03

Management & accountability

Chapter 3.1

Our governance structure

Our Department's governance structure is designed to ensure accountability, transparency and fairness. It includes internal boards and committees, business planning and risk management, operations, quality assurance, fraud control and compliance activities.

Internal committees supporting our business

Committees reporting to the Secretary

Several committees provide advice and support to the Secretary on the administration and overall operation of our Department. Internal committees generally comprise departmental employees; and some have external members.

Executive Management Group

Chair: Finn Pratt, Secretary

Membership: deputy secretaries

The Executive Management Group (EMG) is our most senior committee. It advises the Secretary on overall strategic direction, priorities and performance and oversees our financial wellbeing by allocating resources, monitoring performance and risk, and ensuring we can meet our regulatory requirements. It is also a forum to manage cross-group issues and it guides, coordinates and champions key organisational reform.

Senior Management Group

Chair: Finn Pratt, Secretary

Membership: deputy secretaries, group managers, state and territory managers

The Senior Management Group is the primary forum for senior executive consultation with our group and state managers.

It undertakes strategic discussions on policy themes and policy issues, and other high level matters. It is also a forum to manage cross-group issues and it guides, coordinates and champions key organisational reform.

Audit and Assurance Committee

Chair: Felicity Hand, Deputy Secretary

Deputy Chair: Paul McBride, Group Manager, Social Security Policy (December 2015 to current), Donna Moody, Group Manager, Ageing and Aged Care Services (July to September 2015)

Membership: two senior DSS executives and three external independent members

The external members are experts in their respective fields. In the past year, the three external members were: Ms Jenny Morison, a leading consultant in public sector financial management reform; Mr Andrew Cox, a corporate governance professional with extensive experience in governance, audit and risk management; and Mr Ian Carnell, a former public servant with extensive experience in senior executive positions in several Commonwealth agencies. Following Mr Carnell's resignation in December 2015, Mr Ian McPhee AO PSM, former Auditor-General of Australia, was appointed to the committee.

The Audit and Assurance Committee provides independent assurance and advice to the Secretary and EMG on the design, operation and performance of our internal governance and risk and control framework. It also assesses our compliance with internal and external accountabilities and responsibilities.

The Committee meets five times each calendar year, with a sixth meeting held to review our annual financial statements process.

The Chief Internal Auditor reports to the Committee's chair and the Secretary, as required.

Indigenous Reform Committee

Chair: Finn Pratt, Secretary

Membership: deputy secretaries and Group Manager, Policy Office

The Indigenous Reform Committee ensures we retain a strong focus on and accountability for our portfolio commitments in reducing Indigenous disadvantage.

The Committee ensures our roles and responsibilities in terms of policy, programs, payments and service delivery issues are clearly understood and that connections are recognised and synergies harnessed where appropriate.

The Committee is committed to driving change and measuring the impact of Indigenous participation on lifetime wellbeing.

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Chapter 3.1
Our governance structure

Committees reporting to the Executive Management Group

Policy and Regulatory Reform Committee

Chair: Serena Wilson, Deputy Secretary

Deputy Chair: Barbara Bennett, Deputy Secretary

Membership: deputy secretaries and seven group managers

The Policy and Regulatory Reform Committee has overarching responsibility for the quality and performance of our policy and deregulation activities. It is responsible for the development, implementation and ongoing effectiveness of our:

» policy framework and cross-cutting policy positions

» policy planning, priority setting and performance systems

» evidence (data, research and evaluation) systems

» policy engagement strategy

» policy capability strategy

» deregulation strategy and priorities.

People and Communications Committee

Chair: Michael Lye, Deputy Secretary

Deputy Chair: Tracey Bell, A/g Group Manager

Membership: one deputy secretary, four group managers, two branch managers and one state manager

The People and Communications Committee guides, endorses and makes decisions on policies and strategies regarding:

» development, management, evaluation and provision of strategic advice on internal and external communications

» promotion of best practice stakeholder engagement

» establishment of workforce processes and tools to improve our workforce capability

» development and motivation of employees, including retention, learning and development, and the performance framework

» attraction and recruitment of a high quality workforce, including diversity and inclusion, redeployment, and job evaluation.

Budget Committee

Chair: Michael Lye, Deputy Secretary

Membership: Secretary, deputy secretaries, Chief Finance Officer and
Branch Manager, Budget Development

The Budget Committee has oversight of our external and internal budget strategies,
budget communications, security and advice to Ministers.

The Budget Committee works to ensure we:

» support Ministers and government throughout the budget cycle with strategic
advice and briefing

» take a whole-of-department view in developing Budget submissions, materials and
preparation for the estimates processes

» implements the Government's budget intent while delivering on government
priorities without negatively impacting business continuity

» have in place —

– strong financial and resource management strategies

– effective budget communication strategies

– sound budget security controls.

Program and Delivery Board

Chair: Barbara Bennett, Deputy Secretary

Deputy Chair: Tim Reddel, Group Manager, Program Office

Membership: two deputy secretaries, six group managers and two state or
territory managers

The Program and Delivery Board makes decisions and provides advice to program
owners and EMG on the strategic direction and implementation of our programs as
defined in the Portfolio Budget Statements (PBS).

The Board maximises the contribution our program activities have on our mission
of improving the lifetime wellbeing of people and families in Australia. It provides
guidance to ensure we have a productive, professional working and strategic
relationship with current and potential service providers.

