

OFFICIAL



Auditor-General for Australia



23 January 2024

Ms Libby Coker MP
Chair
Joint Standing Committee on the National Disability Insurance Scheme
By email: ndis.joint@aph.gov.au

Dear Ms Coker

ANAO Submission for the Inquiry into the NDIS participant experience in rural, regional and remote Australia

The Australian National Audit Office (ANAO) presented the following performance audits to the Parliament that you may find relevant to the above inquiry:

- Auditor-General Report No.43 (2022-23) [Effectiveness of the National Disability Insurance Agency's Management of Assistance with Daily Life Supports](#); and
- Auditor-General Report No.14 (2020-21) [Decision-making Controls for NDIS Participant Plans](#)

Information about what the audits assessed, concluded and recommended is attached. The audit reports are available online at www.anao.gov.au.

Should the Committee require further information in relation to these matters, my office would be pleased to provide you with a briefing at a time convenient to you or appear as a witness at a hearing. To arrange a briefing, please contact our External Relations team at external.relations@anao.gov.au.

Yours sincerely

Grant Hehir

OFFICIAL

OFFICIAL

Auditor-General Report No.14 2020–21 *Decision-making Controls for NDIS Participant Plans*

Background

1. The National Disability Insurance Scheme (NDIS or the Scheme) replaced existing Commonwealth, state and territory disability support systems with a nationally consistent scheme aimed at providing Australians under the age of 65, who have a permanent and significant disability, with the reasonable and necessary supports they need to live an ordinary life. The NDIS is a nationally based scheme with funding and governance shared amongst all governments. The National Disability Insurance Agency (NDIA or the Agency) holds and manages Scheme funds, administers access to the Scheme and approves payments of support packages based on individual participants' needs.

2. The NDIS provides funding to eligible participants so they can access disability supports and services. The Scheme commenced in July 2013 with a three year trial phase before being progressively rolled out to each state and territory over a four year transition phase from 1 July 2016. 2020–21 is the Scheme's first year of full operation, with the NDIA transitioning to full scheme on 1 July 2020. When fully implemented, the Scheme is expected to benefit around 500,000 Australians.

3. The NDIS care model seeks to invest in appropriate supports over the life of each participant. Eligible participants will develop a plan with the NDIA, which identifies their individual goals and aspirations and the 'reasonable and necessary' supports¹ required to help them achieve these. Plans generally cover a minimum 12 month period. Plans are reviewed with a participant prior to expiry and a new plan is developed. Participants with an approved plan may purchase supports from service providers of their choice.²

4. Participants receive funding for supports — assistance or products that help a person in their daily life and help them to participate in the community and reach their goals — from the NDIA through the provision of a participant plan. The requirements for plans are outlined in section 33 of the *National Disability Insurance Scheme Act 2013* (NDIS Act). A key component of a plan, the statement of participant supports, which is prepared with the participant and approved by the NDIA Chief Executive Officer (CEO) specifies, among other things, any reasonable and necessary supports that will be funded under the NDIS. In making a decision over the funding for reasonable and necessary supports, the CEO must be satisfied of six criteria outlined in subsection 34(1) of the NDIS Act.

Rationale for undertaking the audit

5. The NDIS represents a significant financial commitment by all Australian governments. The NDIS is expected to grow over the next three years to provide support to approximately 500,000 Australians with permanent and significant disability. In 2019–20, \$16.1 billion of supports was funded through participant plans.

6. Decisions on the reasonable and necessary supports to be provided to participants under the Scheme are critical to both participant outcomes and Scheme financial sustainability. Financial sustainability is a key objective of the NDIS, and the scope and volume of supports funded through

¹ The criteria for determining if a support is 'reasonable and necessary' are set out in section 34 of the *National Disability Insurance Scheme Act 2013*.

² Individuals or organisations delivering a support or product to a participant of the NDIS must generally be registered with the NDIS, except for self-managed participants, who may access supports from non-registered providers.

OFFICIAL

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.

7. The NDIA's control framework has been subject to two previous ANAO performance audits. Of particular relevance is the ANAO's 2017–18 audit that examined the decision-making controls for NDIS access.³ This audit builds on the work undertaken in the earlier audit to provide assurance of the financial sustainability control framework for the NDIS, by examining decision-making controls for participant plans.

