

The Parliament of the Commonwealth of Australia

REVIEW OF AUDITOR-GENERAL'S REPORT
ON ABORIGINAL STUDENT ASSISTANCE SCHEMES

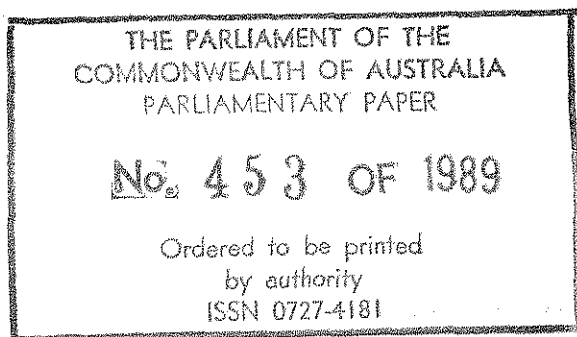
House of Representatives
Standing Committee on Aboriginal Affairs
November 1989

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EXTRACT FROM THE VOTES AND PROCEEDINGS

No. 134 dated Wednesday 30 August 1989

AUDITOR-GENERAL'S REPORTS - PUBLICATION OF PAPERS AND REFERENCE TO COMMITTEES:

Mr Beazley (Leader of the House), by leave, moved -

...

- (3) That audit report No. 4 - Department of Employment, Education and Training: Aboriginal Student Assistance Schemes be referred to the Standing Committee on Aboriginal Affairs.

Question - put and passed.

MEMBERSHIP OF THE COMMITTEE

Chairman	Mr W.E. Snowdon MP
Deputy Chairman	Mr C.G. Miles MP
Members	Mr C.A. Blanchard MP*
	Mr I.M.D. Cameron MP
	Mr M.D. Cross MP
	Mr J. Gayler MP
	Mr H.A. Jenkins MP †
	Mr W.L. Smith MP ‡
	Mr R.E. Tickner MP
	Mr A.P. Webster MP ‡
Secretary to the Committee	Mr D.R. Elder
Inquiry Staff	Mr P. Ratas
	Mrs J. Jurek

* Mr C.A. Blanchard MP resigned as Chairman of the Committee on 6 April 1989 and was replaced by Mr W.E. Snowdon MP.

† Mr G. Campbell MP resigned from the Committee on 18 August 1989 and was replaced by Mr H.A. Jenkins MP.

‡ Mr D. Connolly MP resigned from the Committee on 1 December 1988 and was replaced by Mr M. Burr MP. Mr Burr resigned from the Committee on 1 June 1989 and was replaced by Mr W.L. Smith MP.

‡ Mr J.N. Andrew MP resigned from the Committee on 29 September 1989 and was replaced by Mr A.P. Webster MP.

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CONCLUSIONS AND RECOMMENDATIONS

The Committee concludes that the Department of Employment, Education and Training's (DEET) poor management and administration of the Aboriginal Student Assistance Schemes as revealed in successive Auditor-General's reports limit the potential of such schemes of student assistance. The Committee expects the Department to significantly improve its administration of ABSTUDY, implement and monitor performance indicators, plans and objectives so that the full potential of the scheme can be realised.

The Committee places DEET on notice that it will review progress on implementation of the recommendations of this report and of the findings of the Auditor-General.

The Committee recommends that:

- . the Department of Employment, Education and Training clearly delineate the roles and responsibilities of staff involved in ABSTUDY and in particular the roles and responsibilities of field staff and administrative staff; and
- . appropriate resource support and training be provided to field staff involved in ABSTUDY to enable them to perform their responsibilities effectively.
- . the Department of Employment, Education and Training
 - urgently review the Education Student Assistance Schemes system (ESAS) to assess whether the system can be enhanced sufficiently to resolve outstanding inadequacies in the processing and administration of ABSTUDY benefits; and

following the review give priority to the enhancement of ESAS (or if necessary, some other system) to resolve outstanding inadequacies in the processing and administration of ABSTUDY benefits.

INTRODUCTION

1. The report of the Auditor-General on Aboriginal Student Assistant Schemes¹ was referred to the Committee by the House of Representatives on 30 August 1989.
2. The Committee sought a submission on the report's findings from the Department of Employment, Education and Training and the submission was received on 23 October 1989.
3. A public hearing was held on the inquiry on 27 October 1989 at which representatives of the Australian Audit Office and the Department of Employment, Education and Training gave evidence. The list of witnesses who gave evidence at the public hearing is at Appendix 1.
4. In reviewing the report the Committee did not attempt to undertake a detailed review of the efficiency and effectiveness of the schemes. Rather, the Committee addressed those issues that had been highlighted in the Auditor-General's report.
5. This report presents the Committee's findings. The report outlines the schemes, reviews earlier reports of the Auditor-General on the Aboriginal Student Assistance Schemes and summarises the latest report. The report discusses significant issues raised by the review.

THE SCHEMES

6. At the time of the 1988 audit which is reported in Audit Report No. 4 1989-90 there were two general schemes of assistance for Aboriginal students.
7. The Aboriginal Secondary Assistance Scheme (ABSEC) was introduced in 1970 to assist Aboriginal students to take

advantage of educational opportunities at secondary school by providing financial and other support. ABSEC provided the following forms of assistance: living allowances; payments of fees and fares; direct educational assistance; educational and vocational guidance programs; and some additional assistance in special circumstances.

8. The Aboriginal Study Assistance Scheme (ABSTUDY) was introduced in 1968 to provide financial and educational support for Aboriginal people and communities to pursue further study or training after leaving school. ABSTUDY provided: living allowances; additional payments for dependants; incidentals allowances; fares and other assistance; assistance with tutorials, field trips, study tours, conferences and seminars.

9. The two schemes of assistance were amalgamated in 1989 to form the Aboriginal Student Assistance Schemes (ABSTUDY) with two components, ABSTUDY schooling and ABSTUDY tertiary. The assistance available under the amalgamated scheme is similar to that available in 1988 under the two former schemes.

10. Expenditure on the program in 1989-90 is estimated to be over \$82m, comprised of \$70.5m in living allowances and related assistance and \$11.6m for tutorial assistance, excursions and conferences. An estimated 41,500 students will be assisted by the scheme in 1989-90.

EARLIER REPORTS OF THE AUDITOR-GENERAL

11. The Auditor-General has reported twice previously on the administration of Aboriginal Student Assistance Schemes in State offices of the Department of Employment, Education and Training (DEET).

12. In a report in December 1987 on audits completed to 31 December 1987 the Auditor-General reported on an assessment of

the ABSEC and ABSTUDY schemes in Queensland. (Copy of report at Appendix 2) The audit made the following major findings:

- no positive verification check was carried out to determine whether applicants were of Aboriginal or Torres Strait Islander descent. However, there were arrangements which acted as safeguards against ineligible persons obtaining assistance;
- identification of duplicate payments was difficult to make;
- the calculation and recording of overpayments had not been undertaken due to insufficient resources. In addition no recoveries had been made since December 1986;
- there were undue delays in correcting problems associated with DEET's computer system for processing applications and payments - the Education Student Assistance Schemes system (ESAS); and
- information essential for the efficient management of the schemes, in particular for planning, enrolment and attendance checks, was not available from the ESAS system.