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Chapter 3.1
Our governance structure

**Infrastructure, Communications and Technology Committee**

Co-Chair: Michael Lye, Deputy Secretary

Co-Chair: Barbara Bennett, Deputy Secretary

Membership: two deputy secretaries, four group managers and two branch managers

The Infrastructure, Communications and Technology Committee is our key governance body for Property (Infrastructure), Information Communication and Technology (ICT) strategic planning and ICT projects. It provides advice to EMG relating to Infrastructure and ICT to ensure strategies and operations are aligned with our priorities and the Strategic Framework.

Figure 3.1.1: Our governance structure, as at 30 June 2016
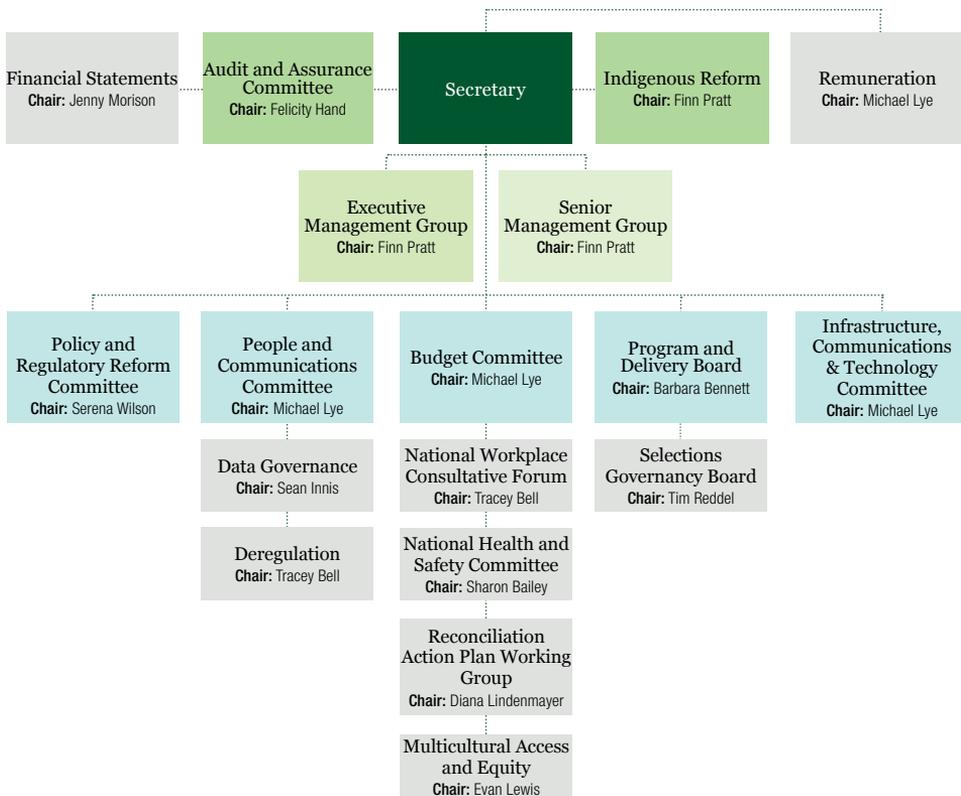
Business planning and risk management

Strategic and business planning

Our vision of improving the lifetime wellbeing of people and families in Australia is at the core of our planning processes. From our highest level corporate documents to each staff member's individual performance plans we ensure our purpose links back to our mission statement and that our key tasks are clear.

Our 2015–16 Corporate Plan outlines policy, program and corporate objectives and guides the way in which we can achieve results.

Our cascading planning process engages staff at all levels to understand how they contribute to our goals.

Our planning assists us to manage risks and to focus on the capabilities and culture we need now and for the future.

Figure 3.1.2: DSS planning

DSS Vision Statement → DSS Corporate Plan → Group and Branch Plans → Individual Performance & Development Plans
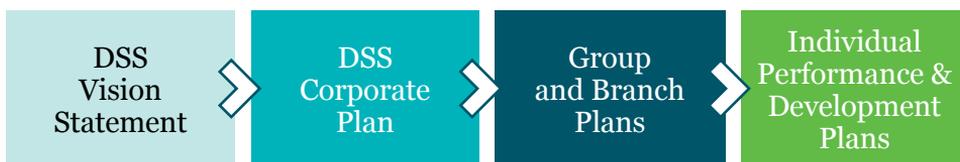
Risk management

We recognise the importance of risk management as an essential component of sound management and good corporate governance. Our approach to risk management is based on the Australian/New Zealand International Standard on Risk Management (AS/NZS ISO 3100:2009) and is aligned with the nine elements of the Commonwealth Risk Management Policy. This supports us to meet our obligations under the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).

We understand risk management is about properly managing risks from the start of any activity in order to achieve our business objectives.

During the past year, we continued to work towards a positive risk culture based on risk acceptance rather than compliance or avoidance. At the centre of this approach is the implementation of controls and treatments proportionate to the risks being managed. This applies to both how we prioritise internal resources and effort, and how we work with other agencies and service providers.

In 2015, we achieved excellent results in the Comcover Benchmarking Survey, which aligns agency performance with the Commonwealth Risk Management Policy. The results show we have an overall 'advanced' risk management maturity level and demonstrate our continued commitment to embed effective risk management.

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Chapter 3.1
Our governance structure

Business continuity management

We have a well-developed, structured, and robust business continuity program.

We are strongly committed to managing business interruptions that have the potential to affect critical services and assets, as well as the wider Australian community. Our business continuity management framework ensures we can deliver our critical work in the event of a disruption to business as usual.

The framework also includes our Disaster Coordination Plan which aims to provide support to individuals and communities affected by disasters.