Audit objective and criteria

8. The audit objective was to assess whether the NDIA has appropriate controls to ensure supports in participant plans are 'reasonable and necessary'.

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

- Has the NDIA established and implemented appropriate policies and processes to ensure supports in participant plans are 'reasonable and necessary'?
- Is there appropriate oversight to ensure supports in participant plans are 'reasonable and necessary'?

Conclusion

10. The NDIA does not yet have appropriate controls to ensure supports in participant plans are 'reasonable and necessary'. While an appropriate control framework had been established, the effective implementation of the controls will provide the NDIA with greater assurance that the supports approved in participant plans are reasonable and necessary. Effective implementation of controls will further assist the NDIA to manage risks relating to Scheme sustainability, while ensuring participants are receiving adequate supports.

11. 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.

12. 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

³Auditor-General Report No.13 of 2017–18 *Decision-making Controls for Sustainability — National Disability Insurance Scheme Access*.

OFFICIAL

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.

Supporting Findings

13. The NDIA has established largely appropriate policies and processes for participant planning. The NDIA's internal guidance and training materials are consistent with the legislation, although oversight of training completion could be improved. Additional support mechanisms are in place to assist delegates in reasonable and necessary decision-making. The NDIA instrument of delegation had not been updated to reflect organisational changes made to plan delegation level four arrangements over a two year period.

14. Implementation of participant planning has not complied with established policies and processes. The NDIA's quality assurance audits have shown low levels of compliance with internal policy. The NDIA's Customer Relationship Management system does not fully support recording of participant planning considerations and approvals, or require all mandatory planning requirements to be completed.

15. The NDIA had implemented a largely appropriate quality assurance process for participant plans. There was not enough evidence that quality assurance activities lead to action taken to resolve the issues identified and systemic improvement. As the NDIA had recently commenced continuous improvement processes, it was not evident what impact these processes have had to date.

16. While the NDIA had some mechanisms for review processes to inform continuous improvement in decision-making for reasonable and necessary supports, these are not considered at an enterprise level and their impact is unclear.

17. Since June 2019, the NDIA has been measuring performance of planners in relation to reasonable and necessary decision-making through an internal Key Performance Indicator (KPI) and a separate quality metric. The underlying input to both performance measures is the same, yet the measures have different targets. The NDIA does not report externally specifically in relation to reasonable and necessary supports in participant plans; however, information more broadly around reasonable and necessary supports is included in external reports.

Recommendations

Recommendation No. 1

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.

National Disability Insurance Agency Response: Agreed

Recommendation No. 2

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:

OFFICIAL

- 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.

National Disability Insurance Agency Response: Agreed

Recommendation No. 3

The National Disability Insurance Agency align Service Delivery KPI 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.

National Disability Insurance Agency: Agreed and Complete

OFFICIAL

Auditor-General Report No.43 2022–23 *Effectiveness of the National Disability Insurance Agency’s Management of Assistance with Daily Life Supports*

Background

1. The National Disability Insurance Scheme (NDIS or the Scheme) was established in 2013 under the *National Disability Insurance Scheme Act 2013* (NDIS Act) to provide funding for reasonable and necessary supports for eligible people with disability. The NDIS is jointly funded by the Australian, state and territory governments under bilateral agreements. In 2021–22, NDIA made \$28.6 billion in payments to 534,655 participants for NDIS supports. Fifty-five per cent of all participants (295,281) aged seven years and over received funding for assistance with daily life (ADL) supports, averaging \$96,996 per year. The NDIS is expected to grow to 1,017,522 participants and \$89.4 billion for the year ending 30 June 2032.

2. The National Disability Insurance Agency (NDIA) is the Australian Government entity responsible for delivering the NDIS. The NDIA contracts Partners in the Community (PITC) organisations, including Local Area Coordinators (LACs) and Early Childhood (EC) Partners to assist participants with applying to join the NDIS and then developing and implementing their plan of funded NDIS supports.

3. Funding for each NDIA participant is determined through the development of a participant plan, which sets out the participant’s goals and aspirations, the reasonable and necessary supports that they require and will be funded, and how that funding will be managed. Plans can be developed by NDIA staff or LACs and are then approved by a NDIA delegate. NDIA assists participants to implement their plan by publishing information and guidance materials and monitoring plan use.

