. J. Barrett  
Auditor-General  
Canberra ACT

30 October 1997







**Part Three**

# **Appendices**



## Appendix 1

# Significant Changes to AUSTUDY

**Table 1.1 -**

**Summary of significant changes to AUSTUDY since 1991**

**Year of  
Change<sup>1</sup>**

### **Summary of Change**

#### **1991**

- More generous concessions were made for sole-parent pensioners to qualify for the Pensioner Education Supplement.
- The sibling concession was replaced by a dependent student deduction from family income with varying rates depending on the age and number of children in the family.

#### **1992**

- The AUSTUDY Supplement (a voluntary loans scheme with the funds provided by the Commonwealth Bank) was introduced.
- The age at which students are considered independent of their parents, and not subject to the parental means test, was reduced from 25 to 24 years.

#### **1993**

- The age at which students are considered independent of their parents, and not subject to the parental means test, was reduced from 24 to 23 years.
- 'Reverse current income' assessment was introduced to take into account major fluctuations in income.

#### **1994**

- Rental assistance allowance was introduced for students on the student homeless rate.
- The age at which students are considered independent of their parents, and not subject to the parental means test, was reduced from 23 to 22 years.

#### **1995**

- An actual means test for students who have a partner or parent involved in complex financial arrangements (for example, family companies, trusts or partnerships) was introduced.

#### **1996**

- A two-year waiting period was introduced for migrants who arrive in Australia after 1 January 1997.  
The age at which students are considered independent of their parents, and not subject to the parental means tests, was raised from 22 to 25 years with 'grandfather' arrangements.
- A 36 page amendment was made to the original nine pages of regulations on the Actual Means Test, expanding target groups for the test, providing protection for farming families in hardship, establishing a concession in respect of unavoidable away from home primary and secondary education costs for isolated families and allowing a deduction from actual means of income earned by students from bona fide employment outside a family business.

## Appendix 2

# Framework for Process Design Best Practice

### ***Guided decision-making***

- Are procedures readily accessible?
- Are changes communicated effectively?
  - ⇒ are they summarised if there is more than one change?
  - ⇒ are the implications spelt out?
  - ⇒ is there appropriate training in relation to the changes?
- Are changes communicated in a timely manner?
  - ⇒ how frequent are the changes?
  - ⇒ is there enough time to understand the procedures before they are implemented?
- Are the procedures useful and easy to apply in supporting applications processing?
- Do the procedures adequately address all of the key issues for applications processing?
  - ⇒ do they cover all the assessing, and other, requirements?
  - ⇒ are the procedures for dealing with exceptions explained?
  - ⇒ are explanations provided in relation to particular actions?

### ***Process inputs and outputs***

- Could input quality be improved?
  - ⇒ client completed data
  - ⇒ data entry
- Can clients find their way into the system easily? Do they know who they are supposed to contact?
- Is there a more efficient way of answering and dealing with client enquires?



- Are processes being followed that are unnecessary or outdated?
- Do staffing arrangements, including employment conditions and times and requirements for effective teamwork at the local level, suit client requirements?
- Are staff training strategies in place and working?

### ***Task efficiency***

- Are there too many steps in the process where work is handed from one person to another for further action?
- Is there duplication that could be eliminated?
- What causes the need for rework? How can the need for rework be eliminated?
- Is there too much paper in the process? How can it be eliminated?
- Is data being captured more than once, for example, could we rely on data in other organisations' databases?
- Is there a more effective method for capturing the client data?

### ***Cycle times***

- Where are the delays in the process? What are the main causes and how can they be avoided?
- Can activity be compressed or the sequence of activities changed to streamline the time taken to process applications?

### ***Adding value***

- Could the IT system do manual tasks?
- Could the IT system do checking that people currently carry out?
- Are there non-value work tasks - such as checking and control - that could be eliminated?
- Could the IT system be used to assist decision-making?
- Are things being sent unnecessarily through management 'filters'?
- Are decision points close to where the work is being performed?
- Does editing and validation occur as close as possible to the source?

### ***Effective structures***

- Are interrelated functions close enough to each other?
- Are there unnecessary reporting lines/decision points?

