

The Auditor-General
Audit Report No.14 2004–05
Performance Audit

Management and Promotion of Citizenship Services

**Department of Immigration and
Multicultural and Indigenous Affairs**

© Commonwealth
of Australia 2004

ISSN 1036–7632

ISBN 0 642 80809 0

COPYRIGHT INFORMATION

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth available from the Department of Communications, Information Technology and the Arts.

Requests and inquiries concerning reproduction and rights should be addressed to the Commonwealth Copyright Administration, Intellectual Property Branch, Department of Communications, Information Technology and the Arts, GPO Box 2154 Canberra ACT 2601 or posted at

<http://www.dcita.gov.au/cca>



Canberra ACT
5 November 2004

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken a performance audit in the Department of Immigration and Multicultural and Indigenous Affairs in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled *Management and Promotion of Citizenship Services*.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's Homepage—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Oliver Winder'.

Oliver Winder
Acting Auditor-General

The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
Canberra ACT

AUDITING FOR AUSTRALIA

The Auditor-General is head of the Australian National Audit Office. The ANAO assists the Auditor-General to carry out his duties under the *Auditor-General Act 1997* to undertake performance audits and financial statement audits of Commonwealth public sector bodies and to provide independent reports and advice for the Parliament, the Government and the community. The aim is to improve Commonwealth public sector administration and accountability.

For further information contact:

The Publications Manager
Australian National Audit Office
GPO Box 707
Canberra ACT 2601

Telephone: (02) 6203 7505

Fax: (02) 6203 7519

Email: webmaster@anao.gov.au

ANAO audit reports and information about the ANAO are available at our internet address:

<http://www.anao.gov.au>

Audit Team

Steven Lack
Ann Thurley

Contents

Abbreviations/glossary	7
Summary and Recommendations	9
Summary	11
Background	11
Key Findings	12
Overall conclusion	13
Agency response.....	13
Recommendation	14
Audit Findings and Conclusions	15
1. Introduction.....	17
Background	17
The audit.....	19
Australian Citizenship Council Review.....	20
This report	20
2. Risk, Planning, Performance Information and Fraud Control	22
Introduction.....	22
Risk management	22
Planning.....	23
Performance information	24
Monitoring.....	25
Reporting	25
Fraud	26
Conclusion.....	29
3. Decision-making.....	31
Introduction.....	31
Guidance	31
Training.....	33
Decisions	35
Quality assurance.....	38
Timeliness of processing.....	40
Complaints/appeals	41
Conclusion.....	42
4. Client Service	43
Introduction.....	43
Service charter	43
Help services for clients	44
Workload management	46
Conferrals	48
Outsourced services.....	48
Conclusion.....	49
Agency response.....	50
ANAO comment	51

5. Promotion	52
Introduction.....	52
Promotion campaigns.....	52
Conclusion.....	53
6. Citizenship Council Implementation	54
Introduction.....	54
Action taken to implement agreed recommendations.....	54
Conclusion.....	55
Appendix	57
Appendix 1: Agency response.....	59
Series Titles.....	61
Better Practice Guides.....	62

Abbreviations/glossary

AAT	Administrative Appeals Tribunal
ABC	Activity Based Costing
ACC	Australian Citizenship Council
CIL	Citizenship Information Line
CrimTrac	An electronic police information service
HelpDesk	An advice service for staff for complex citizenship matters
ICSE	Integrated Client Services Environment
LEGEND	A computer-based decision support tool
MAL	Movement Alert List
MOU	Memorandum of Understanding
PBS	Portfolio Budget Statements
QA	Quality Assurance
QDM	Quality Decision-making
the Act	<i>Australian Citizenship Act 1948</i>

Summary and Recommendations

Summary

Background

1. Citizenship services are delivered by the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA). The objective of the citizenship services provided by DIMIA is to deliver high quality, efficient administration of the *Australian Citizenship Act 1948* (the Act) and its regulations.

2. In order to deliver this output, DIMIA:

- makes decisions on applications for grant of citizenship;
- makes other decisions under the Act, including the registration of citizenship by descent, the provision of evidence of Australian citizenship, resumption and loss of citizenship;
- oversees the management of the conferral of citizenship; and
- provides other citizenship services.

3. Citizenship services are provided through a Central Office located in Canberra, regional offices throughout Australia (in both capital cities and other regional centres), Australian diplomatic missions and through a third party provider, Australia Post. Once approved by the department, citizenship is conferred at conferral ceremonies, usually public ceremonies conducted by local government councils.

Audit objectives and scope

4. The objectives of the audit were to determine whether:

- citizenship services were planned based on a risk assessment, especially in relation to fraud; and were monitored and reported on appropriately;
- decision-making was well-based, consistent and in line with relevant laws and policies and was supported by appropriate training and quality assurance (QA) mechanisms;
- client and outsourced services were managed effectively; and
- promotion strategies were effective and have been evaluated appropriately.

5. The scope of the audit included an examination of arrangements at DIMIA's Central Office and in three State Offices (Brisbane, Melbourne and Adelaide) to assess the effectiveness of citizenship services, particularly the accuracy of the processing of applications for Australian citizenship.

Key Findings

6. DIMIA's Outcome 2 Business Plan for 2002–03 met the audit criteria, including being based on a risk assessment. The Plan provided a detailed framework for citizenship services for DIMIA's Central Office and its State/Territory Offices. A proposed rolling two year plan for 2004-05 and 2005–06 was circulated to citizenship services managers in late August 2004. DIMIA has agreed to take into account the issues raised by this audit when finalising the plan.
7. Performance information, monitoring and reporting at the program level was useful for decision-making.
8. The ANAO found that the risks associated with the potential for fraud in providing citizenship services were adequately addressed in DIMIA's overall Fraud Control Plan. The department was able to provide information on allegations received and action taken. The ANAO noted that fraud control arrangements within DIMIA were being continually strengthened.
9. Decision-making by DIMIA staff administering citizenship services was generally undertaken in accordance with legislative requirements and departmental procedures. Decision-making was supported by QA arrangements. To further support sound decision-making the department could consider the use of weighted samples for QA purposes and also the conduct of independent reviews. Significant variations between DIMIA offices in meeting timeliness standards for decision-making needed to be analysed to determine whether action is required to improve performance in some regions.
10. In order to better manage the variable workload in citizenship services, the department could use, to the greatest extent possible, multi-discipline teams and appointment systems. The ANAO has made a recommendation to this effect. Analysis of variations in cost and timeliness of services between DIMIA offices and better performance information regarding conferrals would further enhance the department's ability to manage client service.
11. DIMIA's promotion of citizenship services was effective as demonstrated by the high proportion of those born overseas who are Australian citizens. The department had taken substantial action to implement the recommendations by the Australian Citizenship Council that had been agreed by the Government in May 2001.

Overall conclusion

12. The ANAO concluded that the DIMIA's citizenship services were well managed and effectively promoted. The department had a range of appropriate information available in regard to citizenship services, including by region. However, it would be useful for DIMIA to analyse this information with a view to further improving client service. DIMIA was, in line with better practice, seeking to improve its data analysis and all aspects of its citizenship services.

Agency response

13. The department welcomes the overall finding that DIMIA's citizenship services are well managed and effectively promoted. The department notes that the report has identified some opportunities for refinement to existing activities and processes. Consideration will be given to these as part of the continuous improvement of business practices and management in the citizenship program.

Recommendation

**Recommendation
No.1**

Para 4.45

Improvement to
client services

The ANAO recommends that, in order to improve client services, the department:

- a) use appointment systems and multi-discipline teams to the greatest extent possible; and
- b) make citizenship services available to clients in normal business hours, including on Wednesday afternoons.

Agency response: Agreed with qualification.

Audit Findings and Conclusions

1. Introduction

This chapter introduces the audit of the management and promotion of Australian citizenship services. It sets out the objective, scope and methodology for the audit, and outlines the structure for the rest of the report.

Background

1.1 Citizenship services are delivered by the Department of Immigration and Multicultural and Indigenous Affairs (DIMIA). The objective of the citizenship services provided by DIMIA is to deliver high quality, efficient administration of the *Australian Citizenship Act 1948* (the Act) and its regulations.

1.2 In order to deliver this output, DIMIA:

- makes decisions on applications for grant of citizenship;
- makes other decisions under the Act, including the registration of citizenship by descent, the provision of evidence of Australian citizenship, and both the resumption and loss of citizenship;
- oversees the management of the conferral of citizenship; and
- provides other citizenship services.

1.3 Table 1.1 shows the number of applications and decisions over the last five years.

Table 1.1

Numbers of citizenship applications and decisions 1999–2004

Year	Applications	Decisions
1999–2000	93 630	98 260
2000–01	100 401	102 283
2001–02	115 241	115 051
2002–03	108 022	107 017
2003–04	125 126	121 602

Source: DIMIA.

Note: Decisions in this table include those made in grant of citizenship, and other decisions, which include decisions about providing evidence of citizenship by descent, and decisions about both the loss and resumption of citizenship. The number of decisions made in any one year can exceed the number of applications because applications can be lodged in one year but not decided until the following year.