4. ADL is one of the fifteen categories of supports funded by the NDIS and provides funding for self-care activities, such as showering, eating and moving around the house, and household tasks, such as meal preparation, cleaning and yard maintenance.

Rationale for undertaking the audit

5. Prior audits¹ and reviews² have identified issues with NDIS planning, decision-making, communications, service delivery, access to supports and fraud controls. This audit provides assurance to Parliament on the effectiveness of the NDIA’s management of ADL supports and its management of operational risks, including the implementation of recommendations from prior audits. This audit was identified as a Joint Committee of Public Accounts and Audit priority of the Parliament for 2019–20 and 2020–21.

Audit objective and criteria

6. The objective of the audit was to assess the effectiveness of the NDIA’s management of assistance with daily life supports:

¹Auditor-General Report No. 50 2018–19 *National Disability Insurance Scheme Fraud Control Program*, and Auditor-General Report No. 14 2020–21 *Decision-making Controls for NDIS Participant Plans*.

²Completed inquiries include:

- NDIS Planning (1 December 2020);
- General issues around the implementation and performance of the NDIS (30 November 2021); and
- Current Scheme Implementation and Forecasting for the NDIS (31 March 2022).

OFFICIAL

- Does the NDIA effectively support NDIS participants who require assistance with daily life?
- Does the NDIA effectively manage operational risks to the proper use of resources in administering assistance with daily life supports?

Conclusion

7. The NDIA's management of assistance with daily life supports was partly effective. Seven out of nine recommendations made by the Auditor-General in prior audits relating to improved decision-making controls and fraud controls, which relate to the NDIA's management of risks to proper use of resources, were not fully implemented.

8. The NDIA has developed largely fit for purpose policies, procedures and guidelines to support the administration of ADL, informed by feedback mechanisms and continuous improvement processes. NDIA communications support staff, partner and provider understanding of ADL however, additional communications could be developed to support participant understanding. The NDIA conducts research to inform its communications approach and assesses its effectiveness.

9. NDIA's planning and implementation arrangements are largely fit for purpose. Results of internal quality reviews of decisions to fund reasonable and necessary supports are continually below target. The NDIA publishes guidance material to assist participants to use their allocated funding and implement their plans, and monitors plan usage through regular reports. While the NDIA monitors and assesses participant outcomes through the collection of feedback and data points, greater analysis could be undertaken to inform service improvement.

10. The NDIA has partly effective processes in place to manage the risks to the proper use of resources for all support categories, including ADL, with deficiencies identified in relation to the quality of its decision-making, staff related conflicts of interest and fraud controls. The NDIA partly implemented recommendations from Auditor-General Report No.14 2020–21 *Decision-Making Controls for NDIS Participant Plans*. NDIA has established and follows appropriate arrangements for setting prices for funded supports including ADL. NDIA's management of conflict of interest risk is largely effective for Board members, SES staff and Partners in the Community (PITC). Controls for managing APS staff and contractor providers of support coordination conflicts of interest are partly effective.

11. NDIA has a partly fit for purpose fraud control framework and has partly implemented recommendations from Auditor-General Report No. 50 2018–19 *National Disability Insurance Scheme Fraud Control Program*. The NDIA has partly effective controls for managing the risk of overclaiming by participants and providers.

Supporting Findings

Support for NDIS participants who require assistance with daily life

12. NDIA has policies, procedures and guidelines that support NDIA staff and Local Area Coordinators (LAC) with the administration of assistance with daily life (ADL) supports. The NDIA is currently changing its approach to publishing guidelines on its website to improve how it communicates with

OFFICIAL

participants. The NDIA has effective processes to update Operational Guidelines. Documentation to govern NDIA staff access to Services Australia's Centrelink system was inadequate.

13. NDIA communications include the Operational Guidelines, Participant Booklets and web content. Some information is published in different formats, such as easy read, Braille, Auslan video and languages other than English. Local Area Coordinators support participants to understand ADL supports and include these within their plans where relevant. NDIA has Standard Operating Procedures (SOPs) to support staff and partner implementation of the NDIS, including ADL supports. Participant understanding could be improved with further research of the communication needs of specific cohorts.