Internal audit assurance activities

In the past year, we conducted 21 audits, including three multi-stage audits, as part of our rolling 2015–16 Audit Work Program. The rolling Audit Work Program provides assurance over areas of risk identified as a priority by our Executive. In the past year, multi-stage audits provided assurance relating to the security of information and communications technology, and the Commonwealth Home Support Transition Project. The other multi-stage audit is ongoing and continues to provide assurance for streamlining our grant programs.

Changes to the rolling 2015–16 Audit Work Program were made in response to emerging and new risks, including those transferred to us through Machinery of Government (MoG) changes. The Audit and Assurance Committee endorsed the changes to the program.

Results of all internal audits were reported to the Audit and Assurance Committee.

Progress towards implementing audit recommendations is tracked and reported biannually to the Audit and Assurance Committee.

Compliance

Our compliance framework sets out the systems, structures and behaviours that build a compliance environment.

The framework builds a compliance culture shaped by rigorous governance, strong leadership and robust compliance activities. It was developed to support us in maintaining the integrity of the business and services we provide, and it focuses on:

» assessing and planning to manage risk

» decision-making informed by risk

» documenting why decisions are made

» reviewing the quality of processes and how we are performing

» learning and seizing opportunities for improvement.

The compliance framework is reviewed annually or when there is a change in better practice, relevant legislation and standards, or when the Government changes our responsibilities.

Compliance with finance law

In the past year, no significant issues of non-compliance with finance law were identified or reported.

Under paragraph 19(1)(e) of the *Public Governance, Performance and Accountability Act 2013*, we are required to notify the Minister for Social Services and the Minister for Finance of significant issues of non-compliance with the finance law as soon as practicable after identification.

Fraud and corruption control

Our Fraud and Corruption Control Plan outlines the strategies in place to prevent, detect, investigate and report fraud. It includes a:

» statement of our zero-tolerance approach to fraud and how we manage fraud risks

» description of our employees' fraud control responsibilities

» description of our fraud prevention, detection and investigation arrangements

» description of our fraud reporting obligations.

We review the Fraud and Corruption Control Plan annually, or more frequently if required, to ensure it continues to reflect our business activities.

Ongoing fraud risk assessments underpin the plan. The assessment process involves risk owners, business and program managers and subject matter experts who evaluate existing and emerging fraud risks biannually to ensure appropriate controls are in place to manage those risks.

Fraud and corruption awareness

Our fraud and corruption awareness strategy includes awareness training through online learning or face-to-face delivery, and regular fraud-related messages to staff. This ensures staff can access appropriate training and messages out of the national office or across the delivery network.

Fraud investigation

In the past year, our Fraud and Public Law Branch investigated allegations of fraud and criminal behaviour involving staff and recipients of our funding. If appropriate, briefs-of-evidence recommending prosecution were submitted to the Commonwealth Director of Public Prosecutions for consideration. If our investigations identified any risks these were reported to the Department's relevant governance committees. If our investigations identified any opportunities for business improvement these were also communicated to relevant stakeholders with advice on how these could best be realised.

Our investigations were conducted in line with Australian Government Investigation Standards and all departmental investigators have at least the minimum qualifications stipulated in the standards.

We work closely with other Australian Government entities responsible for fraud prevention and investigation by sharing information and developing knowledge of fraud risks, fraud intelligence and trends that may impact our programs.

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Chapter 3.1
Our governance structure

Payments and programs provided under a bilateral management arrangement

Our Department and the Department of Human Services (DHS) have in place a Bilateral Management Arrangement (BMA) to support an effective working relationship between the two agencies.

The BMA details the payments, programs and services that DHS delivers on our behalf, underpinning the interdependence in our portfolio between policy and service delivery. This encompasses the relationship, governance and reporting requirements and the exchange of an annual statement of assurance.

It provides support for our Department to review, manage and develop policy and work with DHS to achieve the outcomes expected by the Australian Government.

Assurance for payments and services

Measuring the accuracy of program outlays

Assurance of the accuracy of social security income support payments is provided by the Random Sample Survey Program. Reviews are conducted by DHS using a random sample of the population for each payment type.

The program provides a point-in-time assessment of recipient circumstances to establish the accurately-paid value of total outlays and provide reasons for any debt, error or change in payment rate. It provides benchmark data on the level of inaccurate payments.

In 2015–16, the program conducted 20,674 reviews.

The survey is the primary way we measure social security service delivery performance. Payments are to be made with 95 per cent or greater accuracy as measured by the program. In the past year, the overall result was 95.49 per cent; however, results for some individual social security payments were below the agreed target (see Table 3.1.1).

This year our Department and DHS continued to work collaboratively to consider ways to improve overall accuracy.

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Chapter 3.1 Our governance structure

Table 3.1.1: Payment accuracy — by payment type, as at 30 June 2016[a]

Payment type	Number of customers surveyed	Accuracy (%)	Confidence interval (%)
ABSTUDY	500	81.55	+/-3.61
Austudy	700	85.52	+/-2.65
Newstart Allowance	4,986	92.93	+/-0.74
Parenting Payment Partnered	1,101	83.47	+/-2.99
Parenting Payment Single	2,097	94.58	+/-1.11
Partner Allowance (Benefit and Pension)	120	98.69	+/-2.33
Sickness Allowance	400	67.75	+/-4.78
Widow Allowance	200	97.10	+/-2.16
Youth Allowance (other)	822	87.21	+/-2.83
Youth Allowance (student)	1,300	88.57	+/-1.82
Age Pension	3,471	98.12	+/-0.26
Disability Support Pension	1,902	91.55	+/-1.28
Carer Payment	1,050	95.86	+/-1.13
Carer Allowance	175	96.42	+/-2.77
Family Tax Benefit	1,500	96.97	+/-1.01
Special Benefit	350	96.62	+/-1.75
Overall rate of accuracy	**20,674**	**95.49**	**+/- 0.31**

a Payment accuracy figures vary slightly to those included in the DHS Annual Assurance Statement. These figures can be subject to minor variations at different points in time as reviews, data validation checks and appeal outcomes are finalised.