## Appendix 3

# Australian Bureau of Statistics Statistical Consultancy

1. The ANAO sought written advice from the Australian Bureau of Statistics (ABS) regarding the following:

- the number of SACs at which the ANAO should conduct fieldwork;
- the specific SACs that the ANAO should visit;
- the sample size that should be used to assess the accuracy of applications processing; and
- the adequacy of the Department's proposed 1998 measurement methodology in relation to the national QA process (for example, three per cent, rather than two per cent, sample selected nationally).

2. The ANAO supplied ABS with relevant AUSTUDY data to enable such advice to be given. This included:

- the number of AUSTUDY applications processed categorised by SAC (up to the end of February 1997);
- staffing levels at each of the SACs; and
- a 1996 AUSTUDY Performance Report for the four week period ending 25 October 1996. This report gives the accuracy rate (in percentages) for QA checked forms for the year to date by SAC.

## Sample design and selection

3. ABS recommended that a sample be selected using scientific probability methods to enable the calculation of estimates of the likely accuracy, or standard errors, arising from the sample. This involved a two stage selection procedure. A sample of SACs was drawn in the first stage of selection and a sample of AUSTUDY forms was chosen and audited from each SAC in the second stage of selection. The design assumed that equal numbers of forms would be audited at each SAC chosen for inclusion in the sample.

4. ABS recommended that SACs be selected with probability proportional to the number of AUSTUDY forms processed by the end of February 1997. The advantages of this sample design are:

- it is efficient, as more of the larger SACs are selected than would be the case if SACs were chosen randomly; and
- it is self-weighting. That is, the Australian level estimate of percentage accuracy can be obtained by dividing the total number of audited accurate forms by the total number of forms audited. However, this assumes that the proportion of applications processed by the SACs is the same when they are audited as they were at the end of February 1997.

### ***Sample of SACs***

5. Of concern to the ABS when selecting a sample size was the considerable variation in the percentage of applications accurately processed among SACs, as indicated by the 1996 AUSTUDY Performance Report. Given the type of variability implied by this report, ABS advised that a sample of eight SACs would perform substantially better than a sample of six SACs, initially proposed by the ANAO. ABS selected the following eight SACs for the ANAO's fieldwork:

- Adelaide;
- Bendigo;
- Box Hill;
- Dandenong;
- Mt Gravatt;
- Newcastle;
- Townsville; and
- Western Sydney.

6. Western Australia and Darwin SACs were excluded from the sample. However, ABS reported that there is no reason to believe that these SACs were likely to be significantly different from the other SACs and that their exclusion would therefore not affect the overall estimate of percentage accuracy of applications processing.

7. In addition to the eight SACs selected by ABS, the ANAO undertook a pilot test of its fieldwork methodology at Haymarket SAC. Information obtained during the pilot test was used to refine the approach to be adopted during the remaining fieldwork.

8. Haymarket SAC was selected based on advice from National Office. National Office advised that because of the size of the SAC and the number of applications processed it would provide a good indication of applications processing issues and an appropriate environment in which to test the approach to be adopted at other SACs.

## Sample of applications

**9.** The ANAO undertook compliance testing on 30 applications at each SAC. The total sample size, including Haymarket SAC, was therefore 270. To ensure that the sample of applications audited provided a true representation of the accuracy of applications processing, rather than a representation of operating conditions at a particular time, the sample of applications was to be drawn based on the total number of applications processed as at the date of the audit.

**10.** Ideally, the ABS methodology proposed that systematic sampling be used to select the applications to be audited by running a skip through the sample. For instance, if the SAC processed 21000 applications and 30 applications were to be audited, then the skip would be  $21000/30 = 700$ . Every 700<sup>th</sup> application would be selected starting with a random start between 1 and 700.

**11.** Unfortunately, the Department's Information Technology (IT) was unable to support such a methodology. Therefore, the ANAO selected dates at random between 1 November 1996 and 31 March 1997 and had the ESAS computer system draw out the applications entered on those dates for each of the selected SACs. In the process, the Department discovered a 'bug' in ESAS which would not allow any 1996 applications data to be drawn out of the system. Therefore the ANAO was only able to select dates between 1 January 1997 and 31 March 1997. Once the sample of applications was drawn out by ESAS, the ANAO applied a skip methodology to select the 30 applications to be audited at each SAC.