14. The NDIA has a structured process for developing and approving plans, based on the complexity of participants' needs. Plans can be developed by Local Area Coordinators or NDIA planning officers and are then approved by a NDIA delegate. Plans up to the value of \$385,000 can be developed and approved by a single delegate. The NDIA uses a typical support package (TSP) calculation to aid consistency in decision making. The NDIA has not assessed the impacts on participant plan outcomes or scheme sustainability from high usage by planners of the World Health Organization Disability Assessment Schedule 2.0 (WHODAS) assessment tool. Since October 2021, the quality of decisions to fund supports considered reasonable and necessary for participants' needs have been below NDIA's target of 75 per cent. NDIA's results against its key performance measure of starting planning within 21 days of Scheme access decision have consistently been above its 95 per cent target since quarter one, 2021–22 and results against the performance measure of approving a plan within 56 days have improved since 2021–22 and reached the target for the first time in quarter two, 2022–23.

15. The NDIA supports participants to implement NDIS funding for supports for activities of daily life (ADL) through education and guidance materials and monitoring use of approved funding. NDIA publishes guidance and online resources to assist participants to connect with and choose NDIS support providers and spend the funding within their plan. Participants may receive funding for tiered levels of support coordination to help implement and manage their plan. Participant survey results indicated the majority understood what happens after the plan is approved and where to seek assistance with implementing their plan. NDIA monitors the implementation phase by tracking the numbers of days it takes for a participant to activate their plan from the date of approval. NDIA generates reports to identify those participants who have not activated their plan within 90 days and may require additional support from NDIA staff or Local Area Coordinators. NDIA has established processes to support monitoring of plan use and connecting with participants at specified intervals or usage rates but does not monitor or report on compliance with these processes. NDIA policy does not assist staff to identify unexpected, overused or underused expenditure. Plan utilisation rates averaged 75 per cent nationally with a gradually increasing trend.

16. The NDIA assesses outcomes for participants, and their families and carers, including through short form and long form questionnaires. These questionnaires include participants who receive ADL funded supports but the results are not categorised by reference to ADL specifically. The survey results are reported monthly to the Board and quarterly to the Disability Reform Ministerial Council. NDIA collects comprehensive data but does not undertake analysis of trends or outcomes to inform service improvement. NDIA provided a 2019 data set to ABS for data linkage. The ANAO saw no evidence of plans for ongoing data linkages which could inform assessment of participant outcomes. The NDIA may improve its ability to measure participant outcomes in the future through the implementation of its 2022–27 Research and Evaluation Strategy.

OFFICIAL

NDIA management of risks to proper use of resources

17. The NDIA has partly implemented the three recommendations from Auditor-General Report no. 14 2020–21 *Decision-making controls for NDIS Participant Plans*. ICT controls aligned to policy requirements for planning decisions have not been implemented. The NDIA reports on the effectiveness of its continuous improvement activities developed to address issues identified in quality monthly reviews. The NDIA does not analyse outcomes of internal or external reviews of decisions to inform continuous improvement. The NDIA has aligned service delivery key performance indicators and quality metrics for reasonable and necessary decision-making.

18. NDIA has established processes for setting the price limits that providers may charge participants for individual funded supports, which include a regular review of set prices and consideration of benchmarks. NDIA demonstrated compliance with its internal requirement for price limits set for the 2022–23 financial year. NDIA's Pricing Strategy defines three pricing levels and uses pricing regulation to foster value for money and encourage increased supply in the market. The Pricing Strategy does not specify how NDIA's performance against the objective or criteria will be measured. NDIA has not set a timeframe for when price deregulation will occur. NDIA has established a reference group with external stakeholder membership to undertake regular pricing reviews. The results of the 2021–22 pricing review were published on 22 June 2022 and took effect on 1 July 2022. The Annual Pricing Reviews are informed by financial benchmarking surveys of providers each year and the NDIS Disability Support Worker Cost Model. NDIA publishes the pricing limits for each support category on its website. The price limits for ADL support items have increased by 18 per cent from 2019–20 to 2022–23.