1.4 Citizenship services are provided through a Central Office located in Canberra, regional offices throughout Australia (in both capital cities and other regional centres), Australian diplomatic missions, and through a third party provider, Australia Post. Once approved by the department, citizenship is conferred at conferral ceremonies, usually public ceremonies conducted by local government councils.

1.5 To support the take-up of Australian citizenship among eligible permanent residents and well-based decision-making, the department:

- provides policy advice;
- promotes the responsibilities and privileges of Australian citizenship;
- operates a Citizenship Information Line that receives around 400 000 calls per year;
- supports decision-making through a Helpdesk, on-line advice (LEGEND) and detailed procedures, and IT tools (Integrated Client Services Environment (ICSE));
- provides a range of materials on citizenship, as well as in relation to conferrals (Australian Citizenship Ceremonies Code, and Citizenship Certificates); and
- manages the relationship with Australia Post (which conducts interviews in country areas), with CrimTrac¹ regarding character checks, and with Local Government councils regarding conferrals.

1.6 In undertaking this audit, the ANAO has had regard to the fact that DIMIA does not control the number of enquiries or applications for citizenship, that is, citizenship services are demand driven. The demand can vary daily and, as the data in Table 1.1 illustrates, can vary considerably from year to year. It will be affected by a number of factors such as patterns of migration and changes in arrangements for citizenship both in Australia and in the original country of birth. As well, it is likely that the numbers of enquiries and/or applications will increase when promotion campaigns are undertaken.

¹ CrimTrac contributes to Australian law enforcement through the specification, development, delivery and maintenance of rapid access, electronic police information services and investigative tools.

The audit

Audit objectives

1.7 The objectives of the audit were to determine whether:

- citizenship services were planned based on a risk assessment, especially in relation to fraud; and were monitored and reported on appropriately;
- decision-making was well-based, consistent, in line with relevant laws and policies and was supported by appropriate training and quality assurance (QA) mechanisms;
- client and outsourced services were managed effectively; and
- promotion strategies were effective and have been evaluated appropriately.

Audit scope

1.8 The scope of the audit included an examination of arrangements at DIMIA's Central Office and in three State Offices (Brisbane, Melbourne and Adelaide) to assess the effectiveness of citizenship services, particularly the accuracy of the processing of applications for Australian citizenship. The audit did not include an examination of citizenship services provided by overseas posts.

1.9 The audit focused on the processing of applications for the grant of citizenship and the registration of Australian citizenship by descent because these functions represented a significant portion of the workload and risk.

Audit criteria

1.10 The criteria developed for this audit were based on better practice in risk assessment and planning and service provision. The criteria were drawn from experience in conducting performance audits in similar areas across the Australian Public Service. They cover the following issues:

- citizenship services, including risk assessment, planning and performance information and contract management;
- citizenship decisions, including administrative procedures, DIMIA's 'help' services for clients, the level of complaints, QA, and feedback mechanisms;
- promotion strategies and their evaluation; and
- fraud prevention and control arrangements.

Audit methodology

1.11 The audit fieldwork was carried out between April and August 2004. Interviews with key DIMIA staff and reviews of documents and systems were undertaken in the department's Central Office and State offices in Brisbane, Melbourne and Adelaide.

1.12 In order to test compliance with the requirements of the Act, and departmental procedures, including the transparency of decision-making, the ANAO examined an indicative random sample² of 159 applications for citizenship lodged between October 2002 and March 2004 in the State offices visited. In addition, an indicative random sample of applications for Registration by Descent was also examined in the three offices visited.

1.13 The ANAO also assessed the effectiveness of the QA processes by examining a indicative random sample of applications that had previously been selected by the department for review and comparing the reported results with the ANAO's own findings.

Australian Citizenship Council Review

1.14 In February 2000, a major review by the Australian Citizenship Council (ACC) was released. It covered:

- contemporary issues in Australian citizenship policy and law; and
- the promotion of increased community awareness of the significance of citizenship for all Australians.

1.15 The Government accepted 62 of the ACC's 64 recommendations and the implementation of these is discussed in Chapter 6 of this report.

This report

1.16 Chapter 2 discusses risk assessment, planning and performance information, including monitoring and reporting. It also examines fraud control arrangements for citizenship services. Decision-making and the support provided to ensure quality decisions, such as guidance, training, support systems, QA, and complaints and appeals are examined in Chapter 3. The ANAO's findings in relation to accuracy of decision-making are also discussed. Chapter 4 covers client service including: the department's client service charter; the Citizenship Information Line; workload management; and complaints and appeals. Chapter 5 deals with promotion of the value of Australian Citizenship and Chapter 6 with the implementation of

² This sample was not established to be statistically valid but rather to provide an indication of any issues with the basis for decision-making.

recommendations by the ACC that were agreed by the Government. Performance information is discussed where appropriate in each chapter.

1.17 Assistance was provided in the conduct of this audit by MKL Consulting Pty Ltd. It was conducted in accordance with ANAO Auditing Standards at a cost of \$150 000.

2. Risk, Planning, Performance Information and Fraud Control

This chapter assesses the arrangements that DIMIA has in place for citizenship services for risk assessment, planning and performance information, including higher level monitoring and reporting. It also discusses fraud control.

Introduction

2.1 One of the main elements of good corporate governance is the establishment of a sound planning framework within which an agency and its business units operate to achieve government objectives efficiently and effectively. This includes the conduct of a risk assessment and the development of a business plan that contains appropriate performance information. Given the extensive use of electronic service delivery in many agencies, it is important that e-business be considered as an integral part of business planning.

2.2 As well as having appropriate plans in place and understood, to guide overall business directions, agencies should also implement appropriate fraud control arrangements³ as part of a sound control environment to provide assurance to all stakeholders. Therefore, the ANAO examined the specific issues relating to fraud control for citizenship services.

Risk management

2.3 Risk management is important because it allows the identification, assessment and treatment of risks that may, if untreated, prevent an agency achieving its objectives or not achieving them to the level required.

2.4 The ANAO found that a risk assessment for the provision of citizenship services had been undertaken in May 2003 and that it had considered the major internal risks. Risks will need to be assessed and treated, as necessary, on an ongoing basis and, particularly to underpin the provision of citizenship services in future years. Consideration ought to be given to broadening the focus, so that this assessment not only covers risks that are largely internal to the department but also those which have a more external focus, that is, in relation to client service. For example, the latter risks may be posed by variable demand, limited resources on achieving client service standards, and those that arise from any further outsourcing of aspects of citizenship services.

³ Fraud control arrangements are required to be developed and implemented in line with the *Fraud Control Policy of the Commonwealth*, Attorney-General's Department, May 2002.

Planning

2.5 Planning provides the framework to ensure unity of purpose across regions and across individuals who are working to achieve government objectives. Plans for citizenship services need to be based on an up-to-date risk assessment, and flow from the outcomes and related outputs outlined in DIMIA's Portfolio Budget Statements (PBS).

2.6 Given the focus on making services accessible to clients electronically, the ANAO also examined e-business arrangements for citizenship services.

2.7 DIMIA had developed and promulgated an Outcome Two Business Plan.⁴ The Plan provided a detailed framework for the output component—Citizenship Services, for both Central Office and State/Territory Offices. The Plan stated⁵ that it was based on an overall departmental risk assessment. The Plan notes that 'State and Territory managers who are working on Outcome 2 components are asked to adopt Central Office risks and to adapt them to their local circumstances...'. Interstate fieldwork undertaken by the ANAO indicated that each Office understood their contribution to the outputs specified in the Plan.

2.8 While the ANAO acknowledges that the delivery of citizenship services had not changed significantly since the Outcome 2 Business Plan 2002–03, the plan should be updated as soon as possible. DIMIA advised that its intention for 2003–04 and 2004–05 was to have a two year rolling plan which was to be amended over of its life, as necessary, to reflect, for example, budget decisions.

2.9 This plan has now been circulated to citizenship services managers. DIMIA advised that a planning meeting will be held with Central Office and State/Territory Directors to discuss Outcome 2 matters, including updating the plan and rolling it over to 2004–5 and 2005–06.

2.10 The ANAO notes the draft plan does not, as the plan for 2002–03 did, refer to the specific contributions to be made by State/Territory offices. Reference to such contributions may provide a useful starting point on which State/Territory offices could base their own plans and could be considered by Central Office as the draft plan is being updated.

2.11 In finalising its rolling two year plan for 2004–05 and 2005–06, DIMIA has agreed to take into account the issues raised by this audit.

2.12 Comments below on performance information, monitoring and reporting are made in relation to the 2002–03 Outcome 2 Business Plan because

⁴ Outcome Two is 'a society which values Australian Citizenship, appreciates cultural diversity and enables migrants to participate equitably'.

⁵ Outcome Two Business Plan 2002–03, p3.

that was the plan available to guide staff at the time of the ANAO audit fieldwork. Comments are also made on the draft two-year plan, where changes to proposed performance information or monitoring arrangements have been made in the draft plan.

E-business

2.13 DIMIA's Strategic Plan *Investing in 2005 and Beyond* indicates that all services should be accessible to clients electronically and online, where appropriate. The Business Plan 2002–03 refers to the introduction of e-lodgement for citizenship services. E-lodgement was launched in September 2002. In 2003–04, 16 523 (16.8 per cent) applications were e-lodged out of a total of 98 643 applications. This compares to 4 639 for the nine months that e-lodgement was available in the previous year.

