



**The Hon Warren Snowdon MP**  
**Minister for Veterans' Affairs**  
**Minister for Defence Science and Personnel**  
**Minister for Indigenous Health**

Mr Robert Oakeshott MP  
Chair of the Joint Committee of Public Accounts and Audit  
Suite R1, 108  
Parliament House  
CANBERRA ACT 2600

Dear Mr  Oakeshott

**Joint Committee of Public Accounts and Audit (JCPAA) Report 417**

I am writing to respond to the 417<sup>th</sup> report (the Report) of the JCPAA tabled in the Parliament on 22 June 2010, entitled *Report 417: Review of Auditor-General's Reports tabled between February 2009 and September 2009*.

Recommendations 8 and 9 relate to matters which are the responsibility of the Department of Veterans' Affairs. I note that my Department has previously advised the Department of Finance and Deregulation that both recommendations are administrative in nature. Accordingly, please find enclosed an Executive Minute which responds to both recommendations.

If you need further information or explanation about any aspect of the response, please contact Mr Adam Luckhurst, Acting General Manager, Support Division, on (02) 6289 6000.

Yours sincerely

**WARREN SNOWDON**

ENCL

**23 DEC 2010**



## Australian Government

### Department of Veterans' Affairs

#### EXECUTIVE MINUTE

on

#### **JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT REPORT 417**

*Review of Auditor-General's Reports tabled between February 2009 and September 2009*

#### **General comments**

- 1.1 The Department of Veterans' Affairs (DVA) previously informed the Committee that a review of the modernisation of the Department's information technology systems was being undertaken, following the pause in development of the Department's Cúram project. This review was conducted by Capgemini and has now concluded.
- 1.2 The review did not recommend replacement of existing information technology systems by one new comprehensive system. The review concluded that major investments in system transformation should be prioritised and made in areas of business which require major re-design to better service the needs of DVA's current and future client demographic. The review also concluded that existing systems with a more limited business life should be retained but rationalised, with the aim to reduce both the cost and risk of their retention.
- 1.3 In 2010 DVA developed the Information & Communication Technology (ICT) Strategic Plan for 2010-2015, to better support current and future business operations, control risk and manage costs. This plan takes into account recent government directions for whole-of-government approaches to ICT development as well as incorporating Australian National Audit Office (ANAO) recommendations and the ICT review by Capgemini.
- 1.4 While work on the modernisation of DVA's systems continues, considerable effort has also been put into improving the maintenance, governance and control of DVA's current electronic databases.

## Response to the recommendations

### Recommendation No. 8 paragraph 4.29

*The Committee recommends that the Department of Veterans' Affairs (DVA) report back to the Committee at the conclusion of the review of the agency's information technology systems and provide the Committee with details of the system chosen, the implementation plan and how the plan will address the Australian National Audit Office's recommendations.*

#### 2 This recommendation is supported.

- 2.1 Since the ANAO Audit No.28 – Quality and Integrity of DVA's Income Support records (the audit) occurred, DVA has developed an ICT Strategic Plan that aligns with the DVA strategic plan and whole-of-government ICT initiatives. The DVA ICT Strategic Plan has been informed by:
- an independent ICT review into DVA's current state undertaken by Capgemini;
  - the audit recommendations;
  - 'whole of government' priorities, including the Gershon review; and
  - a review of DVA's previous major project reviews.
- 2.2 The DVA ICT Strategic Plan identified three key areas of focus whilst acknowledging the need to modernise our systems within an environment that requires financial constraint:
- ICT optimisation - to reduce cost and risk of existing ICT systems;
  - business modernisation - building modern systems that underpin business transformation in priority areas; and
  - delivering on commitments - including legislative changes and effective governance.
- 2.3 The ICT Strategic Plan outlines short, medium and longer term objectives against these three core areas. It moves DVA towards a standardised and modernised environment using smarter systems with integrated client information by 2015. The modernisation of service delivery via the introduction of online self service functions and redesigned Rehabilitation and Compensation Processing systems are significant. The self-service initiative is progressing well, with two pilot projects underway. A business case for the redesign of Rehabilitation and Compensation systems is in advanced development.
- 2.4 Additionally, ICT Governance and Project Management Governance is being matured, including:
- enhancing the role of the Information Committee to oversight ICT Strategy and investments;
  - establishing the Business Prioritisation 'round table' to prioritise business investments; and
  - re-establishing the Data Integrity Sub-Committee (DISC) to focus on improving the integrity of DVA data repositories.
- 2.5 The ICT Strategic Plan outlines the priorities and is included as Attachment A.

**Recommendation No. 9 paragraph 4.37**

*That the Department of Veterans Affairs (DVA) provide the Joint Committee of Public Accounts and Audits (JCPAA) with a copy of the review of the DVA's data entry system and procedural controls as soon as practicable after the tabling of the Committee's report.*

- 3 **This recommendation is supported.**
- 3.1 DVA's data entry system and procedural controls have been comprehensively reviewed since the Department's previous report to the Committee. A report documenting progress against this Recommendation is included as Attachment B.
- 3.2 To directly address the risk that incorrect client data might impact negatively on payments and associated service delivery, DVA has worked to identify and cleanse incorrect data entries from 'active' records, i.e. those clients currently in receipt of Income Support payments. Over 5,000 data entries have been checked, with approximately 2,200 to be completed as detailed in Attachment B.
- 3.3 Oversight of data integrity issues has been improved by the re-establishment of the DISC. This addresses the ANAO's finding of the need for stronger governance arrangements to drive an organisation-wide data integrity and improvement strategy.
- 3.4 DISC has responsibility for the oversight of electronic systems and databases that contain client information in both the production and management reporting environments. DISC has two objectives in its terms of reference: to enhance the integrity of data held in client-related systems and databases; and to resolve issues related to data ownership. Full terms of reference and membership for DISC are included in Attachment B.
- 3.5 DISC meets every six weeks and reports to the Information Committee, of which it is a sub-committee. The priorities of DISC are:
- to produce a departmental data integrity strategy;
  - to investigate and adopt a suitable data ownership/integrity model;
  - to identify production and management data/information owners within DVA; and
  - to monitor and report on data quality trends and work with data owners to put in place appropriate corrective action where required.
- 3.6 The Department's major initiative to clean up data integrity errors was previously the Data Integrity & Cleanup Exercise (DICE). Under the auspices of DISC, responsibility for progressing DICE has been assigned and a new business case developed and approved, now known as DICE II.
- 3.7 DICE II has quantified the work required to clean up key client data items, with the aim of accelerating this work by automating the corrective action where possible. This will include clean up of currently inactive client records and a business case is currently being considered by the Department.

- 3.8 As mentioned above, priority has been given to identifying and correcting data errors in active Income Support records while DICE II is progressed to cover inactive records. Existing technology has been used to generate lists of potentially inaccurate data in key client data fields, which have then been investigated and corrected 'manually' by business users.
- 3.9 To complement the current focus on cleansing active records, data entry procedures for new claims processing have been strengthened to reduce the risk that incorrect data is used when clients with prior inactive records are granted benefits. Similarly, instruction has been issued to staff that client data should be validated when interacting with clients in the context of reviews of pension entitlement.
- 3.10 The IDEA data analysis software purchased in July 2010 enables DVA to monitor and report on agreed indicators of the quality of client data and data entry. A framework for reporting is being developed under the supervision of DISC, providing the capability to examine and report on these issues independently of the business user groups.
- 3.11 Substantial work has been undertaken to review all information resources available to system users to improve the instruction available on the subject of data entry. The procedural guide for the Participant Registration System (PRS), the Department's key client registration system, has been reviewed and updated to provide clearer guidelines for accurate data collection. Most notably, the Consolidated Library of Information and Knowledge (CLIK), the Department's 'source of truth' for Income Support policy and procedural information, has been systematically reviewed and updated. Existing CLIK references to data entry procedures have been strengthened. Additional references are under development, with all revision planned for completion by July 2011.
- 3.12 DVA regularly revisits its pension review practices and strategies, as pension review is an important control for ensuring pensioners are paid the rate of pension to which they are entitled. About 120,000 pensioner initiated reviews and 70,000 departmentally-initiated reviews are completed each year to update income and asset details. In addition there is automatic update of many pension assessment items such as share values, superannuation amounts and exchange rates which convert overseas income into Australian dollars.
- 3.13 Several business improvements to improve the scope and effectiveness of DVA's compliance review program have been implemented since March 2009. For example, implementation of regular data exchange with the UK authorities has provided a system to confirm and monitor variations to the UK State pension payments of some 20,000 mutual clients, generating substantial savings in overpayments and ongoing pension payments. Also, the Enhanced Compliance Review program has been expanded from 10,000 to 12,000 reviews per annum. This program involves comprehensive review of all client data, with selection based on risk profile.