13. In a report in September 1988 of audits completed to 30 June 1988 the Auditor-General reported on the administration of the ABSEC and ABSTUDY schemes in Western Australia. (Copy of report at Appendix 3) The Auditor-General found that, while the schemes were operating in accordance with their stated objectives, procedures did not always ensure the eligibility of applicants or timely and accurate payment of benefits. Also it was found that procedures for recording and recovering

overpayments were unsatisfactory and data processing facilities were not always appropriate for the schemes' requirements.

14. The major findings were:

- proof of Aboriginality or age was not generally sought of applicants and reliance was placed on the declaration in the application form that applicants were eligible;
- DEET's ability to identify and reject duplicate applications was limited;
- outstanding overpayments were not being recovered from current entitlements;
- there were excessive delays in processing of applications. As a result some payments were not made to applicants until after the start of the school year;
- departmental checks of students' enrolment, continuing attendance and progress in approved courses was not undertaken and as a result DEET was not able to effectively monitor the schemes. The department claimed it had too few staff to fully monitor all students and the ADP system did not provide sufficient data to allow full monitoring; and
- the ESAS system could not process overpayments nor provide the management information needed to control the recovery of overpayments.

AUDIT REPORT NO. 4 1989-90

15. The latest report of the Auditor-General on Aboriginal Student Assistance Schemes presents findings of an audit of the administration of the schemes undertaken in DEET's Victorian office in 1988. (Copy of report at Appendix 4) The report repeats many of the findings of earlier audit investigations.

16. The major findings were:

- proof of Aboriginality was generally not sought from students and DEET relied on a declaration on the application form as sufficient evidence. Audit questioned whether this was adequate;
- eligibility checks on students' enrolment, continuing attendance and progress in courses were not made. As a result DEET did not have sufficient information to monitor the success of the scheme;
- administrative procedures were not working effectively in some areas. These included verification of: students' independent status; tutors for tutorial support; and payment of excursion fees; and
- ADP facilities available through DEET's ESAS system were not adequate and did not facilitate processing of benefits, the application of checks to avoid duplicate payments, recovery of overpayments or the provision of management information essential to the efficient management of the schemes.

DEPARTMENT OF EMPLOYMENT, EDUCATION AND TRAINING'S RESPONSE

17. The responses of the Victorian office of DEET to the Auditor-General's findings are contained in the Auditor-General's report. The responses accept the findings and propose ameliorative action. The Auditor-General notes in the report that:

The Department's response to Australian Audit Office criticism has been positive but is subject to limitation in some respects due to constraints imposed by its student assistance computer system.²

18. The Department of Employment, Education and Training's submission to the Committee's review of the Auditor-General's report notes an acceptance of all matters raised in the report with the exception of the issue of verification of Aboriginality. This issue is discussed later.

19. The submission also refers to a joint review of the administration of ABSTUDY undertaken by the Departments of Employment, Education and Training and Finance. The review was initiated by Cabinet and, in part, arose from criticisms by the Auditor-General in successive reports. The Committee highlights conclusions of this review in its discussion of major issues.

MAJOR ISSUES

20. It was noted in the introduction that the purpose of the Committee's review was not to examine in detail the efficiency and effectiveness of ABSTUDY as a program for Aboriginal student assistance. The Committee instead focused on major issues, issues which were in contention and issues which required further action. The issues to which the Committee draws attention are the complexity of ABSTUDY and its administration, field staff involved in the scheme, shortcomings in the computer system for

the administration of the scheme, identification and recovery of overpayments and the verification of Aboriginality.

Complexity of Scheme and its Administration

21. Representatives of DEET noted that there were features of the Aboriginal Student Assistance Schemes which made it complex to administer - in particular, the dual character of the scheme in providing on the one hand living allowances (subject to a means test), and on the other hand direct educational assistance available to all Aboriginal students. Representatives of the Australian Audit Office also noted that the nature of the target population and endeavours to meet a wide range of needs made the schemes complex to administer.³

22. Changes are proposed to reduce the complexity of administration of ABSTUDY. Representatives of DEET noted that, under the National Aboriginal and Torres Strait Islander Education Policy, it was proposed that the direct educational assistance available from ABSTUDY would be administered separately from the living allowances. Administration of the living allowance entitlements would be progressively integrated with the administration of AUSTUDY entitlements. These arrangements should assist in reducing the complexity of administration of ABSTUDY.

23. There have also been many changes to the assistance schemes over the last few years which have increased administrative difficulties and caused confusion for Aboriginal clients. Audit Office representatives noted that the recent changes to the schemes had made them very complex to administer.⁴ The Committee referred to the problems caused by the frequent and substantial changes to the schemes in its report 'A Chance for the Future'. The Committee recommended that Aboriginal people be adequately informed about changes and that future changes be kept to a minimum.

24. Much of the confusion and concern in the Aboriginal communities centred on the complexity of application forms and the requirement for supporting documentation. It was noted that the Minister for Employment, Education and Training had directed that simpler ABSTUDY application arrangements be put in place for 1990. The new arrangements include:

- the elimination of the need to provide documentation from other individuals or authorities as the basis of establishing an individual's entitlement to ABSTUDY at the time of lodging an ABSTUDY application. This is intended to eliminate the substantial processing and payment delays that have been experienced under current arrangements;
- the simplification of application forms and information to applicants on the basis of a re-design of application forms, so as to only require clients to answer questions which are relevant to determining their ABSTUDY entitlements. There will be significant reductions in the number of questions on application forms for 1990 with the aim of reducing client confusion and the 1989 rate of 50 per cent of ABSTUDY forms being incomplete when lodged. It is anticipated that these changes will result in quicker processing and payment turnaround times and lower levels of client follow-up workload in 1990; and
- the development of an improved risk management strategy to be in place for 1990.⁵

25. The Committee supports these measures. However, the Committee notes that a number of the administrative problems identified by the Auditor-General had to do with a failure of

DEET to obtain supporting documentation in relation to applications or claims. The elimination of the need for supporting documentation and the implementation of an improved risk management strategy by DEET will need to be undertaken in the context of adequate benefit control procedures and advice to applicants about procedures.

26. Representatives of the Australian Audit Office suggested that DEET should introduce more benefit control units to undertake what were essentially 'spot checks' of beneficiaries. This was regarded by Audit Office as an 'in-vogue approach to risk management'.⁶ Representatives of DEET informed the Committee that more benefit control units will be introduced.

Staffing of ABSTUDY Administration

27. The joint review of ABSTUDY administration referred to earlier noted that the administration of the scheme by DEET was complex ranging across various levels of the department. Four different levels of DEET management are involved in the administration of the scheme - central office, State and Territory offices, regional offices and Aboriginal education field staff.

28. The review called for a clearer definition of respective roles, functions and responsibilities of ABSTUDY staff at all levels, combined with clearly defined lines of program responsibility and accountability and the development of consistent performance indicators and staff work plans.

29. The Department of Employment, Education and Training acknowledged the poor delineation of roles between field staff and administrative staff and saw a need to clearly define responsibilities. It referred to occasions where field staff had been utilised as assessors during peak periods. This only adds

to confusion of roles, quite apart from diverting field staff from their appropriate responsibilities.