2.14 At the time of the audit fieldwork, e-lodgement for citizenship services only provided a mechanism to lodge the application with DIMIA and to pay the application fee. One problem is that persons seeking to apply under a concessionary fee provision cannot apply using e-lodgement. Subsequent to the application being lodged online, the form is printed out (a time-consuming task) so that applicants can sign the form to acknowledge the validity of the information contained therein. It should be noted that, as for all applications, applicants are required to attend an interview to demonstrate that they can meet the legislated requirements to become an Australian citizen. This matter is further discussed in Chapter 3: Decision-making.

Performance information

2.15 Business Plans need to provide the basis for assessing performance through the inclusion of well-considered performance information that is drawn from, or linked to, indicators provided in an agency's PBS.

2.16 DIMIA's Outcome 2 Business Plan for 2002–03 contained a range of output standards and performance indicators. Many of these indicators related to decision-making and client service and are therefore discussed in Chapters 3 and 4 respectively.

2.17 The ANAO considered that the majority of the indicators included for 2002–03 were measurable and related to important aspects of performance. A small number of the indicators in the 2002–03 plan would have been difficult to assess because they contained phrases such as 'extent of', 'satisfaction of stakeholders', 'responsiveness of requests' and 'decreasing need to' without related definitions or targets.

2.18 The draft Outcome 2 Business Plan for 2003–04 and 2004–05 focussed on indicators relating to key business results. This would adequately address

the issues raised above if the proposed indicators are included in the final version of the plan for 2004–05.

2.19 There were two effectiveness measures included in DIMIA's 2002–03 PBS. These were 'Australian Citizenship rate of the overseas born' and 'level of community awareness of Australian citizenship'. Indicators that would allow measurement of these aspects of performance were included in the Outcome 2 Business Plan 2002–03.

Monitoring

2.20 For 2003–04, monitoring against all aspects of the performance indicators in the previous Outcome 2 Business Plan had not been formally documented. However, the department held two conferences in 2002 and 2004 at which performance was discussed. As well, since late in 2003, the department has held a monthly teleconference that includes relevant officers from Central and State/Territory Offices. Records of the conferences and the teleconferences demonstrate that ongoing monitoring has occurred. The draft Business Plan for 2003–04 and 2004–05 proposed to continue with these monitoring mechanisms. The ANAO considered this level of monitoring to be satisfactory.

2.21 Monitoring in relation to actual decision-making and client services are discussed in Chapters 3 and 4 respectively.

Reporting

2.22 As noted above, DIMIA had not formally documented performance against the Outcome 2 Business Plan 2002–03 and it had not produced formal reports. However, overall performance was reported in the Annual Report 2002–03 (that is, the latest annual report available at the time of undertaking this audit).

2.23 In 2002–03, the department reported against its effectiveness indicators as demonstrated in Table 2.1.

Table 2.1

DIMIA Annual Report 2002–03: Effectiveness indicators

Indicator	DIMIA Performance	ANAO comment
Australian citizenship rate of the overseas born	Estimated to be 75.1% based on 2001 Census compared to 64.8% in 1986.	It is sound practice to use this consistent measure over time to provide results that can be compared and allow an assessment of impact.
Level of community awareness of Australian citizenship	<p>Enhanced community awareness evidenced by:</p> <ul style="list-style-type: none"> - positive feedback provided in large numbers of ministerial and other correspondence in relation to, in particular, repeal of <i>Section 17</i> (dual citizenship) provisions for young people; - successful promotion campaign maintained with positive numbers across the campaign in comparison with base year 2000; - conferral numbers on and around Australia Day and Australian Citizenship Day remained high; and - continued positive feedback on the Adult Migrant English Program citizenship course. 	<p>Given the difficulty of measuring effectiveness/impact, the information provided is a reasonable indication of performance.</p> <p>Further consideration could be given to assessing feedback through the use of surveys or, for example, the number of affirmations and Citizenship Day events.</p>

Source: Annual Report, DIMIA 2002–03, p81.

2.24 Output measures contained in DIMIA’s PBS and reported on in its Annual Report for 2002–03 are discussed in Chapters 3 and 5 respectively.

2.25 The ANAO considered DIMIA’s effectiveness reporting to be useful for decision-making.

Fraud

2.26 The adequacy of systems to prevent and detect fraud are a key element of sound planning arrangements.

2.27 Citizenship services were addressed in DIMIA’s overall Fraud Control Plan. As well, the DIMIA Strategic Plan, *Investing for 2005 and Beyond*, refers to the use of biometric technologies to enhance all application processing, including citizenship processing, and to assist with the prevention of identity and other fraud. Identity fraud and the matter of proof of identity (POI) are being addressed by the department within the context of a whole-of-government approach. The department has an Identity Fraud Management

Committee. The citizenship area has also had input in relation to the fraud issues it faces.

2.28 While identity fraud is a risk for citizenship, the acquisition of citizenship is the final step in a process that commenced when the applicant first applied to enter Australia. This means that the applicant has already been required to prove his/her identity and that DIMIA has records in relation to, for example, the issue of visas. Applicants are required to provide proof of identity in the form of substantiated photographic evidence and also to attend a personal interview. As discussed in Chapter 3, citizenship procedures for proving identity are generally robust.

2.29 The ANAO found that DIMIA had also considered fraud control in its Outcome 2 Business Plan for citizenship services for 2002–03. However, the draft Business Plan for 2003–04 and 2004–05 does not refer to fraud for citizenship services. It may be useful to provide a reference to the department's Fraud Control Plan to ensure that staff remain aware of the need for effective fraud control.

2.30 The integrity and anti-fraud measures referred to in DIMIA's Outcome 2 Business Plan 2002–03 are undertaken through the Citizenship Quality Assurance and Integrity Unit, within the Citizenship Services Section. The plan sets out the strategies to minimise fraud. Table 2.2 lists the strategies and indicates action taken against them.

2.31 As noted in the discussion of quality assurance (QA), the ANAO considers that strengthening arrangements, so that the QA is undertaken more independently, would further reduce the opportunity for fraud.

Table 2.2

DIMIA Fraud control strategies and action taken

Strategy listed in Outcome 2 Business Plan 2002–03	Action taken by the department
Review processes to minimise fraud and ensure high quality decision-making	DIMIA advised that a number of steps have been taken to minimise fraud for citizenship services, including: the implementation of QA; keeping risk assessment up-to-date; specifically identifying fraud that related to citizenship (a low level) so that it could be managed. As well, DIMIA has pressed for better reporting and recording of fraud against DIMIA programs; reviewed the security features of citizenship certificates; and changed procedures in relation to processing discretion cases to enhance integrity, including system changes to improve audit trails and controls.
Ensure the Act has adequate provision for dealing with fraud	<p>An examination of the Act by DIMIA indicated that the offence and deprivation provisions of the Act and relevant provision of other Acts provided sufficient means to address citizenship-related fraud.</p> <p>A Bill to introduce an additional ground for deprivation of citizenship into s21 of the Act where citizenship was obtained due to fraud by a third party, such as a departmental officer, has been drafted and is expected to be introduced into the Parliament in 2005.</p>
Raise the profile of integrity issues with stakeholders	<p>A particular issue faced by DIMIA is the use by other agencies of citizenship certificates as evidence of identity. DIMIA has undertaken direct liaison with relevant agencies to stress this issue. The issue of citizenship certificates is discussed further below this table.</p> <p>DIMIA also stresses the need for integrity in decision-making within the department and has raised the profile of the possibility of fraud with staff.</p>

Source: Outcome 2 Business Plan 2002–03, DIMIA, pps 54–55.

2.32 While citizenship certificates should not be used for proof of identity purposes, it remains important that the integrity of these certificates is maintained. The fraudulent issue of certificates was listed as a risk in the Citizenship Services May 2003 risk assessment. Certificates have a range of security features built into them to prevent duplication by unauthorised bodies and the department has sound controls in place for the issue and storage of blank certificates. Such risks need to be identified, assessed and treated, as necessary, on an ongoing basis.

2.33 Fraud could also occur at the point when an application is approved, for example, through the inappropriate use of discretions under the Act where an applicant does not meet all legislative requirements. However, the department requires that two officers approve the application when a discretion is used. As well, recent changes to DIMIA's Integrated Client Services Environment (ICSE) mean that an application cannot be processed without all the appropriate information. In addition, reports listing cases where discretions are used are provided by ICSE and examined to ensure that such discretions are being used appropriately.

2.34 The department was able to provide information on allegations received and action taken. This information indicates a low risk of fraud in relation to citizenship.

2.35 The ANAO considered the arrangements for fraud control to be consistent with the requirements of the *Commonwealth Fraud Control Guidelines*⁶. A change to the QA arrangements could further strengthen fraud control arrangements. In Chapter 3, the ANAO notes that QA is undertaken in the same office where the original decisions were made. An independent review, for example, decisions checked by a different State office, could assist to identify any fraudulent decisions made by DIMIA staff.

Conclusion

2.36 The ANAO concluded that risk assessment should be ongoing and, in particular, underpin provision of citizenship services in future years. A more external focus on risks to sound client service would be more likely to identify emerging risks.

