

03

Management and accountability

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Chapter 3.1

Our governance structure

Our 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.

Executive Management Group (EMG)

Chair: Finn Pratt, Secretary

Membership: deputy secretaries

The Executive Management Group 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 meet our regulatory requirements.

Senior Management Group (SMG)

Chair: Finn Pratt, Secretary

Membership: deputy secretaries, group managers, delivery network representatives

The Senior Management Group is the key forum for senior executive consultation with group managers. It manages cross-group issues and 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

Membership: two senior DSS executives and three external members

The external members are experts in their respective fields. In 2016–17, these 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 McPhee AO PSM, former Auditor-General of Australia.

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Chapter 3.1
Our governance structure

The Audit and Assurance Committee provides independent assurance and advice to the Secretary and the EMG on the design, operation and performance of our internal governance and risk and control frameworks. 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 the annual financial statements process.

The head of Internal Audit 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.

It ensures roles and responsibilities in terms of policy, programs, payments and service delivery issues are clearly understood.

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

Committees reporting to the EMG

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
- » regulatory reform strategy and priorities.

People and Communications Committee

Chair: Michael Lye, Deputy Secretary

Deputy Chair: Janean Richards, Chief Legal Counsel and Group Manager, Corporate Services

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

The People and Communications Committee considers and provides advice to the EMG on key strategic areas including performance management, workforce planning, capability development, corporate services, stakeholder management and communication.

Budget Committee

Chair: Michael Lye, Deputy Secretary

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

The Budget Committee is a decision-making body that oversees our external and internal budget strategies, budget communications, budget 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
- » implement the Government's budget intent while delivering on its priorities without negatively impacting business continuity
- » have in place:
 - strong financial and resource management strategies
 - effective budget communication strategies
 - sound budget security controls.

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Program and Delivery Board

Chair: Barbara Bennett, Deputy Secretary

Co-Chair: Michael Lye, Deputy Secretary

Membership: two deputy secretaries, seven group managers, the National Manager for delivery and one branch manager

The Program and Delivery Board provides strategic direction and oversees the development and implementation of our programs, including the Streamlining Grants Administration Program.

It ensures program activities contribute to our overarching mission of improving the lifetime wellbeing of people and families in Australia.

Infrastructure, Communications and Technology Committee

Co-Chair: Michael Lye, Deputy Secretary

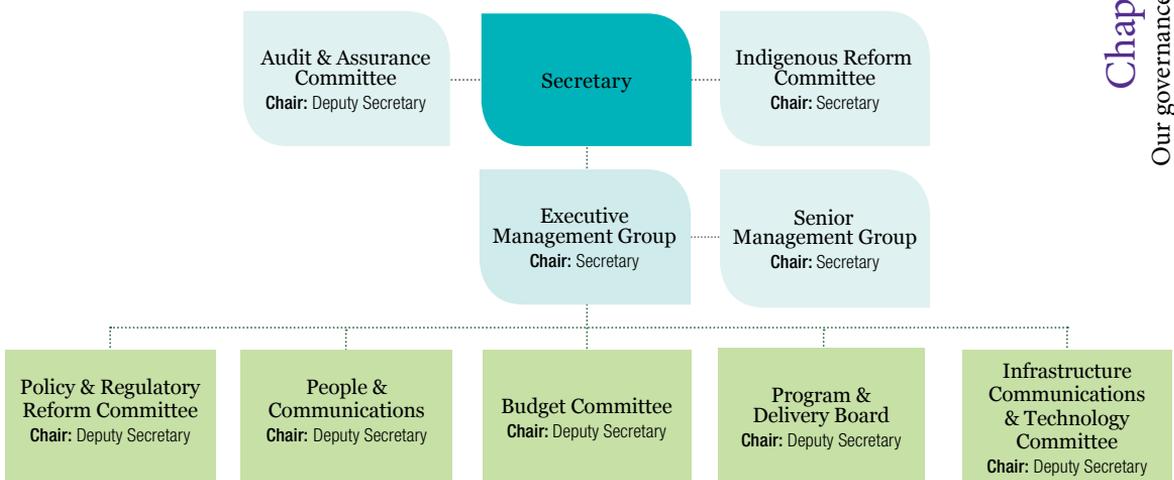
Co-Chair: Barbara Bennett, Deputy Secretary

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

The Infrastructure, Communications and Technology Committee is our key governance body for Information Communication and Technology (ICT) strategic planning, ICT projects and property capital investment. It provides advice to the EMG 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 2017



Business planning and risk management

Strategic and business planning

Our planning processes are driven by the need to improve the lifetime wellbeing of people and families in Australia. There is a clear planning pathway from each staff member's individual performance plan through to our key corporate documents.