30. The Committee strongly supports a clearer definition of roles and responsibilities of staff involved in administering ABSTUDY. The clearer definition of roles and responsibilities may enable the simplification of the levels of DEET administration currently involved in managing and administering the scheme. It should also enable field staff to concentrate on liaising with educationalist institutions, monitoring progress and counselling students to ensure that the objectives of the scheme are being realised. These were highlighted as problem areas by the Auditor-General.

31. Representatives of the Australian Audit Office also stated that there was a need for the more rigorous training of Aboriginal field staff.⁷ The provision of more training for field staff should complement a better role definition. Field staff are a crucial element in making ABSTUDY work effectively for Aboriginal clients and in providing DEET with the information to properly manage and monitor the program. Field staff should be supported with appropriate training and a clear understanding of their role and responsibilities.

32. The Committee recommends that:

- . the Department of Employment, Education and Training clearly delineate the roles and responsibilities of staff involved in ABSTUDY and in particular the roles and responsibilities of field staff and administrative staff; and
- . appropriate resource support and training be provided to field staff involved in ABSTUDY to enable them to perform their responsibilities effectively.

Education Student Assistance Schemes System (ESAS)

33. One major area of criticism by the Auditor-General was of DEET's computer system (ESAS) for processing of, and recording information about, ABSTUDY. The shortcomings with the system include its inability to process all benefits payable under the scheme (resulting in some being paid manually), its lack of checks of duplicate payments, its inability to assist in recovering overpayments and its failure to provide information essential to the management of the scheme. Similar criticisms of the system were made by the joint review.

34. Representatives of the Australian Audit Office noted that they had been advised by the Victorian office of DEET that Central Office had not been able to give priority to enhancing ESAS sufficiently to meet the Victorian office's needs.⁸

35. The major problems with ESAS in relation to ABSTUDY administration appeared to be:

- the use of the system for processing Aboriginal Student Assistance Schemes has not been given priority over its use for other schemes such as AUSTUDY;
- the system has been reactive rather than proactive as enhancements to it have been in response to inadequacies as they have arisen; and
- the question of whether the system can be enhanced sufficiently to cope with the inadequacies has not been addressed.

36. Representatives of DEET pointed out that ESAS had been set up for the administration of AUSTUDY. It has since been used to process ABSTUDY living allowances. However, the direct educational assistance under ABSTUDY has been paid manually because ESAS has been essentially designed for the processing and payment of living allowances to individuals. The departmental representatives noted that the enhancement of ESAS for administration of ABSTUDY benefits has now been given a much greater priority by DEET.

37. The Committee considers that priority should be given by DEET to resolving the inadequacies of ESAS in relation to the processing and payment of all ABSTUDY benefits. Major objectives should be to ensure that there is no requirement for manual payments and that management information is available that would allow DEET to establish and monitor performance indicators in relation to the scheme. The question as to whether the system can be sufficiently enhanced to resolve outstanding problems within ABSTUDY administration will need to be resolved prior to the process of enhancement.

38. The Committee recommends that:

- . the Department of Employment, Education and Training
 - urgently review the Education Student Assistance Schemes system (ESAS) to assess whether the system can be enhanced sufficiently to resolve outstanding inadequacies in the processing and administration of ABSTUDY benefits; and
 - following the review give priority to the enhancement of ESAS (or if necessary, some other system) to resolve outstanding inadequacies in the processing and administration of ABSTUDY benefits.

Overpayments

39. The Australian Audit Office referred to the better identification and recovery of overpayments in relation to ABSTUDY allowances as an area requiring particular attention by DEET. Successive reports of the Auditor-General have highlighted the failure of DEET to institute appropriate measures to minimise, identify and recover overpayments. This was confirmed by evidence from DEET representatives who stated that DEET had no figures on outstanding overpayments because it had not developed a methodology to identify all of them.

40. Departmental representatives stated that the major source of overpayments was students receiving benefits before their entitlements had been established. Measures to reduce the time taken to process applications may reduce the number of urgent payments made before benefit entitlement has been established and hence reduce the number of overpayments.

41. The budget statement for 1989-90 estimates that the expansion of benefit and fraud control measures to cover ABSTUDY, including reducing overpayments and improving overall debt recovery, should reduce outlays on the program by \$2m in 1989-90 and \$2.6m in 1990-91.⁹ This is a significant saving within a program expenditure of just over \$80m.

42. Departmental representatives noted that more benefit control units would be in place next year and that by the beginning of next financial year DEET should have in place a system to identify and minimise overpayments. The Committee will monitor developments.

Verification of Aboriginality

43. The problem of verification of Aboriginality has been raised in successive reports of the Auditor-General on Aboriginal Student Assistance Schemes. This issue was the only one questioned by DEET.

44. In raising this issue there is an implication on the part of the Auditor-General that there may be non-Aboriginal people obtaining Aboriginal student benefits to which they are not entitled. However, representatives of the Australian Audit Office were unable to cite any evidence to demonstrate that this was occurring.¹⁰ Similarly representatives of DEET stated that there was little evidence of fraud in relation to the Aboriginality of ABSTUDY beneficiaries. They stated that there had been no case of a person losing benefits this school year as a result of a challenge to his/her Aboriginality.¹¹

45. Audit Office representatives stated that their concern in raising this issue was not with fraud that had been demonstrated but with the possibility that fraud could occur because of DEET's procedures for verification of Aboriginality.

46. The Commonwealth Government's working definition of an Aboriginal or Torres Strait Island person is that he or she is a person of Aboriginal and Torres Strait Island descent, identifies as such and is accepted as such by the community in which he or she lives. Thus the definition has three elements:

- descent from Aboriginal and Torres Strait Island people;
- a self-identification as an Aboriginal and Torres Strait Islander; and
- a recognition by the Aboriginal and Torres Strait Island community that the person is Aboriginal or Islander.

47. In relation to its procedures DEET stated that a declaration on the application form has been the means for the establishment of a student's Aboriginality (self-identification) since the commencement of ABSTUDY and this practice will continue. Challenges to beneficiaries' Aboriginality have to be raised in writing. Where cases are raised there is an onus on the student to substantiate his/her Aboriginality by submitting birth records (descent) and/or supporting statements from reputable Aboriginal organisations and persons (community acceptance).

48. Given the Commonwealth's definition of Aboriginality, DEET's procedures for verification appear appropriate and sensitive. When questioned, Audit Office representatives were unable to suggest alternative procedures for verifying a person's Aboriginality other than those currently used by DEET.¹²

49. Further, DEET considered that the possibility for fraud in this area was limited by the safeguards in the current procedures. The safeguards include warning applicants of the provisions of the Crimes Act relating to false and misleading information and the employment of a large number of Aboriginal field staff who live within the Aboriginal community. The departmental representatives also noted that ABSTUDY benefits, and entitlements to them, differ little from those of AUSTUDY. The representatives doubted that non-Aboriginal people would go to the trouble of identifying as Aboriginal to obtain the few additional benefits involved.