2.37 Planning for 2002–03 for citizenship services (the latest plan that was available to guide operations at the time of the audit fieldwork) had met the audit criteria. The proposed rolling plan for 2004–05 and 2005–06 should be finalised and provided to all staff responsible for its implementation as soon as possible. In finalising the draft plan, DIMIA has agreed to take into account the issues raised by this audit.

2.38 E-business arrangements were adequate. The department is aware of the need to pursue further development so that the arrangement goes beyond being just a delivery mechanism for citizenship applications.

⁶ Attorney-General's Department, *Commonwealth Fraud Control Guidelines*, May 2002.

2.39 Performance information, monitoring and reporting at the higher level had addressed the relevant areas. Fraud control arrangements were consistent with requirements and the department had taken steps in recent years to strengthen these arrangements. A useful initiative would be to include reference to fraud control in the Outcome 2 Business Plan for 2004–05 to assist with staff awareness of the importance of fraud control.

3. Decision-making

This chapter discusses decision-making for citizenship services, including the support provided, in terms of guidance and training, to ensure well-based decisions. It also provides the results of the ANAO's testing of actual decisions made and quality assurance processes. It comments on the timeliness of processing and the level of complaints and appeals.

Introduction

3.1 Well-based and timely decision-making is critical to the effective administration of citizenship services. Sound decision-making requires up-to-date guidance to facilitate consistent application of the Act. Decision-making needs to be supported by appropriate information technology systems (IT) and training.

3.2 QA is an important mechanism to ensure the accuracy of work undertaken and to provide information to allow improvements to services. DIMIA officers making citizenship decisions should have the appropriate delegation to do so. Appropriate performance information would allow decision-making to be monitored.

3.3 The ANAO sought to establish whether DIMIA had these arrangements in place and whether they were operating effectively in practice.

3.4 The ANAO notes that the administration of citizenship legislation is complex. Unlike most other legislation, the Act contains numerous grandfather clauses, that is, amendment acts only amend the Act, they do not replace it. This requires a decision-maker to take into account each persons individual circumstances as the Act may have applied to them up to around 50 years ago.

Guidance

Guidelines and procedures

3.5 Comprehensive and up-to-date (last updated in December 2003) instructions covering all aspects of citizenship processing are available to DIMIA staff. They provide detailed guidance and advice on the legislation covering citizenship applications and the procedures for processing these. Given the complexity of citizenship legislation as noted above, the ANAO considered that the instructions provided essential advice that contributed to the accurate processing of applications.

HelpDesk

3.6 The Citizenship HelpDesk is available to DIMIA staff via telephone and e-mail. It provides advice, within 24 hours, in relation to complex or urgent inquiries that cannot be resolved by other means. Requests for assistance from the HelpDesk are recorded and used to improve procedures and identify training needs. The department advised that the majority of inquiries were answered within 24 hours. Inquiries not answered within 24 hours were cases where more detailed advice needed to be provided, such as legal advice.

3.7 Feedback from staff during the audit fieldwork indicated that staff considered the HelpDesk for citizenship services to be an effective support system for decision-making.

LEGEND

3.8 LEGEND⁷ is a computer-based decision support tool that enables departmental staff to access migration and citizenship legislation and policy and other information, such as Administrative Circulars, forms and the LEGEND training manual. It provides access to a wide range of material to assist staff in making quality decisions, including in relation to citizenship.

3.9 The ANAO considered, from a demonstration of LEGEND, that it was a useful tool to support an area such as citizenship because of the complexity of the citizenship legislation. While staff interviewed in the course of the ANAO's fieldwork indicated that the system was not user friendly, and that at least a half-day training session was required on accessing the system, this is likely to be largely related to the need to become familiar with a new system. The department is aware of this issue and is monitoring ongoing feedback from users.

Integrated Client Services Environment (ICSE)

3.10 ICSE is DIMIA's computer system used to record the lodgement and consideration of requests from clients for DIMIA services, including citizenship applications. ICSE is designed to record a variety of different transactions that occur throughout the department. It integrates all client information to provide a single history of the client's involvement with DIMIA. While ICSE is not primarily designed to help make decisions, it does provide for the recording of processing activities and decisions in a client's application. The introduction on 1 July 2004 of more detailed citizenship assessment checklists, and mandatory recording of assessments against key criteria in

⁷ LEGENDcom is DIMIA's commercial version of LEGEND for which subscriptions can be purchased by, for example, migration agents and lawyers. It provides access to migration and citizenship legislation and policy.

ICSE, is designed to provide greater decision-making support and should further enhance accuracy.

3.11 A comprehensive Reference Manual for using ICSE is available to all DIMIA staff. It was first issued in 2001 and has been regularly updated since then (last updated July 2004). The ANAO considered the Manual to be a useful tool. However, a small number of staff interviewed during the ANAO fieldwork indicated that they needed more help in accessing ICSE when they first started to use it.

Training

3.12 Responsibility for citizenship training is shared between Central Office and State/Territory Offices. For example, Central Office has provided training in relation to Citizenship Legislation and Policy and systems training in most States and Territories each year for at least the last three years. State/Territory Offices provide induction and basic training. Those States included in the audit fieldwork indicated that the following approaches were used to provide training:

- The citizenship manager provides a detailed introduction to citizenship services to new starters.
- New starters commence with easier citizenship grants and a buddy/mentoring arrangement is used, that is, a more experienced staff member goes through the process with them.
- In one State three hours of basic training is given relating to policy, principles and the use of ICSE. This is followed by two sessions (of at least three hours duration) where an experienced decision-maker sits with the new starter. Checks are undertaken of new starter's work to ensure that it is satisfactory.
- The Citizenship Information Line (CIL), a telephone help-line located in DIMIA's Contact Centres in Melbourne and Sydney, provides an effective training ground at those locations for staff who move onto directly delivering citizenship services at the counter.

3.13 While these training approaches had not been formally evaluated, feedback was available from DIMIA's citizenship HelpDesk, and through QA processes, that allows the value of the training to be adequately assessed and further training needs to be identified.

3.14 DIMIA has also been developing a more detailed approach to training through the National Training Framework that was endorsed by the Board of Management in March 2004. This is a comprehensive document which identifies:

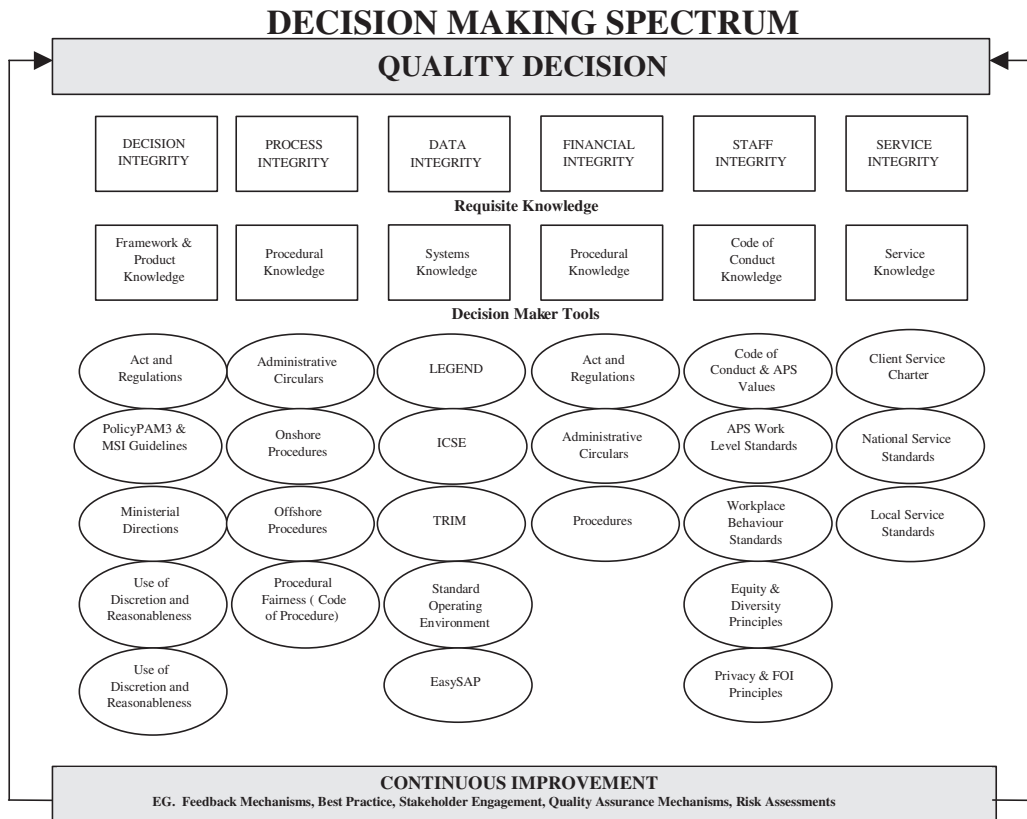
- roles and responsibilities for all stakeholders in relation to training;
- priorities for training—for citizenship these were induction, client contact, quality decision-making and supervision/leadership;
- the working groups that will be responsible for the development of programs and curricula for each area; and
- evaluation arrangements.