Our 2016–17 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 and assists us to manage risks and to focus on the capabilities and culture we need now and into the future.

Figure 3.1.2: DSS planning



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 31000:2009) and is aligned with the nine elements of the Commonwealth Risk Management Policy, meeting our obligations under the *Public Governance, Performance, Accountability Act 2013* (PGPA Act).

In 2016–17, we continued to work towards a positive culture based on risk acceptance and the implementation of controls and treatments proportionate to the risks being managed. This applies to how we prioritise internal resources and effort, and how we work with other agencies and service providers.

In 2016, we achieved excellent results in the Comcover Benchmarking Survey, demonstrating our 'advanced' risk management maturity level and our continued commitment to embed effective risk management.

Business continuity management

We have a well-developed, structured, and robust business continuity program and we undertake exercises to test its effectiveness.

We are committed to managing business interruptions that may 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

Internal audit is an independent, objective assurance and advisory function designed to add value and improve our operations. During 2016–17 we implemented a new operating model with internal audit being fully outsourced while retaining in-house management of all internal audit activities.

The rolling Audit Work Program establishes internal audit priorities for the coming 12 months, and is based on the ‘three lines of defence’ model. In this model, management control is the first line of defence in risk management, and the various risk control and compliance oversight functions established by management are the second. Internal audit, as our independent assurer, forms the third line of defence.

The Program is developed in consultation with the Audit and Assurance Committee and is approved by the Secretary. Changes to the rolling Audit Work Program for 2016–17, made in response to emerging risks, were similarly endorsed by the Secretary and the Audit and Assurance Committee.

In 2016–17, we commenced 15 audits, which included seven multi-stage audits and one management-initiated review. Multi-stage audits provided assurance relating to the integrity of IT systems, the quality of performance reporting, and the implementation of previous audit recommendations. Multi-stage audits were also conducted over the implementation of the Community Grants Hub, administration of the Business Services Wage Assessment Tool (BSWAT), design of the new Humanitarian Services Program, and our transition to new national office accommodation.

Results of all internal audits, and progress towards implementing audit recommendations, were reported to the Audit and Assurance Committee.

Compliance

Our revised compliance framework sets out the systems, structures and behaviours that establish the foundation for an effective, strong compliance culture. It was developed to maintain the integrity and accountability of the business and services we provide, and focuses on:

- » assessing and planning risk management
- » decision making informed by risk
- » documenting why decisions are made
- » reviewing the quality of processes and how we are performing
- » identification, escalation and reporting of compliance activities
- » 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 2016–17 no significant issues of non-compliance with finance law were identified or reported.

Under section 19(1)(e) of the PGPA Act, we are required to notify the Minister for Social Services and the Minister for Finance of significant issues of non-compliance with finance law as soon as practicable after identification.

Fraud and corruption control

The Assurance and Performance Branch is responsible for fraud control through a number of mechanisms, including:

- » a zero-tolerance approach to fraud and how we manage fraud risks
- » making our employees aware of their fraud control responsibilities through online and face-to-face training
- » integrated fraud prevention, detection and investigation arrangements, including the use of data analytics to identify fraud trends and issues
- » transparency and accountability in relation to internal and external fraud reporting obligations.

Our Fraud and Corruption Control Plan is reviewed annually to ensure it continues to reflect our business activities. The Plan assists staff to understand roles and responsibilities for identifying, reporting and managing suspected fraud.

Fraud risk assessments of our programs are undertaken regularly to enable us to better understand our exposure to fraud. These risk assessments involve identifying possible areas where fraud could be committed, evaluating existing risk mitigation strategies and identifying possible new or emerging risks that may require treatment. These fraud risk assessments form an integral part of our overall risk assessment framework.

Fraud and corruption awareness

In 2016–17 online and face-to-face fraud and corruption awareness training was delivered to staff, along with a series of fraud and corruption-related messages, specifically focusing on what staff can do to reduce opportunities for fraud or corruption to occur in their workplace.

Fraud investigation

In 2016–17 our Assurance and Performance Branch investigated a range of allegations of fraud and criminal behaviour involving our 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 specific fraud risks, these were reported to our 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.