3.14 Increased automation of some review processes has improved control. For example, the annual exercise to value real estate has been automated in that most updated property values are automatically loaded into the pensions processing system and the new pension rates automatically reassessed. Similarly, the selection of cases for post-bereavement reviews has been partially automated, such that high risk assessments (where the surviving partner is unlikely to qualify for maximum rate of single pension on current information held) are automatically loaded into the Departmental Review System for review action. Cases where home-owner pensioners enter age care facilities have also been partially automated, so that their records are automatically flagged for review of the value of their former home after the two year exemption period.

I trust this overview has demonstrated my Department's practical commitment to and progress towards addressing the issues raised by the ANAO in Audit No.28 and satisfies the Committee's requirement for an update on their recommendations. Further details are provided in the attachment. I would welcome any further questions the Committee may have about these matters.

Ian Campbell  
Secretary

22 December 2010

Attachments:

- a) ICT Strategic Plan
- b) Response to ANAO Audit Report No.28 2008-2009 – Review of Data-Entry Systems & Procedural Controls, Progress Report November 2010



**Australian Government**

**Department of Veterans' Affairs**

## ICT STRATEGIC PLAN

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2010–2015

# ICT STRATEGIC PLAN

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2010–2015

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# 1. THE CASE FOR CHANGE

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## ICT Case for Change:

DVA has a heavy reliance on high risk legacy processing systems. These systems are unlikely to effectively fulfil all business needs over the next 3-5 years. At the same time there is ongoing financial pressure on the Department to reduce costs, particularly ICT costs, through implementation of the Gershon recommendations and savings initiatives.

## Business Case for Change:

DVA's older client group is declining slowly. This rate of decline is exerting pressure on the Department to extend the useful life of VEA legacy processing systems for at least 10 more years. Although these systems currently support the business processing requirements effectively, they are costly and high risk to support. DVA must actively manage the cost and risk of supporting these systems, deliver legislative and other requirements without a driver for business transformation in this area.

In contrast DVA's younger client base will grow over time and their needs and expectations for services vary significantly from those of our older client group. Expectations include the ability to self service using knowledgeable systems that can be tailored to their specific client profile. The nature of DVA business services must change to better service this client group. This means that we need to transform the underpinning business and ICT processing systems.

## The Change Approach:

In order to enable business transformation through smarter ICT solutions, DVA must embrace new approaches that factor in the lessons from previous attempts and address inherent barriers in our current approach to project delivery and benefits realisation. The recommended approach is incremental delivery of improvement through smaller scale projects with disciplined ICT governance, mature measurement and feedback loops providing continuous learning and improvement.

To meet these challenges DVA must combine ICT cost optimisation initiatives with transformation initiatives to better support DVA's future business operations. The case for change indicates a strategy is required that concentrates on three main focus areas for ICT at DVA:

1. Retaining but rationalising (cost and risk) some legacy processing systems that have a limited business life; and
2. Modernising and transforming business processing systems for the ongoing and future client needs.
3. Disciplined ICT Governance and streamlined programme, project and change management.

## 2. ICT REVIEW

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In July 2009 DVA engaged Capgemini to conduct a comprehensive review of DVA's ICT environment and to make recommendations about the ICT strategic direction. The review was guided by a Steering Committee, chaired by the Deputy President. Capgemini delivered a comprehensive final report to the Information Committee (IC) in October 2009. The IC considered the report and endorsed the findings with an addendum at the December 2009 meeting. The ICT Review contained a large number of findings and recommendations as well as identifying a number of significant risks.

The Report identified priority objectives, particularly:

- Rationalisation of the legacy environment to reduce cost and support risk;
- Transformation of systems aligned to the business strategy in priority areas;
- Leveraging Whole of Government and COTS ICT capability; and
- Increased investment in online self-service channels, and supplier management portals.

The Report identified key priority areas for focus including:

- Taking a business function approach to systems and data, reducing duplication;
- Enforcing fit for purpose technology selection;
- Significantly reducing, by half, the large number of technologies currently used to a recommended set of preferred technologies;
- Using Cúram out-of-the-box for core social services business functions such as case management and compensation processing;
- Improving electronic client and supplier facing channels;
- Streamlining ICT governance and decision making processes;
- Enforcing specified architectural principles to drive lower cost, transformational solutions;
- Improving programme and project execution with incremental delivery of business value; and
- Continue cost optimisation initiatives including Shared Services and Gershon cost savings.

The ICT Review confirmed that the current initiatives under way to optimise ICT cost and risk were sound, however DVA needs to learn the lessons from previous projects and change the way it delivers transformational ICT projects.

### 3. DVA STRATEGIC PLAN 2010–2015

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#### AND THE CORPORATE PLAN

The DVA Strategic Plan 2010-2015 identifies the Department's five year strategic direction focussed around seven themes: communicating with our stakeholders; policy and program design; service delivery; organisational structures; people; information and communication technology; and financial sustainability.

The **DVA Corporate Plan 2010-11** identifies the challenges and priorities for the Department. The ICT Strategic Plan must align with and underpin these strategic directions, business strategy, values and purpose.

The Corporate plan identifies the following priority areas that influence and guide the ICT Strategic Plan:

- Making it easy for people to access our services;
- Partnerships – working together with third parties;
- Tailoring services to need and diversity; and
- Giving our staff the tools they need.

# ICT STRATEGIC PLAN

Cognisant of the 'case for change' analysis, the Corporate Plan and the ICT Review recommendations the Information Committee (IC) is currently guiding the development of the ICT Strategic Plan for 2010-2015. The plan's focal point is to provide ICT solutions that will better support current and future business operations whilst controlling risk and managing cost. This has been captured in the phase "Smarter – Easier to Use Systems".

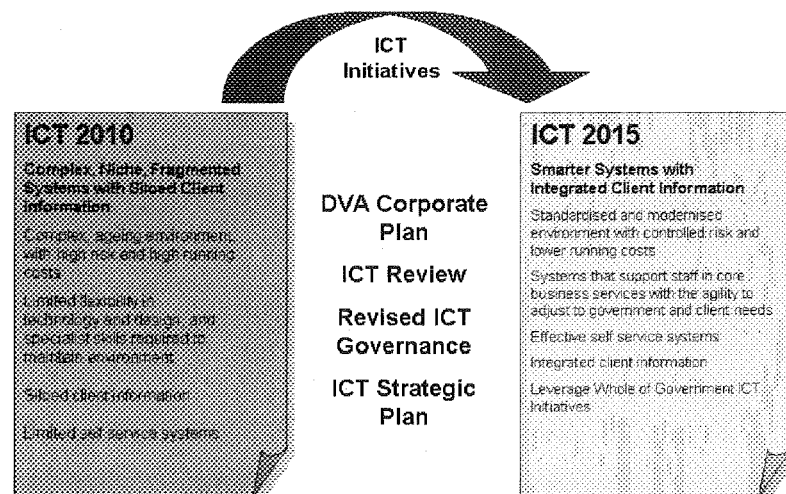
Key risks the strategy plans to address:

- Critical legacy technologies have no or minimal vendor support, or are at risk of having vendor support withdrawn in the near future. Capgemini determined that more than 50% of the DVA systems are high risk;
- ICT operations are highly reliant on either contractors or staff approaching retirement age. The Ernst & Young ICT Workforce Review assessed this as a high risk;
- Key legacy technology skills required to operate DVA's systems are becoming scarce and hard to find in the global marketplace. Capgemini determined that more than 50% of the systems are a high risk;
- The diversity and number of applications and environments drives up ICT support costs and increases systems complexity. The ICT business as usual costs are approximately 85% fixed in nature; and
- DVA's track record in transformational programme and project management execution is poor. Capgemini and Accenture both identified this as a high risk.

The ICT Strategic Plan addresses the ICT Review recommendations as well as the critical risks, and priorities from the DVA Corporate Plan. It outlines short term, medium term and long term actions that aim to deliver "Smarter Easier to Use Systems" by 2015.

Diagram 1 illustrates the characteristics of the current 2010 status with the catalysts to deliver the proposed future state characteristics of "ICT@DVA" by 2015.

Diagram 1



## 5. 2010–2015 ICT STRATEGIC OBJECTIVES

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The vision for ICT@DVA in 2015 is ambitious requiring organisational commitment, and investment in a range of initiatives that must be delivered in a disciplined planned manner so as to achieve the objectives. Each initiative in the ICT Strategic Plan 2010-2015 directly links to one of the following three objectives, as illustrated in **Attachment A—DVA's ICT 5 Year Plan** (Diagram 2).