3.15 A key aspect of planned training for citizenship services is the Quality Decision-Making (QDM) module. QDM is designed to bring together: the department's responsibilities; what is expected of decision-makers; and components of integrity so that not only is a decision made in a timely fashion, it is also a quality decision. Figure 3.1 sets out the components of QDM.

3.16 The ANAO considers that the training arrangements set out in the National Training Strategy will be appropriate once implemented, noting particularly the need to undertake evaluations and use the results to continually improve training.

Figure 3.1

Quality Decision-making



Source: DIMIA.

Decisions

3.17 Applicants can seek Australian citizenship through grant (naturalisation) or descent through an Australian citizen parent.

Grant

3.18 To be approved for grant of Australian citizenship, applicants must lodge an application; pay an application fee (unless exempted); and meet a number of criteria that are set out in the Act.⁸ Applicants, unless they are entitled to a concession, must also pay a fee at lodgement.

⁸ S13(1) sets out the criteria. Applicants must: be a permanent resident; at least 18 years of age; understand the nature of the application; been present as a permanent resident for at least 1 of the last 2 years and at least 2 of the last 5 years; be a good character; possess a basic knowledge of English; have an adequate knowledge of rights and privileges; and be likely to remain in Australia or have a close and continuing relationship with Australia.

3.19 In order to make an indicative assessment of both the quality and transparency of decision-making, the ANAO examined a total of 159 applications for grant of citizenship in the three offices visited during the fieldwork. At the time of the fieldwork, DIMIA was using both paper assessment forms⁹ and screens on ICSE to record processing steps and to complete the decision. Since the introduction of comprehensive assessment checklists in ICSE on 1 July 2004, all processing can be recorded in ICSE, making the use of paper forms redundant. This initiative addresses many of the issues identified by the ANAO during the fieldwork and noted below.

3.20 Overall, the ANAO found that decisions relating to grant of citizenship were made in accordance with legislative requirements and departmental procedures. Staff were very aware of the need to ensure the requirements of the Act were met before approval was given.

3.21 Some minor administrative problems were identified, for example, the use of superseded forms¹⁰ in a few cases. This may cause a problem if the revision to the form related to a substantial issue, such as changes to legislative requirements. The department advised that, if there were a substantive issue, it would instruct staff not to accept out-of-date forms.

3.22 In the majority of cases careful attention was paid to verifying the identity of the applicant. However, in three cases, the signature of the person attesting to the applicant's identity differed between the back of the photo and the declaration on the form. As well, three files did not have the photo attached.

3.23 The ANAO noted that practices relating to photocopying identification documents varied widely in the offices visited—from photocopying almost every document sighted to only copying key documents. One of the risks in copying every document is that staff attention is directed to the copying process rather than to the accuracy of the information contained in the application.

3.24 An examination of ICSE records showed that key character checks (Movement Alert List (MAL) checks and those relating to any criminal behaviour—on CrimTrac) as well as residency requirements had been undertaken. In relation to the check that the applicant be onshore when approval is given, the ANAO found in more than a third of cases that this check had not been documented. However, in all cases, applicants were found to be onshore when the decision was made.

⁹ Not all decisions were documented on these forms but this is addressed by DIMIA's new version of ICSE.

¹⁰ DIMIA reviews the forms every four months and revises them as necessary. An applicant can have used a form collected by them prior to such revisions or Australia Post may use a superseded form.

3.25 Generally it was clear that the decision to approve, or refuse, an application for citizenship was transparent and in accordance with legislation. Issues regarding documenting the checks that have been undertaken have been addressed by the implementation of the recent changes to ICSE assessment checklists.

Descent

3.26 People born outside Australia to an Australian parent can acquire Australian citizenship by applying to the department for registration as a citizen under S10B of the Act if they are under 25 years of age.¹¹ People over 18 years of age must be of good character. If the parent also acquired citizenship by descent the parent must have lived in Australia for at least two years in total.

3.27 To support descent applications, the following documents must be supplied:

- full birth certificate showing details of natural parents;
- evidence that at least one parent was an Australian citizen at the time of the applicant's birth; and
- other documents, if applicable, for example, a marriage certificate to demonstrate change of name.

3.28 The ANAO examined a indicative sample of 14 cases where applicants had been registered as citizens by the department.

3.29 In the majority of cases, original documentation had been sighted and photocopied by the department. In two cases, there was no photocopy of the original supporting documentation or any annotations on file that demonstrated that the legislative criteria had been met. This documentation is important because the department is more reliant on documents, such as birth certificates, to establish eligibility in descent cases than grant of citizenship, where eligibility can be determined from information held on DIMIA systems.

3.30 MAL checks had been undertaken in all cases but a police check had only been conducted for two out of the three cases where this was required, that is, the applicant was over 18 years of age. All decisions were dated and documented in ICSE and the applicants' details were correctly entered into the Register of Citizenship by Descent. However, in just over one-third of cases reviewed, there was no documentation, such as a case note in ICSE or a file note to indicate that a copy of an extract had been sent to the applicant.

¹¹ People born outside Australia between 1949 and 1974 to an Australian parent can also apply for registration under S10C.

3.31 The ANAO considers that documentation of all steps in processing descent cases could be improved. Greater emphasis should be placed on undertaking and documenting police checks in all cases.

Delegations

3.32 The Act enables the Minister to delegate his/her powers to approve the grant of citizenship. The Minister has exercised this power by signing an instrument of delegation that authorises DIMIA officers at the APS 4 level and above, in citizenship services, to grant citizenship.

3.33 The ANAO examined a sub-set of the indicative sample used to test the accuracy of decision-making and found, in all cases examined, that the decision-makers were properly authorised in accordance with the instrument of delegation.

3.34 The ANAO found that DIMIA has in place robust systems to ensure that only properly authorised officers make decisions to grant citizenship.

Quality assurance

3.35 A formal QA process for citizenship services was introduced in January 2002. The goals of the program include:

- continuous improvement in performance;
- staff understanding of citizenship legislation and policy;
- identifying any weaknesses, including any systems issues, by conducting sample checks of citizenship applications, and determining where processes can be improved;
- providing staff with the necessary tools to accomplish their tasks accurately by the provision of up-to-date guidelines and instructions; and
- identifying training needs and providing citizenship legislation and policy training to operational staff.

3.36 Approximately every six months, a sample of some 2.5 per cent of applications processed during the reporting period¹² is selected at random and provided to Regional Offices for checking. The random sample is accompanied by a checklist designed to assess the quality of:

- evidence of proof of identity;
- records management;
- processing;
- decision-making; and
- character checking.

3.37 Each office reviews its own applications and provides a report on the results to Central Office. Central Office reviews the results and reports them to the departmental Audit and Evaluation Committee.

3.38 The use of a formal QA process for citizenship processing is a positive one that assists to improve accuracy and identify training needs. Since the QA process was introduced, five cycles have been completed. DIMIA's results have shown that there have been major improvements in making decisions in accordance with legislative requirements and departmental procedures. In particular, compliance with character-related checking procedures has steadily improved and processing errors have fallen overall.

3.39 Furthermore, an ANAO review of an indicative sample of those cases previously subject to QA, found that the quality of processing applications and documenting decisions was, in the main, similar to the ANAO's findings from its own testing of the accuracy of decision-making. However, the ANAO noted a number of issues in relation to QA for citizenship services, as follows:

- regions interpret QA according to their own local standards and practices rather than those required by the documented procedures issued by Central Office. For example, if the local practice is not to document that certain checks have been conducted, then failure to do this is not recorded as non-compliance with Central Office procedures;
- in a number of cases the QA procedures require the regional office to contact the person who has endorsed the identity of the person applying for a grant of citizenship to confirm proof of identity details. The ANAO found that this check is not always fully documented making it difficult to confirm whether it has been done;

¹² Subject to a maximum number of 100 cases.

- the chances of a relatively small random sample picking up the more complex, higher risk cases are slight. DIMIA staff suggested that a sample selected on a stratified basis would be more appropriate because it could be designed to pick up those complex cases;
- there was a lack of independence in the QA process, where each office reviews its own applications. A review by an officer from another office would not only ensure that such reviews were indeed independent but would assist in the sharing of better practice. The ANAO acknowledges that there are problems in sending applications between offices and that the supervisor who normally undertakes the checks would not be getting direct feedback of the issues in their office. However, some form of independent review, not necessarily for each QA cycle, is likely to be beneficial; and
- the checklist lacked precision in some areas. This increases the risk that offices interpret the checklist differently meaning that a consistent view on the level of accuracy is not being provided.

3.40 The department responded positively to the points raised in the course of the audit and agreed to take action to address the issues identified above.

Timeliness of processing

3.41 DIMIA has set a number of targets for the time taken to process citizenship applications. The department's Portfolio Budget Statements (PBS) indicate that 90 per cent of applications will be decided within 90 days of lodgement. An ANAO examination of data from ICSE showed that, in 2003–04, on average 91.8 per cent of applications were decided within 90 days of lodgement. This is slightly down on 2002–03 when 93.7 per cent of applications were decided within 90 days but still within the service standard. It should be recognised that applications increased by 15.8 per cent over the last two years.

3.42 Although DIMIA, as a whole, met its processing standards, five out of the 13 offices that process applications did not meet the standard, with one office only able to process 78.5 per cent of applications within 90 days.