Payments and programs provided under a bilateral management arrangement

We have a Bilateral Management Arrangement (BMA) with the Department of Human Services (DHS) to support the review, management, and development of policy as well as ways in which we can work together to achieve expected outcomes.

The BMA details the payments, programs and services 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 provision of an annual statement of assurance to our Department.

A review of the BMA is currently underway to ensure the effectiveness of this arrangement.

Assurance for payments and services

Measuring the accuracy of program outlays

The Random Sample Survey provides assurance over the accuracy of social security payments. Reviews are conducted by DHS using a random sample of the population for each payment type provided by our Department.

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

In 2016–17 the Survey conducted 20,174 reviews.

The Survey is the primary way we measure social security service delivery performance. The target performance level is for 95 per cent or greater accuracy across all payments, with individual targets set for each payment. In 2016–17 the overall accuracy result was 95.17 per cent, with some individual social security payments below the agreed target (see Table 3.1.1). DHS has recently commenced implementation of a number of government measures that aim to detect and correct inaccurate payments. These measures will have a positive impact on accuracy results in future years.

In 2016–17 we continued to work collaboratively with DHS to improve the operation of the Survey and finalised agreement to a Standing Operational Statement that defines the framework, roles and responsibilities of the two departments in achieving the principle objectives of the Survey.

Table 3.1.1: Payment accuracy — by payment type, as at 30 June 2017

Payment Type	Number of Recipients Surveyed	Accuracy (%)	Confidence interval (%) +/-
ABSTUDY	470	79.61	3.88
Austudy	678	84.30	2.85
Newstart Allowance	4,862	91.83	0.84
Parenting Payment (Partnered)	1,078	86.15	2.16
Parenting Payment (Single)	2,050	93.14	1.39
Partner Allowance	120	98.39	2.34
Sickness Allowance	400	68.00	4.83
Widow Allowance	200	96.35	2.34
Youth Allowance (Other)	822	86.00	2.63
Youth Allowance (Student)	1,246	87.84	1.88
Age Pension	3,382	97.94	0.33
Disability Support Pension	1,855	91.14	1.32
Carers Payment	1,027	96.19	1.12
Carers Allowance	175	94.04	3.68
Family Tax Benefit	1,459	97.47	0.98
Special Benefit	350	93.74	3.04
Overall rate of accuracy	20,174	95.17	0.33

Social security debt raising and recovery

Social security payments can be overpaid if the information held by DHS about recipients' circumstances is incorrect. These overpayments can be due to recipient error (inadvertent or deliberate), administrative error or a combination of these errors. Our debt identification and recovery is managed by DHS and we monitor and oversee this process.

This year, DHS raised 1,532,719 DSS debts valued at \$1.50 billion and recovered \$0.96 billion; a further \$0.09 billion 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, with the primary method being withholding of a portion of the current entitlement for recipients.

We can waive our 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.

Grants management

Since commencing on 1 July 2016 the Community Grants Hub is changing the way the Australian Government delivers grants. The Hub offers end-to-end administration services in the design, selection, establishment and management of community, health and individual grants.

The 2017–18 Budget provided additional funding of \$23.1 million over two years to transition 52 grants programs across government into the Hub. Partnership agreements have been signed with six Australian Government agencies.

The Hub has processed nearly 300 grant rounds in the past financial year.

The DSS Data Exchange (DEX) is a sophisticated but easy to use data collection system that measures the effectiveness of grants and provides visibility of the outcomes achieved for clients and services. There are currently over 2,300 organisations and 11,000 users on DEX and this will increase as agencies sign new programs up to the system.

Information on grants advertised during the last financial year is available at communitygrants.gov.au/grants.

Information on grants awarded during the last financial year is available at dss.gov.au/grants.

Ethical standards

We promote ethical standards and behaviours relating to our workplace and employment. Material published on our intranet includes:

- » the *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
- » information about the *Public Interest Disclosure Act 2013* (PID Act).

Our intranet provides links to external websites that deal with related material, including the Australian Public Service Commission website.

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

In 2016–17 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.

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Chapter 3.1 Our governance structure

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 2016–17, 434 formal complaints were received through the DSS Feedback Management System.

The highest numbers of complaints were about the following issues:

- » 57 complaints about funding gaps to the National Auslan Interpreting Services during transition to the National Disability Insurance Scheme (NDIS)
- » 51 complaints about the National Rental Affordability Scheme (NRAS)
- » 17 complaints about Disability Employment Services
- » 15 complaints about the 1800 RESPECT campaign.

