

**Senate Standing Committee on Community Affairs**

**ADDITIONAL ESTIMATES – 24 FEBRUARY 2011  
ANSWER TO QUESTION ON NOTICE**

**Human Services Portfolio**

**Topic:** Australian National Audit Office Audit on Fraud Investigations

**Question reference number:** HS 8

**Senator:** Fifield

**Type of question:** Hansard CA page 87

**Date set by the committee for the return of answer:** 8 April 2011

**Number of pages:** 3

**Question:**

**Senator FIFIELD** - I asked the core department earlier: are you happy that you have taken all the appropriate action recommended by the 2010 ANAO report into Centrelink fraud?

**Mr Withnell** - Yes. As you may recall, last time I mentioned there were some things we already had underway. A number of those have progressed further and a number of new actions are underway.

**Senator FIFIELD** - Have any of the ANAO recommendations not been given effect to?

**Mr Withnell** - No, there is activity in relation to all of the recommendations.

**Senator FIFIELD** - Are you able to provide the committee with a summary of the ANAO recommendations and the activities you are giving effect to?

**Mr Withnell** - I certainly have some material here that I could table. It is not—

**Senator FIFIELD** - In table form? I am happy if you take that on notice and provide it in a format that is appropriate. That would be helpful; thank you.

**Answer:**

Since 2009, Centrelink has been improving its ability to separate compliance review and investigation activity to ensure better alignment with Australian Government Investigation Standards and that the most appropriate intervention is undertaken. To achieve this it has established separate investigation and review teams.

Centrelink has also been improving its ability to identify and investigate serious fraud cases with a new organised fraud team established in 2010. This team will expand our existing capability to work with key law enforcement agencies as part of the Whole of Government Organised Crime Framework.

The recommendations of the ANAO audit on fraud investigations are at Attachment A.

Prior to, during and post the audit, a number of business improvements have been implemented. These improvements often relate to more than one recommendation:

#### Business Processes and Performance Measures:

- business process redesign for investigations in progress, including the examination of ‘time attribution’ as a measure of investigator activity;
- development of a new set of performance indicators to better reflect impact on overall compliance;
- broad internal consultation on revised Investigations and Prosecution Referral Guidelines and the Case Prioritisation Framework;
- a process to support the ongoing review and updating of the Fraud Investigation Manual introduced; and
- development and implementation of a strategic development plan for Centrelink’s Intelligence function.

#### Case Management System:

- purchase of an Investigation Management System to replace the Fraud Investigations Case Management System. Testing to commence April 2011.

#### Skills Development and Assurance:

- Technical Support Officer positions have been established in all investigation teams;
- Centrelink specific Certificate IV in Government (Fraud Investigations) introduced;
- introduction of enhanced ongoing skills training for investigators;
- uniform structure for all investigation teams and improved ratio of investigators to team leaders and managers;
- operating procedures for the introduction of an oversight management committee to monitor Centrelink’s investigations is currently being finalised, with trials to commence at selected sites from April 2011;
- a gateway process for case progression for referral to the Commonwealth Director of Public Prosecutions has been developed and is being implemented;
- a revised Quality Assurance Reporting framework has been developed and is being implemented to ensure investigations are subject to uniform quality checks;
- training for new and existing staff is being developed and conducted with the assistance of the Australian Federal Police out-posted officers and external providers; and
- Centrelink is appointing two specialist investigator advisory staff who will commence from mid-April 2011 to work with all Investigation Teams and will be responsible for the implementation of new procedures that will ensure national consistency in service delivery.

#### Stakeholders:

- ongoing enhancement of relationships with key law enforcement and partner agencies, such as the Australian Crime Commission and the Australian Federal Police; and
- negotiations commenced with the Commonwealth Director of Public Prosecutions for a new Memorandum of Understanding.

## ANAO AUDIT RECOMMENDATIONS

### **Recommendation No. 1 (Para 3.54)**

To facilitate the more effective use of its fraud intelligence capability, the Australian National Audit Office (ANAO) recommends that Centrelink review its fraud prioritisation and case selection policies, internal targets and performance indicators for fraud management so as to better align these policies and measures with its fraud control strategies.

### **Recommendation No. 2 (Para 4.30)**

The ANAO recommends that Centrelink reviews the support provided to fraud control staff, paying particular attention to:

- the content of its Fraud Investigation Manual to ensure investigation guidelines, procedural controls and processes are clearly articulated and consistent with the Australian Government Investigation Standards and Social Security legislation
- managerial oversight of decision making and documenting critical decisions throughout the investigation process, including when an administrative investigation transitions to a criminal investigation, and
- the efficiency and useability of Centrelink's fraud related decision support and reporting systems.

### **Recommendation No. 3 (Para 4.40)**

To improve compliance with external and internal fraud investigation requirements and the quality of its decision-making, the ANAO recommends that Centrelink:

- increase the level of guidance and oversight provided to support decision making by fraud investigators throughout the investigative process, from the point of case selection through to finalisation of the fraud investigation, and
- develop a rolling program of specialised training for its fraud control staff that includes regular refresher courses on the policies and procedures in its Fraud Investigation Manual.

### **Recommendation No. 4 (Para 6.46)**

To improve the quality and reliability of its fraud management related systems, the ANAO recommends that Centrelink review its standards and procedural controls for the accurate recording, reporting and evaluation of fraud data, to enable:

- investigation timeframes to be monitored, particularly in regard to serious fraud cases, and
- fraud to be more accurately quantified and the cost-effectiveness of Centrelink's fraud control strategies to be assessed.