3.43 An internal target, specified in DIMIA Outcome 2 Business Plan, calls for 75 per cent of applications to be decided within 30 days of lodgement. Although this target was achieved in 2002–03, it was not achieved in 2003–04, with only 66.7 per cent of applications decided within 30 days. Again there were significant variations between offices, with one achieving only 42.9 per cent of decisions within 30 days.¹³

¹³ Of the applications that were lodged electronically, only 86.9 per cent were decided within 90 days and only 41.0 per cent within 30 days of lodgement. In other words service standards were not achieved in either case.

3.44 The DIMIA PBS also indicate that 35 per cent of grant applications will be decided on the day of lodgement. In 2003–04, 43.3 per cent of applications were decided on the day of lodgement compared with 47.1 per cent in 2002–03. This indicator will need to be reviewed to take account of the wider use of appointments. The use of appointments is discussed in Chapter 4.

3.45 On the whole, the majority of applications were processed quickly. However, processing times have slipped in the last 12 months as the number of applications has increased. Reasons for delays can be complex and many are beyond the direct control of the department. Nevertheless, processing times vary significantly between offices. ICSE provides a sound basis for comparing the time taken for different offices to process applications and will be an important tool in the process re-engineering review planned by DIMIA for the latter half of 2004. It would be useful to undertake an analysis of the possible reasons for the variations between offices with a view to addressing the issue on an agency-wide basis.

Complaints/appeals

3.46 In line with sound practice, the department has a toll-free telephone number to which clients can make complaints, including in relation to citizenship. Complaints can also be made in person. Complaints in relation to citizenship services were not recorded separately. Because of the nature of citizenship services, many issues can be raised at the time that the applicant contacts the office to lodge an application, or when the applicant is interviewed, to establish that they meet the requirements to obtain Australian citizenship, making it less likely that an applicant will need to lodge a complaint.

3.47 For 2003–04, there were a total of 121 formal appeals¹⁴. In the same year, more than 120 000 decisions were made in relation to Australian citizenship status. Of those appeals resolved in 2003–04, 29 were found in the department's favour, seven in the applicants favour, with 54 withdrawn either by the appellant (34) or the department (20). The department advised that, in some cases, because it takes time for appeals to be heard, many clients meet the requirements to be granted Australian citizenship while waiting for the appeal to be heard. Therefore, the appeal is withdrawn. As well, some cases found in favour of the appellant relate to interpretations of good character, a more subjective area. This means the department's initial decision is overturned.

3.48 In relation to appeals against refusals of applications for citizenship to the Administrative Appeals Tribunal (AAT), the proportion of the

¹⁴ This includes appeals to the Federal Court, the Full Federal Court, the Federal Migration Court, the Federal Magistrates Service and the High Court.

department's decisions overturned by the AAT has not exceeded 0.5 per cent in the last seven years.

3.49 DIMIA advised that it experiences a lower level of complaints in relation to citizenship services compared with that for other services it provides. It would be useful for the department to obtain separate data on complaints in relation to citizenship services so that any systemic issues could be addressed.

Conclusion

3.50 The ANAO concluded that DIMIA had robust support mechanisms in place for citizenship decision-making. Training is likely to be improved by the appropriate implementation of the Quality Decision-making project, including evaluations of the usefulness of training provided.

3.51 Decision-making is generally undertaken in accordance with legislative requirements and departmental procedures and is supported by QA. Decisions are made by staff with relevant delegations. There have been demonstrated improvement over time. To further support sound decision-making the department could consider: the use of weighted samples for QA purposes to ensure more complex cases are examined; a more detailed checklist; and the conduct of independent reviews.

3.52 Performance information showed that timeliness standards were met overall but significant variations between DIMIA offices needed to be analysed to determine whether action is required to improve performance in some regions.

3.53 There was a low level of complaints and appeals and few departmental decisions were over-turned. This confirmed the department's well-based decision-making in citizenship services.

4. Client Service

This chapter discusses various key aspects of client service, including client service charters, help services for clients, and issues in workload management to ensure the uneven workload for citizenship services is managed effectively. The ANAO has made one recommendation in regard to this matter. The chapter also discusses the conferral of Australian Citizenship and the management of outsourced services.

Introduction

4.1 DIMIA provides a range of services to clients, including citizenship services. These services are provided by telephone, online, mail and in person. Services that are provided in person can be through the client visiting a DIMIA office and waiting in a queue to see reception or counter staff. Clients can also make an appointment by telephone for the required citizenship interview. The interview is undertaken to confirm the person's identity, and to assess English language skills and understanding of the responsibilities and privileges of being an Australian citizen.

4.2 Therefore, client service is an important aspect of DIMIA's business. For the Australian Public Service (APS) as a whole there has been a drive to deliver high quality client services. To facilitate efficient and reliable services, Client Service Charters were developed. As well as having a Charter in place, other factors can assist with sound service delivery, including: a toll-free helpline and internet services for clients; workload management so that clients do not wait excessive amounts of time; and outsourcing all or parts of the services to be delivered so that they are more accessible to people living in regional/rural Australia.

4.3 Citizenship is not legally granted until it is formally conferred on the applicant. Conferral is the final step in the process of citizenship by grant and if not conferred within one year of approval, there is provision under the Act to revoke the approval.

Service charter

4.4 DIMIA's client service charter was launched in 1998. At the same time a brochure—*Do you have a complaint?*—was also launched. The Charter covers: the department's commitment to high quality service; what clients can expect; service standard; the clients' responsibilities; and information on how to make a suggestion or complaint.

4.5 DIMIA's Annual Report includes a section that reports performance against its Client Service Charter. This report is appropriate but only deals with client service as a whole. Given the importance of effective client service

in relation to citizenship, the ANAO sought information on whether or not client services met agreed standards for citizenship services.

4.6 Separate performance information for citizenship services against the department's Client Service Charter Service Standards was not available. As well, the information provided by the department used estimates of performance. Each office provides 'an estimated percentage of the time done in your office', that is, the number of times staff, for example, provide their name to the client or waiting times meeting the standard, using a number from one to six to represent the proportion of times the service standard is met. An examination by the ANAO of a sample of these reports shows that DIMIA Regional Offices report that they have achieved the highest standard, that is they report achieving category 6 or that they done the required action 91–100% of the time.

4.7 Since the introduction of DIMIA's charter in 1998, the department's State and Territory Offices (and overseas posts—not examined in this audit) have been required to self-report against the standards except in the case of 'attend to client within 30 minutes without an appointment'. The data to assess performance against this standard is recorded by the queuing systems used in the majority of DIMIA offices.

4.8 In order to ensure that its charter is up-to-date and relevant, DIMIA initiated a review (on 24 May 2004) with the aim of implementing a revised charter, and associated feedback and complaints handling mechanism, later in 2004. As part of this review, consideration is being given to new and revised standards. Subsequent to this, the Client Service Management Statistical Information Report will also be revised to reflect the new performance information being used.

4.9 The ANAO considers that, in updating the Service Charter, there would be value in establishing measures that related specifically to citizenship services. Such an exercise could be undertaken to provide more meaningful measures of actual performance rather than using estimates that are self-reported.

Help services for clients

4.10 Services to citizenship clients include the Citizenship Information Line (CIL) and online material on the DIMIA website.

CIL

4.11 DIMIA operates a toll-free telephone line—CIL—that provides assistance and advice about citizenship issues. CIL operates within the department's contact centres (which provides information on all DIMIA services and are located in Melbourne and Sydney) using a separate telephone

number. This means that it is possible to assess the impact of promotion campaigns on requests to CIL.

4.12 Performance information shows that about a third of the callers to CIL obtain sufficient information from the recorded information through a push button menu and do not need to speak to an operator. The recorded information enables the caller to order application forms and also refers them to the department's website. Current CIL statistics also indicate that more inquiries are now getting through to operators and therefore are not being abandoned. It could be useful for DIMIA to examine the cost-effectiveness of extending CIL hours of operation, given that data available since January 2004 shows that around 15 per cent of calls are made after hours.

4.13 DIMIA advised that the contact centres indicated that requests for citizenship forms are dealt with either on the day of request or the following day. This provides some indication of the quality of service provided by CILs. However, the department needs to consider further measures that would allow an assessment of the quality of the service, for example, the number of call-backs by a client to obtain all the information required.

Internet

4.14 DIMIA's citizenship website commenced on 1 July 2001 as part of the promotion campaign to encourage the take-up of citizenship. The website receives an average of 145 000 hits per month.

4.15 The department provided a detailed list of changes and enhancements that have been made to the website since January 2004. These changes relate to such matters as uploading information that is useful to Australians overseas (for example, in relation to being able to regain Australian citizenship), listing Australia Day ceremonies and including the Ceremonies Code in the relevant page and allowing for local councils to order it online.

4.16 As well, the department undertakes a survey of users of the website to assess user satisfaction. The results of this survey demonstrated overall user satisfaction with the ease of using the site and navigation, as mostly being good or satisfactory. A review of this website was also undertaken as part of a broader department-wide website review. This highlighted minor user issues in relation to citizenship and these have been addressed satisfactorily.