Freedom of information

Information Publications Scheme

Agencies subject to the *Freedom of Information Act 1982* 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 complaint involving our Department. The matter was closed with no adverse finding following an investigation process in which the complaint was resolved to the satisfaction of both parties.

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

We maintain a collaborative relationship with the ANAO, and closely monitor the implementation of ANAO performance audit and financial statements audit recommendations.

During 2016–17 the ANAO tabled six performance audit reports involving our Department. The audit of the *National Rental Affordability Scheme — Administration of Allocations and Incentives* was specific to our Department and five performance audit reports involved agencies in addition to DSS:

- » Managing Underperformance in the Australian Public Service
- » Administration of Youth Allowance (Student) and Abstudy
- » Management of Selected Fraud Prevention and Compliance Budget Measures
- » National Disability Insurance Scheme — Management of Transition of the Disability Services Market
- » Machinery of Government Changes.

The ANAO also completed an interim report from its external audit of our 2016–17 financial statements.

The following two performance audits are still in progress, and involve agencies in addition to DSS:

- » Administration of the FOI Act
- » Efficiency of the Australia Council's Administration of Grants.

ANAO reports are available at anao.gov.au.

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Chapter 3.2
External scrutiny

Reports by the Commonwealth Ombudsman

In 2016–17 the Commonwealth Ombudsman released two reports relevant to our Department:

- » In the first report, *Centrelink’s automated debt raising and recovery system*, the Commonwealth Ombudsman made one specific recommendation in relation to our Department about clarifying the process for obtaining employment income evidence in the Guide to Social Security Law.
- » In the second report, *Accessibility of Disability Support Pension for Remote Indigenous Australians*, the Commonwealth Ombudsman made one recommendation in relation to our Department about ensuring employment services contract providers advised remote Indigenous Disability Support Pension (DSP) claimants of the possible requirement to have completed a program of support to qualify for DSP.

Judicial decisions

In 2016–17 no judicial decisions impacted our operations.

Administrative tribunal decisions

In 2016–17 no decisions of an administrative tribunal significantly impacted our operations.

Reports by parliamentary committees

In 2016–17 we appeared before the Senate Community Affairs Legislation Committee estimates inquiry on three occasions. We also gave evidence or made submissions to several parliamentary committee inquiries, as set out in Table 3.2.1.

Table 3.2.1: Relevant parliamentary committee inquiries in 2016–17

Parliamentary committee	Actions	Date report tabled
Senate — Community Affairs References Adequacy of existing residential care arrangements available for young people with severe physical, mental or intellectual disabilities in Australia	On 3 December 2014 the Senate referred this matter to the Senate Community Affairs References Committee for inquiry and report. We provided the Government Response on 7 February 2017.	24 June 2015
Senate — Community Affairs References 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 this matter to the Senate Community Affairs References Committee for inquiry and report. We provided the Government Response on 3 March 2017.	24 November 2015
Senate — Environment and Communications Legislation Interactive Gambling Amendments (Sports Betting Reform) Bill 2015	On 1 September 2016 the Senate referred this matter to the Senate Environment and Communications Legislation Committee for inquiry and report. We attended a hearing on 7 March 2017. Answers to questions taken on notice were provided on 17 March 2017.	29 March 2017
Senate — Finance and Public Administration References Domestic Violence and Gender Inequality	On 25 November 2015 the Senate referred this matter to the Senate Finance and Public Administration References Committee for inquiry and report. We attended a hearing on 18 March 2016.	8 November 2016

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 Chapter 3.2
External scrutiny