50. The Committee considers that the current procedures for establishing a person's Aboriginality for the purpose of ABSTUDY benefits are adequate and efficient and give rise to little, if any, chance of fraud. Alternative methods for checking the bona fides of up to 50,000 ABSTUDY applicants annually would be impractical, inefficient and overly intrusive and would not significantly increase (if at all) the detection of fraud. The

Committee suggests that the Auditor-General may wish to consider a different approach to this issue in future reviews of the administration of ABSTUDY.

FUTURE REVIEWS

51. Australian Audit Office representatives noted that further audit reviews of the administration of ABSTUDY were proposed in the Northern Territory and Tasmanian offices of DEET.¹³ The Committee will await with interest the reports of these audits and may wish to pursue with DEET matters raised in these reports.

52. The Committee accepts the comments of DEET representatives that resolving the problems in the administration of ABSTUDY is a long-term process and that audits conducted in the next twelve months may reveal many of the problems highlighted in earlier audit reports. However, the Committee would expect to see substantial progress on resolving problems within 12 months and DEET should devote resources and energy to this area to enable this to be achieved.

53. The Committee places DEET on notice that it will review progress on implementation of the recommendations of this report and the findings of the Auditor-General.

54. This report indicates many of the areas which require further attention. It notes promises of DEET in relation to improvements that it proposes to take and makes suggestions and recommendations about action that should be taken. The Committee will monitor DEET's implementation of its promises and the response it makes to suggestions and recommendations in this report.

55. This Committee, previous Standing Committees on Aboriginal Affairs and the Select Committee on Aboriginal

Education have supported the continuation of the Aboriginal Student Assistance Schemes in reports over a number of years. The schemes have been considered to be a crucial component of efforts to improve the educational qualifications of Aboriginal people. This is still the Committee's view.

56. However, poor management and administration of the schemes as revealed in successive Auditor-General's reports limit the potential of such schemes of student assistance. The Committee expects DEET to significantly improve its administration of ABSTUDY, implement and monitor performance indicators, plans and objectives so that the full potential of the scheme can be realised.

WARREN SNOWDON MP
Chairman

November 1989

ENDNOTES

- 1 Audit Report No. 4 1989-90.
- 2 Auditor-General, Audit Report No. 4 1989-90, DEET
Aboriginal Student Assistance Schemes, AGPS, 1989,
p. 2.
- 3 Transcript of Evidence, p. 12.
- 4 Transcript of Evidence, p. 12.
- 5 Department of Employment, Education and Training's
Submission, pp. 8-9.
- 6 Transcript of Evidence, p. 10.
- 7 Transcript of Evidence, p. 8.
- 8 Transcript of Evidence, p. 14.
- 9 Budget Paper No. 1, 1989-90, p. 3.83.
- 10 Transcript of Evidence, pp. 7-8.
- 11 Transcript of Evidence, p. 22.
- 12 Transcript of Evidence, p. 7.
- 13 Transcript of Evidence, p. 3.

Appendix 1
Public Hearing Held and Witnesses Heard

27 October 1989 - CANBERRA

Australian Audit Office

RIDING-HILL, Mr J.R.	Assistant Auditor-General
WHITE, Mr P.E.	Senior Auditor Audit Operations

Department of Employment, Education and Training

ROBINSON, Mr C.J.	Assistant Secretary Aboriginal Education Branch
JACKAMOS, Mr A.	Director Education and Training Allowances Section (ABSTUDY)

Appendix 2
Extract from
The Auditor -General
Report on audits to 31 December 1987

7.3 Aboriginal assistance schemes

7.3.1 Under revised Administrative Arrangements, the Department of Education, Employment and Training (DEET) assumed responsibility for the administration of Commonwealth aboriginal student assistance schemes from the former Department of Education on 24 July 1987. The principal schemes of assistance are the Aboriginal Secondary Assistance Scheme (ABSEC) and the Aboriginal Study Assistance Scheme (ABSTUDY).

7.3.2 The objectives of the schemes are, respectively, to encourage aboriginals and Torres Strait Islanders to take greater advantage of educational opportunities at the secondary school level and to undertake study or training after leaving school.

7.3.3 Under arrangements applicable to the end of 1987, the schemes provide living allowances and other forms of benefits, free of the income test, to students attending approved secondary schools or classes, or undertaking approved full-time

or part-time courses of education and training at universities, colleges of advanced education, colleges of technical and further education and other institutions.

7.3.4 The ABSTUDY scheme also provides for special teacher training awards and assistance for special courses for aboriginal students.

7.3.5 From the beginning of 1988 the ABSEC and ABSTUDY schemes are to be rationalised when a new rate structure, aligned with the general educational allowances and with a modified income test, will be introduced.

Audit objectives

7.3.6 An audit of departmental procedures for administering the principal schemes of assistance was conducted in Queensland in 1987 with the objective of assessing whether they were effective in ensuring the timely and accurate payment of benefits in accordance with eligibility criteria.

7.3.7 Expenditure in Queensland in 1986-87 amounted to \$13 million in respect of students receiving assistance under ABSEC and \$10 million in respect of students receiving assistance under ABSTUDY.

7.3.8 The results of an audit which focussed on the central administration of aboriginal assistance schemes were reported in section 6.1 of the September 1986 Report.

Audit findings

7.3.9 The audit found that there was no positive verification check carried out to determine whether an applicant was of aboriginal or Torres Strait Islander descent. In addition, the administration of the schemes was adversely affected by the inadequacies evident in the development and operation of the Department's computerised education student assistance schemes system (ESAS).

7.3.10 Details of the audit findings together with departmental comments are outlined below.

Applications for assistance

7.3.11 While there is no verification check carried out before payment to determine whether an applicant is of aboriginal or Torres Strait Islander descent, various arrangements exist which act as safeguards. These include:

- a declaration on the application forms concerning the student's aboriginality
- a warning on the application forms that evidence to support the declaration may be sought
- drawing of the attention of applicants to the provisions of the *Crimes Act 1914* concerning misrepresentation
- interviews of full-time students throughout the year, and
- attendance and enrolment checks conducted by institutions on behalf of the Department.

7.3.12 Audit was unable to establish, however, that attendance and enrolment checks had been undertaken in 1987 as schedules of students enrolled at individual schools had not been produced by the ESAS system. In addition, it was found that Education Officers, whose responsibilities extend to the interviewing of full-time students throughout the year, had not maintained contact with all students.

7.3.13 The Department advised that in 1987 the ESAS system did not produce lists of ABSEC students in school/grade order for checking of their enrolment or existence, however, manual enrolment schedules were dispatched to schools. In 1988 ESAS will, however, produce the required enrolment or attendance schedules.

7.3.14 The Department also advised that unusual circumstances had limited student contact in 1987.

Variation to benefits

7.3.15 Audit found that the ESAS system did not permit benefits to be varied after initial processing had occurred and that, if alterations were required, payments had to be processed manually.

7.3.16 The Department advised that the problem had been overcome and was not expected to recur in 1988.

Identification of duplicate payments

7.3.17 Audit found that although the necessary information was stored in the ESAS system database, no reports had been developed to aid in the detection of possible duplicate applications.

7.3.18 The Department advised that the matter had been referred to their Central Office for comment. At the date of preparation of this Report further advice has not been received.

Overpayments

7.3.19 Audit found that, in the absence of an ESAS facility, manual identification, calculation and recording of overpayments relating to 1987 applications was required but had not been undertaken due to insufficient resources. In addition, no recoveries had been made since December 1986 as re-assessments had not been carried out.