Workload management

4.17 To support timely and accurate client service, DIMIA needs to be able to manage its service delivery to clients. Given the variable number of applications and other demands for service, it is important that the department has appropriate strategies in place to manage the resulting variable workload. This is not only true for citizenship services because the department delivers a range of other services, the demand for which also varies over time.

4.18 Practices in the citizenship area vary between offices. This can be because of the need to address local conditions or it may have an historical basis. The ANAO examined the strategies used in the three regions visited, to assess whether one approach delivered better services in relation to accuracy and cost-effectiveness.

4.19 The approaches used included the use of appointment systems and multi-discipline teams in most cases.

Appointment systems

4.20 Clients are able to seek services at DIMIA's counters during office hours without an appointment. The use of appointments varied across Australia. Some regions were using appointments the majority of the time, whereas other offices were only using appointments for some part of the time. The ANAO also notes that greater use of appointments is a key aspect of DIMIA's Client Access Strategy, and a national appointment system to facilitate the use of appointments is being implemented.

4.21 In order to manage the variable workload and the provision of 'good' client service, the ANAO considers that DIMIA should use appointments to the greatest extent possible. Using appointments in the majority of cases (and in conjunction with multi-discipline teams) would also provide the means to manage staff time, so that they are able to attend meetings and training without all offices being closed to clients on Wednesday afternoons, as is currently the case.

4.22 In relation to this last point, the ANAO noted that in one office visited during the fieldwork, clients arrived without being aware that the office was closed to the public on Wednesday afternoons. This is not better practice in sound client service. An examination of the websites of other service delivery agencies indicates that it is not a practice followed by those agencies. Closing offices to the public Wednesday afternoons is not in line with DIMIA's initiatives to improve client service. Accordingly, it would be appropriate for DIMIA to evaluate this practice.

Multi-discipline teams

4.23 Multi-discipline teams are used in DIMIA offices, in smaller States and in one of the larger offices visited during the audit fieldwork. A multi-discipline team is one in which staff members deal with more than one DIMIA service, for example, citizenship and student visas.

4.24 The ANAO found in its testing of the accuracy of decisions that the use of multi-discipline teams did not reduce accuracy. It provides a variety of work and can support improvements to client service, because it also provides, along with the use of an appointment system, the means to redress the current practice of Wednesday afternoon closing. The use of both appointments and multi-discipline teams means that some staff could be rostered off for meetings and training, while remaining staff can still provide the necessary expertise at the counter.

4.25 The widespread use of appointment systems and multi-discipline teams will require a review of some performance indicators; for example, the proportion of citizenship decisions made on-the-spot. The department is aware of the need to do this.

Cost effective services

4.26 The Activity Based Costing (ABC) system used by DIMIA provides a platform for the department to monitor the cost of providing citizenship services over time and between regions.

4.27 An examination of the data available at the time of the audit indicated that the average cost of processing a citizenship grant application had increased from \$115 in 2001–02 to \$151 in 2002–03. However, there are considerable variations between regions, with one region having an average cost of \$338 to process a decision in 2002–03, compared to another region with an average cost of \$50.

4.28 An analysis of the number of decisions made per full time equivalent staff members, showed an average of 1 461 in 2001–02, dropping to 1 187 in 2002–03 and remaining steady at 1 114 in 2003–04. Again, there are significant variations between regions, with one region making an average of 2 163 decisions in 2003-04, while another made only 510.

4.29 DIMIA is seeking to improve its citizenship processing through a process re-engineering review planned for 2004–05. An analysis of the variations in the cost and number of decisions made between regions would form a key part of such an examination.

Conferrals

4.30 The majority of citizenship conferrals are undertaken by local government councils and, in some cases, the department itself or other community organisations. The ANAO acknowledges that the timing of the conduct of conferral ceremonies is largely beyond the direct control of the department. However, it is within the department's responsibility to ensure that the final step in becoming an Australian citizen is timely.

4.31 As a starting point, the department needs to have a clear picture of the time taken between approval and conferral by region and council. This requires a performance indicator to measure the number and proportion of approvals that have been conferred within specific timeframes. This information is available by DIMIA region but not by local council. If this information was available for each local council, the department could assess where there are delays and liaise with relevant bodies to encourage the conduct of ceremonies in a more timely manner.

Outsourced services

4.32 When services have been outsourced, it is important to have robust management arrangements in place. The aim of effective management arrangements between the purchaser and provider is to ensure that both parties meet their obligations. In order to ensure that early action can be taken to address any problems that arise, government agencies also need to monitor closely the delivery of services.

4.33 The two major arrangements that exist for citizenship services are with Australia Post and CrimTrac.

Australia Post

4.34 A contract exists between DIMIA and Australia Post through which Australia Post provides lodgement and interview services to applicants for Australian citizenship. The department acknowledges that this contract needs to be revised. It will be examined in the broader review of citizenship services and use of third parties that was to be commenced at the time the audit was being finalised.

4.35 The contract clearly indicates the work to be undertaken on behalf of the department and specifies standards and timeframes for the citizenship interviews that Australia Post conducts. It also clearly specifies the obligations of both parties, the fees to be paid and the privacy principles to be adhered to.

4.36 DIMIA advised that monitoring against the contract was undertaken but that it was generally not formally documented. The department's State Offices visited by the ANAO indicated that they liaised regularly with

Australia Post. Overall, there had been no significant problems with the management of the contract or the delivery of services. In particular, in the course of testing of compliance with the Act and policy, the ANAO found that Australia Post had satisfactorily documented individual interviews and collected appropriate documentation.

4.37 While a review of the contract would be timely, because the requirements of the parties have not changed significantly, the ANAO considered the arrangement to be satisfactory.

CrimTrac

4.38 DIMIA has a Memorandum of Understanding (MOU) with CrimTrac for the release of criminal history information provided by CrimTrac on behalf of Australian Police Services. The MOU sets out the services required, the timelines to be observed and standards to be met, the purposes of the information and the privacy principles. It also sets out fees and costs and, importantly, security arrangements for the information accessed, as this is sensitive in nature.

4.39 An annual audit is conducted by CrimTrac (using a third party) to examine performance against MOUs with agencies. The department also monitors performance of such things as response times against service standards through monthly reports from DIMIA systems and State/Territory offices.

Conclusion

4.40 In relation to standards included in DIMIA's Service Charter, there was no specific information for citizenship services available at the time of the audit fieldwork. There would be value in establishing specific performance indicators for citizenship services in DIMIA's Service Charter and in measuring these in a meaningful way rather than through self-reported estimates.

4.41 It would also be useful to have further performance information to assess the quality of the Citizenship Help Line. The Citizenship Website had been evaluated by the department and found to work well in practice.

4.42 Workload management could be improved by using appointments and multi-discipline teams to the greatest extent possible. This would mean that some staff would be available to extend opening hours, including opening the office to clients on Wednesday afternoons when DIMIA offices are currently closed to clients. A recommendation to this effect is set out below.

4.43 DIMIA would benefit from a review of the cost and timeliness of its citizenship services, particularly across regions, and from obtaining

performance information about the numbers of approvals that are awaiting conferral so as to better manage these aspects of citizenship service delivery.

4.44 Outsourced services were being managed appropriately.

Recommendation No.1

4.45 The ANAO recommends that, in order to improve client services, the department:

- use appointment systems and multi-discipline teams to the greatest extent possible; and
- make citizenship services available to clients in normal business hours, including on Wednesday afternoons.

Agency response

4.46 Agreed with qualification. DIMIA has commenced the implementation of a National Appointments System that is due for completion by the end of November 2004. This system will allow DIMIA offices to schedule appointments for citizenship clients, and includes the automatic generation and distribution of an appointment letter (details of the appointment such as date/time and office address) as well as a checklist of requirements. Planning has commenced to further enhance the system by building an internet front-end so that clients are able to make their own appointment, where required, as part of the e-lodgement process.

4.47 DIMIA uses multi-discipline teams wherever possible. The size of the office and the nature of the office clientele determine how DIMIA establishes a multi-discipline team in each State or regional office.

4.48 The department understands the reason for the recommendation to extend opening hours to include Wednesday afternoons and is implementing arrangements to give practical effect to it through other service measures and channels.

4.49 Consistent with DIMIA's client service strategy and to lessen the impact on clients of the need for staff training on Wednesday afternoons, the introduction of the National Appointments System is intended to enable the department to better manage client traffic throughout the week and to reduce significantly the number of walk-in clients. DIMIA is also investing in improving the relevance and useability of our internet content and extending the hours of operation of our telephone contact centres to ensure clients have alternative service channels available on Wednesday afternoons enabling them to make inquiries and lodge applications.

ANAO comment

4.50 In making the recommendation to use multi-discipline teams to the greatest extent possible, the ANAO was aware that such teams were not used in every office at the time of the audit fieldwork. While the department has indicated that it uses these teams wherever possible, the ANAO considers that it would be useful to review whether there is scope for the further use of these teams.

5. Promotion

This chapter discusses the promotion by DIMIA of citizenship services and the department's evaluation of its promotion campaigns.

Introduction

5.1 In order to encourage eligible Australian residents to acquire Australian Citizenship and all Australians to value citizenship, DIMIA has undertaken promotion campaigns each year since 2001. A principal driver for the campaign was to arrest the decline in the number of people applying for citizenship. This also supported the view of the Australian Citizenship Council (ACC) that more could be done with citizenship.