Social security debt raising and recovery

Social security payments can be overpaid if the recipient's circumstances change but are not updated either through intentional fraud or unintentional error (staff or recipient). DHS manages debt identification and recovery for our Department and we monitor and oversee this process.

This year, DHS raised 1,553,278 DSS debts valued at $1.55 billion and recovered $0.92 billion; a further $76.0 million was waived.

These figures include compensation debts but exclude Family Tax Benefit reconciliation and tax return non-lodger debts.

Debts were recovered through a variety of methods. In 2015–16, the primary methods were:

» withholding of a portion of the current entitlement for current recipients
» garnishee of tax refunds for ex-recipients with no other repayment arrangement in place.

The Department can waive its right to recover a debt under certain conditions. These include cases where:

» the debtor is subject to extreme and unusual circumstances that interfere with their capacity to repay

» the debt was solely due to administrative error

» the debt is likely to be less than $50 in value and therefore not cost effective to pursue.

Indicators that are agreed with DHS measure the overall effectiveness of debt management relating to social security program payments.

Grant management

The 2015–16 Budget provided funding of $99.4 million over four years to establish a simpler and more efficient whole-of-government grants administration process.

The Streamlining Grants Administration (SGA) initiative is aimed at delivering a better user experience for grant applicants and recipients enabling government to deliver grants more efficiently and effectively. This initiative will produce a standardised and scalable common grants management process across government, thereby replacing multiple existing systems and processes. As part of this initiative, two administrative hubs will be established: one for individuals and community organisation grants, and one for business.

During the past year, we established the Community Grants Hub. It is responsible for providing expert advice in the design of grants programs and delivering streamlined, consistent grants administration functions, such as selection and grant agreement development, in line with the PGPA Act and the *Commonwealth Grants Rules and Guidelines* (July 2014).

The Community Grants Hub is committed to improving grants processes, implementing and enhancing our Data Exchange and facilitating strategic engagement between the Department and the social services sector. This will allow us to leverage opportunities, evidence and engagement to target more effective programs and maximise outcomes.

Information on grants awarded during the period 1 July 2015 to 30 June 2016 is available at dss.gov.au/grants.

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Chapter 3.1
Our governance structure

Ethical standards

We promote ethical standards and behaviours relating to our workplace and employment.

Material on this is published on our intranet and includes:

» the Australian Public Service (APS) *Code of Conduct;* the *APS Values* and the *APS Employment Principles*

» information on bullying and harassment

» guidance on acceptance of gifts and benefits

» information on conflict of interest and outside employment

» guidance on ethical behaviour in practice.

Our intranet also provides links to external websites that deal with related material, including the Australian Public Service Commission (APSC) website at apsc.gov.au.

The *APS Code of Conduct* and the *APS Values* are outlined in each employee's individual performance agreement.

We have implemented procedures under the *Public Interest Disclosure Act 2013* (PID Act) and held information sessions for senior managers. We also publish information about the legislation on our intranet.

In the past year, we ran orientation sessions that included information about ethical behaviour, the *APS Code of Conduct*, the *APS Values*, and the PID Act.

Service charter

Our service charter sets out the standards of service our clients can expect, and ways to help us improve our customer service. The charter also helps our staff understand their roles and responsibilities.

For further information on our service charter, go to dss.gov.au.

Complaints management

We encourage people to provide feedback on their experiences with our Department or DSS-funded service providers to ensure we continue to improve quality service to all Australians.

In the past year, 229 formal complaints were recorded on the DSS Feedback Management System.

In the past year, the highest number of complaints involved organisations that provide services relating to Disability and Carers (23 per cent). The second highest number of complaints related to Housing and Homelessness (17 per cent).

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Chapter 3.1
Our governance structure

Freedom of information

Information Publications Scheme

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to make information publically available as part of the Information Publication Scheme (IPS).

Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. To see our plan, go to dss.gov.au.

Office of the Australian Information Commissioner

We work closely with the Australian Information Commissioner (or Privacy Commissioner) to develop privacy policy relating to our handling of personal information in respect of our functions and activities. Our privacy policy is available at dss.gov.au.

The Privacy Commissioner may look into a privacy issue, including breach notifications and complaints, and issue a report or determination.

This year, the Privacy Commissioner has looked into one privacy matter involving our Department. The matter was closed with no adverse finding following a conciliation process in which the complaint was resolved to the satisfaction of both parties.

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Chapter 3.1
Our governance structure

Chapter 3.2

External scrutiny

Our operations are scrutinised by external entities such as the Australian National Audit Office (ANAO), the Commonwealth Ombudsman and committees of the Australian Parliament.

Reports by the Australian National Audit Office

Audits conducted by the ANAO have examined our administration of housing, community assistance, and child care programs subsequently administered by the Department of Education and Training.

As part of its Annual Audit Work Program 2015, the ANAO tabled five performance audit reports involving our Department, and completed an interim report from its external audit of our 2015–16 financial statements. Two of these ANAO performance audits were specific to our Department:

» Early Intervention Services for Children with Disability

» National Rental Affordability Scheme: Administration of Allocations and Incentives.

The other three performance audits involved agencies in addition to DSS:

» Delivery and Evaluation of Grant Programmes

» Qualifying for the Disability Support Pension

» Confidentiality in Government Contracts: Senate Order for Departmental and Agency Contracts (Calendar Year 2014 Compliance).