The ICT Strategic Objectives are:

1. ICT optimisation:
  - a. Reducing ICT support costs;
  - b. Minimising ICT support risk;
  - c. Disciplined ICT Governance.
2. Underpinning business transformation:
  - a. Providing smarter systems with connected-up client information;
  - b. Providing self service solutions for clients and suppliers;
  - c. Modern ICT architecture for agility and flexibility.
3. Delivering on commitments:
  - a. Delivering regular processing requirements, including payments and statutory increases;
  - b. Delivering legislative and other government changes;
  - c. Effective programme and project management.

**Attachment B— Priority Projects to Achieve Future State** (Table 1) details the priority projects for current initiatives under way to optimise ICT cost and risk.

## 6. IMPLEMENTING THE STRATEGY

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A three stage Plan has been developed covering Short Term (1 year), Medium Term (3 year) and Longer Term (5 year) Initiatives. **Attachment A—DVA's ICT 5 Year Plan** (Diagram 2) diagrammatically presents the stages of the plan.

### Short Term (1 year) Initiatives (2010):

#### 1. *ICT Optimisations:*

- a. Reducing ICT Costs:
  - Implementation of the identified Gershon savings initiatives reducing infrastructure, storage and licensing costs;
  - Business case development and planning for alternative ICT sourcing models (Shared Services).
- b. Minimising ICT Risk:
  - Development of an ICT Workforce plan in alignment with APSC Gershon ICT workforce plan – training to multi-skill;
  - Business case development and planning for “rapid replatforming” of higher risk platforms (Gershon re-investment fund);
  - Upgrading out-of-support compensation software – rules and policy automation;
- c. Disciplined ICT Governance: Implementation of ICT governance recommendations.

#### 2. *Underpinning Business Transformation:*

- a. Providing Smarter Systems:
  - Improved HR support through the PAHRIS upgrade project;
  - Case Co-ordination (out-of-the-box) Curam solution for DUNT.
- b. Providing Self Service solutions:
  - Business Cases for funding in readiness for Medium and Longer Term Initiatives
    - Two pass business case development for Choice and Maintainability in Veteran Services;
    - Business case development for funding and prototyping for compensation processing (out-of-the-box Curam);
  - Choice and Maintainability in Veteran Services Transport Booking System pilot.
- c. Modern ICT Architecture: Adoption of ICT architecture recommendations.

#### 3. *Delivering on Commitments:*

- a. Regular payments processing and statutory increases;
- b. Implementing new policy legislative initiatives: Harmer, EAS, Dunt etc;
- c. Effective programme and project management: Streamlining project management and improving programme management (P3M3).

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**Attachment C ICT 5G Initiatives – Timeline for 2010-2011** (Table 2) outlines an indicative timeline for 2010 and 2011 initiatives. This timeline needs to be constantly reviewed allowing for new organisational priorities, legislative and government changes as they become known, as well as business-as-usual regular processing commitments.

### **Medium Term (3 year) Initiatives (2011–2013):**

#### *1. ICT Optimisation:*

- a. Reducing ICT Costs:
  - Implementation of new ICT sourcing model (Shared Services - Gershon re-investment fund).
- b. Minimising ICT Risk:
  - Implementation of “rapid replatforming” for IMS and Object star higher risk systems (Gershon re-investment fund);
- c. Disciplined ICT Governance: Improving ICT governance.

#### *2. Underpinning Business Transformation:*

- a. Providing Smarter Systems:
  - Planning and development of new compensation processing systems for MRCA and SRCA;
- b. Providing Self Service solutions:
  - Second Pass Business Case Choice and Maintainability in Veterans’ Services implementation – online self service solutions for clients and providers.
- c. Modern ICT Architecture: Standardisation of ICT architecture.

#### *3. Delivering on Commitment:*

- a. Regular payments processing and statutory increases
- b. Implementing new policy legislative initiatives: new policy proposals
- c. Monitoring programme and project management

### **Longer Term (5 year) Initiatives (2014–2015):**

Builds on the short term and medium term initiatives, monitoring and improving them so as to ensure “Smarter – Easier to use systems”.

#### *1. ICT Optimisation:*

- a. Reducing ICT Costs:
  - Balanced scorecard to monitor and measure ICT performance.
  - Alignment with whole of government initiatives.
- b. Minimising ICT Risk through disciplined ICT governance:
  - Sustainability of ICT architecture and standardisation through effective governance.

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2. *Underpinning Business Transformation:*

- a. Providing Smarter Systems:
  - Client centric processing.
- b. Providing Self Service solutions:
  - Tailoring of self service systems to diversified client needs
- c. Modern ICT Architecture: Standardisation of ICT architecture.

3. *Delivering on Commitment:*

- a. Regular payments processing and statutory increases
- b. Implementing new policy legislative initiatives: new policy proposals
- c. Monitoring programme and project management

Inherent in the Plan is the need to deliver business-as-usual commitments, measure performance of initiatives and factor in lessons learned.



# ATTACHMENT A – DVA'S ICT 5 YEAR PLAN

Diagram 2



## Attachment B – Priority Projects to Achieve Future State

Table 1 illustrates the DVA ICT priority project

	Priority	Year	Project	Status	Benefits and Savings
1	Revised ICT Governance, including prioritisation and enforcing revised architectural principles	2009-2010	ICT Governance: <ul style="list-style-type: none"> <li>• Review and update terms of reference for ICT committee and governance</li> <li>• Revise DA Terms of reference</li> <li>• Define DVA Prioritisation Principles</li> <li>• Define Architecture Principles and Strategy</li> </ul>	Underway	Avoid inefficiencies Disciplined practices and reduced risk
2	Off the shelf systems complemented with mainstream technologies, standardised environment	2009-2010	Case co-ordination pilot (Dunt) – out of the box Cúram solution Compensation processing systems (MRCA and SRCA)	Phase 1 complete Business case development	Lower cost, smarter solutions for core business processes, standardisation
3	Remove non-standard systems by as-is conversion	2010-2012	Rapid Re-platform Solution	Market assessment completed NPP submitted	Standardise, reduce costs \$6 - 8 M over 4yrs (\$1.5-2M pa)
4	Lower cost, leveraged suppliers Use WoG ICT initiatives and/or shared services	2010-2012	Shared Services Project	Priced proposals received NPP submitted	Reduced cost and controlled risk \$35+ M (\$10-12M pa)
5	Differentiated Self Service and electronic channel choice	2010-2012	Choice and Maintainability in Veteran Services: Develop Business Case Deliver the pilot project Manage Gateway Preview process	Business case developed NPP submitted	Improving electronic client facing channels Effective self service systems
6	ICT Workforce planning	2009-2010	ICT Workforce plan: <ul style="list-style-type: none"> <li>• Multi-skill staff in sustainable platforms and systems eg Cognos, SharePoint and Cúram</li> <li>• Develop the ICTSG EL1-2 management layer</li> </ul>	Underway	Manage supply Maximise utilisation Identify capability gaps
7	Programme and project delivery	2009-2010	ICT Project Office implementation with change management plan underpinned by DVA PMO: <ul style="list-style-type: none"> <li>• Streamline project governance</li> <li>• Develop project QA practices</li> <li>• define and manage 'lite' projects</li> </ul>	Underway	Disciplined & streamlined programme and project management practices Incremental delivery

# ATTACHMENT C – ICT SG INITIATIVES

## TIMELINE FOR 2010–2011

Table 2 illustrates the ICT projects providing business benefits in 2010 and 2011.