7.3.20 The Department advised that overpayments are normally identified when a re-assessment of entitlement is made. This occurs throughout the year but more frequently in the second half when students drop out of school and school attendance checks are returned.

7.3.21 It also indicated that problems with the ESAS system in the first half of the 1987 year significantly reduced the number of notifications of students with poor attendance and resulted in a far lower rate of assessed overpayments than was normal. In 1988, it is expected that identification and follow-up of overpayments will return to normal.

Parallel manual record

7.3.22 Audit found that, due to the large number of problems associated with the operation of the ESAS system, a parallel manual payments system was maintained.

7.3.23 The Department advised that, where problems arose in individual cases that prevented payments under the ESAS system, payment was effected manually. It also stated that there was a high volume of such payments in the first months of 1987 as this was the only way to provide any payment to many students. It is not expected this situation will arise in 1988.

ADP facilities

7.3.24 Audit also noted that it was not possible to process all benefits payable under ABSEC and ABSTUDY schemes on the ESAS system. A range of benefits under each scheme is paid using a manual system.

The Department advised that most of the allowances will not apply in 1988 with rationalisation of the schemes.

ESAS system

7.3.25 Audit noted that the correction of problems associated with operation of the ESAS system were delayed unduly.

7.3.26 The Department advised that the ESAS system was introduced in late 1986 and was not fully developed at the start of the 1987 peak processing period. During the first half of 1987, new segments came on line as they were completed and tested. During this period Central Office resources were devoted to areas of deficiencies in the non-aboriginal schemes. This was largely because the ABSEC and ABSTUDY schemes were to undergo sweeping changes in 1988.

7.3.27 The Department stressed that, nevertheless, every effort was made to address the most serious weaknesses affecting processing of ABSEC and ABSTUDY applications. It also advised that, in the latter half of 1987, its Central Office gave top priority to developing the ESAS system to handle aboriginal schemes in 1988.

Management information

7.3.28 Audit established that information essential for the efficient management of the schemes and, in particular, for planning, enrolment and attendance checks and allocation of workloads was not available from the ESAS system at the State level. This included such basic data as the:

- numbers of students by grade and by school indicating whether they are full-time or part-time
- numbers of applications which require additional information to be supplied before assessment is finalised
- numbers of applications classed as ineligible
- numbers of students in post secondary education, and
- numbers receiving additional assistance.

7.3.29 This information was being maintained manually where resources permitted. The Department advised that this information will be available through the ESAS system in 1988.

Appendix 3

**Extract from
The Auditor -General**

Report on audits to 30 June 1988

7.2 Aboriginal assistance schemes

7.2.1 The Department of Employment, Education and Training is responsible for the administration of Commonwealth aboriginal student assistance schemes. The principal schemes of assistance are the Aboriginal Secondary Assistance Scheme (ABSEC) and the Aboriginal Study Assistance Scheme (ABSTUDY).

7.2.2 The objectives of the schemes which were introduced in 1969 and 1970 respectively are to encourage aboriginals and Torres Strait islanders to take greater advantage of educational opportunities at the secondary school level and to undertake study or training after leaving school.

7.2.3 Under arrangements applicable to the end of 1987, the schemes provide living allowances and other forms of benefits, free of an income test, to students attending approved secondary schools or classes, or undertaking approved full-time or part-time courses of education and training at Universities, Colleges of Advanced Education, Colleges of Technical and Further Education and other institutions.

7.2.4 The ABSTUDY scheme also provides for special teacher training awards and assistance for special courses for aboriginal students.

7.2.5 From the beginning of 1988, the ABSEC and ABSTUDY schemes have been rationalised with a new rate structure aligned with the general educational allowances and with a modified income test.

Audit objective

7.2.6 An audit of departmental procedures for administration of the schemes was conducted in the Department's Western Australian Office in 1987 with the objective

of assessing whether they were effective in ensuring the timely and accurate payment of benefits in accordance with eligibility criteria. Expenditure in Western Australia in 1987-88 amounted to \$5.02 million in respect of students receiving assistance under ABSEC and \$6.24 million in respect of students receiving assistance under ABSTUDY.

7.2.7 An audit which focussed on the central administration of the Aboriginal assistance schemes was reported in Section 6.1 of the September 1986 Report and an audit undertaken in Queensland similar to that undertaken in Western Australia was reported in Section 7.3 of the March 1988 Report.

Audit findings

7.2.8 Although the audit revealed that the schemes were operating in accordance with their stated objectives, Audit found that procedures did not always ensure the eligibility of applicants or timely and accurate payment. In addition, procedures for the recording and recovery of overpayments were unsatisfactory and data processing facilities used were not appropriate for all scheme requirements.

7.2.9 Matters referred to the Department for comment together with the Department's responses are outlined below.

Verification of applications

7.2.10 Departmental eligibility criteria require verification of aboriginality and, under certain circumstances, the age of applicants. Audit was informed by the Department that proof of aboriginality or age was not generally sought and that reliance was placed on the declaration in the application form signed by applicants as sufficient evidence of both of these aspects.

7.2.11 The Department also advised that the age of students would be checked in 1988 on a 10% random basis.

Duplicate and dual applications

7.2.12 Audit found that the Department's ability to identify and reject duplicate applications was limited because data edit checks undertaken by its Education Student Assistance System (ESAS) required a complete match of name and date of both before a duplication could be identified. Audit noted several instances where duplicate applications had been accepted resulting in the overpayment of benefits.

7.2.13 Audit also found that data edit checks prevented acceptance of some legitimate applications in circumstances where:

- ABSEC applicants may have more than one student in their care, or
- ABSTUDY applicants may undertake more than one course concurrently.

7.2.14 Audit was informed that ESAS was designed for student assistance schemes generally and not specifically for the aboriginal schemes and that amendments or re-assessments could only be processed on ESAS by creating new client identification to by-pass system controls. The alternative was to make manual payments on Finance Forms 12.

7.2.15 The use and acceptance by the system of 'dummy' identity details is of concern to Audit. The client identity number was intended as the reference point in maintaining a history of students' academic careers and study assistance. Multiple numbers not only negate this but entail a risk of overpayment if entitlements paid under one number are not suspended on allocation of a new number after an amendment or re-assessment.

7.2.16 Audit requested the Department's advice of any proposals for review of ESAS controls and was advised that a satisfactory system to detect duplicate applications was not available for the ABSEC/ABSTUDY schemes in 1987. It indicated that the entire database was found to be inaccurate and that it has since been deleted from the ESAS system. Development of appropriate systems to process multiple applications and to check for duplicate applications was being considered for 1988.

Quality control

7.2.17 In addition to quality control checks performed by supervisors, departmental instructions require random sample checks of applications with the results to be reported to the Department's Central Office by the end of November in each year.

7.2.18 Audit was unable to locate any evidence of the random checks or of the report to Central Office and, on inquiry, was advised that the reports had not been submitted since 1983.

7.2.19 The Department advised that quality control procedures were currently being reviewed by its Central Office and that the results of the random sample check would be reported to its Central Office by November 1988.