One ANAO performance audit directly involving our Department is in progress:

» National Rental Affordability Scheme – Administrations of allocations and incentives.

The following three performance audits are in progress and involve agencies in addition to DSS:

» Machinery of Government Changes

» National Disability Insurance Agency – Management of the Transition of the Disability Services Market

» Fraud Prevention and Compliance Initiatives in Human Services.

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Chapter 3.2
External scrutiny

Improvements

We have made a number of improvements to our practices and procedures in response to recommendations from the ANAO's performance audits. These include updating our training and guidance relating to contract management, and strengthening our stakeholder engagement. Our Program Delivery Model has improved the way we manage our programs by providing staff with a single source of guidance and resources, and we have strengthened our approach to enterprise risk management with updated guidance and tools.

Reports by the Commonwealth Ombudsman

The Commonwealth Ombudsman released two reports relevant to our Department in the past year:

» Administration of Income Management for 'Vulnerable Youth'
» Income Maintenance Periods and Special Benefit.

In the first report, the Commonwealth Ombudsman made one specific recommendation in relation to our Department about amending existing exclusion processes and policies. While this recommendation was not agreed by the Department, we agreed to implement new processes that would help address the Ombudsman's concerns.

In the second report, the Commonwealth Ombudsman made three specific recommendations in relation to our Department, which covered Income Maintenance Period reduction, Special Benefit, and Awareness of the Impact of Termination Payments. We are working to implement these recommendations.

Judicial decisions

During the past year, no judicial decisions had a significant impact on our operations.

Administrative tribunal decisions

During the past year, no decisions of an administrative tribunal had a significant impact on our operations.

Reports by parliamentary committees

In the past year, we appeared before the Senate Community Affairs Legislation Committee estimates inquiry on six occasions. We also gave evidence or made submissions to several parliamentary committee inquiries, as set out in Table 3.2.1.

Chapter 3.2
External scrutiny

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Table 3.2.1: Relevant parliamentary committee inquiries in 2015–16

Parliamentary committee	Actions	Date report tabled[a]
Senate – Community Affairs Legislation Committee Social Services Legislation Amendment (Youth Employment and Other Measures) Bill 2015	On 28 May 2015, the Senate referred this matter to the Committee for inquiry and report. DSS attended a hearing on 5 August 2015. Answers to Questions taken on Notice were provided on 10 August 2015.	11 August 2015
Senate – Community Affairs Legislation Committee Report on the Fairer Paid Parental Leave Amendment Bill 2015	On 25 June 2015, the Senate referred this matter to the Committee for inquiry and report. DSS provided a submission on 5 August 2015 and attended a hearing on 1 September 2015. Answers to Questions taken on Notice were provided on 14 September 2015.	15 September 2015
Senate Select Committee on Health Fourth Interim Report on Mental Health: a Consensus for Action	On 25 June 2014, the Senate resolved to establish the Select Committee into Health to inquire into and report on health policy. This interim report is the fourth in a series in which the Senate Select Committee on Health proposes to report its findings and conclusions to date. DSS attended a hearing on 26 August 2015. Answers to Questions taken on Notice were provided on 22 September 2015.	8 October 2015
Senate – Community Affairs Legislation Committee Social Services Legislation Amendment (No Jab, No Pay) Bill 2015	On 17 September 2015, the Senate referred this matter to the Committee for inquiry and report. DSS provided a submission on 16 October 2015 and attended a hearing on 2 November 2015. Answers to Questions taken on Notice were provided on 6 November 2015.	11 November 2015

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Chapter 3.2
External scrutiny

Parliamentary committee	Actions	Date report tabled[a]
Joint Standing Committee on the National Disability Insurance Scheme	The Joint Standing Committee on the National Disability Insurance Scheme (NDIS) was established on 2 December 2013. DSS provided the Government Response on the Second Progress Report in January 2016.	12 November 2015
Senate – Education and Employment References Committee Current levels of access and attainment for students with disability in the school system, and the impact on students and families associated with inadequate levels of support	On 17 June 2015, the Senate referred this matter to the committee for inquiry and report. DSS provided a submission on 20 August 2015.	15 November 2015
Senate – Community Affairs References Committee Violence, abuse and neglect against people with disability in institutional and residential settings, including the gender and age related dimensions, and the particular situation of Aboriginal and Torres Strait Islander people with disability, and culturally and linguistically diverse people with disability	On 11 February 2015, the Senate referred the following matter to the Senate Community Affairs References Committee for inquiry and report. DSS attended a hearing on 21 August 2015 and answers to Questions taken on Notice were provided on 3 September 2015.	25 November 2015
Senate – Community Affairs Legislation Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill 2015	On 12 November 2015, the Senate referred this matter to the Committee for inquiry and report. DSS attended a hearing on 19 November 2015. Answers to Questions taken on Notice were provided on 26 November 2015.	30 November 2015
Joint Standing Committee – on Treaties Proposed Social Security Agreement between Australia and Estonia – Signed 14 September 2015	This Treaty will examine the Agreement between Australia and the Republic of Estonia on Social Security (Tallinn, 14 September 2015). DSS attended a hearing on 30 November 2015.	22 February 2016 (Report 158)