Business Benefit and Initiative	2010				2011			
	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4
<b>Reducing ICT infrastructure costs</b>								
Revised Sourcing Model	Develop	Implement						
Infrastructure Cost reductions	Develop	Implement						
<b>Reducing systems support risk and cost</b>								
Replatform Legacy Applications off IMS/Object Star	Develop	Implement						
<b>Better system support for staff</b>								
ESS – HR System PAHRIS Upgrade	Develop	Implement						
Budget Management System – Enhancements	Develop	Implement						
Automated Overseas payment for clients	Develop	Implement						
Financial Systems (DOLARS) Upgrade	Develop	Implement						
National Grants Database Upgrade	Develop	Implement						
Complaints Management and Feedback System Enhancements	Develop	Implement						
Accounts Payable Automation Enhancements – RAPTORS interface	Develop	Implement						
Compensation Processing – Release 1 Military		Develop	Implement		Develop	Implement		
Compensation Processing – Release 2				Develop	Implement			
<b>Delivering legislative changes</b>								
Dunt – High Needs Case Coordination System	Develop	Implement						
Harmer – Income Support pension Enhancements	Develop	Implement						
EAS Scholarships Enhancements	Develop	Implement						
Enhanced Income Support Compliance Program	Develop	Implement						
Extend Warlike Service to Op Damask VI	Develop	Implement						
Defence Home Ownership Assistance Scheme Enhancements	Develop	Implement						
2011 budget initiatives	Develop	Implement			Develop	Implement		
<b>Self Service solutions</b>								
Veterans Home Care (provider) Assessment Instrument		Develop	Implement					
Self Service-Modernisation Funding Business Case	Develop	Implement						
Electronic services pilot: Transport Booking System		Develop	Implement		Develop	Implement		
Electronic services: Self Services Systems Release 1					Develop	Implement		
<b>Regular Quarterly Processing</b>								
Regular statutory increases and quarterly releases	Develop	Implement			Develop	Implement		

Key  



**Australian Government**  

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**Department of Veterans' Affairs**

**RESPONSE TO ANAO AUDIT REPORT NO. 28 2008—2009**  
**“QUALITY & INTEGRITY OF THE DEPARTMENT OF VETERANS’**  
**AFFAIRS INCOME SUPPORT RECORDS”**

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**REVIEW OF DATA-ENTRY SYSTEM & PROCEDURAL CONTROLS**

**PROGRESS REPORT**

**DECEMBER 2010**

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# 1. INTRODUCTION

## 1.1 Purpose of Report

The purpose of this report is to document progress against various review activities undertaken into Income Support data entry system and procedural controls. The review activities are in response to ANAO Audit Report No. 28 2008—2009: ‘Quality & Integrity of the Department of Veterans’ Affairs Income Support Records’, tabled in April 2009.

## 1.2 Background

### 1.2.1. Recommendation No. 3 of ANAO Audit Report

The review activities arise from the following aspect of Recommendation No. 3, (para 5.68), of the ANAO Audit Report:

*Strengthen...data entry system and procedural controls by implementing a standard set of national procedures for Income Support client records management.*

### 1.2.2. Departmental Action Plan

The Department developed an action plan in response to the findings and recommendations of the audit. The response to Recommendation No. 3 is listed as action 3.1:

*Review current data entry system and procedural controls to ensure a standard set of national procedures is in place.*

- (a) A review of existing instructions and practices will be undertaken (e.g. the instructions for data collection when creating a client record and procedures for reviewing and updating exempt assets).*
- (b) Identified improvements to current instructions & practices will be implemented.*

### 1.2.3. Responsibility and Timeframes

The National Manager Income Support has responsibility for action 3.1. The timeframe for completion of action 3.1(a) was September 2009. The timeframes for completion of action 3.1(b) vary – some are time critical and others ongoing (see Attachment B).

Work within Income Support in satisfaction of action 3.1 has involved two major sub-projects and had been overseen by Director Reviews & Governance:

1. remedial action to identify, and correct, inaccurate records; and
2. a systematic review of all income support procedural information relating to data entry.

These sub-projects are discussed below in sections 3 and 4 respectively.

In approaching the review of inaccurate records detected by the ANAO, the Department applied a standard risk methodology to determine the order of remedial action to be applied to the work. Those assessed at higher risk were those cases where the person was still in payment. Remedial action is being taken as soon as possible after investigation and confirmation of the correct information has occurred. Those cases where the record was not linked to an active payment are being identified for investigation and amendment as a part of the DICE II project (outlined further in this paper).

Broader work to review data entry governance and systems controls has been undertaken beyond the Income Support Business Group. This is outlined below at section 2 for completeness.

## **2. REVIEW OF GOVERNANCE & SYSTEM CONTROLS**

### **2.1 General Overview**

Following the ANAO audit, a review was undertaken to strengthen DVA's data entry system and governance controls. There is now an improved framework in place to monitor and address data quality issues across DVA, providing an independent mechanism for maintaining the focus on data quality by monitoring and reporting data quality issues to system and data owners and DVA's Information Committee.

Key elements of this framework are:

**2.1.1. A revision of the membership and terms of reference of the Data Integrity Sub-Committee (DISC);**

Recommendation 1 of the ANAO report sought clarification of the authority and role of the DISC. This has now been completed. The new membership details and Terms of Reference for the Sub-Committee are at Attachment A of this report. The DISC reports to the Information Committee and meets just prior to that committee, on a six weekly cycle.

The first priorities for the re-established DISC have been to:

- a) develop a Departmental-wide strategy for improving data quality,
- b) clarify system and data ownership responsibilities across DVA, and
- c) develop mechanisms to monitor and report on data quality trends and work with data owners to put in place appropriate corrective action where required.

As all system owners are members of DISC, this committee now has the authority to act on issues arising from the regular monitoring and reporting on data quality issues.

**2.1.2. The purchase of the IDEA data analysis software, the same data entry analysis software used by the ANAO to assess the correctness of DVA's data**

The IDEA data analysis software, which was purchased in July 2010, will enable DVA to monitor and report on agreed indicators and to establish a regular system-based review of the health of DVA's client data base entries. This review and reporting on the quality of DVA client data (and by implication the correctness of data entry) will be undertaken independently from Income Support and other business user groups.

A reporting format and the primary indicators of data quality were agreed at the December meeting and work continues on preparing the data extract required to measure these indicators. The first report will be tabled in February and this, and subsequent reports, will be actioned as necessary at each meeting of DISC.



**2.1.3. Continued support for the Data Integrity Cleanup Exercise Phase 2 (DICE II) as a complementary exercise to the data clean-up activities conducted within Income Support.**

The original Data Integrity & Cleanup Exercise (DICE) was created to examine and address the quality of key data items stored across multiple databases prior to the introduction of the Participant Registration System (PRS) as part of the unifying Cúram platform. Responsibility for the pursuit of the DICE project now rests with the Application Maintenance and Support (AM&S) section of the Rehabilitation Compensation & Systems Support Group.

AM&S reviewed and redrafted the original DICE action plan aimed at resolving some of DVA's data integrity issues. This new action plan (labelled as the DICE II project) incorporated a business case for funding to reduce the timeframes for some action through the automation of the work. The business case has been endorsed by DISC and is currently being considered by the Department against other priorities.

The DICE II action plan has quantified the work required to clean up key client data items. Work progresses manually, with the business case aimed at accelerating this work by automating the corrective action where possible. The major data issues covered by DICE will include: date of birth (DoB); date of death (DoD); address anomalies; and relationship records. An outline of these issues and volumes as they relate to Income Support are contained in the survey of data issues at Attachment B.

### **3. ACTION TO IDENTIFY AND CORRECT INACCURATE RECORDS**

#### **3.1 General Approach**

This aspect of the review involves remedial work to correct the inaccurate records identified by the audit. This work was predominately undertaken within Income Support, in coordination with the development of the DICE II project.

#### **3.2 Methodology**

In September 2009 members of the Income Support Performance & Resources team identified potentially inaccurate records, using the issues identified by the audit as the starting point. The main technique was based on the extraction of client data using AIS 2000 (DVA's 'ad hoc' data enquiry system) to derive lists of potentially inaccurate records.

While the audit identified problems within both active and inactive client records, priority was given for corrective action to those cases assessed as high risk i.e. where the client is still in payment.

Clean up of inaccurate records was overseen by the QA & Governance team. Some correction work involved recourse to paper files and/or contact with clients to establish correct details. The correction of the address field involved a substantial mail out effort to clients with a PO Box recorded as their residential address.

### **3.3 Results**

A comprehensive table of actions taken to identify, and correct, inaccurate records is contained within Attachment B. Over 5,000 entries have been checked to date, including (approximately):

- 3,400 residential addresses recorded as PO Box;
- 1,100 gender and title field corrections;
- 110 deductible asset corrections.

The main outstanding work here is around 1,000 PO Box address corrections and about 900 former home exempt reviews. This work continues to be progressed.

## **4. REVIEW OF PROCEDURAL INFORMATION & PRACTICES RELATING TO DATA ENTRY**

### **4.1 General Approach**

One aspect of the work here has involved review and improvement of information available to staff concerning data entry procedures for income support systems. This work was predominately undertaken by members of Income Support's Procedural Review, Information & Aged Care team.

The deliberate focus of this effort has been on the revision of the 'Compensation & Support Procedure Library', contained within the Consolidated Library of Information and Knowledge (CLIK). This is to directly address ANAO comment about data entry procedures requiring consolidation and standardisation. CLIK is the consolidated source of policy and procedural information.

The second aspect of this work has involved an examination of current business practices, particularly the methods for obtaining and recording information for key data fields as identified by the ANAO.

## **4.2 Methodology**

The review of procedures and practices was organised around the findings of the audit. That is, the procedural information for each data entry field or similar detailed concern raised by the audit was systematically examined and reconsidered.