Parliamentary committee	Actions	Date report tabled
Senate — Community Affairs References Indefinite detention of people with cognitive and psychiatric impairment in Australia	On 13 September 2016 the Senate referred this matter to the Senate Finance and Public Administration References Committee for inquiry and report. We attended a hearing on 8 November 2016. Answers to questions taken on notice were provided on 21 November 2016.	29 November 2016
Senate — Community Affairs Legislation National Disability Insurance Scheme Savings Fund Special Account Bill 2016	On 15 September 2016 the Senate referred this matter to the Senate Community Affairs Legislation Committee for inquiry and report. We provided a submission on 4 October 2016 and attended a hearing on 14 October 2016. Answers to questions taken on notice were provided on 27 October 2016.	7 November 2016
Senate — Community Affairs Legislation Social Services Legislation Amendment (Transition Mobility Allowance to the National Disability Insurance Scheme) Bill 2016	On 13 October 2016 the Senate referred this matter to the Senate Community Affairs Legislation Committee for inquiry and report. We provided a submission on 3 November 2016 and attended a hearing on 21 November 2016. Answers to questions taken on notice were provided on 23 November 2016.	24 November 2016
Senate — Finance and Public Administration References Commonwealth funding of Indigenous Tasmanians	On 12 October 2016 the Senate referred this matter to the Senate Finance and Public Administration References Committee for inquiry and report. We provided a submission on 4 November 2016.	28 November 2016



Parliamentary committee	Actions	Date report tabled
Senate — Community Affairs Legislation Fairer Paid Parental Leave Bill 2016	On 10 November 2016 the Senate referred this matter to the Senate Community Affairs Legislation Committee for inquiry and report. We provided a submission on 19 December 2016 and attended a hearing on 1 February 2017. Answers to questions taken on notice were provided on 6 February 2017.	15 February 2017
Senate — Community Affairs References The delivery of outcomes under the <i>National Disability Strategy 2010–2020</i> to build inclusive and accessible communities.	On 29 November 2016 the Senate referred this matter to the Senate Community Affairs References Committee for inquiry and report. We provided a submission on 28 April 2017.	Due to report on 13 September 2017
Senate — Scrutiny of Bills Social Services Legislation Amendment (Family Assistance Alignment and Other Measures) Bill 2016	The Alerts Digest no.8 of 2016 referred to this matter and sought further advice. We sent a letter from the Minister for Social Services to the Chair of the Scrutiny of Bills Committee on 21 November 2016.	23 November 2016
Senate — Community Affairs References Design, scope, cost-benefit analysis, contracts awarded and implementation associated with the Better Management of the Social Welfare System initiative	On 8 February 2017 the Senate referred this matter to the Senate Community Affairs References Committee for inquiry and report. We attended a hearing on 8 March 2017.	10 May 2017
Senate — Community Affairs Legislation Social Services Legislation Amendment (Omnibus Savings and Child Care Reform) Bill 2017	On 9 February 2017 the Senate referred this matter to the Senate Community Affairs Legislation Committee for inquiry and report. We provided a submission on 3 March 2017 and attended a hearing on 9 March 2017. Answers to questions taken on notice were provided on 15 March 2017.	20 March 2017

Parliamentary committee	Actions	Date report tabled
Senate — Select Committee Strengthening Multiculturalism	On 27 March 2017 the Senate established the Select Committee on Strengthening Multiculturalism to inquire into this matter. We provided a submission on 11 May 2017	Not tabled as at 30 June 2017
House of Representatives — Economics Home Ownership	On 22 November 2016 the Treasurer, the Hon Scott Morrison MP, asked the Committee to inquire into and report on Home Ownership. Answers to questions taken on notice were provided on 24 July 2016.	16 December 2016
House of Representatives — Social Policy and Legal Affairs Parliamentary Inquiry into the Child Support Program	On 27 March 2014, the Minister for Social Services, the Hon Kevin Andrews MP, asked the Committee to inquire into and report on the Child Support Program. We provided the Government Response on 31 August 2016.	20 July 2015
House of Representatives — Social Policy and Legal Affairs Australian South Sea Islanders	On 27 November 2014, the Social Policy and Legal Affairs Committee held a roundtable discussion to mark the 20th anniversary of the recognition of the Australian South Sea Islanders (ASSI) by the Australian Government. We provided the Government Response on 22 March 2017.	24 March 2015
House of Representatives — Social Policy and Legal Affairs Parliamentary inquiry into a better family law system to support and protect those affected by family violence	On 16 March 2017 the Attorney-General, Senator the Hon George Brandis Q.C., asked the Committee to inquire into how Australia's federal family law system can better support and protect people affected by family violence. We attended a hearing on 23 May 2017.	Not tabled as at 30 June 2017



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Chapter 3.2
 External scrutiny