Parliamentary committee	Actions	Date report tabled[a]
Senate – Community Affairs Legislation Social Services Legislation Amendment (Family Payments Structural Reform and Participation Measures) Bill (No.2) 2015	On 3 December 2015, the Senate referred this matter to the Committee for inquiry and report. DSS attended a hearing on 18 February 2016. Answers to Questions taken on Notice were provided on 23 February 2016.	1 March 2016
House of Representatives Standing Committee on Social Policy and Legal Affairs Inquiry into Surrogacy Arrangements	On 4 December 2015, the Attorney General, Senator the Hon George Brandis QC, asked the Committee to inquire into and report on the regulatory and legislative aspects of international and domestic surrogacy arrangements. DSS attended a hearing on 3 March 2016.	4 May 2016
House of Representatives – Standing Committee on Indigenous Affairs Inquiry into Educational Opportunities for Aboriginal and Torres Strait Islander Students	On 16 September 2015, the Minister for Indigenous Affairs, Senator the Hon Nigel Scullion, asked the Committee to inquire into and report on this matter. DSS provided input into a joint submission with the Department of Prime Minister and Cabinet, Department of Education and Training, Department of Human Services and Department of Communications and the Arts in November 2015 and attended a hearing on 19 April 2016.	Interim Report: 4 May 2016
Senate Select Committee on Health Sixth Interim Report on Big health data: Australia's big potential	On 25 June 2014, the Senate resolved to establish the Select Committee into Health to inquire into and report on health policy. This interim report is the sixth in a series in which the Senate Select Committee on Health proposes to report its findings and conclusions to date. DSS attended a hearing on 3 February 2016.	5 May 2016

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Chapter 3.2
External scrutiny

Parliamentary committee	Actions	Date report tabled[a]
House of Representatives Standing Committee on Economics Home Ownership	On 13 May 2015, the Chair of the Committee, John Alexander, announced the Inquiry into Home Ownership. A hearing was held on 26 June 2015 and DSS provided answers to Questions taken on Notice from this hearing on 24 July 2015.	Inquiry lapsed
Senate – Finance and Public Administration Domestic Violence and Gender Inequality	On 25 November 2015, the Senate referred this matter to the Committee for inquiry and report. DSS provided a submission on 17 March 2016.	Inquiry lapsed
Senate – Community Affairs References Committee Indefinite detention of people with cognitive and Psychiatric impairment in Australia	On 2 December 2015, the Senate referred this matter to the Committee for inquiry and report. DSS provided a submission on 8 April 2016.	Inquiry lapsed

a   At the dissolution of the House of Representatives and the Senate on 9 May 2016 for a general election on 2 July 2016, the parliamentary committees of the 44th Parliament ceased to exist. Therefore inquiries that were not completed lapsed and submissions cannot be received. Information about the inquiries is still available at aph.gov.au.

Chapter 3.3

Managing our people

Overview

We continue to build a strong, capable and resilient workforce to achieve our vision to be Australia's leading social policy agency.

We support and develop our staff through workforce planning, improved performance management, leadership and capability development programs, employee benefits and workplace arrangements.

For our 2015–16 staffing statistics, see *Appendix G* at page 231.

Looking forward

We will continue to:

» build our workforce planning practices to ensure we have a highly capable and engaged workforce to deliver our priorities

» support staff through learning programs, wellbeing initiatives, and performance management practices

» celebrate our diverse workforce and recognise our achievements through rewards and recognition

» review the workforce profile of the Department and assist business areas to make strategic recruitment decisions.

Effectiveness in managing and developing staff

Workforce planning

In the past year, we completed operational workforce plans to better understand and meet current and future workforce requirements and government priorities.

We continue to offer interesting and meaningful work, development opportunities, flexible working arrangements and competitive employment conditions so we can retain high-performing staff. This is emphasised in the workforce plan of each departmental group.

A quarterly workforce report (the Report) was prepared for the Executive Management Group and included key workforce metrics and associated benchmarks.

If the Report identified organisational priorities, HR Business Partners worked closely with senior managers to advise, manage and implement the appropriate HR strategies.

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Chapter 3.3
Managing our people

Workplace diversity

We continue to support a diverse and inclusive workplace. Our Aboriginal and Torres Strait Islander Workforce Strategy and Disability Workforce Action Plan make us an employer of choice for Aboriginal and Torres Strait Islander staff and staff with disability.

All staff are encouraged to undertake our Foundations in Aboriginal and Torres Strait Islander Cultures and Societies e-learning program and the new Disability Awareness and Disability Confidence training.

In the past year, our staff participated in International Day of People with Disability, Hearing Awareness Week, NAIDOC Week, National Reconciliation Week, Carers Week, Harmony Day, Wear it Purple Day and Mental Health Week.

Employment of Aboriginal and Torres Strait Islander people

We are committed to employing Aboriginal and Torres Strait Islander peoples.

We recognise the important role our Aboriginal and Torres Strait Islander staff play in sharing their skills and knowledge to support our work on behalf of all Australians.

More than 4.6 per cent of our staff identified as being of Aboriginal or Torres Strait Islander heritage in June 2016, compared with an Australian Public Service (APS) rate of 2.6 per cent in June 2015.

Our Reconciliation Action Plan 2015–17 and Aboriginal and Torres Strait Islander Workforce Strategy 2015–18 guide our approach to Aboriginal and Torres Strait Islander recruitment, retention and development.

We continue to provide employment pathways for Aboriginal and Torres Strait Islander peoples, including through our Indigenous Internship Program, the Australian Public Service Commission's Indigenous Pathways Program, the Department of Education and Training's Indigenous Australian Government Development Program, and the Department of Human Services' Indigenous Apprenticeship Program.

In the past year, we recruited 34 Indigenous entry-level participants through these programs.

Our Indigenous Champion, Deputy Secretary Michael Lye, worked with the National Aboriginal and Torres Strait Islander Staff National Committee to drive workforce initiatives for Indigenous employees.