Comparison of applications for benefits with outstanding overpayments

7.2.20 Departmental instructions provide for a check of applications received against records of outstanding overpayments/amounts written off to enable recovery to be made, where applicable, from current entitlements.

7.2.21 Audit found that these checks were not carried out in 1987.

7.2.22 The Department advised that in 1987 there was no facility in ESAS to recover outstanding debts from 1987 benefits via ESAS Batch Assessment for the ABSEC/ABSTUDY schemes, and for that reason no checks were made of applications received against the outstanding overpayments. It further advised that checks for outstanding overpayments and recovery from current benefits were being undertaken in respect of 1988 applications.

Delays in processing applications

7.2.23 Audit testing revealed several instances of excessive delays between the dates of registration and assessment of applications and between the dates of assessment and submission to the ESAS system for data entry. This resulted in some payments being made to applicants after the commencement of the school year. Audit was informed that target times for the processing of applications had not been adopted.

7.2.24 The Department agreed that processing delays in 1987 were excessive and unacceptable and advised that it had set a target turnaround time of three weeks for the processing of 1988 applications.

Controls over data

7.2.25 Audit noted a number of deficiencies in controls over the processing of applications in the ADP section:

- batch headers were not signed by an authorised ADP officer
- batches were not logged in or out of the ADP Section
- provision did not exist for recording of applications returned to the Aboriginal Education Section (AES) for correction

- reconciliation was not performed to ensure that all registered claims were input, and
- output was not checked to input data for accuracy.

7.2.26 The Department advised that it acknowledged the deficiencies over the processing of applications. It also advised that major amendments to ESAS batch control procedures had been recommended to the Department's Central Office.

Enrolment and attendance checks

7.2.27 Departmental instructions provide for checks to be undertaken of students enrolment, continuing attendance and progress in their approved courses. Audit established that these checks had not been performed in 1987 and that as a result the Department was not in a position to:

- ensure assistance was provided only to those students who had continuing eligibility throughout the academic year
- monitor adequately the degree to which the program objectives were being achieved
- make adjustments to amounts payable as required for low attendance levels, and
- provide adequate counselling to students.

Audit was informed that:

- staffing was insufficient to cope with the workload associated with prescribed enrolment and attendance checks
- ESAS could not provide printouts of student names and the institutions where they were enrolled
- some lists of students/institutions were prepared manually at outposted offices from applications received at those offices, but were incomplete because some applications were forwarded direct to the State Office, and
- the emphasis in respect of review of student progress had changed from student interviews to group activities such as seminars and tutorials.

7.2.28 The Department advised that no formal enrolment and attendance checks were performed in 1987 due to the fact that ESAS was unable to produce the enrolment/attendance check printouts until late October 1987. It also advised that the formal checks for 1988 would be initiated once the program fault in ESAS had been rectified.

Recovery of overpayments

7.2.29 Audit found that ESAS could not process overpayments or provide the management information needed to control the recovery of overpayments. As a result, the exact value of outstanding overpayments was not known. Audit estimated, however, that at 8 August 1987, the *minimum* value of outstanding overpayments was \$326 124 being \$81 054 in respect of ABSEC and \$245 070 in respect of ABSTUDY.

7.2.30 Letters requesting recovery of overpayments incurred since 1 January 1987 were prepared manually by the AES, and copies forwarded to the Recoveries Section. However no follow-up action was taken by the Recoveries Section, and because the letters were not sequentially numbered, the Recoveries Section was unable to ensure that copies of all recovery letters had been received.

7.2.31 Review of the recovery of overpayments printout for ABSTUDY dated 8 August 1987 disclosed that outstanding overpayments dated back to 1981. While

many of these overpayments were being recovered under instalment arrangements, some were still recorded at their original balance and several had been increased due to the addition of legal costs or subsequent overpayments.

7.2.32 Audit noted that the State Office had suggested to its Central Office in 1986 the possibility of identifying claimants who could be classified as 'recurrent debtors' and whose applications could be subjected to closer scrutiny to prevent future overpayments. Audit also noted that in 1987 the State Director wrote to Central Office expressing concern about the lack of recovery facilities within ESAS and requested urgent advice on how to proceed.

7.2.33 The Department advised that in November 1987, a recoveries system was implemented as part of ESAS. This system provides information to control the recovery of overpayments; this is partly on ESAS with the remainder on a personal computer.

Appendix 4

The Auditor -General

Audit Report No. 4 1989 -90

The Auditor-General

**Audit Report No 4
1989-90**

DEET

**Aboriginal Student
Assistance Schemes**

Australian Government Publishing Service, Canberra



Australian Audit Office
Canberra, ACT
30 August 1989

Dear Mr President
Dear Madam Speaker

In accordance with the authority contained in the *Audit Act 1901*, I transmit to the Parliament a Report, signed on 30 August 1989, on audits, examinations and inspections carried out under the provisions of the *Audit Act*.

Yours sincerely

A handwritten signature in dark ink, appearing to read "J. C. Taylor".

J.C. Taylor
Auditor-General

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

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An audit of the administration of Aboriginal student assistance schemes was undertaken in the Department's Victorian Office in 1988. Key findings were:

- Proof of aboriginality was not generally sought as the Department relied on a declaration on the application form signed by applicants as sufficient evidence. (Section 4.1.3).
- Enrolment and attendance checks were not undertaken. (Section 5.1.3).
- Administrative policies were not adequately developed in some areas (Section 6.1-7.3).
- ADP facilities available through the Department's Education Student Assistance System (ESAS) were inadequate and did not, inter-alia, facilitate processing of benefits, the application of checks to avoid duplicate payments, recovery of overpayments or the development of an appropriate management information system.
- The Department's Victorian Office has responded positively to AAO criticism and has taken action, wherever possible, to remedy unsatisfactory matters.
- Enhancement of the ESAS computer facility is essential to continuing improvement in the administration of the Scheme and the obviation of inefficiencies. (Sections 13.1-18.2).

Aboriginal Student Assistance Schemes

1. Introduction

1.1 The Department of Employment, Education and Training is responsible for the administration of Commonwealth Aboriginal student assistance schemes. The principal schemes of assistance are the Aboriginal Secondary Assistance Scheme (ABSEC), which was introduced in 1969, and the Aboriginal Study Assistance Scheme (ABSTUDY), which was introduced in 1970.

1.2 The objectives of the schemes, respectively, are to encourage Aboriginals and Torres Strait Islanders (Aboriginals) to take advantage of educational opportunities at the secondary school level and to undertake further study or training after leaving school.

1.3 Under arrangements applicable to the end of 1988, the schemes provide living allowances and other forms of benefits, free of an income test, to students attending approved secondary schools or classes, or undertaking approved full-time or part-time courses of education and training at Universities, Colleges of Advanced Education, Colleges of Technical and Further Education and other institutions.

1.4 The ABSTUDY scheme also provides for special teacher training awards and assistance for special courses for Aboriginal students.

1.5 From 1 January 1989 the schemes were combined into a single scheme, the Aboriginal Study Assistance Scheme (ABSTUDY) which provides secondary and tertiary assistance for all Aboriginals.

1.6 An audit of departmental procedures for the administration of the schemes was conducted in the Department's Victorian State Office in 1988.

