

Submission to the Joint Committee on Public Accounts and Audit

**Inquiry into Commonwealth investments achieving policy
objectives based on Auditor-General Reports 14, 26, 28 & 47 (2020-
21)**

October 2021

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1. Foreword

The National Disability Insurance Agency (NDIA or the Agency) welcomes the opportunity to make a submission to the Joint Committee of Public Accounts and Audit's (JCPAA) inquiry into Commonwealth investments achieving policy objectives based on Auditor-General Reports 14, 26, 28 & 47 (2020-21). The NDIA's submission below specifically addresses the Auditor-General's Report No. 14 2020-21 – Decision making controls for NDIS Participant Plans.

2. Auditor-General Report No.14 2020–21

2.1 ANAO recommendations

On 29 October 2020 the Auditor-General presented the ANAO's report on Decision-making controls for NDIS Participant Plans (Auditor-General Report No. 14). The ANAO's report cited the following in its rationale for making the audit:

Financial sustainability is a key objective of the NDIS, and the scope and volume of supports funded through participants' plans is a major cost driver. To manage this cost driver, the supports included in participant plans must be 'reasonable and necessary' as defined in the NDIS Act. Decisions about what are reasonable and necessary supports require the exercise of judgement on behalf of delegated decision-makers. Failure to implement effective decision-making controls could result in:

- *inconsistency in the application of the law;*
- *significantly increased Scheme costs;*
- *inadequate provision of support to Scheme participants; and/or*
- *cost-shifting between government programs or to participants.*

The audit made 3 recommendations, relating to policies and processes, continuous improvement processes, and performance monitoring and reporting. The NDIA agreed to all 3 recommendations. Details of the recommendations, together with the steps the NDIA is taking to remediate the issues, are set out below.

The NDIA, via its Internal Audit team, monitors progress of the recommendations and actions on a continuous basis. Status of each recommendation is reported to the NDIA's Executive Leadership Team and the Board Audit Committee on a quarterly basis.

2.2 Recommendation 1 – Policies and processes for reasonable and necessary supports

2.2.1 Audit Recommendations

In 2019-20 the ANAO reviewed the NDIA's policies and processes for determining reasonable and necessary supports.

The Report found:

While the NDIA had established largely appropriate policies and processes for participant planning, the implementation of the policies and processes did not provide the NDIA with appropriate assurance that supports in participant plans are reasonable and necessary.

The ANAO recommended:

The National Disability Insurance Agency review and update the ICT system controls relating to recording participant planning considerations and approvals, to align the system processes with internal policy requirements and to better support planning processes for reasonable and necessary decision-making.

2.2.2 NDIA Response

The NDIA agreed with the ANAO's recommendation, and responded:

The NDIA has commenced a program of work to design and implement improvements to the ICT systems used for participant planning. This program of work is currently in its design phase and includes a stream of work focused on the design of the planning process.

The program will include appropriate preventive controls, processes, data pre population and system edits to support the end-to-end participant planning process and transition off-system processes to the new system. The design phase will integrate the system controls improvements identified in ANAO's findings.

The system configuration for plan delegate limits was realigned to the Instrument of Delegation during the course of the audit.

The NDIA is continuing to progress ICT system changes and improvements to ensure systems are better aligned with internal policies and processes. The NDIA has developed work packages to ensure the new ICT system is designed and deployed to support NDIA processes with appropriate system controls.

Initial ICT work packages for home and living supports were deployed in financial year 2020-2021. Development of the remaining work packages is expected to continue until financial year 2022-2023, with the progressive releases following appropriate testing, staff training and implementation.

This recommendation is still in progress.

2.3 Recommendation 2 - Oversight of reasonable and necessary supports

2.3.1 Audit findings

The ANAO reported on whether the NDIA had appropriate oversight to ensure supports in participant plans are 'reasonable and necessary' as below.

The NDIA does not yet have appropriate oversight mechanisms in place to ensure the supports in participant plans are reasonable and necessary. The NDIA has established some frameworks for oversight and control of decision-making for participant plans; however, to date, this is not systematically leading to enterprise wide actions for improvement and compliance in decision-making.

The ANAO recommended:

The National Disability Insurance Agency establishes mechanisms to track and analyse (at the enterprise level) issues arising from review mechanisms to inform continuous improvement in reasonable and necessary decision-making, including:

(a) using outcomes data from internal reviews and AAT reviews, including early resolution outcomes, to inform continuous improvement in reasonable and necessary decision-making; and

(b) implementing metrics for measuring the success of continuous improvement initiatives to enable the Agency to determine whether the initiatives are having the intended impact.

2.3.2 NDIA Response

The NDIA agreed with the ANAO's recommendation and responded:

The NDIA has expanded the role of the Performance Management and Quality Branch to be responsible for all National Delivery and Partner performance, productivity, and quality metrics.

The new branch has responsibility for conducting post decision quality assurance for all planning and review activities. NDIA has commenced a review of the planning quality assurance program to ensure that the outcomes of assurance activity provide a more complete indicator of performance and compliance with NDIS Act.

The revised Performance Management and Quality Branch structure is being implemented to provide capability for root cause analysis of poorer quality planning and performance issues, drive improvements through learning and development and change, and mature tracking and monitoring of actions in the continuous improvement register to address planning issues.

