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M. Cahill

JCPAA INQUIRY INTO ANAO AUDIT REPORT NO.11 2008-09,
DISABILITY EMPLOYMENT SERVICES

Submission No:4.....

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

Thank you Chair. The audit's objective was to assess how effectively FaHCSIA and DEEWR had undertaken their roles and responsibilities for specialist disability employment services under the third Commonwealth State/Territory Disability Agreement (CSTDA).

FaHCSIA and DEEWR were required respond to a changing environment during the third CSTDA, planning, managing and implementing a number of policy initiatives, such as:

- integrating services with Job Capacity Assessments aimed at directing job seekers to the most suitable support service;
- replacing block grant funding with fee-for-service case based funding;
- introducing third-party quality assurance certification for service providers; and
- requiring better monitoring of, and reporting by, service providers.

The ANAO concluded that FaHCSIA and DEEWR have been effective in meeting these challenges. However we identified a small number of issues that have arisen from the complexity of the funding models and the need for the departments to better balance accountability and administrative workloads of providers. In particular:

- there is a risk that was not adequately managed by FaHCSIA whereby Business Service providers, in breach of their contract requirements, extend the period in which they assess the support needs of their clients in order to maximise their funding;
- the IT system that DEEWR uses to assist Disability Employment Network (DEN) providers to make accurate payments, did not give providers assurance of the

accuracy of total payments from DEEWR. The complexity of the funding model did not allow a straightforward calculation of this amount; and

- DEEWR monitored and reported on DEN providers using its general employment services framework. As this was overlaid with the quality assurance audits administered by FaHCSIA, providers raised concerns about administrative workloads particularly around the duplication of information provided.

Chair, we also found that while there were improvements in CSTDA performance data collection, the reporting requirements of the CSTDA were not met -- performance data reporting remained fragmented, public release was significantly delayed, and that which was released did not address the requirements set out in the CSTDA.

Accordingly, we made four recommendations for improvement, which have been agreed by FaHCSIA and DEEWR. Our recommendations for FaHCSIA were aimed at:

- better managing the risk that Business Service manipulate the time to complete clients' support needs assessments to maximise their funding; and
- improving the public reporting of performance indicators specified under the CSTDA.

While the DEEWR recommendations related to:

- providing sufficient information to DEN providers to allow reconciliation of payments against claims for services; and
- streamlining compliance activities for DEN providers to reduce providers' administrative workloads.

Chair, the Government is planning to change aspects of DEN services effective from the 1 March 2010. However, we consider that the audit recommendations for DEEWR will continue to be applicable under the proposed model released by DEEWR in December 2008.

Finally, I have with me today two members of the audit team to assist the Committee in its inquiry, Mr Nathan Williamson, Executive Director, who oversighted this audit and Ms Sue Sheridan, the Audit Manager.