1.7 Audits which focused on the administration of the Aboriginal assistance schemes in Queensland and Western Australia were reported in Section 7.3 of the March 1988 Report and Section 7.2 of the September 1988 Report, respectively.

1.8 Expenditure in Australia in 1988-89 was \$74.1 million. Amounts of \$1.3 million and \$1.9 million were expended on ABSEC and ABSTUDY respectively in Victoria.

2. Audit objective

2.1 The objective of the audit was to examine the administrative effectiveness of the operating procedures and to assess whether the Victorian State Office operations were administered:

- in accordance with government policy, and
- in a manner which ensured that departmental operating procedures were effective in ensuring the timely and accurate payments of benefits in accordance with eligibility criteria.

3. Audit Findings

3.1 The audit found that policy development was inadequate in some areas, that the eligibility of applicants was not properly established or verified over time and that there was an unacceptable level of departure from the approved procedures. In addition, procedures for the recording and recovery of overpayments were unsatisfactory and data processing facilities used were not appropriate for all of the schemes' requirements.

3.2 The Department's response to Australian Audit Office (AAO) criticism has been positive but is subject to limitation in some respects due to constraints imposed by its student assistance computer system.

3.3 The details of the audit findings together with the Department's responses are outlined below.

4. Verification of aboriginality

4.1 The audit established that while the aboriginality of applicants is not verified, various arrangements exist which act as safeguards. These included:

- a declaration on the application form concerning the student's aboriginality
- drawing the attention of applicants to the provisions of the *Crimes Act 1914* concerning misrepresentation, and
- a warning on the application form that evidence to support the declaration may be sought.

4.2 Departmental policy manuals state that the declaration on the application form provides sufficient basis on which to assess a student as an Aboriginal unless a doubt is raised in writing by a reliable source.

4.3 The AAO questions whether the present requirements provide a positive assurance that all applications are bona fide.

5. Eligibility

5.1 The departmental ABSEC Policy Manual provides for checks to be undertaken of students' enrolment, continuing attendance and progress in their approved courses. The AAO established that these checks had not been performed and that, as a result, the Department was not in a position to:

- ensure assistance was provided only to those students who had continuing eligibility throughout the academic year
- monitor adequately the degree to which the program objectives were being achieved
- make adjustments to amounts payable as required for low attendance levels, and
- provide adequate counselling to students.

5.2 The State Office advised that ABSEC enrolment/attendance checks were not undertaken in 1988 because report data produced by the Department's computerised Education Student Assistance System (ESAS) was unreliable and amendment of the information produced was considered to be too labour intensive for appropriate

action to be taken in time. It also indicated that the report facility was now available, that the first enrolment/attendance check for 1989 was despatched to schools late in May 1989, and that follow up work was underway.

5.3 The State Office also advised that two more attendance/commencement checks would be undertaken this year and that these assist Field Officers to obtain information on students' progress. The implementation of each such officer's operational plan should ensure more effective achievement of the program's objectives.

6. Independent status

6.1 Students accorded independent status are paid a higher rate of living allowance. The AAO observed that students granted independent status had not provided the Department with evidence of their age and/or marital status as prescribed by departmental instructions.

6.2 The AAO understands that the failure to apply departmental procedures related to a contradiction between the requirements of the ABSTUDY policy manual and the application form as students were not required to furnish birth and/or marriage certificates or equivalent documents with their applications.

6.3 The State Office advised that the policy of providing documentary evidence for "independent" status was not clear in 1988, but that this had been clarified for 1989. In addition, it indicated that independent students would have their status verified using a random list supplied by its Central Office.

7. Dependent spouse allowance

7.1 AAO testing isolated two instances of students who were paid a dependent spouse allowance after declaring on their application forms that they did not have a dependent spouse. It appeared to the AAO that the allowance was paid on the basis of one student having dependent children and the other having a dependent brother. At the time of the audit, departmental representatives were uncertain as to whether a child and/or brother came within the definition of a "dependent" as outlined by the ABSTUDY Policy Manual.

7.2 The AAO suggested to State officers that, if it was considered that there were circumstances in which students might be entitled to be paid the allowance for other than a dependent spouse, more suitable terminology should be adopted and the Policy Manual amended.

7.3 The State Office advised that the definition of a 'dependent' had been clarified and that action had been taken to recover the overpayment from the student with a dependent brother.

8. Special Teacher Training Award

8.1 Students who held a Special Teacher Training Award in 1987 and who were continuing the same course in 1988 were able to seek to have their 1987 entitlements preserved.

8.2 AAO examination disclosed a lack of documented evidence to support the payment of the allowance to a number of students.

8.3 The State Office advised that documents for Awards, including data on individual students, were placed on a general file for referral to its Central Office. It indicated that this file was not fully cross-referenced with data required for the payment of allowances and that, in future, full documentation will be kept in both areas to ensure all necessary information is available.

9. Tutorials

9.1 Approved students receiving a full-time or part-time ABSEC or ABSTUDY award are entitled to tutorial assistance, subject to a requirement that the progress of students receiving tutorials is reviewed at least once per term or semester to ensure the effectiveness of the tutorials and the need for their continuation. Tutors support their claims on the Department with a list of students who attend their tutorial sessions.

9.2 Examination of the ESAS Registration and Client Identification sub-systems data base failed to locate a number of students listed by tutors as receiving tutorial assistance.

9.3 The AAO considers that this may reflect a circumstance in which tutors are being paid for servicing

non-bona fide students or that ineligible students may be receiving tutorial assistance.

9.4 In addition, it was also noted that students' progress was not reviewed at least once per term/semester.

9.5 The State Office indicated that there are a number of circumstances which could give rise to tutors lodging a claim with the Department for the provision of tutorial assistance without the students being recipients of ABSEC or ABSTUDY. The following examples were given:

- a tutor may give assistance to more than one student as part of one tutorial session, and providing one of the students attending the session is an eligible student, the tutor is entitled to make a claim for that session, and
- tutors are also contracted to run seminars and special courses on a "one-off" basis. Course participants are not necessarily eligible students. Tutors are paid from a Special Course Funding Vote.

9.6 The State office also advised that enrolment/attendance checks undertaken in 1989 were used as an aid to monitoring students' progress during the year. It pointed out that Field Officers visit students in response to requests but generally with the resources available it is not possible to review all students' progress every term or semester.

10. Excursion fees

10.1 Students are eligible for excursion assistance for a general school excursion, camp or educational visit subject to the State Office satisfying itself that specified criteria have been met.

10.2 The AAO noted instances in which excursion fees had been reimbursed but no details of the excursion were provided.

10.3 The State Office advised that action has been taken to maintain records of excursion payments on students' individual files. In addition, in 1989 a "Manual Payment Sheet" is placed on the student's file

and all manual payments, such as excursion fees and school fees, are recorded. This enables the assessor to check that the limits of these entitlements are not exceeded and that duplicate payments do not occur. Assessors have been reminded that excursion claims are to be made on the proper claim form and endorsed by the school. This is now standard procedure.

11. Part-time study

11.1 AAO testing of a sample of students engaged in part-time study revealed that follow-up action was outstanding in relation to the payment of the second instalment of the part-time allowance.