**12.** Auditing of applications was undertaken on the same basis as the Department's QA checks. The client's application file was checked against the ESAS print out and any errors in data items were noted on the print out.

## The Department's quality assurance methodology

**13.** ABS commented that the three per cent national QA sample to be used by the Department in 1998 should provide appropriate estimates of national level accuracy in AUSTUDY processing. The standard errors for estimates at SACs, while considerably higher, are still considered to provide quite a good indication of the accuracy of application processing. However, the Department should be aware that statistical variability in the sample taken from the SACs can result in apparent anomalies being detected when none exist. ABS therefore felt it advisable that the Department have a follow up system for SACs with apparently poor accuracy rates.



## Appendix 4

# Delays in the Reassessment of Benefits Control Unit Referrals

**Table 4.1 -**

**Analysis of delays in the reassessments referred to the SACs.  
(Based on Benefits Control statistics Unit 1/7/96 to 30/4/97)**

Category Of Check	Total Referrals outstanding	Average days outstanding <sup>63</sup>	Average overpayment per review <sup>64</sup>	Potential overpayment (Column1* Column3)	AUSTUDY Component (88% see footnote)	AUSTUDY Overpayment identified to date <sup>65</sup>
	No	Days	\$	\$	\$	\$
External Data Matching	2863	95	737	2 110 031	1 856 827	7,744,231
Data Matching With DSS	14	151	506	7 084	6 23	397,311
Eligibility	1434	167	152	217 968	191 812	8,083,877
Internal	1124	148	327	367 548	323 442	2,620,787
Enrolment	? <sup>66</sup>	?	1117			
				<b>Total</b>	<b>2 702 631</b>	

<sup>63</sup> The ANAO was advised that this column includes a small proportion of reassessments which may not actually require action due to a number of reasons. BCUs are required to manually clear up outstanding reviews to ensure reassessments outstanding are brought to the attention of the SAC or if no reassessment is required the reviews are closed off. There may be a backlog involved in doing this regular housekeeping and therefore the average number of days outstanding may be inflated. However, BCU agreed that this related to a small proportion of cases. Generally 90 per cent of data matching cases result in a reassessment.

<sup>64</sup> Based on the financial year to date compliance report for 1 July 1996 to 30 April 1997.

<sup>65</sup> Based on the financial year to date compliance report for 1 July 1996 to 30 April 1997. Given that AUSTUDY clients represent 88 per cent of student assistance clients (the remainder are ABSTUDY and AIC clients), the ANAO has apportioned total identified overpayments on the same basis.

<sup>66</sup> As indicated earlier, the ANAO was unable to obtain any statistics in relation to time lags.

## Appendix 5

# Benefits of the Student Entitlements Processing System (STEPS)

Implementation of , STEPS would have resulted in a number of administrative improvements. These are:

- an opportunity to break from the ESAS 'production-line' approach to processing and reduce the number of stages for initial assessment;
- a client-based system rather than a system based on annual applications;
- one integrated student assistance system which would have significantly reduced the resources (financial and staff) required for the annual update of the student assistance system;
- users with a significantly greater degree of system assistance during the assessment process;
- the existence of a rule-base for assessment decisions;
- a wider range of reference data than currently exists, that is, data associated with the course etc. would no longer have to be entered for each application;
- more meaningful client notifications through system-determination of the content of all NoAs rather than relying on the discretion of assessors to nominate core paragraphs. This would also make the NoAs more informative and more personal;
- an enhanced review process;
- a means to reduce overpayments and fraud by bringing all elements of student assistance within the system where they could be systematically administered;
- improved enquiries processing by having all relevant assessment data available on the system, thereby reducing the need for referral to paper files, consequentially improving the time taken to attend to enquiries;
- significant work practice efficiencies by extending the boundaries of work performed within the system and reducing the percentage of manual work; and



- a range of other miscellaneous benefits, such as the introduction of a comments facility to enable relevant commentary to be entered and brought to the attention of assessors.