Figure 3.3.1: Diversity in our people

Indigenous Employment Levels

DSS 4.63%

APS 2.9% APS target of 3%

APS at 31 December 2015

Disability Employment Levels

DSS 6.79%

APS 3.5%

APS at 31 December 2015

Female SES

DSS 55.0%

APS 41.8%

APS at 31 December 2015

Employees aged 55 or over

DSS 14.4%

APS 17.4%

APS at 31 December 2015

Employment of people with disability

We support the employment of people with disability.

A total of 6.8 per cent of our staff identified as having a disability, compared with an APS rate of 3.5 per cent in June 2016.

Our Disability Workforce Action Plan guides our approach to the recruitment, retention and development of people with disability.

We continue to provide entry level employment pathways for people with a disability, including through the Australian Network on Disability's Stepping Into Internship Program, and the Australian Paralympic Committee's Paralympic Workplace Diversity Program. We also implemented the APS RecruitAbility principles into all of our recruitment processes.

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Chapter 3.3
Managing our people

We provide support and guidance to employees with disability and their managers through maintaining the role of a Disability Access Coordinator, centralised funding for providing reasonable adjustment for employees with disability, and through working closely with Disability Employment Support providers and rehabilitation managers.

Our Disability Champion, Deputy Secretary Felicity Hand, worked with the Staff with Disability National Committee to drive workforce initiatives for employees with a disability.

Leadership and capability development

We know that if staff are to get the most out of their personal investment in learning and development, different learning opportunities need to exist within the workplace. We offer a range of targeted learning and development opportunities to promote staff skills and to build our organisational capability.

In the past year, we launched LearnHub, our new Learning Management System. This gives staff access to 21 eLearning programs. We also offered staff 43 centrally funded face-to-face training courses.

This was complemented by unlimited, on-demand access to a library of high quality, current and engaging video tutorials on Lynda.com. In the past year, staff accessed more than 21,000 videos and undertook 1,499 hours of eLearning.

We also continued to develop the skills of our senior managers. Specialist external leadership opportunities were offered or provided to high performing EL2s and SES. More than 96 staff took part in these leadership and management programs.

We have continued to facilitate and support the Learning and Development Partnership Forum as the principal forum to identify and address learning and development needs for our staff. This forum builds partnerships and collaborates with business areas across the Department to enable a considered and coordinated approach to learning and development.

Graduate program

We are an employer of choice with a graduate program that is helping to shape Australia's future. DSS was listed as one of the top 75 graduate employers in a survey conducted by the Australian Association of Graduate Employers and was selected as a finalist in the Best Graduate Development Program category in the 2015 Australian HR Awards.

In the past year, we recruited 73 graduates, including 43 generalists, 11 information technology, 2 legal, 3 finance and 14 data and analysis specialists.

Our graduates undertake a 10-month program that offers comprehensive internal and external training, networking opportunities, and broad opportunities for career development.

Workplace arrangements

Enterprise agreement

Our new Enterprise Agreement came into effect on 21 October 2015.

Revisions to the Australian Government Workplace Bargaining Policy, effective 20 October 2015, allowed agencies to offer wage increases averaging up to two per cent per annum.

On 10 November 2015, the Secretary signed a subsection 24(1) determination under the *Public Service Act 1999* (Cth) to give effect to additional salary increases for 2016 and 2017.

Flexibility agreements for non–SES employees

Individual flexibility arrangements (IFAs) were available to employees in accordance with the *Fair Work Act 2009* and the relevant enterprise agreement (subject to approval by the Remuneration Committee). Employees have the opportunity to negotiate arrangements with their manager, such as supplementation remuneration, which recognise highly valued skills critical to the organisation and outstanding contributions.

Performance pay

During the 2015–16 financial year no performance payments were made to non-SES employees on an IFA.

Senior Executive Service remuneration

SES remuneration and conditions are reviewed each July by the Executive Management Group. The annual APS Remuneration Survey Report provided by the Australian Government Remuneration Tribunal is used as a reference guide.

Subsection 24(1) determinations — SES employees

SES employees were offered a remuneration and employment conditions package through a determination under the *Public Service Act 1999* (subsection 24(1)). The remuneration and employment conditions package complies with the requirements of the Executive Remuneration Management Policy issued by the Australian Public Service Commission (APSC).

As at 30 June 2016, 63 subsection 24(1) determinations were in place for SES employees.

Common law contracts

We do not use common law contracts for the employment of staff.

Non-salary benefits to employees

We offered a range of non-salary benefits to our people under the new Enterprise Agreement and individual industrial instruments. These benefits incorporate a range of leave; including annual, personal, cultural and long service leave, as well as flexible working arrangements, access to salary packaging and remote locality assistance.

Support for the National Disability Insurance Agency

We provided payroll services to the National Disability Insurance Agency (the Agency). This included:

» fortnightly employee salary payments

» commencing and terminating new employees on the payroll system

» administering leave and allowances for NDIA employees

» quarterly workforce reports.

In addition, we worked with the Agency and DHS to prepare for the transition of these services to the DHS Shared Service Centre in 2016–17.

Work health and safety

We acknowledge and are committed to fulfilling our responsibilities under the *Work Health and Safety Act 2011,* the *Work Health and Safety Regulations 2011* and the *Safety, Rehabilitation and Compensation Act 1988*. In addition, we are dedicated to taking all reasonably practicable additional measures to protect the health, safety and welfare of our people while at work, in line with our policy of continuous improvement.

Improved employee work health and safety efforts included:

» an 89 per cent conformance result from the Comcare rehabilitation management system audit in October 2015

» the design of an integrated approach to Health Safety and Rehabilitation

» the delivery of more than 700 sessions provided to staff by the Employee Assistance Program.