19. The NDIA has established controls for identifying and managing conflict of interest risks for its Board and Senior Executive Service (SES) staff, which include annual declarations of material interests. The Board should implement procedures to manage conflict of interest risks arising from declarations of members relating to lived experience of disability. APS level staff are required to declare conflicts of interest but there are limited mechanisms to ensure this occurs. Combined with the lack of ICT controls for accessing participant records, staff controls represent an area of risk, especially for plan delegates. NDIA has largely fit for purpose controls for managing Local Area Coordinator conflict of interest risk, including requirements for these to be declared and reported to NDIA, and provision of compliance assurance statements to NDIA. NDIA was unable to quantify the impact that conflicts relating to support coordinators poses to participants.

20. The frequency and rigour of NDIA's assessment of fraud risks is insufficient given it has assessed the fraud risk associated with the agency's activities to be high. The 2019 Fraud and Corruption Risk Register has been updated in November 2022 but not yet approved by the Board. The risk assessment that informs the overall risk rating assigned to fraud risks is not documented. The NDIA Board does not have adequate oversight of fraud risk. NDIA has not fully implemented four of the recommendations from Auditor-General Report no. 50 of 2018–19 *National Disability Insurance Scheme Fraud Control Program*.

21. NDIA utilises prevention and detection controls and compliance activities to manage the risk of overclaiming. NDIA has identified key overclaiming risks for home and living supports, including ADL support types. The assessment has not identified controls or mitigation strategies for all risks. NDIA has inadequate system controls for claims for payment, in particular, from self-managed participants. NDIA is piloting stronger controls for providers claiming the Temporary Transformation Payment.

OFFICIAL

Recommendations

22. This report makes 15 recommendations. Thirteen recommendations are to the NDIA relating to governance of systems access, planning, conflict of interest, and implementing prior audit recommendations on controls for planning decisions and fraud. There is one recommendation to NDIA and Services Australia to document arrangements for NDIA staff to access Centrelink information. There is one recommendation to the Australian Government to align fraud control requirements for NDIA with those of non-corporate Commonwealth entities.

Recommendation No. 1

The National Disability Insurance Agency (NDIA) and Services Australia document the arrangements for NDIA staff to access information in Services Australia's Centrelink mainframe system, including setting out the legislative basis, terms and conditions for use, and applicable governance arrangements.

National Disability Insurance Agency Response: Agreed

Services Australia Response: Not Agreed

Recommendation No. 2

The National Disability Insurance Agency (NDIA) review:

- a) the use of the World Health Organization Disability Assessment Schedule 2.0 (WHODAS) tool by planners in developing participant plans, including analysis of plan outcomes, to assess the impact the use of this assessment tool has on participant plan outcomes and scheme sustainability; and
- b) guidelines, procedures and web content to ensure it transparently conveys NDIA policy about the use of assessment tools consistent with legislative requirements.

National Disability Insurance Agency Response: Agreed

Recommendation No. 3

The National Disability Insurance Agency reviews the impact of its policy changes relating to approval of plans that vary from Typical Support Packages (TSPs), including:

- a) assessing the impact on plan funding outcomes, plan costs and overall scheme costs of no longer requiring higher delegation approval of plans with funding that varies by more than eight per cent from the TSP; and
- b) undertaking a post-implementation review of its new integrated TSP calculator to ensure variations from the TSP reference point are supported by appropriate evidence of participants' circumstances and determine whether ongoing monitoring is needed.

National Disability Insurance Agency: Agreed.

Recommendation No. 4

The National Disability Insurance Agency implement the first recommendation of Auditor-General Report No. 14 of 2020–21 *Decision-making Controls for NDIS Participant Plans* by including controls relating to participant planning considerations and approvals within its new PACE ICT system, to align the system processes with internal policy requirements and to better support planning processes for reasonable and necessary decision-making.

OFFICIAL

National Disability Insurance Agency Response: Agreed

Recommendation No. 5

The National Disability Insurance Agency (NDIA):

- a) fully implement the second recommendation of Auditor-General Report No. 14 of 2020–21 *Decision-making Controls for NDIS Participant Plans* by using outcomes data from internal reviews and Administrative Appeals Tribunal reviews (and other mechanisms such as Independent Expert Reviews), including early resolution outcomes, to inform continuous improvement in reasonable and necessary decision-making; and
- b) regularly publish summaries of NDIA review data and analysis to improve transparency of review processes.