Parliamentary committee	Actions	Date report tabled
Joint — National Disability Insurance Scheme The provision of hearing services under the National Disability Insurance Scheme	On 1 September 2016 the House of Representatives established the Joint Standing Committee on the National Disability Insurance Scheme. We provided a submission on 30 January 2017.	Not tabled as at 30 June 2017
Joint — National Disability Insurance Scheme The provision of services under the National Disability Insurance Scheme for people with psychosocial disabilities related to a mental health condition	On 1 September 2016 the House of Representatives established the Joint Standing Committee on the National Disability Insurance Scheme. We provided a submission on 27 February 2017.	Not tabled as at 30 June 2017
Joint — Public Accounts and Audit Commonwealth Risk Management — Inquiry based on Auditor-General’s report 18 (2015–16) — Qualifying for the DSP	On 13 October 2016 the Joint Committee of Public Accounts and Audit began conducting an inquiry based on the Auditor-General’s report. We provided a submission on 7 November 2016 and attended a hearing on 30 November 2016. A response to a request for supplementary information was provided on 27 April 2017.	10 May 2017
Joint — Treaties Social Security — New Zealand	This inquiry examined the following treaty: <i>Agreement on Social Security between the Government of Australia and the Government of New Zealand (Wellington, 8 December 2016)</i> . We provided a submission on 7 February 2017 and attended a hearing on 27 February 2017. We provided answers to questions taken on notice on 23 March 2017.	9 May 2017

Parliamentary committee	Actions	Date report tabled
Joint — Public Accounts and Audit Commonwealth Grants Administration — Inquiry based on Auditor-General's reports 25 (2015–16), 4 (2016–17), 12 (2016–17) and 35 (2016–17)	On 8 February 2017 the Joint Committee of Public Accounts and Audit began conducting an inquiry based on the Auditor-General's report. We provided a submission on 10 March 2017.	Not tabled as at 30 June 2017
Joint — Migration Inquiry into Migrant Settlement Outcomes	On 17 November 2016 the Minister for Immigration and Border Protection, the Hon Peter Dutton MP, and the Minister for Social Services, the Hon Christian Porter MP, asked the Committee to inquire into and report on migrant settlement outcomes. We provided a submission on 2 February 2017 and attended a hearing on 23 February 2017.	Not tabled as at 30 June 2017



Chapter 3.3

Managing our people

Overview

We achieve our vision of being Australia’s leading social policy agency by building a strong, capable and resilient workforce.

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

For our 2016–17 staffing statistics, see Appendix D.

Looking forward

We will continue to:

- » develop 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 achievements through rewards and recognition
- » review our workforce profile and assist business areas to make strategic recruitment decisions.

Effectiveness in managing and developing staff

Workforce planning

Operational Workforce Plans allow us 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 group.

We take a deliberate approach to workforce planning so we can increase the capacity to meet surges in workload and decrease expenditure when budgets or workloads diminish.

A quarterly workforce report is prepared for the EMG and includes key workforce metrics and associated benchmarks, as well as workforce priorities that require attention.

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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. We also launched the *DSS Gender Equality Action Plan*, which builds on our existing framework and commitment to diversity and inclusion.

All staff are required to undertake our Core Cultural Learning: *Aboriginal and Torres Strait Islander Australia Foundation Course* and the *Disability Awareness and Disability Confidence* training.

In 2016–17, 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, Mental Health Week and Families Week.

Support for Lesbian, Gay, Bisexual, Trans, Queer and Intersex Staff

In the 2016–17 APSC State of the Service Survey, 86 staff identified as Lesbian, Gay, Bisexual, Trans, and/or Intersex which equates to 4.2 per cent of our Department.

We have established a DSS Pride Committee and Network, and champions to support Lesbian, Gay, Bisexual, Trans, Queer, Intersex staff and allies at work.

Employment of Aboriginal and Torres Strait Islander peoples

We aim to maintain our reputation as an employer of choice for Aboriginal and Torres Strait Islander peoples.

We value, acknowledge and respect diversity and actively use life experiences, skills and knowledge of Aboriginal and Torres Strait Islander peoples as a source of advice on policy and delivery.

More than 5 per cent of our staff identified as being Aboriginal or Torres Strait Islander in June 2017 compared with an APS rate of 3.2 per cent in December 2016. Of these, 104 DSS Indigenous staff were ongoing and 15 were non-ongoing.

Our *Reconciliation Action Plan 2015–17* and *Aboriginal and Torres Strait Islander Workforce Strategy 2015–18* guide our commitment to the recruitment, retention and career development of Aboriginal and Torres Strait Islander staff across all policy and program areas.