Appendix 6

Results of SAC Focus Group Discussions

Table 6.1:  
SAC focus group discussions - client needs and gaps analysis

ASPECT OF CLIENT NEED	OVERALL RATING
<b>Prompt response to general enquiries</b>	
• during the season	Poor to average
• off season	Good to excellent
<b>Prompt response to specific enquiries</b>	
• during the season	
• off season	
<b>Accurate response to general enquiries</b>	
• during the season	
• off season	
<b>Accurate response to specific enquiries</b>	
• during the season	
• off season	
<b>Ability for clients to decide for themselves whether an application will be successful</b>	
<b>Ability and acceptance of reasons for ineligibility</b>	
• understanding	
• \acceptance	
<b>Simple process</b>	
<b>User friendly forms</b>	
<b>Prompt and accurate decisions</b>	
• promptness	
• accuracy	
<b>Accurate payment</b>	

## Appendix 7

# Evaluation Process for Student Assistance Forms

1. The Information Section, Student Assistance Operations Branch, National Office is responsible for reviewing and designing student assistance forms. These forms go through an annual evaluation that involves:

- **undertaking an errors analysis** - two SACs<sup>67</sup> are visited each year to:
  - ⇒ assess forms completed by applicants, parents and partners to find out where and why they give incorrect information; and
  - ⇒ talk to enquiry and assessing staff about the problems which applicants, parents and partners had in completing the form and improvements to form design that would facilitate faster, more accurate assessments.

Questions with the highest level of errors<sup>68</sup> are then reviewed to determine how the wording of the question or explanatory notes can be improved for the following season;

- **focus testing the first draft** - the 1997 application form was focus tested at Mt Gravatt SAC in September 1996. Volunteers (student and parents) who were involved in testing were asked to complete the draft 1997 form to the best of their abilities. Following completion of the forms, the groups were asked what areas of the form they had problems with or if there was anything on the form they did not understand. Comments were then considered before the final draft of the form was completed; and
- **convening a national forms working party**: to consider the second draft of the application. This working party, consisting of representatives from each State and National Office, was convened each year from 1990 until 1995. The May 1995 conference consisted of 31 delegates and aimed to gain SAC assessor input into form

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<sup>67</sup> In May 1997, Mt Gravatt and Hobart AUSTUDY SACs were visited. The previous year, the National Office team visited Perth and Adelaide SACs.

<sup>68</sup> The errors are divided into three types: omission (the field should have been completed but was left blank); commission (more information than necessary was provided); and any other error.

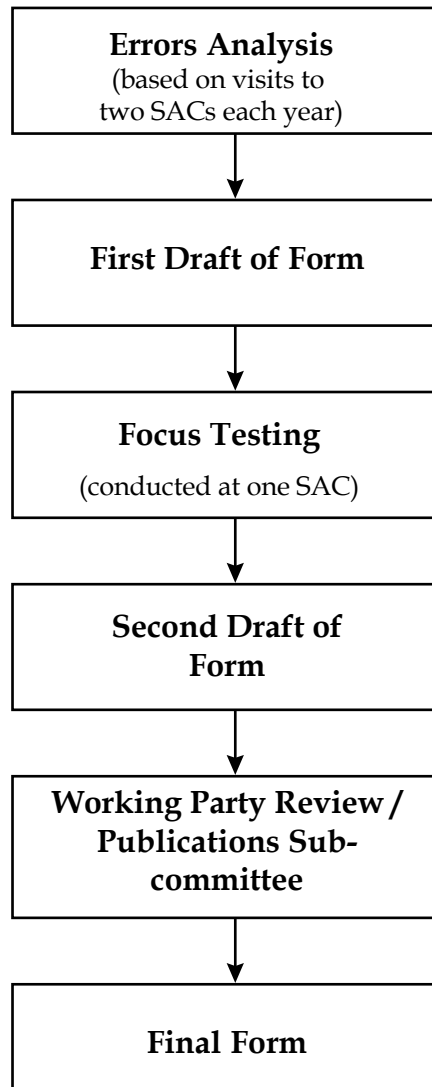
design to aid the efficient processing of applications. No working party was convened to review the 1997 student assistance forms.