The NDIA has also developed a specific program of work to capture theme and emerging hotspots across complaints, reviews and administrative appeals.

The NDIA acted immediately to address the issues raised, including undertaking a review of performance and quality assurance programs, which led to the restructuring of the Performance Management and Quality Branch, and implementation of the changes outlined in the NDIA's submission to the JCPAA's inquiry into Commonwealth Financial Statements 2019-20. These changes implemented include:

- Revised plan approval quality test program to assess whether each of the reasonable and necessary criteria (section 34 of the NDIS Act) is considered prior to approving supports in a participant's plan.
- Developed a root cause analysis guide, which is now used to analyse test results to identify required improvements in plan quality, sustainability and participant experience.
- Implemented a new Continuous Improvement program to provide training that drives improvements in priority areas. Priority areas are determined based on a consolidation of themes and trends from all quality assurance activity, complaints and reviews and progress is discussed monthly with senior leaders responsible for reasonable and necessary decision-making.
- Implemented new performance management and quality reporting regime that incorporates results from all quality assurance activities, and trends for analysis of complaints and reviews. Reports are provided monthly to planning teams (who make the decisions) and results are now summarised and reported monthly to NDIA's Executive Leadership Team.

This recommendation is complete.

2.4 Recommendation 3 – performance monitoring and reporting for participant plans

2.4.1 Audit Findings

The ANAO reported on whether the NDIA had appropriate performance monitoring and reporting for participant plans and recommended:

The National Disability Insurance Agency align service delivery KPI [key performance indicators] and quality metric targets for reasonable and necessary decision-making; and review the target on a regular basis with a view to increasing the target to drive greater quality standards in reasonable and necessary decision-making.

2.4.2 NDIA response

The NDIA agreed with the ANAO's recommendation, and responded:

The NDIA has revised its service delivery KPIs. The revised set of 10 KPI's have been created to monitor performance and drive improvement towards meeting the service commitments set out in the Participant Service Charter and the 22 Participant Service Guarantee response timeframes. The revision also ensured the KPIs' alignment with NDIA Corporate Plan 2020-2024.

The revised KPIs have set a baseline target for reasonable and necessary decision-making. Additionally, metric targets for 'better' and 'best' have also been established to drive greater quality standards and will be reviewed at least annually.

The revised KPI target for reasonable and necessary decision-making will be used to realign targets for quality metrics and business assurance testing reported to NDIA's executive leadership team and board, including committees.

As of October 2021, all measurement and reporting of reasonable and necessary decision-making performance and KPIs is aligned. Results are reported monthly to both planning teams and the NDIA's Executive Leadership Team. The Performance Management and Quality branch is currently undertaking a review of the Participant Experience Group's KPIs (expected completion in October 2021), and these reviews will continue to occur annually.

This recommendation is complete.

2.5 General Updates

2.5.1 Instrument of Delegation

The Instrument of Delegation is critical to ensuring the NDIA's documentation aligns to the current structure of the NDIA and supports staff in key decision-making.

The CEO of the NDIA has approved the release of the revised Instrument of Delegation 3 of 2021. This is part of the Agency's commitment to regularly update the Instrument of Delegation to reflect changes to the Agency's structure, roles, titles and permissions under the *National Disability Insurance Scheme Act 2013* (NDIS Act).

The updated Instrument of Delegation 3 of 2021 came into effect on Monday 13 September 2021. It gives additional decision making powers in the areas of reviewable decisions, plan reviews, children and nominees to some staff working in access and reviews and performance and quality management areas.

By giving more staff of varying levels greater decision-making powers, the NDIA can continue to make timely, accurate decisions for participants in line with the Participant Service Guarantee, while assigning manageable workloads to delegates.

2.5.2 Staff Training

The NDIA will commence reporting staff training rates in the annual report from 2021. Over the past 12 months, the NDIA continued to develop training to provide planners and Local Area Coordinators (LAC) with the confidence and skills to ensure participants have the right supports in their plans. A total of 1,921 Agency staff and 2,311 Partners in the Community have completed this training.

In addition, the Agency delivered training programs to help frontline staff with participant check-ins and to have more effective and meaningful conversations with participants. The Agency is also working to ensure staff have the right capabilities through the continuous design and delivery of mandatory eLearning training and induction programs.

2.5.3 Annual Guidance Reviews and Operational Guidelines

The NDIA undertakes rolling annual reviews of all guidance provided to staff. Updated guidance material is rolled out to staff on a monthly basis as part of Monthly Improvement Packs, with major changes accompanied by mandatory training, and minor changes accompanied by refresher training as needed.

In addition to regular reviews of internal guidance, the NDIA is reviewing all Operational Guidelines to make them clearer and easier to understand. The new guidelines are written in plain English and include more information about how the NDIA makes decisions. The new format and structure were designed based on research with participants, and lay out the NDIA's processes in a simple, logical way for both participants and planners, as well as providing practical examples and explanations for supports the NDIS does and does not fund. The new Operational Guidelines form part of the NDIA's commitment to enhance the efficiency and effectiveness of systems, in line with the [Corporate Plan 2021-25](#), with all Guidelines to be rewritten into Plain English by the end of 2021.

2.6 Conclusion

The NDIA is committed to taking these actions to address the ANAO's recommendations and trusts the information above will be of benefit to the JCPAA.