We continue to actively participate in entry level recruitment programs to provide employment pathways for Aboriginal and Torres Strait Islander peoples, including through the APSC Indigenous Pathways Program, the Department of Education and Training's Indigenous Australian Government Development Program and the DHS Indigenous Apprenticeship Program as well as implementing a DSS specific Indigenous Internship Program.

In 2016–17, we recruited 16 Indigenous entry level participants through these programs.

Support for Aboriginal and Torres Strait Islander staff and supervisors is provided through the Indigenous Liaison Officer, who actively coordinates initiatives of our *Reconciliation Action Plan* and *Aboriginal and Torres Strait Islander Workforce Strategy and Implementation Plan*.

Our Indigenous Champion, Deputy Secretary Michael Lye, has provided a leading role in supporting the Executive to implement our Indigenous employment strategies and working with the Aboriginal and Torres Strait Islander Staff National Committee to provide strategic advice on workforce initiatives for Indigenous employees.

Figure 3.3.1: Diversity in our people



The DSS figures above have been drawn from the DSS HR information management system and the State of the Service agency survey results.

The APS figures above are as per APS Employment Database 31 December 2016

Employment of people with disability

Increasing employment outcomes for people with disability is a priority for our Department.

A total of 10.7 per cent of our staff identified as having a disability, compared with an APS rate of 3.6 per cent in December 2016.

Our *Disability Workforce Action Plan 2015–18* guides our approach to the recruitment, retention and development of people with disability.

We provide entry level employment pathways for people with disability, through participation in the Australian Network on Disability's Stepping Into Internship Program and the Australian Paralympic Committee's Paralympic Workplace Diversity Program. We also apply APS RecruitAbility to all our recruitment processes.

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, specialised training for our managers of staff with an intellectual disability and through working closely with rehabilitation managers.

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

Leadership and capability development

Our *Workforce Capability Strategy* outlines our approach to building personal and departmental capability. This includes continued enhancements to our Learning Management System to include job family profiles and capture recommended capability development based on role.

We have continued to offer a range of learning opportunities to build capability across our Department. In 2016–17 our staff had access to more than 35 different eLearning programs through LearnHub, of which 3,014 courses were completed. We also offered over 102 centrally funded face-to-face training courses to build a range of skills, including leading high performing teams and project management. This was complemented by unlimited, on-demand access to a library of high quality, current and engaging video tutorials on Lynda.com. In 2016–17 over 1,045 staff accessed more than 2,261 different courses.

We invest heavily in the skills of our middle managers, with over 80 completing the Manager Development Program. Specialist external leadership opportunities were offered or provided to high performing EL2s and SES. Fifteen staff took part in these leadership and management programs including Jawun, the Sir Roland Wilson Scholarship, Cranlana Public Sector Colloquia and the Australian and New Zealand School of Government Executive Masters Program.

We 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 to enable a considered and coordinated approach to learning and development.



Graduate program

In 2016–17, we recruited 70 graduates, including 49 generalists, six information technology, two legal, two finance and 11 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.

We are an employer of choice with a graduate program that was placed 19th (3rd in the public sector) out of the top 100 Graduate employers in a survey conducted by The Australian's GradAustralia. We were also rated 39th of the top 75 graduate employers in a survey conducted by the Australian Association of Graduate Employers (AAGE). Our Graduate Program was a finalist in the Most Popular Integrated Marketing Campaign Category in the 2016 AAGE awards.

Workplace arrangements

Enterprise agreement

Our Enterprise Agreement (EA) came into effect on 21 October 2015.

On 10 November 2015, the Secretary signed a section 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–Senior Executive Service (SES) employees

Our EA contains an Individual Flexibility Arrangements (IFAs) clause which enables us to provide additional or varied terms and conditions to non-SES employees in accordance with the *Fair Work Act 2009*. Employees have the opportunity to negotiate arrangements with their manager, which recognises highly valued skills, critical roles and to reward ongoing outstanding contributions.

Performance pay

Performance payments were not made to non-SES employees on IFAs in 2016–17.

Senior Executive Service remuneration

The EMG reviewed SES remuneration in October 2016 following the pay rise offered to non-SES employees through our EA. The APS Remuneration Survey is used as a reference guide in determining SES remuneration.

Sub section 24(1) determinations – SES employees

As at 30 June 2017, 75 SES employees were remunerated through a Section 24 (1) determination.

