
The Parliament of the Commonwealth of Australia

Report 452

Natural Disaster Recovery; Centrelink Telephone Services; and Safer Streets Program

Review of Auditor-General Reports Nos 24-50 (2014-15)

Joint Committee of Public Accounts and Audit

December 2015
Canberra

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Foreword

On 25 June 2015, the Joint Committee of Public Accounts and Audit (JCPAA) resolved to review three Australian National Audit Office (ANAO) reports: Audit Report No. 34 (2014-15), *Administration of the Natural Disaster Relief and Recovery Arrangements by Emergency Management Australia*; Audit Report No. 37 (2014-15), *Management of Smart Centres' Centrelink Telephone Services*; and Audit Report No. 41 (2014-15), *Award of Funding under the Safer Streets Program*.

A key theme emerging from the Committee's review of these reports was encouraging better practice, both in terms of grants administration and performance monitoring and reporting.

Grants administration is an important activity involving a significant amount of public funds each year. The transparency and accountability of grant funding decisions have been matters of longstanding Parliamentary and public interest. The Committee was therefore interested in the ANAO's findings on the Attorney-General's Department's (AGD) administration of two grants programs: the Natural Disaster Relief and Recovery Arrangements, and the Safer Streets Program. The grants administration framework, through the *Public Governance, Performance and Accountability Act 2013* and the Commonwealth Grants Rules and Guidelines, promotes transparent, accountable and cost-effective grants administration.

The key message from the ANAO is that a much more active and disciplined approach to AGD's administration of the Natural Disaster Relief and Recovery Arrangements (NDRRA) is required so that payments are limited to those items the Australian Government intended to cover. The ANAO report pointed to issues with AGD's claims verification process and a lack of clarity in the NDRRA framework, as reflected in varying state interpretations of the framework and payment of ineligible expenditure claims. The Committee was encouraged by AGD's update on its response to the ANAO recommendations. However, AGD needs to continue to demonstrate effective implementation of the audit recommendations for this important program, particularly in light of possible changes to NDRRA as a result of the recent Productivity Commission review. The


Committee made three recommendations in the report: that the department report back to the Committee on its progress towards implementing the ANAO's audit recommendations; that the ANAO consider conducting an audit of AGD's implementation of performance audit recommendations; and that the ANAO consider a follow-up audit of the department's administration of NDRRA.

Similarly, the key message from the ANAO in regards to the Safer Streets Program is that, although there are difficulties with administration of election commitment grants programs, grant administration basics still need to be followed. The Government provided significant funds to establish the Safer Streets Program, administered by AGD. The program, which delivered on an election commitment, sought to deliver solutions that targeted local crime hot spots and anti-social behaviour. By their own acknowledgment, AGD fell short across a range of areas. The Committee made two recommendations: to ensure that grants programs run by the AGD are better administered in the future, a follow-up audit should be conducted; and that the Department of Finance should amend the guidelines to deal explicitly with Commonwealth Funding Rounds that deliver on election commitments.

Improved performance monitoring and reporting, against robust key performance indicators (KPIs), has been a long-term focus of the JCPAA. The key message in ANAO Report No. 37 (2014-15) is that the Department of Human Services needs to review its KPIs for Centrelink telephone services to better clarify the service standards that customers can expect, and improve transparency and accountability. The Committee made five recommendations: that the department report back to the Committee on its progress in implementing KPIs that are fit for purpose in the Smart Centre environment, on the implementation of the Welfare Payment Infrastructure Transformation and on its training for staff to deliver the Smart Centre concept; report against a broader range of KPIs for Centrelink telephone services; and ensure more frequent performance reporting on Centrelink telephone services.

I thank Committee members for their deliberation on these matters. I also thank agency representatives who appeared at public hearings for assisting the JCPAA in its important role of holding Commonwealth agencies to account for the efficiency and effectiveness with which they use public monies.

