

Audit Reports Summaries

Audit Report No. 4 1995-96

Summary

Department of Social Security

REGIONAL OFFICE RESOURCING AND BENEFIT PROCESSING

Performance Audit

Background

This audit reviewed:

- the methods used by the Department of Social Security (DSS) to determine and allocate staff numbers to Regional Offices. It sought to ascertain whether the allocations resulting from these methods met the demands placed on Regional Offices and the scope for improvement to these methods; and
- the scope for improvements to the benefit delivery process and other aspects of Regional Office operations that could lead to significant productivity gains or client service benefits.

DSS delivers its services through a network of 300 Regional Offices and visiting services and 16 Teleservice Centres. In 1994-95 the salary and administrative costs for Regional Offices were about \$560m, of which \$460m was salary costs.

DSS has developed and used resourcing models to determine and allocate staffing numbers to its Regional Offices.

Given the size of the expenditure on staffing, DSS's work to date and the complexity of administration, the ANAO considered that an audit would assist the Parliament and the Department in identifying areas of good practice and those where improvements might be necessary. If, for example, there are too few staff in Regional Offices, client service will be adversely affected. On the other hand, if Regional Offices are over-resourced, the unnecessary cost to taxpayers mounts rapidly - a small percentage change in staff costs can be significant in money terms.

The ANAO aimed to use best practice in examining alternative resourcing strategies as well as the potential for stream-lining the benefit delivery process to achieve greater efficiency. To draw upon the significant developments in the private sector in the field of business re-engineering, the ANAO sought assistance from private sector firms in the conduct of this audit. The consultants Price Waterhouse Urwick were engaged following a comprehensive selection process.

The audit included field work in a sample of DSS Regional Offices, as well as National Administration. The sample covered Offices with a range of client and geographic

characteristics that potentially affect workloads. Information was collected on most of the major workload activities in Regional Offices.

Audit findings

The ANAO found that:

- there is appreciable scope for improving the allocation of resources across the Regional Office network;
- client service could be improved if the time of operations staff in Regional Offices is directed more to quality service delivery;
- there are gains to be made from identifying and moving towards internal best practice and from exploiting re-engineering opportunities;
- client service in some offices falls well below DSS standards;
- there is scope for improvement in the collection of information from clients;
- the key performance indicators of Regional Offices need to be better focussed on results required;
- Information Technology (IT) systems could more fully support Regional Office operations; and
- the degree of specialisation of operations staff is a barrier to the efficient use of staff and to the effective provision of client service.

The ANAO was not able to independently assess whether Regional Offices are appropriately resourced as DSS could not provide the data needed by the ANAO on the full range of workloads.

The ANAO acknowledges that DSS has an on-going process of review and reform of its strategies for administering benefit delivery. The ANAO suggests that this report can add to the reform process and therefore should assist DSS to achieve further administrative efficiencies.

Departmental response

DSS has largely accepted the ANAO recommendations. It has many initiatives underway relevant to the audit findings.

The Department has been concerned, however, that the level of savings achievable may not be as great as indicated or implied in the report.

Overall conclusion

The ANAO considers that there is sufficient evidence to suggest significant benefits can be gained from re-engineering (that is, re-designing) the processes used to deliver social security benefits in Australia. The ANAO has also identified a number of areas where more immediate improvements to the benefit delivery process are possible.

The ANAO also considers that, while the methods used by DSS for determining and allocating resources to Regional Offices compare favourably with generally prevailing Australian Public Service standards, they could be considerably improved by adapting elements of best practice in the private sector.

The ANAO considers that the benefits from implementing the scope of re-engineering opportunities identified in the report will far outweigh the costs. In addition, the ANAO considers that these opportunities will assist DSS in meeting and improving its client service standards.

Overall, significant opportunities for savings and better client service have been identified through the combination of improved resource management, moving to best internal practice, re-engineering its processes and through improvements in administrative activities.