Common law contracts

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

Non-salary benefits to employees

Our EA offers a range of non-salary benefits to our people which 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 (NDIA)

We provided payroll services to the NDIA. 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 NDIA 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*. We are also committed to ensuring, so far as reasonably practicable, to protect the health, safety and welfare of our people while at work, in line with our policy of continuous improvement. This commitment extends to minimising the human and financial cost of injury or illness and assisting employees' return to work following injury or illness.

Detailed information about our employee work health and safety initiatives is at Appendix E.



Chapter 3.4

Managing our finances

The 2016–17 financial statements in this report reflect our effective financial management. We were responsible for \$117.3 billion or around one-quarter of the Commonwealth Budget, including \$109.5 billion in expenses for outlays to individuals and \$4.3 billion for programs, subsidies and grants to support the community.

Our strong financial and resource management resulted in a small surplus attributable to DSS of \$0.9 million.

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 115).

Table 3.4.1: Trends in departmental finances

	2016–17 \$ million	2015–16 \$ million	Change \$ million
Revenue from the Australian Government	369.0	475.3	(106.3)
Other revenue	114.3	92.1	22.2
Total income	483.3	567.4	(84.1)
Employee benefits	262.9	325.9	(63.0)
Suppliers	215.5	237.4	(21.9)
Other expenses	66.8	59.4	7.4
Total expenses	545.2	622.7	(77.5)
Deficit attributed to the Australian Government	(61.9)	(55.3)	(6.6)
Add back non-appropriated depreciation and amortisation expense	62.8	56.1	6.7
Surplus attributed to the Department	0.9	0.8	0.1
Financial assets A	128.4	128.1	0.3
Non-financial assets B	254.1	208.9	45.2
Liabilities C	152.3	137.4	14.9
Net assets (A+B-C)	230.2	199.6	30.6

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Chapter 3.4
Managing our finances

Table 3.4.2: Trends in administered finances

	2016–17 \$ million	2015–16 \$ million	Change \$ million
Recoveries	58.7	37.3	21.4
Interest	1.5	2.9	(1.4)
New Zealand Reciprocal Agreement	–	35.8	(35.8)
Other revenue	18.4	42.7	(24.3)
Total revenue	78.6	118.7	(40.1)
Suppliers	971.6	906.4	65.2
Subsidies	85.0	3,028.3	(2,943.3)
Personal benefits	109,503.4	113,369.9	(3,866.5)
Grants	1,260.5	2,106.5	(846)
Payments to corporate Commonwealth entities	1,598.5	581.1	1,017.4
Other expenses	364.0	486.1	(122.1)
Total expenses	113,783.0	120,478.3	(6,695.3)
Financial assets	5,586.9	4,187.3	1,399.6
Non-financial assets	–	–	–
Liabilities	6,026.0	7,518.2	(1,492.2)

Assets management

Our assets are managed under the authority of section 20A of the PGPA Act, relevant accounting standards and Department of Finance requirements.

An independent qualified valuer undertook an asset materiality review during the 2016–17 financial year. The results of this review are reflected in the 2016–17 financial statements (page 115).

Assets are subject to a formal valuation every three years by an independent qualified valuer.

A complete valuation was last conducted in 2015–16.

Consultants

During 2016–17, 79 new consultancy contracts were entered into involving total actual expenditure of \$9.8 million. In addition, 46 ongoing consultancy contracts were active during this period, involving total actual expenditure of \$5.7 million.

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.

Annual Reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website.

Summary information on consultancy services is set out in Tables 3.4.3 and 3.4.4.

Table 3.4.3: Consultancies in 2016–17

	Number	Expenditure (\$ million, GST incl.)
New consultancies let	79	9.8
Ongoing consultancies active	46	5.7
Total	125	15.5

Table 3.4.4: Total expenditure on new and ongoing consultancy contracts — 2014–15 to 2016–17

Expenditure (\$ million, GST incl.)		
2016–17	2015–16	2014–15
15.5	15.9	14.4

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Chapter 3.4
Managing our finances

Australian National Audit Office access clauses

All Departmental contracts let in the past year required the Auditor-General to have access to the contractor’s premises.

Exempt contracts

In 2016–17 no contracts were exempted from reporting on AusTender.

Purchasing

Our purchasing activities are consistent with the Secretary's Instructions and internal procurement guidelines, which are in accordance with the Commonwealth Procurement Rules (March 2017).

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

Procurement initiatives to support small business

We support 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

We recognise 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

We support 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.