National Disability Insurance Agency Response: Agreed

Recommendation No. 6

- a) The National Disability Insurance Agency (NDIA) improve its management of conflicts of interest by implementing:
- b) procedures for how the Board manages conflicts arising from declared interests of members;
- c) mandatory requirement for all NDIA staff, contractors engaged by NDIA and Partners in the Community staff to make an annual declaration of any real or apparent conflict of interest;
- d) mandatory business practices and ICT controls to restrict access to participant records that relate to a real or apparent conflict of interest reported to NDIA; and
- e) CT controls to log all access and amendments to participant records in CRM and PACE, by staff, contractors and Partners in the Community and conduct regular audits of access logs for compliance with policies and declared conflicts of interest.

National Disability Insurance Agency Response: Agreed

Recommendation No. 7

The National Disability Insurance Agency assess and quantify the conflict of interest risks posed by providers delivering both support coordination and provision of supports to the same participant, and implement controls to mitigate the risk to participants.

National Disability Insurance Agency Response: Agreed

Recommendation No. 8

The Board of the National Disability Insurance Agency:

- a) conduct a fraud risk assessment at least annually, until such time as the board assesses that risk of fraud relevant to the agency's activities has moderated to less than high risk, at which time risk assessments be conducted consistent with the Fraud Control Policy;
- b) identify those fraud risks that are outside the Board's risk tolerance and regularly assess the treatments and controls for those risks; and
- c) record the Board and risk committee's ongoing consideration of fraud risk including the regular assessment and monitoring of fraud risks outside tolerance and the efficacy of controls.

OFFICIAL

National Disability Insurance Agency Response: Agreed

Recommendation No. 9

The National Disability Insurance Agency fully implement the first recommendation of Auditor-General Report No. 50 of 2018–19 *National Disability Insurance Scheme Fraud Control Program* by regularly updating the Risk Register with planned controls, the delivery date and the project or activity under which the control will be developed and implemented.

National Disability Insurance Agency Response: Agreed

Recommendation No. 10

The National Disability Insurance Agency fully implement the fifth recommendation of Auditor-General Report No. 50 of 2018–19 *National Disability Insurance Scheme Fraud Control Program* and ensure visibility of the fraud control environment by providing regular reports to the Board containing a summary of the status of the Fraud and Corruption Risk Register including:

- a) the untreated and treated risk ratings for each of the fraud risk types;
- b) the controls effectiveness rating for each of the fraud risk types; and
- c) the actions required on controls, with implementation dates.

National Disability Insurance Agency Response: Agreed

Recommendation No. 11

When conducting risk assessments for each risk listed in the Fraud and Corruption Risk Register, the National Disability Insurance Agency document the factors considered, their weighting and the rationale for the overall risk rating. The Board should regularly review the risk assessment, including on each occasion it considers a proposed amendment or update to the Fraud and Corruption Risk Register.

National Disability Insurance Agency Response: Agreed

Recommendation No. 12

The National Disability Insurance Agency fully implement the fourth recommendation of Auditor-General Report No. 50 of 2018–19 *National Disability Insurance Scheme Fraud Control Program* by undertaking a review of its project management of fraud control. This review should:

- (a) map all projects and activities with fraud control dimensions, including their status, linkages, relative priority and resourcing;
- (b) determine whether additional projects or activities are required to close any gaps between the fraud risks and the implemented and planned fraud controls within projects; and
- (c) support updating the Fraud and Corruption Risk Register.

National Disability Insurance Agency Response: Agreed

Recommendation No. 13

The National Disability Insurance Agency fully implement the second recommendation of Auditor-General Report No. 50 of 2018–19 *National Disability Insurance Scheme Fraud Control Program* to

OFFICIAL

improve its active fraud detection methods by implementing data matching activity as a matter of priority, and on a continuing basis.

National Disability Insurance Agency Response: Agreed

Recommendation No. 14

That the National Disability Insurance Agency fully implement part (b) of the third recommendation of Auditor-General Report No. 50 of 2018–19 *National Disability Insurance Scheme Fraud Control Program* by establishing performance measures for its investigative functions that align with organisational goals for fraud investigations.