For each data entry field, the examination sought to:

- identify and improve corresponding references in the various sources of procedural information, and
- examine current practices to identify improvements to the efficiency of obtaining updated data.

The sources of procedural information considered, included:

- 'Compensation & Support Procedure Library', (CLIK);
- Bereavement Manual;
- PRS User Guide; and
- Fact Sheets.

In addition to the above sources of instruction, broader consideration was given to the work practices around pension processing itself. On the level of individual case processing, this has involved consideration of reference material such as case processing checklists. The larger-scale dimensions of Income Support business, such as Quality Assurance; training initiatives; and departmentally-initiated review strategies have also been considered. These form part of Income Support's financial 'controls for ensuring correct Income Support payments' and are listed for completeness at Attachment C.

## **4.3 Outcomes**

### **4.3.1 Procedural Instruction**

Considerable improvements to procedural instruction have been made and are outlined at Attachment B. Improvements are organised in the Attachment by relevant data field or other identified data entry issue.

The majority of actions relating to the CLIK procedure library have either been completed or are well underway. Eight new topics are scheduled for development in the first quarter of 2011, with planned completion by July 2011. Review of non-CLIK material is complete. Another major improvement has been revision of the User Guide for the Participant Registration System, the Department's key client registration system. This was reviewed by AM&S specifically to provide clearer guidelines and support for accurate data collection of critical client information.

### **4.3.2 Pension Processing Practice**

A particular focus has been placed on initiating and updating key client data. Staff have been issued written instruction, emphasising the importance of validating any pre-existing data when granting a pension. Similar instruction has been issued about the validating of data when in contact with clients and when recording dates of death as part of bereavement processing.

Relevant larger-scale business improvements implemented since March 2009 relate to departmentally-initiated review processing, including:

- Automatic upload of AVO property valuations for pensioners who are assets tested or within \$10,000 of their assets threshold. (April 2009).
- Partial automation of post bereavement reviews for high risk assessments (Feb 2009).
- Partial automation of Former Home Exempt reviews (May 2009).
- Direct Data-matching with UK authorities in relation to the amount of UK pension paid to approximately 20,000 income support pensioners to obtain automatic updates to UK pension information improving data accuracy and timeliness of updates(Feb. 2010).

- Extension of the Enhanced Compliance Review program from 10,000 to 12,000 reviews per annum. Compliance Reviews are comprehensive risk based reviews of pensioner households with income/asset details that are likely to have changed, and where there is a risk of incorrect payment. (July 2010).

Staff training is another 'control' that has undergone major improvement over 2010, with the staffing of a training officer position and the development and delivery of several pension processing topics related to data entry. Each module specifically includes reference to the relevant information within CLIK, and the importance of using the policy and procedural information in day to day work.

## **5. FURTHER ACTIVITIES**

The majority of the procedural review and data clean up work planned has been completed. Some six months of CLIK topic development remains but this is expected to be completed as planned.

A substantial commitment to data clean up remains in the 1,000 PO Box address corrections and 900 former home exempt reviews. Further work to ensure accuracy of data will also continue into the future through proposed initiatives such as DICE II.

While these projects have involved a substantial resource commitment across Income Support, together they have served to focus staff on data entry issues. When the new training topics to be developed for 2011 are selected, special consideration will be given to material on data entry practices.

DVA will continue to use the information generated by its use of IDEA, its Quality Assurance process, reviews/audits and client feedback, to monitor data application on an ongoing basis and improve business processes and practices particularly those related to data integrity.

## **Attachment A: Data Integrity Sub-Committee - Terms of Reference**

The Data Integrity Sub-Committee (DISC) is a sub-committee to the Information Committee (IC) which provides advice and assistance to the Secretary and the Executive Management Group (EMG) on all technology-related matters.

The membership of the Data Integrity Sub-Committee will be drawn from the various client system owner groups. The chair and secretariat of the Data Integrity Sub-Committee is as agreed between the General Managers and endorsed by the Information Committee.

### **Role**

The role of the Data Integrity Sub-Committee is to ensure data integrity strategies and policies are in place in DVA. This will be done by overseeing the development and implementation, and facilitating the governance of data integrity practices and procedures within the Department. A key enabler will be to identify data owners and to ensure that they understand their associated roles and responsibilities.

The Data Integrity Sub-Committee's responsibilities are limited to the oversight of electronic systems and data-bases in both the production and management reporting (e.g. DMIS & AIS 2000 etc) environments that contain client and provider information.

The Data Integrity Sub-Committee's scope excludes corporate data (e.g. financial and personnel) and the Department's paper based records.

### **Core objectives and tasks**

The Committee's objectives and tasks are:

#### *Objectives:*

- 1) To enhance the integrity of data held in client-related systems and data-bases
- 2) To resolve issues related to data ownership

#### *Tasks:*

- 1) Oversee the development, implementation and evaluation of quality assurance processes and standards with respect to data integrity;
- 2) Identify and address areas where data integrity problems exist;
- 3) Assist relevant data owners in addressing audit report recommendations;
- 4) Oversee whole of organisation data integrity exercises;
- 5) Develop and oversee a DVA data dictionary;
- 6) Oversee strategies to ensure that appropriate metadata is developed, maintained and utilised by staff.

The above objectives should be seen in the context of the ongoing efforts to create a DVA wide system that provides accurate and consistent business information from the acknowledged source of truth.

## **Committee Membership**

*Membership of the Data Integrity Sub-Committee is as follows:*

- Deputy Commissioner Western Australia (**Chair**)
- National Manager Community Health Group
- National Manager Income Support Group
- National Manager Primary Health Group
- National Manager Rehabilitation, Compensation and Systems Support Group
- National Manager Research, Grants and Consultation Co-ordination Group
- Director Audit and Assurance, Business Integrity & Legal Services Group

## *Technical Advisers*

- Senior Director Infrastructure and Operations, ICT SG
- Director Applications Maintenance and Support, RC&S Group
- Director Departmental Management Information System, RG&CC Group
- Director Statistical Services and Analysis, RG&CC Group

## *Secretariat*

- Statistical Services and Analysis, RG&CC Group

## *Key Business Stakeholder Groups*

- National Manager Community and Aged Care Policy Group
- National Manager Primary Care Policy Group
- National Manager Rehabilitation and Entitlements Policy Group

## Attachment B: Review of Procedural Controls & Information

DATA FIELD (OR ISSUE)	PROCEDURAL REFERENCE	REVIEW ACTION	ACTION COMPLETION DATE
<p>I. 'Name' - The ANAO found instances of the following for all of DVA's records (1.5 million active &amp; inactive records):</p> <ul style="list-style-type: none"> <li>▪ 1575 records of a first name with a single letter.</li> <li>▪ 120 records had the same first name and surname.</li> <li>▪ 44 records had the last name 'REDUNDANT'.</li> <li>▪ 28 records had no first name.</li> <li>▪ 12 records had the first name of 'UNKNOWN'.</li> <li>▪ three records with a surname of a single letter 'F' or 'O.'</li> </ul>	<p>CLIK P2/CH1/S6 The Claimant's Personal Details</p> <p>Participant Registration Service (PRS) User Guide</p>	<p>Remedial action to correct name field errors has concentrated on active DVA client records. There were 39 active cases in total with a name field error, 32 clients receiving income support pension and 7 receiving disability pension only. All have been corrected.</p> <p>All other cases identified by ANAO were not in payment.</p>	<p>September 2009</p>
	<p>New Claims Checklist</p>	<p>CLIK and PRS User Guide updated to emphasise procedures for adding a new person to the DVA database and changing any incorrectly recorded personal detail.</p>	<p>April 2010</p>
		<p>Written instruction issued to all client contact staff listing key personal data and reminding staff to validate this data during client contacts.</p>	<p>June 2009</p>
		<p>Granting or re-granting pension (both active and inactive clients) - New standard Claim Checklists created and distributed to all income support officers reinforcing the need to check and update all data fields prior to granting or re-granting pension.</p>	<p>February 2010</p>
		<p>Further correction work on errors in personal data entry fields, including inactive records, is being progressed under DICE II.</p>	<p>Ongoing</p>



<b>DATA FIELD (OR ISSUE)</b>	<b>PROCEDURAL REFERENCE</b>	<b>REVIEW ACTION</b>	<b>ACTION COMPLETION DATE</b>
<p>2. 'Gender &amp; Title' - The ANAO identified some records with incorrect gender fields among the 1.5 million inactive &amp; active clients (e.g. 828 records of females with 'MR', 708 records of males with 'MRS, 34 records of males with 'MISS', and one record of a male with 'DAME' for a name title). 108 titling errors were found – eg Mrs John Smith</p>	CLIK P2/CH1/S6 The Claimant's Personal Details	Remedial action completed to correct gender and title fields for all clients in payment.	February 2010
	Participant Registration Service (PRS) User Guide	Written instruction issued to all client contact staff, listing key personal data and reminding staff to validate this data during client contacts.	June 2009
	New Claims Checklist	CLIK and PRS User Guide updated to include procedures for adding a new person to the DVA database and changing incorrectly recorded gender or title.	April 2010
		Further correction work on errors in personal data entry fields, including inactive records, is being progressed under DICE II.	Ongoing
<p>3. 'Date of Birth' - The ANAO found:</p> <ul style="list-style-type: none"> <li>▪ 35 clients in payment who were aged over 105.</li> </ul>	<p>CLIK P2/CH1/S6 The Claimant's Personal Details</p> <p>Participant Registration Service</p>	All pensioners over 105 years of age were checked and found to be valid payees with valid dates of birth. Existing controls in respect of non notification of deaths were examined by Income Support and found to be sufficient.	January 2010.

