

Submission No: 6

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JCPAA INQUIRY INTO ~~AUDIT REPORT NO.17~~ 2008-09:

ADMINISTRATION OF JOB NETWORK OUTCOME PAYMENTS

OPENING STATEMENT BY Mr MATT CAHILL, GROUP EXECUTIVE DIRECTOR

1. Thank you Chair. The objective of this audit was to assess the effectiveness of the Department of Education, Employment and Workplace Relations (DEEWR's) administration of Job Network outcome payments.
2. Outcome payments form a large proportion of the expenditure made as part of the Job Network Program. In 2007-08, DEEWR paid approximately \$386 million to Job Network members (JNMs) for outcome payments out of a total program expenditure of \$1 030 million.
3. The ANAO concluded that, overall, the controls used by DEEWR to administer outcome payments are effective. These controls are reflected in:
 - the functionality of DEEWR's IT system EA3000;
 - the use of data from Centrelink based on the information that job seekers provide in their fortnightly Application for Payment Form;
 - JNMs certifying that they have the evidence to substantiate their outcome claims; and
 - and the department's contract monitoring activities to oversight contractual compliance by JNMs.
4. These controls provide sufficient assurance that outcome payment amounts are made in accordance with contractual obligations and that actual outcome payments made to JNMs are based on a job seeker being placed in continuous employment for 13 or 26 weeks or undertaking a qualifying education course for one or two semesters.

5. An area that could be strengthened by DEEWR is the clarity of Job Network performance information provided to external stakeholders. A key feature in the management of the Job Network, has been an increasing emphasis on paying for outcomes (placements) rather than paying for services (process).

6. Internally, DEEWR monitors Job Network expenditure outcome payments and service fees separately. For external reports, including Portfolio Budget Statements and Annual Reports, DEEWR reports its annual aggregated expenditure on the Job Network. In this regard, DEEWR could strengthen its reporting of Job Network performance. This could be achieved through publishing sufficiently disaggregated and appropriately disclosed Job Network financial and performance information in the department's Portfolio Budget Statements and Annual Reports.

7. It would also be helpful for users of the department's published Job Network performance information to clearly understand the methodology used to calculate 'cost per employment outcome'.

8. Chair, we made one recommendation, which was agreed by DEEWR. As you would appreciate the recommendation focused on improving the clarity of Job Network performance information provided to external stakeholders including publishing:

- disaggregated financial data on Job Network expenditure including outcome payments and service fees; and;
- a brief overview of the methodology used by the department to calculate cost per employment outcome.

9. Finally, I have with me today two members of the audit team to assist the Committee in its inquiry, Mr Steven Lack, Executive Director, who oversighted this audit, and Mr Kent Jorgensen, a consultant who assisted the ANAO with this audit.