National Disability Insurance Agency Response: Agreed

Recommendation No. 15

The Australian Government aligns the fraud control requirements for the National Disability Insurance Agency with those of non-corporate Commonwealth entities, including the Commonwealth Fraud Control Policy and the reporting requirements of subsection 17AG(2) of the Public Governance, Performance and Accountability Rule 2014.

National Disability Insurance Agency Response: Noted

Attorney-General's Response: Noted

Summary of entity responses

23. The proposed audit report was provided to the National Disability Insurance Agency and extracts were provided to Services Australia (relating to Recommendation no. 1) and to the Attorney-General's Department (relating to Recommendation no. 15). The summary responses, and ANAO rejoinder to Services Australia's response are reproduced below.

National Disability Insurance Agency

The National Disability Insurance Agency (NDIA) welcomes the ANAO's performance audit on the Effectiveness of the NDIA's management of assisting with daily life (ADL) supports.

The NDIA acknowledges the audit findings and agrees with the recommendations. The NDIA is committed to strengthening its ADL support related governance, risk management and control environment to ensure it is effectively managing key service delivery risks that may have adverse impact on the National Disability Insurance Scheme (NDIS) as well as scheme financial sustainability pressures.

The NDIA will roll out its new ICT system (PACE) nationally in Q2 FY2023/24. The new ICT system is expected to better support key service delivery processes, the control environment, monitoring activities and management reporting for effective decision making. In this regard, ANAO recommendations and improvement opportunities in the report are most welcome.

The creation of the Fraud Fusion Taskforce and recent NDIS funding announcement by the Australian Government as well as transition to the new ICT system will enable NDIA to further improve its Fraud Control Program, management of conflict of interest risks and compliance monitoring.

The NDIA agrees with recommendation no:15, noting this recommendation is to be primarily addressed by the Australian Government. The NDIA welcomes the opportunity to contribute.

OFFICIAL

Services Australia

Services Australia (the agency) notes that the finding of the report that there was no written protocol or agreement between the two agencies setting out the scope, terms or legislative basis on which staff of the National Disability Insurance Agency (NDIA) access the agency's Centrelink mainframe to support verification of participant details.

The agency is focused on maintaining the security of customer information, and on ensuring that customer records are only accessed by appropriately authorised individuals or entities for a documented business purpose in line with relevant legislative or other Government policy requirements. To that end, the agency has a Statement of Intent with the NDIA that provides the overarching framework under which NDIA is granted access to certain agency systems, and a Protected Information Disclosure document that provides the legislative basis. The agency provides access to Centrelink information systems on the basis of specified position numbers within NDIA. The access is provided as a result of a rule written into the Centrelink mainframe and does not need to be individually requested by NDIA staff, as it is specifically associated with the requirements of those positions. The position numbers are within the NDIA human resources organisational structure. The systems architecture documents provide further evidence of the controls that are in place to manage user access by NDIA staff in accordance with the above control framework.

ANAO comments on Services Australia's summary response

24. The ANAO assessed the Statement of Intent between NDIA and Services Australia and other documentation received from Services Australia as not adequately setting out the scope, terms, legislative basis and governance for NDIA staff to access Centrelink mainframe systems. The Disclosure of Protected Information to the National Disability Insurance Agency instrument provided by Services Australia is a document recording the delegation of decision-making authority from the Chief Executive Centrelink to various officers within Services Australia to authorise the disclosure of information to NDIA staff where it is to assist in the administration of the NDIS or to support the work of the NDIS Fraud Taskforce and the NDIA's Fraud and Compliance branch. Services Australia did not provide any documentation of decisions made under the instrument, including its consideration of the appropriateness of a request by NDIA to disclose information or grant access to the Centrelink mainframe. The ANAO notes that the NDIA agreed to work with Services Australia to implement Recommendation no. 1 by documenting 'appropriate arrangements to govern the means of provision, removal, and audit of access to Services Australia's Centrelink mainframe'.

Attorney-General's Department

The Attorney-General's Department notes recommendation 15, which is directed to the Australian Government to align the fraud control requirements of the National Disability Insurance Agency (a Commonwealth corporate entity) with those of non-corporate Commonwealth entities. Implementation of the recommendation is a matter for government and the department will work closely with the Department of Finance, the National Disability Insurance Agency and other relevant entities should it be pursued.