5.2 The ANAO examined whether the department had clear objectives for the campaigns and whether they had been appropriately evaluated. The ANAO also examined whether other activities the department undertakes to provide information on citizenship had been assessed.

Promotion campaigns

5.3 The objectives for each citizenship campaign have been clearly stated and were largely directed at arresting the decline in numbers of people applying who were eligible to take-up citizenship.

5.4 The campaign has been evaluated by DIMIA for each of the three years that it has been conducted and a detailed report produced. The ANAO found that the methodology is robust in that the evaluation:

- compares applications for citizenship from campaign target groups with the non-campaign base year of 2 000—an overall increase in the first year of the campaign of 56 per cent;
- uses externally commissioned quantitative tracking research to assess positive results in attitudes to Australian citizenship and behavioural intentions among target groups; and
- made recommendations on how to build on the sound basis established in the first year.

5.5 The department has continued to conduct evaluations of the campaign and these have continued to demonstrate the positive impact of such campaigns.

5.6 Other activities aimed at improving the take-up of Australian citizenship, for example, establishing an Australian Citizenship Day on

September 17 each year, are also evaluated and discussed in the campaign report.

5.7 The Evaluation Report shows that the department has built on the experience obtained in previous campaigns.

5.8 The ANAO considered that the approach taken to evaluating the campaign each year and learning from previous years' experience represents better practice.

5.9 The use of the DIMIA Website to provide information on and promote citizenship is discussed in Chapter 4: Client service.

Conclusion

5.10 The ANAO considered that the implementation and evaluation of promotion activities for citizenship had been effective. In particular, the increase in the proportion of overseas born people who are Australian citizens is an indication of the effectiveness of the campaigns, notwithstanding that there are other factors that influence the decision to become an Australian citizen.

6. Citizenship Council Implementation

This chapter discusses the implementation of recommendations made by the Australian Citizenship Council that were agreed by the Government.

Introduction

6.1 The Australian Citizenship Council (ACC) was established to provide advice on contemporary issues relating to Australian Citizenship. In February 2000, the Australian Citizenship Council's report 'Australian Citizenship for a New Century' was launched. The Government's response 'Australian Citizenship—A Common Bond' was promulgated in May 2001. This response indicated the Government's planned action in relation to the recommendations made by the ACC.

Action taken to implement agreed recommendations

6.2 The Government accepted 62 of the 64 recommendations and a departmental review of action taken to implement those that were agreed indicated the following outcomes.

- Where action was required, this was largely complete for all recommendations. For example, legislative changes have been made through the *Australian Citizenship Legislation Amendment Act 2002*, promotion campaigns aimed at encouraging the take-up of Australian citizenship have been conducted annually, Australian Citizenship Day has been established on 17 September as an annual event, and advice was provided to, and acted on by, the Department of Foreign Affairs and Trade to reflect that bearers of Australian passports are Australian citizens.
- Where the recommendation had been to continue an action that was already underway, this had occurred. For example, the continued provision of a booklet—*What it means to be an Australian citizen*—updating promotional material as appropriate, ongoing conduct of affirmation ceremonies for those who are already Australian citizens and retaining the Pledge that had been in place at the time of the review.
- Action has continued in relation to the Act. Further policy changes were announced on 7 July 2004 and these are being considered along with recommended restructure of the Act to, among other things, improve its presentation. Once this 'tidying-up' has been done, the Reader's Guide recommended by the ACC will be developed.

Conclusion

6.3 The ANAO notes the substantial action taken to implement the agreed recommendations and that the results have been well received by stakeholders.

Canberra ACT
5 November 2004



Oliver Winder
Acting Auditor-General

Appendix

Appendix 1: Agency response

Mr Pat Barrett AO
Auditor-General
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Mr Barrett,

Performance Audit – Management and Promotion of Citizenship Services

I refer to Mr Steven Lack's letter of 10 September 2004 which provided the proposed audit report on the Management and Promotion of Citizenship Services for comment by DIMIA, in accordance with section 19 of the Auditor-General Act 1997.

The department welcomes the overall finding that DIMIA's citizenship services are well managed and effectively promoted. The department notes that the report has identified some opportunities for refinement to existing activities and processes. Consideration will be given to these as part of the continuous improvement of business practices and management in the citizenship program.

In relation to Recommendation No. 1 (the sole recommendation), the department makes the following specific comments:

DIMIA has commenced the implementation of a National Appointments System that is due for completion by the end of November 2004. This system will allow all DIMIA offices to schedule appointments for citizenship clients, and includes the automatic generation and distribution of an appointment letter (details of the appointment such as date/time and office address) as well as a checklist of requirements. Planning has commenced to further enhance the system by building an internet front-end so that clients are able to make their own appointment, where required, as part of the e-lodgement process.

DIMIA uses multi-discipline teams wherever possible. The size of the office and the nature of the office clientele determine how DIMIA establishes a multi-discipline team in each state or regional office.

The department understands the reason for the recommendation to extend opening hours to include Wednesday afternoons and is implementing arrangements to give practical effect to it through other service measures and channels.

Consistent with DIMIA's client service strategy and to lessen the impact on clients of the need for staff training on Wednesday afternoons, the introduction of the National Appointments System is intended to enable the department to better manage client traffic throughout the week and to reduce significantly the number of walk-in clients. DIMIA is also investing in improving the relevance and usability of our internet content and extending the hours of operation of our telephone contact centres to ensure clients have alternative service channels available on Wednesday afternoons enabling them to make inquiries and lodge applications.

I would like to take this opportunity to thank the ANAO audit team for its approach to the audit and the preparation of its report.

W. J. Farmer
14 October 2004

Series Titles

Audit Report No.13 Business Support Process Audit
Superannuation Payments for Independent Contractors working for the Australian Government

Audit Report No.12 Performance Audit
Research Project Management Follow-up audit
Commonwealth Scientific and Industrial Research Organisation (CSIRO)

Audit Report No.11 Performance Audit
Commonwealth Entities' Foreign Exchange Risk Management
Department of Finance and Administration

Audit Report No.10 Business Support Process Audit
The Senate Order for Departmental and Agency Contracts (Calendar Year 2003 Compliance)

Audit Report No.9 Performance Audit
Assistance Provided to Personnel Leaving the ADF
Department of Defence
Department of Veterans' Affairs

Audit Report No.8 Performance Audit
Management of Bilateral Relations with Selected Countries
Department of Foreign Affairs and Trade

Audit Report No.7 Performance Audit
Administration of Taxation Rulings Follow-up Audit
Australian Taxation Office

Audit Report No.6 Performance Audit
Performance Management in the Australian Public Service

Audit Report No.5 Performance Audit
Management of the Standard Defence Supply System Upgrade
Department of Defence

Audit Report No.4 Performance Audit
Management of Customer Debt
Centrelink

Audit Report No.3 Business Support Process Audit
Management of Internal Audit in Commonwealth Organisations

Audit Report No.2 Performance Audit
Onshore Compliance—Visa Overstayers and Non-citizens Working Illegally
Department of Immigration and Multicultural and Indigenous Affairs

Audit Report No.1 Performance Audit
Sale and Leaseback of the Australian Defence College Weston Creek
Department of Defence

Better Practice Guides

Fraud Control in Australian Government Agencies	Aug 2004
Security and Control Update for SAP R/3	Jun 2004
AMODEL Illustrative Financial Statements 2004	May 2004
Better Practice in Annual Performance Reporting	Apr 2004
Management of Scientific Research and Development Projects in Commonwealth Agencies	Dec 2003
Public Sector Governance	July 2003
Goods and Services Tax (GST) Administration	May 2003
Managing Parliamentary Workflow	Apr 2003
Building Capability—A framework for managing learning and development in the APS	Apr 2003
Internal Budgeting	Feb 2003
Administration of Grants	May 2002
Performance Information in Portfolio Budget Statements	May 2002
Life-Cycle Costing	Dec 2001
Some Better Practice Principles for Developing Policy Advice	Nov 2001
Rehabilitation: Managing Return to Work	Jun 2001
Internet Delivery Decisions	Apr 2001
Planning for the Workforce of the Future	Mar 2001
Contract Management	Feb 2001
Business Continuity Management	Jan 2000
Building a Better Financial Management Framework	Nov 1999
Building Better Financial Management Support	Nov 1999
Managing APS Staff Reductions (in Audit Report No.49 1998–99)	Jun 1999
Commonwealth Agency Energy Management	Jun 1999
Cash Management	Mar 1999

Security and Control for SAP R/3	Oct 1998
Selecting Suppliers: Managing the Risk	Oct 1998
New Directions in Internal Audit	Jul 1998
Controlling Performance and Outcomes	Dec 1997
Management of Accounts Receivable	Dec 1997
Protective Security Principles (in Audit Report No.21 1997–98)	Dec 1997
Public Sector Travel	Dec 1997
Audit Committees	Jul 1997
Management of Corporate Sponsorship	Apr 1997
Telephone Call Centres Handbook	Dec 1996
Paying Accounts	Nov 1996
Asset Management Handbook	Jun 1996