11.2 The State Office advised that follow-up action in respect of part-time allowances had been completed.

12. Higher Education Administration Charge

12.1 In accordance with arrangements applicable until abolition of the Higher Education Administration Charge (HEAC) at the end of 1988, ABSTUDY students were entitled to reimbursement of HEAC on presentation of evidence of acceptance of their enrolment by the institution concerned. Review of the basis of payment indicated, however, that students had not submitted evidence of enrolment prior to reimbursement.

12.2 The State Office advised that Education Officers and other staff had verified the majority of students' commencements for reimbursements of HEAC in 1988.

13. Data entry controls

13.1 The AAO noted a number of deficiencies in controls over the processing of applications in the ADP Section:

- batch headers were not signed by an authorised officer
- unauthorised staff had access to applications prior to their transfer to Data Entry and this could result in the corruption of data on the application prior to and/or after its assessment
- provision existed for suspense filing of applications returned to the relevant assessor for correction but this facility was rarely utilised. Data entered was deleted

and re-entered after correction without reference to the data previously entered, and

- output was not checked to input for accuracy.

13.2 In response, the State Office advised that:

- initial processing and data entering/verification work had been performed in the Aboriginal Programs and Services Branch (APSB) in 1989 instead of at the Regional Office at Hawthorn and batch headers were now duly authorised
- staff had been made aware that care should be taken to ensure that unauthorised staff do not have access to applications prior to data entry
- the provision for suspense filing of applications returned to assessors for correction was not often utilised due to the assessor usually being on hand for consultation. Amendments could then be made with his/her approval, and
- output documents are returned to the assessor for checking before dispatch and random output -to-input checks are made.

14. Duplicate applications

14.1 The AAO found that the Department's ability to identify and reject duplicate applications was limited because data edit checks undertaken by ESAS required a complete match of name and date of birth before a duplication could be identified. If there was any variation, the system accepted both applications and would not reject the second application as a possible duplication.

14.2 The State Office advised that the APSB had instigated the maintenance of a client database using a personal computer and that this was used to detect people with the same surnames. Any apparent duplication was followed-up. In addition, the verification checks undertaken in this way facilitated detection of duplicate applications by matching students with institutions.

15. Processing of Additional Assistance

15.1 The AAO noted that, in circumstances in which a payment or an adjustment was made and ESAS lacked a specified field to match the transaction, the transaction concerned was recorded in an Additional Assistance field. The AAO considered that the treatment of these payments was inappropriate and inconsistent with both the definition of additional assistance in the ABSTUDY policy manual, and conventional accounting practice.

15.2 The State Office confirmed that payments made under the field were not those defined in the Manual. It pointed out, however, that it had been agreed between the Central and State Offices that the facility should be used as the paying mechanism when approval was given late in 1987 to increase the number of rates payable under ABSTUDY. It also emphasised that any expenditure using this facility was debited against the living allowance charge code and that this ensured correct accounting.

16. Benefits processing

16.1 It was noted that it was not possible to process all benefits payable under the ABSEC and ABSTUDY schemes on the ESAS system. In certain circumstances, benefits under each scheme were paid using a manual system. In addition, the ESAS system could not be used to maintain a record of allowances paid to students in respect of:

- excursion fees
- fares allowance
- school fees
- tutorial fees, and
- accommodation fees.

16.2 The AAO suggested that the processing of all payments and the recording of allowance details on the ESAS system would enable the Department to monitor each particular allowance more effectively and to ensure that policies defined and established for both schemes, and as set out in the policy manuals, were more closely observed.

16.3 The State Office confirmed that the ESAS system does not have a facility to process or record all benefits payable but indicated that records of payments were maintained on individual files. It also indicated that other State Offices had requested this facility but that its Central Office has not had resources to devote to enhancement of the system.

17. Overpayments

17.1 Departmental instructions provide that action should be taken to recover overpayments of assistance to students. Recovery may be made by withholding all or part of subsequent payments due to a student in respect of later entitlements.

17.2 In addition, departmental procedures require the relevant assessor to initiate recovery action by formulating and issuing the first letter notifying the student of the details of the overpayment. A copy of the letter is to be retained with the student's application, which is to be forwarded to the Recoveries Section for subsequent follow-up action relating to repayment or write off action, whichever is appropriate.

17.3 The AAO noted that, although it is a departmental requirement, the State Office does not carry out a check of applications received against records of outstanding overpayments and/or amounts written off to permit recovery to be made, where applicable, from current entitlements.

17.4 In addition, AAO review established that recovery action taken was inadequate; the Recoveries Section was not notified consistently of overpayments and assessors generally did not issue the first advice of overpayment to students.

17.5 The AAO also informed the Department that it considered that the ESAS Recoveries Sub-System was not reliable as inconsistencies were noted in the amounts shown as outstanding in separate sub-system records. It was noted that the sub-system discloses overpayment outstanding details on two separate screens in three separate categories and that there were circumstances in which the three amounts differed.

17.6 It was also noted that the sub-system does not produce overpayment data summarising:

- year-to-date dollar value of overpayments identified during the year
- details of any reimbursements made and which applicants had made the repayments
- statistical reports, and
- letters notifying applications of overpayments.

17.7 In discussion with AAO officers, departmental representatives agreed that the current system of recovering overpayments, which involved APSB initiating recovery action and the Recoveries Section subsequently assuming responsibility for recovery action from that point, was far from satisfactory. It is envisaged, after recent programming changes, that ESAS will provide the following additional facilities to aid in the recovery of overpayments during 1989:

- production of the initial re-assessment letter to be issued to the student
- a listing of overpayments outstanding on a year-to-date and student basis, and
- a check and alert function for the operator if, on registration of an application, the student has an existing overpayment outstanding.

17.8 The State Office advised that action has been taken to maintain a list of overpayments for check against current applications. It indicated that this is necessary because the ESAS Recoveries Sub-System does not supply reliable data and, as a consequence, independent records have had to be maintained in the Recoveries Section and progressively updated.

17.9 It also indicated that the Recoveries Section acknowledges that there is a system deficiency between the Recoveries Sub-System and the ABSTUDY sub-system. Although there is general recognition of this deficiency, it has not been possible due to other priorities to integrate the sub-systems. In circumstances in which discrepancies arise between records of overpayment

amounts, assessors liaise with the Recoveries Section and vice-versa.

18. Management information system

18.1 It was established that information essential for the efficient management of the schemes and, in particular, for planning, enrolment and attendance checks and allocation of workloads, was not available from the ESAS system or was being maintained manually at the State level. This included basic data relating to the numbers of:

- students by grade and by school indicating whether they were full-time or part-time
- applications which required additional information to be supplied before assessment could be finalised
- applications classed as ineligible
- students in post-secondary education
- students receiving additional assistance, and
- students ceasing studies during the year.

18.2 The State Office advised that this basic data, which was unavailable in 1988, is available from ESAS in 1989. In addition, it stated that verification check reports and statistical reports are used as aids for the management of the schemes. However, it does consider that ESAS could be enhanced further to permit recording of tutorial assistance, excursion fees, fares allowances, the part-time allowance and overpayments. Representations have been made to the Department's Central Office but these have not been successful to date.

A. C. Taylor

30 August 1989
Canberra, ACT

J.C. Taylor
Auditor-General