2. The evaluation process is outlined in Figure 7.1.

3. In March 1997, the Student Assistance Program Steering Committee set up a Publications Sub-Committee to:

- approve the content of publications and amendments to forms and publications issued in connection with Student Assistance Programs;
- ensure that the content of such publications is fully consistent with main and subordinate legislation and the policy of the Government; and
- seek the guidance of the Student Assistance Program Steering Committee in cases of special difficulty.

- **Figure 7.1:**  
**Annual evaluation process for AUSTUDY forms**



## Appendix 8

# AUSTUDY Ministerial Correspondence

**Table 8.1:**

**Results of the ANAO's examination of a sample of AUSTUDY ministerials<sup>69</sup>**

### Departmental timeliness standards for ministerial correspondence

*VIP correspondence, correspondence marked For Immediate Final (FIF) or For Departmental Advice (FDA) Standard: clear within 10 working days*

Record number <sup>70</sup>	Number of days to finalise response	Response <sup>71</sup> not finalised. Number of days outstanding	No response required
1	-	32 -	-
2	-	31 -	-
3	-	10	-
4	-	9 <sup>73</sup>	-
5	-	7* -	-
6	-	1*	-
7	34	-	-
8	-	-	✓
9	-	34(FMO) <sup>6</sup>	-
10	-	31(FMO)	-
11	22	-	-
12	-	9*	-
13	-	1*	-
14	77	-	-
15	-	-	✓

<sup>69</sup> The ministerial correspondence examined by the ANAO was selected using systematic sampling. The ANAO selected every 28<sup>th</sup> AUSTUDY ministerial received between 1 December 1997 and 1 April 1997 to achieve a sample size of 30 ministerials.

<sup>70</sup> The sample included an equal number of records to which each of the timeliness standards applied (that is, fifteen records for each standard).

<sup>71</sup> Ministerial responses not finalised as at 2 April 1997, the date that the Departmental report was printed.

*All other ministerial correspondence      Standard: clear within 15 working days*

<b>Record number</b> <sup>72</sup>	<b>Number of days to finalise response</b>	<b>Response</b> <sup>73</sup> <b>Number of days outstanding</b>	<b>Not finalised</b>	<b>No response required</b>
1	-	38		-
2	-	30		-
3	-	25		-
4	-	16		-
5	-	-		✓
6	33	-		-
7	-	-		✓
8	-	27(FMO)		-
9	-	-		✓
10	-	15		-
11	-	13*		-
12	-	-		✓
13	-	-		✓
14	-	-		✓
15	35	-		-

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<sup>72</sup> The sample included an equal number of records to which each of the timeliness standards applied (that is, fifteen records for each standard).

<sup>73</sup> Ministerial responses not finalised as at 2 April 1997, the date that the Departmental report was printed.

## Appendix 9

# Performance Audits in the Employment, Education, Training and Youth Affairs Portfolio

*Set out below are the titles of the reports of the main performance audits by the ANAO in the Employment, Education, Training and Youth Affairs Portfolio tabled in the Parliament in the past three years.*

*Audit Report No.5 1994-95*

*Follow-up Audits*

*Department of Employment, Education and Training*

*- New Enterprise Incentive Scheme (NEIS)*

*- Protective Security*

*- AUSTUDY*

*Audit Report No.23 1994-95*

*Follow-up Audit*

*Department of Employment, Education and Training*

*English as a Second Language*

*Audit Report No.30 1994-95*

*Commonwealth Government Information and Advertising*

*Audit Report No.3 1995-96*

*CES Case Management*

*Department of Employment, Education and Training*

*Audit Report No.23 1995-96*

*Procurement of Training Services*

*Department of Employment, Education, Training and Youth Affairs*

*Audit Report No.25 1995-96*

*Performance Information*

*Department of Employment, Education, Training and Youth Affairs*

*Audit Report No.30 1995-96*

*Implementation of Competition in Case Management*

*Employment Services Regulatory Authority*

*Department of Employment, Education, Training and Youth Affairs*

*Audit Report No.2 1996-97*

*The Administration of the*

*Australian National Training Authority*



Audit Report No.6 1996-97  
*Commonwealth Guarantees, Indemnities  
and Letters of Comfort*

Audit Report No.7 1996-97  
*IT Acquisition Councils*

Audit Report No.16 1996-97  
*Payment of Accounts*