Chapter 3.4

Managing our finances

For 2015–16, we managed a budget of $120.9 billion. This consisted of $120.3 billion in administered appropriations and $0.6 billion in departmental appropriations.

Key results

The 2015–16 financial statements in this report reflect our effective financial management including implementing changes to functions following the Administrative Arrangements Orders of 21 and 30 September 2015. We were responsible for around one-quarter of the Commonwealth Budget, including $113.4 billion in payments to individuals and $6.9 billion for programs, subsidies, and grants to support the community.

Within our operating expenditure of $0.6 billion, a small surplus attributable to DSS of $0.8 million was reported.

How we are funded

The Australian Parliament, via the Appropriation Acts, provides our Department with two types of funding: departmental and administered.

Departmental resources are used to develop and implement policies and deliver services (programs).

We also administer payments, subsidies, revenues and other resources on behalf of the Australian Government. A shaded background in our financial statements indicates information that relates to an administered resource (see page 135).

Changes in departmental and administered finances reported in Table 3.4.1 and Table 3.4.2 are predominantly due to the part year effects of the 2014–15 and 2015–16 Machinery of Government (MoG) changes.

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Chapter 3.4
Managing our finances

Table 3.4.1: Trends in departmental finances

		2015–16 $ million	2014–15 $ million	Change $ million
Revenue from the Australian Government		475.3	598.5	(123.2)
Other revenue		92.1	65.0	27.1
Total income		**567.4**	**663.5**	**(96.1)**
Employee benefits		325.9	391.4	(65.5)
Suppliers		237.4	252.9	(15.5)
Other expenses		59.4	81.6	(22.2)
Total expenses		**622.7**	**725.9**	**(103.2)**
Deficit attributed to the Australian Government		**(55.3)**	**(62.4)**	**7.1**
Add back non-appropriated depreciation and amortisation expense		56.1	63.2	(7.1)
Surplus attributed to the Department		**0.8**	**0.8**	**–**
Financial assets	A	128.1	173.0	(44.9)
Non-financial assets	B	208.9	188.0	20.9
Liabilities	C	137.4	197.5	(60.1)
Net assets (A+B-C)		**199.6**	**163.5**	**36.1**

Table 3.4.2: Trends in administered finances

	2015–16 $ million	2014–15 $ million	Change $ million
Recoveries	54.7	237.8	(183.1)
Interest	3.0	7.8	(4.8)
New Zealand Reciprocal Agreement	35.8	12.3	23.5
Other revenue	42.6	39.9	2.7
Total revenue	**136.1**	**297.8**	**(161.7)**
Suppliers	906.4	965.7	(59.3)
Subsidies	3,028.3	11,049.6	(8,021.3)
Personal benefits	113,387.4	112,441.2	946.2
Grants	1,961.8	2,991.9	(1,030.1)
Payments to corporate Commonwealth entities	581.1	308.4	272.7
Other expenses	630.7	461.9	168.8
Total expenses	**120,495.7**	**128,218.7**	**(7,723.0)**
Financial assets	3,955.8	4,559.5	(603.7)
Non-financial assets	–	0.04	(0.04)
Liabilities	7,518.2	9,895.4	(2,377.2)

Assets management

Our assets are managed under the authority of section 20A of the *Public Governance, Performance and Accountability Act 2013 (*PGPA Act), relevant accounting standards and Department of Finance requirements.

An independent valuer undertook a complete revaluation of our property, plant and equipment assets during the 2015–16 financial year. The results of this revaluation are reflected in the 2015–16 financial statements (at page 136).

Consultants

In the past year, 86 new consultancy contracts were let for a total of $10 million and a further 38 ongoing consultancy contracts totalling $4.4 million were active.

We contracted providers of professional services after considering the skills and resources required for the task, internal capacity, and the cost effectiveness of contracting an external service provider. Consultants were engaged in line with the PGPA Act and related regulations.

This Annual Report presents information about our actual expenditure on contracts for consultancies. For information on the value of contracts and consultancies, go to the AusTender website at tenders.gov.au.

Summary information on consultancy services for our Department is set out in Table 3.4.3 and Table 3.4.4.

Table 3.4.3: Consultancies in 2015–16

	Number	Expenditure ($ million, GST incl.)
New consultancies let	86	10
Ongoing consultancies active	38	4.4
Total	**124**	**14.4**

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Chapter 3.4
Managing our finances

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Table 3.4.4: Total expenditure on new and ongoing consultancy contracts — 2013–14 to 2015–16

Expenditure ($ million, GST incl.)		
2015–16	2014–15	2013–14
14.4	13.2	17.5

Australian National Audit Office access clauses

No contracts were let in the past year that required the Auditor-General to have access to the contractor's premises.

Exempt contracts

In the past year, one contract was exempted from reporting on AusTender on the basis that publishing contract details would disclose exempt matters under the *Privacy Act 1988*.

Purchasing

Our purchasing activities are consistent with the Secretary's Instructions and internal procurement guidelines, which are in accordance with the Commonwealth Procurement Rules (July 2014).

Purchasing is made in an accountable and transparent manner, complying with Australian Government policies and meeting relevant international obligations.

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Chapter 3.4
Managing our finances

Procurement initiatives to support small business

Our Department supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SMEs) and Small Enterprise participation statistics can be found on the Department of Finance's website, at finance.gov.au.

The Department recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website, at treasury.gov.au.

The Department supports the use of SMEs through various means including:

» using standardised contracts for low-risk procurements valued under $200,000

» using an electronic invoice processing system

» incorporating Australian Industry Participation Plans in procurement where applicable.

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Chapter 3.4
Managing our finances