Hon Ian Macfarlane MP
Chair



Membership of the Committee

Chair Hon Ian Macfarlane MP (from 15 Oct 2015)

Dr Andrew Southcott MP (to 15 Oct 2015)

**Deputy
Chair** Mr Pat Conroy MP

Members Hon Anthony Albanese MP

Ms Gai Brodtmann MP

Mr Andrew Giles MP

Dr David Gillespie (from 19 Oct 2015)

Dr Peter Hendy MP (to 12 Oct 2015)

Mr Craig Laundry MP

Mrs Jane Prentice MP

Mr Angus Taylor MP

Mr Ken Wyatt MP (to 12 Oct 2015)

Senator Cory Bernardi

Senator Katy Gallagher (until 12 Nov 15)

Senator Chris Ketter

Senator Jenny McAllister (from 12 Nov 15)

Senator Bridget McKenzie

Senator Dean Smith

Committee Secretariat

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Inquiry Secretary	Dr Kate Sullivan
Research Officers	Dr Andrew Gaczol Ms Jean Cuthill (to 6/11/15)
Administrative Officer	Ms Tamara Palmer



Terms of reference

On 25 June 2015, the Committee resolved to review the following audit reports in detail:

- Audit Report No. 34 (2014-15) *Administration of the Natural Disaster Relief and Recovery Arrangements by Emergency Management Australia*
- Audit Report No. 37 (2014-15) *Management of Smart Centres' Centrelink Telephone Services*
- Audit Report No. 41 (2014-15) *The Award of Funding under the Safer Streets Programme*



List of recommendations

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

Recommendation 1

The Committee recommends that the Attorney-General's Department report to the Committee, no later than six months after the tabling of this report, on its progress towards:

- implementing the recommendations in ANAO Report No. 34 (2014-15), with particular reference to utilisation of project-level information from states and territories to enable more informed analysis of claim amounts, and implementation of a risk-based approach to examining the eligibility and value for money of recovery and reconstruction projects
- implementing the four key activities outlined in its submission to the Committee:
 - ⇒ the rewrite of the NDRRA determination
 - ⇒ a national collaborative audit program
 - ⇒ development of an appropriate system to manage NDRRA claims and financial data
 - ⇒ an internal restructure to support compliance monitoring and assessment
- comparing the department's approach in this area to best practice in the insurance industry

Recommendation 2

The Committee recommends that the Australian National Audit Office consider prioritising the Attorney-General's Department in its continuing

series of audits of agencies' implementation of performance audit recommendations.

Recommendation 3

The Committee recommends that the Australian National Audit Office consider including in its schedule of performance audits a follow-up audit of administration of the Natural Disaster Relief and Recovery Arrangements by the Attorney-General's Department.

3 Management of Smart Centres' Centrelink Telephone Services

Recommendation 4

The Committee recommends that the Department of Human Services report back to the Joint Committee of Public Accounts and Audit, within six months of the tabling of this report, with information on how it has increased training for staff to deliver the Smart Centre concept and the level of training experience.

Recommendation 5

The Committee recommends that the Department of Human Services report back to the Joint Committee of Public Accounts and Audit, within six months of the tabling of this report and then on an annual basis, on the implementation of the Welfare Payment Infrastructure Transformation and the subsequent impact this has had on real time performance measuring, management and service delivery.

Recommendation 6

To ensure that internal key performance indicators are relevant and fit for purpose in the Smart Centre environment and for online service delivery, the Committee recommends that the Department of Human Services:

- examine the completeness and appropriateness of its existing internal key performance indicators
- develop appropriate targets for existing internal key performance indicators wherever practical
- investigate, with a view to adopting, additional key performance indicators – including:
 - ⇒ 'First Contact Resolution' and 'First Call Resolution' information
 - ⇒ performance information relating to the Interactive Voice Response system – including information relating to the numbers of and reasons for resolved and unresolved calls

- report back to the Joint Committee of Public Accounts and Audit, within six months of the tabling of this report, on its progress in implementing this recommendation.

Recommendation 7

To improve transparency and better inform customer expectations, the Committee recommends that the Department of Human Services publicly report a broader range of key performance indicators (and their associated targets) for Centrelink telephone services – which should at least include all current internal performance indicators and any additional indicators adopted as a result of Recommendation 6.

Recommendation 8

To improve transparency, the Committee recommends that the Department of Human Services publish performance information more frequently against its key performance indicators for Centrelink telephone services.

4 Award of Funding under Safer Streets Program

Recommendation 9

To encourage better practice grants administration, the Committee recommends that the Australian National Audit Office consider including in its schedule of performance audits, priority follow-up audits of the grants program administration by the Attorney-General's Department.

Recommendation 10

Recognising that the Commonwealth Grants Rules and Guidelines do not explicitly refer to election commitments, the Committee recommends that the Department of Finance should amend the guidelines to deal explicitly with Commonwealth Funding Rounds that deliver on election commitments. Specifically, that only projects publicly committed to as part of the program should be included.