

**JCPAA INQUIRY INTO ANAO AUDIT REPORT NO.7 2008-09,
CENTRELINK'S TIP-OFF SYSTEM**

**OPENING STATEMENT BY MR MATT CAHILL, GROUP EXECUTIVE
DIRECTOR, PERFORMANCE AUDIT SERVICES GROUP**

Thank you Chair. The audit's objective was to examine the efficiency and effectiveness of the administration of Centrelink's tip-off system, including Centrelink's management of privacy issues related to the tip-off management process.

Tip-off are allegations and/or other information provided by members of the public about individuals who they believe are obtaining part or all of their Centrelink payment(s) without disclosing complete and accurate details of their circumstances.

In 2007-08, Centrelink received 101 595 tip-offs via a range of channels including the Internet, call centres, the Australian Government Services Fraud Tip-off Line, mail and email. Of the tip-offs received and/or reviewed or investigated in 2007-08, 17 332 or 16.2 per cent resulted in a reduction, increase, cancellation, rejection or suspension to a customer's payment and/or a debt being raised against the customer.

Tip-offs are one element in the spectrum of Centrelink's compliance measures designed to ensure that eligible customers receive the correct entitlement. They introduce the role of a third party (the informant) and, accordingly, they need to be managed in a manner that best utilises the information from each tip-off, while protecting the privacy of customers and safety of informants.

We are of the view that Centrelink has a documented process and guidelines for the collection and recording of tip-offs that is supported by a tip-off recording system (TORS). TORS, introduced in March 2008, incorporates collection and recording functions designed to capture relevant information and reduce the time taken to process tip-offs.

Centrelink's guidelines and processes recognise Centrelink's privacy responsibilities in managing informants and customers. However, Centrelink would benefit by improving the guidelines and processes that relate to:

- the collection and retention of tip-offs in order to provide greater consistency in their practical application and the protection of customers' and informants' privacy and confidentiality; and
- contacting customers and informants as part of compliance reviews and fraud investigations, to provide a balanced approach to managing the interests of both informants and customers.

Compliance officers and fraud investigators who utilise the intelligence derived from information sources such as tip-offs have internal measures that are used to assess their performance. Chair, in our view, these measures are primarily quantitative and can be improved by introducing qualitative measures to provide a more balanced assessment of the compliance review and fraud investigation performance.

Finally, Centrelink's ability to reliably estimate the funding and cost of managing the tip-off process, and the subsequent savings generated from the tip-offs received is limited. While the tip-off capability is only one part of Centrelink's broader compliance capability, an improvement in Centrelink's ability to cost respective compliance capabilities can assist with decisions about the allocation of resources within Centrelink's compliance and fraud program; and also enhance the quality of advice to stakeholders.

The ANAO made six recommendations in the audit aimed at improving Centrelink's: retention of tip-off information; compliance and investigation practices and measures; and capability to reliably estimate funding, costs and savings.

Finally, I have with me today to assist the Committee, Mr Nathan Williamson, Executive Director, who oversighted this audit.