DATA FIELD (OR ISSUE)	PROCEDURAL REFERENCE	REVIEW ACTION	ACTION COMPLETION DATE
<ul style="list-style-type: none"> <li>Numerous instances of ‘dummy’ dates of birth – approx 2,000 clients in payments with possible invalid DOB.</li> </ul>	(PRS) User Guide  New Claims Checklist	<p>2,021 clients in payment were identified with possible ‘dummy’ date of birth including 791 Defence Force Income Support Allowance (DFISA) recipients and 355 income support pension recipients.</p> <p>Five individual dates of birth were used as ‘dummy’ dates – from 1/1/1901 to 1/1/1960. A percentage of these will be genuine dates of birth.</p> <p>Cases with a ‘dummy’ date of birth are considered low risk as this is unlikely to impact on payment, but all cases will be progressively examined and corrected. No follow up action has occurred to date.</p>	Ongoing
		<p>Further correction work on errors in personal data entry fields, including inactive records, is being progressed under DICE II.</p>	Ongoing
		<p>Written instruction issued to staff to verify existing data fields before grant or re-grant (both active and inactive clients) of pension.</p>	June 2009
		<p>CLIK and PRS User Guide updated to include procedures for adding a new person to the DVA database and changing an incorrectly recorded date of birth.</p>	April 2010
		<p>Further correction work on this data entry item, including inactive records, will be progressed under DICE II.</p>	Ongoing

DATA FIELD (OR ISSUE)	PROCEDURAL REFERENCE	REVIEW ACTION	ACTION COMPLETION DATE
<p>4. 'Date of Death' – ANAO analysis of DVA records indicated that at least 5% of date-of-death records appear to be invalid.</p>	<p>CLIK P8/CH1/S2 Administration of Bereavement Payment</p> <p>Bereavement Manual</p>	<p>These invalid 'Date of Deaths' do not affect the accuracy of payments for active income support clients – risk assessed as low as does not affect payments.</p> <p>CLIK and PRS User Guide updated to include procedures for adding a new person to the DVA database and changing an incorrect Date of Death.</p>	<p>April 2010</p>
	<p>PRS User Guide</p>	<p>Written instruction 'Income Support Bereavement Procedures' issued to outline procedural changes made to improve accuracy in processing deaths.</p>	<p>May 2009</p>
		<p>'Bereavement Manual' also updated with the above procedural changes.</p>	<p>May 2009.</p>
		<p>Further correction work on this data entry item will be progressed under DICE II.</p>	<p>Ongoing</p>
<p>5. 'Address' – The ANAO found inconsistencies in the recording of addresses and invalid data.</p> <ul style="list-style-type: none"> <li>• There are four address lines. However, records are updated in various formats within these four lines.</li> <li>• Many records contain same PO</li> </ul>	<p>CLIK P2/CH1/S6 The Claimant's Personal Details</p>	<p>'PO Box Address'</p> <p>From the original total of 4,392 assessments outstanding with PO Box in residential and contact addresses, there are currently just under 1,000 cases outstanding; the outstanding list is being systematically worked through.</p> <p>Written instruction issued March 2010 advising staff of two exceptions when PO Box can be recorded as residential address (permanent travellers and homeless).</p>	<p>Ongoing</p>

DATA FIELD (OR ISSUE)	PROCEDURAL REFERENCE	REVIEW ACTION	ACTION COMPLETION DATE
<p>Box in both the residential and contact address.</p> <ul style="list-style-type: none"> <li>• 459 records were in payment with UNKNOWN address.</li> <li>• Postcode Data – Evidence of many transposing errors in the postcode field strongly suggesting data-entry errors.</li> </ul>		<p>‘Whereabouts unknown’</p> <p>As change of address can directly influence the rate of income support pension payable, the records of all active clients whose payments include an income support component (17) were corrected by June 2010</p> <p>The remaining 442 non-income support records in payment, have been assessed as low risk because their residential situation does not affect their entitlements. These will be progressively reviewed and updated.</p>	Ongoing
		<p>Six monthly reporting of addresses recorded as ‘unknown’ for income support payees has been instigated to ensure address is being actively pursued – corrective action to be managed by Asst. Director Income Support Reviews.</p>	Ongoing
		<p>CLIK and PRS User Guide updated to include procedures for adding a new person to the DVA data base, changing an incorrectly recorded address, and adding a new address.</p>	April 2010
		<p>Advice issued to all DVA client contact staff listing key personal data, including address, and reminding staff to validate this data during client contacts.</p>	June 2009
		<p>Australian addresses are now data collected using IQ Rapid (Australia Post Address Validation tool) which will reduce the possibility for data entry error when adding postcodes.</p>	Ongoing

<b>DATA FIELD (OR ISSUE)</b>	<b>PROCEDURAL REFERENCE</b>	<b>REVIEW ACTION</b>	<b>ACTION COMPLETION DATE</b>
6. Correcting 'Relationships' - 6,500 missing relationship links between records, 2,500 of these are in payment.	CLIK P2/CH1/S6 PRS User Guide	Missing relationship links do not affect accuracy of payments and are therefore considered low risk.  Further correction work on this data entry item, including inactive records, is being progressed under DICE II. The categories of cases with missing relationship links have been identified – corrective action to be done on a case by case basis focusing initially on those in payment.	Ongoing
		P2/CH1/S6 updated to include procedures for adding a new person to the DVA database and changing a relationship status.	April 2010
7. 'Bank Account details' ANAO found a low incidence of invalid data in direct-credit records of bank-account details. However, the ANAO considers that there should be no incidence of dummy data in the production environment.	CLIK P11/CH5/S2 Payment by Direct Credit	Six cases identified and corrected where a 'dummy name' was recorded against an account name. None were in payment.	December 2009
		P11/CH5/S2 updated on 12 April 2010 with minor changes to the items on Split Payments and Direct Credit Payment Destinations.	April 2010
8. Multiple Unique Identification Numbers (UINs) – eight instances of multiple UINs were identified.	No reference	The AM&S team is responsible for identifying and correcting multiple UINs via the Data Integrity Problem (DIP) process.	Ongoing

<b>DATA FIELD (OR ISSUE)</b>	<b>PROCEDURAL REFERENCE</b>	<b>REVIEW ACTION</b>	<b>ACTION COMPLETION DATE</b>
		Reference created in CLIK, 'Confirming the Claimant's Personal Details' which covers this issue.	April 2010
9. 'Centrelink Reference Number' Seven clients identified with more than one CRN.	No reference	Centrelink reference data is received electronically from Centrelink. DVA cannot correct CRNs but advise CLK for corrective action. These are considered low risk due to other client detail cross referencing.	Ongoing
		Reference Created in CLIK 'Confirming the Claimant's Personal Details' which covers this issue.	April 2010
10. Incomplete Service records – The ANAO found 40,306 veterans (41%), of 99,079 veterans eligible for the service pension, did not have a complete electronic record of service details. However, analysis by the ANAO of the paper files of 40 service pensioners' with incomplete electronic service records showed that information on file verified Qualifying Service was correctly established in all 40 cases and ALL were correctly granted service pension.	No reference	New standard Claim Checklists created and distributed requiring staff to check and update all data fields.	February 2010
		The electronic service record is not used as a basis for eligibility for veteran service pension (SP). In all cases the physical service documents are required to determine eligibility for qualifying service (QS) and these service documents are not available electronically.  Prior to 2003, there was no capacity for eligible service to be recorded electronically. Since 2003, SP can not be granted without an electronic record of QS being recorded. After the decision is made on QS, the details are electronically recorded. Updating the empty service record field is not considered a high priority compared to other situations that may directly impact on clients' eligibility or payment.	No administrative action proposed at this stage

<b>DATA FIELD (OR ISSUE)</b>	<b>PROCEDURAL REFERENCE</b>	<b>REVIEW ACTION</b>	<b>ACTION COMPLETION DATE</b>
11. Age Service Pension – ANAO inspected 126,891 age service pensioner records and found 4,774 records of female non-veterans, and five male non-veterans, who did not meet age criteria.	CLIK P2 & P3	The 4,774 pensioners identified as not meeting age requirements are not the result of data entry errors or misclassifications. These clients are correctly recorded and paid as partners Prior to 1/10/1995 there was no age restriction on Partner Service Pension.	No administrative action proposed at this stage
12. Invalidity Service Pension (ISP) eligibility – ANAO found 18,787 of the 50,246 invalidity service pensioners (a non-taxable pension) appeared not to meet the requirements to receive the invalidity service pension, as they appeared too old to receive a non-taxable age pension.	CLIK P2 & P3	Analysis of DVA records confirmed that DVA systems correctly assess DVA pension age and taxable status when issuing annual payment summaries. Once pension age is reached the ISP becomes taxable but the veteran's basic eligibility under the VEA does not change.	Analysis of DVA records and systems undertaken November 2009.
		A review of the Fact Sheet PAT 11 'Tax and Your Pension' found it correctly explains the income tax treatment of DVA pensions.  Instruction to Client Contact staff, reminding of ISP classification and taxable-pension issues, was issued via Director Client Contact.	November 2009
13. Income Support Supplement (ISS) eligibility – The ANAO found 73 records of income support supplement recipients married to a veteran whose records indicate that they are still alive.		War Widows (WW) in receipt of ISS are able to remarry or become de-facto partners and retain their War Widows pension (WWP) and ISS eligibility. There is a flag on the system to indicate whether a WW has a current partner.  When a WW with ISS partners with another DVA veteran, their file numbers are cross-referenced and ISS is assessed	No action required

DATA FIELD (OR ISSUE)	PROCEDURAL REFERENCE	REVIEW ACTION	ACTION COMPLETION DATE
		<p>using the combined Income &amp; Assets of both.</p> <p>If the veteran is receiving Service Pension (SP) the WW is added to his SP assessment as his partner and he is also re-assessed using the partnered SP Income &amp; Assets test.</p>	
<p>14. 'Proceeds of sale of principal home' - The ANAO found 84 records were still recorded with a deductible asset more than one year after the sale of the principal home. Pensioners may be on an incorrect rate if the disregarded asset value is not included in the pension assessment once the one-year exemption period is finished.</p>	<p>P12/CH7/S4 Specific Review Reasons</p>	<p>112 cases were identified for review and were corrected.</p>	<p>March 2010</p>
		<p>Written instruction to all income support officers issued to confirm correct procedures for recording deductible asset amount to be held following the sale of the principle home where new home is to be purchased through instalments.</p>	<p>March 2010</p>
		<p>Instruction issued to remind income support staff to set, and follow up, reviews on the Departmental Review System for this type of case.</p>	<p>March 2010</p>
		<p>Regular reporting established for Asst. Director Income Support Reviews to identify and follow up overdue cases every three months.</p>	<p>Ongoing</p>



DATA FIELD (OR ISSUE)	PROCEDURAL REFERENCE	REVIEW ACTION	ACTION COMPLETION DATE
<p>15. 'Assessment following bereavement'- The ANAO found four ISS pensioners had their assets levels substantially reduced after the death of the veteran, but had not had their pension entitlement reviewed subsequently (i.e. Post Bereavement review).</p>	<p>CLIK P8/CH4/S3 Post Bereavement Review</p> <ul style="list-style-type: none"> <li>• High-risk advice report</li> <li>• Low-risk and blinded advice report</li> <li>• Person-no-longer-in-payment advice report</li> </ul>	<p>Post bereavement reviews are flagged for action 3 months after a bereavement for income support assessments assessed as High Risk as part of the Enhanced Compliance Review. An assessment is considered High Risk if the combined income or assets of the married couple were sufficient to cause the survivor to be paid a reduced rate of single rate pension.</p> <p>The automated process which identifies and selects High Risk post bereavement assessments for review was checked and found to be correctly identifying and selecting assessments for review.</p>	<p>December 2009</p>
		<p>Post bereavement reviews included in the Enhanced Compliance Review Program – high risk reviews automatically uploaded into the Departmental Review System (DRS) each fortnight. Progress and outcomes of reviews monitored using DRS.</p>	<p>February 2009</p>
<p>16. 'Aged Care &amp; Principal Home'</p> <p>The ANAO found 33 cases (16% of 204 records sampled) where the home exemption was applied longer than the allowable two years. Pensioners may be on an incorrect rate if the asset value of the home is</p>	<p>CLIK P12/CH7/S4 Specific Review Reasons</p>	<p>Action to address 1,500 outstanding cases commenced May 2010. Of these, 900 remain outstanding. They have been prioritised for action based on risk and are being progressively addressed.</p>	<p>Ongoing</p>
		<p>Former Home Exempt Reviews partially automated and included in the Enhanced Compliance Program – all new cases are reviewed as they fall due.</p>	<p>May 2009</p>

<b>DATA FIELD (OR ISSUE)</b>	<b>PROCEDURAL REFERENCE</b>	<b>REVIEW ACTION</b>	<b>ACTION COMPLETION DATE</b>
not included in the pension assessment after the exemption no longer applies.		System edits implemented in the Pensions Information Processing System to encourage correct recording of data relating to an exempt home.	January 2010
		Current procedures in P12/CH7/S4 reviewed with no change required. New section P9/CH2/S5: 'Aged Care Processing' completed on 4 February 2010.  However additional changes and references need to be made to P10/CH2/S2 'Determining the value of an asset', and P9/CH2/S2 'Basic Principles of Assessment'.	Incomplete – Expected completion date is June 2011
17. 'Principal Home and Curtilage' (H&C)  – The ANAO found 258 records had a different curtilage address to that of the residential address and one case where the disclosed curtilage was in NSW and the residential address in QLD.	No reference	Of 831 assessments with H&C recorded, DVA identified 368 which appeared to have a different residential address. All cases – including the 258 identified by ANAO - have been reviewed and corrected.	September 2010
		Develop new procedural instructions regarding this topic (CLIK P9/CH2/S3: Additional Assessment Rules for Certain Types of Residences – House & Curtilage).	Incomplete – Expected completion date is June 2011
		Six monthly monitoring by Asst. Director Income Support Reviews implemented to identify and correct any new instances occurring.	Ongoing

<b>DATA FIELD (OR ISSUE)</b>	<b>PROCEDURAL REFERENCE</b>	<b>REVIEW ACTION</b>	<b>ACTION COMPLETION DATE</b>
<p>18. 'Mortgage and Property Valuations' - The ANAO found a few examples where there appeared to be inaccuracies in the asset value of properties. 112 clients had a mortgage in excess of the asset value. One case where the property value was \$35,000, and generating rental income, indicating that the asset value may be incorrect.</p> <p>Property value of \$29,000 with a mortgage of \$152,099, which is unlikely, the property value would more likely be \$290,000.</p>	<p>No reference</p>	<p>All 'assets tested' cases where mortgage value exceeds property value were reviewed and updated by January 2010. It should be noted that Property Value can be less than amount of mortgage. 'Income tested' cases to be progressively reviewed.</p> <p>Six monthly monitoring by Asst. Director Income Support Reviews implemented to identify and correct any new instances occurring.</p>	<p>Ongoing</p>
<p>19. 'Asset and Income Records' - The ANAO found that more than 70% of clients' assets records have not had all of their previously submitted assets items fully updated for 8 years or more. While most of these clients are not currently assets tested, some may move into that category once their circumstances</p>	<p>P9/CH1/S4 Reassessment Process</p>	<p>Compliance Program of high risk assessments extended from 10,000 to 12,000 reviews per annum.</p> <p>New Compliance Program reports are being developed to ensure the program's focus is on high risk assessments. The general principles used in identifying high risk cases for review include the lack of any recent review and the existence of potentially volatile income and assets items included in the data used for assessment of pension.</p>	<p>July 2010</p>

<b>DATA FIELD (OR ISSUE)</b>	<b>PROCEDURAL REFERENCE</b>	<b>REVIEW ACTION</b>	<b>ACTION COMPLETION DATE</b>
are comprehensively reviewed and updated.		<p>About 120,000 pensioner initiated reviews and 70,000 departmentally initiated reviews are completed each year to update income and asset details. In addition there is automatic update of many assessment items such as share values, superannuation amounts and exchange rates.</p> <p>DVA also relies on pensioners to fulfil their obligations to notify of significant variations to personal and financial circumstances via pensioner initiated reviews. To complement this and offset the risk of non-compliance, DVA initiates reviews in response to a known or anticipated change in a person's circumstances likely to affect the rate of pension payable.</p>	Ongoing
<p>20. Investment Property Value Updates – ANAO found there is no regular updating of market values of real estate, or farm properties, that are recorded as assets. In order to reduce the potential for incorrect pension payments occurring in the future, all property assets should undergo a review; the frequency of which should be based on the level of risk.</p>	<p>P11/CH1/S7 &amp; P12/CH7/S5 Compliance Reviews</p>	<p>Approx. 2,500 property values are reviewed annually by the AVO for all assets tested assessments or income tested assessments where the total assets value is within \$10,000 of the prescribed assets limit.</p>	Ongoing

<b>DATA FIELD (OR ISSUE)</b>	<b>PROCEDURAL REFERENCE</b>	<b>REVIEW ACTION</b>	<b>ACTION COMPLETION DATE</b>
<p>21 Asset values greater than current system field limit (\$999,999)</p> <p>The restricted field size prevented the recording of asset values greater than this limit.</p>	<p>No reference</p>	<p>The ANAO found 162 records with a specific amount of \$999,999 recorded. These cases are not in payment.</p> <p>It is occasionally more efficient to record a <u>total</u> assets value rather than request a detailed breakdown of all assets when a pensioner requests cancellation due to a significant increase in assets.</p> <p>Previously field size limitations meant that the maximum that could be recorded as the <u>total</u> asset amount was \$999,999.</p> <p>The fields size was extended in March 2008 and can now accommodate the true total asset value provided by the pensioner.</p>	<p>No current action by business users required. Asset values can now be fully recorded if pension is re-claimed.</p>
		<p>Develop new procedural instructions regarding this topic (CLIK P9/CH1/S4 'Reassessment Process' developed to include new item 'Pension Reassessment and Data Integrity').</p>	<p>August 2010</p>
<p>22. Spousal Maintenance - ANAO found that there were 187 records of clients in payment where spousal maintenance was recorded as deductible income. One case was identified as possibly incorrect, as it</p>	<p>No reference</p>	<p>192 cases were identified with spousal maintenance held as a deduction; all but four of these cases have been reviewed and finalised.</p> <p>Four cases remain outstanding as the pensioner has advised that they are currently in the process of arranging the appropriate legally enforceable agreement.</p>	<p>Ongoing.</p>

<b>DATA FIELD (OR ISSUE)</b>	<b>PROCEDURAL REFERENCE</b>	<b>REVIEW ACTION</b>	<b>ACTION COMPLETION DATE</b>
did not comply with the correct policy because there was no evidence on file of a legally enforceable agreement (the relevant policy changed in 2004 requiring a legally enforceable agreement).		Develop new procedural instructions regarding this topic (CLIK corresponding to Policy Library reference P10/CH6 Maintenance Income).	Incomplete – Expected completion date is June 2011.
		Annual monitoring of spousal maintenance cases implemented by Asst. Director Income Support Reviews to ensure regular review.	Ongoing
23. Nil Income or Assets - ANAO found that of the 264,248 IS clients in payment, 366 had no records of income or assets.	No reference	These cases are considered low risk. Pensioners are not obliged to notify changed income and assets unless their total income or assets are above prescribed limits.  The 366 cases will be reviewed gradually over a period of time.	Ongoing.
		New procedural instructions issued regarding this topic (CLIK P9/CH1/S4 – Reassessment Process updated to include new topic Pension Reassessment and Data Integrity).	August 2010

## Attachment C: Controls to Ensure Correct Income Support Payments

The key controls to ensure income support pensioners receive their correct entitlements are outlined below:

	<b>CONTROL</b>	<b>DESCRIPTION</b>
1	<b>Pensioner Obligations</b>	Under the <i>Veterans' Entitlements Act 1986</i> (VEA), income support pensioners are required to disclose information about changes in their personal or financial circumstances that may affect the amount of pension they receive. Notification from pensioners of their changed personal or financial circumstances are processed as <i>pensioner initiated reviews</i> . However, there are risks associated with a reliance on voluntary disclosure by pensioners as they can fail to report relevant changes either through lack of understanding of their obligations, omission, mistake, or deliberately misrepresenting their circumstances.
2	<b>Departmental Obligations</b>	<p>DVA has a responsibility to ensure that pensioners understand their obligations. At the time of a new grant, income support pensioners are provided with the booklet titled '<i>You and Your Pension</i>' which informs them of their rights, benefits and legal obligations. Pensioners are subsequently advised by letter of any changes to their obligations.</p> <p>The department also reminds all pensioners receiving reduced rate pension of their full obligations and provides them with a full income and asset listing every two years. Pensioners receiving maximum rate pension are reminded of their obligations every 5 years.</p> <p>Additional information on pensioner obligations is provided for pensioners in a series of <i>Obligations Fact Sheets</i> available from DVA offices or the DVA web-site.</p>
3	<b>Payments System</b>	The Pension Payments Statement of Approved System Controls (June 2001) identifies the key risks to the pension payment process and outlines the principle controls applied to bring these risks to an acceptable level. Key controls include the Income Support and Integrated Payment System Quality Assurance Programs, reconciliation processes and system controls and edits.

	<b>CONTROL</b>	<b>DESCRIPTION</b>
4	<b>Enhanced Compliance Review</b>	<p><i>Enhanced Compliance Reviews</i>: Full reviews of the personal and financial circumstances of specifically selected groups of pensioners identified as at a high risk of being paid the incorrect rate of pension.</p> <p>Risk Groups reviewed in 2009-10 include:</p> <ul style="list-style-type: none"> <li>▪ Assets tested pensioners;</li> <li>▪ Less than maximum rate income tested pensioners and no other review for &gt; 2 years;</li> <li>▪ Earnings/Business and no review for &gt; 2 years;</li> <li>▪ Post bereavement reviews; and</li> <li>▪ Former Home Exempt Reviews.</li> </ul>
5	<b>Department Initiated Review</b>	<p><i>Department Initiated Reviews (DIRs)</i> : Regular reviews of particular assessment items that are expected to change including:</p> <ul style="list-style-type: none"> <li>▪ Earnings reviews;</li> <li>▪ Business reviews;</li> <li>▪ Trust and companies reviews;</li> <li>▪ Spousal maintenance;</li> <li>▪ Proceeds of home sale;</li> <li>▪ Annual property revaluations; and</li> <li>▪ Manual actions to update managed investments or shares following Company restructures etc.</li> </ul>
6	<b>Data matching</b>	<p>The data matching program involves computerised matching of identity and income data held by various government agencies. Current matching programs include:</p> <ul style="list-style-type: none"> <li>▪ Income matching with the Australian Taxation Office (ATO);</li> <li>▪ Identity matching with the ATO;</li> <li>▪ Commonwealth superannuation with Comsuper;</li> <li>▪ Death matching with Registrar General's Offices;</li> <li>▪ Payment matching with Centrelink; and</li> <li>▪ UK pension matching with the DH&amp;SS.</li> </ul>
7	<b>Automatic Processing Runs</b>	<p>The automatic processing runs update aspects of pensioners' financial circumstances including:</p> <ul style="list-style-type: none"> <li>▪ Commonwealth and State superannuation increases;</li> <li>▪ Managed investment and share values;</li> <li>▪ Income streams;</li> <li>▪ Exchange rate variations for overseas pensions;</li> <li>▪ Indexation of UK pensions; and</li> <li>▪ Annual property valuations by the AVO for assets tested pensioners or income tested pensioners within \$10,000 of their prescribed asset limit.</li> </ul>



	<b>CONTROL</b>	<b>DESCRIPTION</b>
8	<b>Quality Assurance Program</b>	<p>The Income Support Quality Assurance Program samples a percentage of all income support pension claims and reviews processed with the aim of:</p> <ul style="list-style-type: none"> <li>• providing a high level of confidence about the correctness of decisions and payments;</li> <li>• contributing to fraud control arrangements;</li> <li>• supporting the quality management of Income Support business by contributing to the identification and implementation of improved procedures and work practices and training needs; and</li> <li>• by providing performance feedback to decision makers.</li> </ul>
9	<b>Training &amp; Accreditation</b>	<p>Training programs are developed and delivered within Income Support for new staff, to support new policy implementation, in response to needs identified through the performance feedback process or the QA Programs.</p> <p>New staff within Income Support undertake an accreditation program in a particular areas of work. In situations where errors are repeated, a reaccreditation program to improve a staff member's accuracy rate will occur.</p>
10	<b>Policy &amp; Procedural Documentation</b>	<p>The Policy and Procedural Library (CLIK) and the VEA are valuable resources for staff and reinforce the legislative basis on which Income Support business is based.</p>