

The department

Department of Human Services



The department

This section describes the role and functions of the Department of Human Services (DHS), its outcome and outputs structure, and the corporate governance and financial arrangements that apply to all three organisations covered by this annual report.

The following three chapters report individually on the core department, the Child Support Agency (CSA) and CRS Australia and provide more detailed information on their governance functions.

The core department, CSA and CRS Australia report on their performance against the indicators and measures in the department's 2004–05 Portfolio Additional Estimates Statements. CRS Australia also reports on performance in the Department of Employment and Workplace Relations annual report.

Role and outcome

The department's role is to improve the delivery of social and health-related services to the Australian people.

We do this by leading and coordinating improvements to services, encouraging a strong customer focus and supporting it through better targeted communication and sensible use of new technologies.

Working with other departments in a whole-of-government approach, we ensure that 'how a service is delivered' is considered when new policies are planned.

The department's planned outcome is:

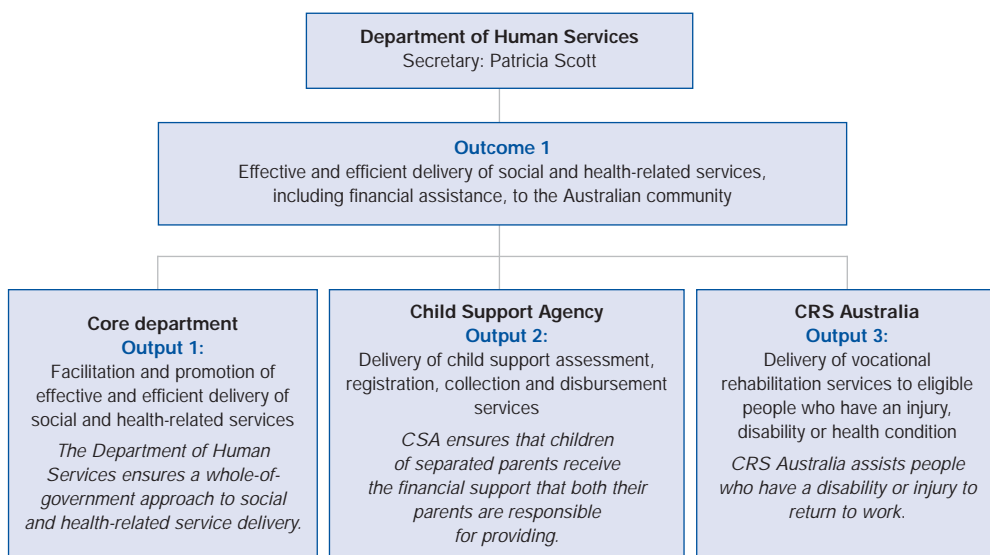
Effective and efficient delivery of social and health-related services, including financial assistance, to the Australian community.

Outcome and output structure

At 30 June 2005, the Department of Human Services comprised the core department, CSA and CRS Australia. Each produced one output to deliver the department's planned outcome (see Figure 2):

- Core department—Facilitation and promotion of effective and efficient delivery of social and health-related services
- Child Support Agency—Delivery of child support assessment, registration, collection and disbursement services
- CRS Australia—Delivery of vocational rehabilitation services to eligible people who have an injury, disability or health condition.

Figure 2 Departmental outcome and output groups



Corporate governance

This section reports on corporate governance matters common to the core department, CSA and CRS Australia. Corporate governance matters specific to the core department, CSA and CRS Australia are reported on in the management and accountability sections in the chapters on each entity.

Corporate goals and values

The governance model in DHS is consistent with the Commonwealth governance model. It supports the Secretary in the management of the department and in assisting the Minister to fulfil his accountability obligations.

This in turn helps DHS meet its obligations under, for example, the Australian Public Service Values and Code of Conduct, and legislative requirements placed on us as members of the Australian Public Service.

APS Values and Code of Conduct

The core department, CSA and CRS Australia all explicitly embrace the APS Values and Code of Conduct. Commitment to the Values and Code of Conduct are highlighted in the corporate plans, certified agreements (in CSA and CRS Australia), Australian workplace agreements, client/service charters, Chief Executive Instructions and the agency's own values/behaviour statements. Each agency provides training for staff in the APS Values and Code of Conduct.

The executive

The executive coordinating team

The executive team comprises the Secretary, the heads of the Human Services agencies and the senior executive staff of the department.

Executive responsibilities

The Secretary is directly responsible to the Minister for the leadership, management and sound governance of the department, and for shaping its future. She is responsible for delivering organisational performance through determining priorities and resource allocations. Five committees have been created to assist the Secretary to fulfil her responsibilities. The committees make recommendations, but ultimate authority remains with the Secretary.

The General Manager of CSA provides leadership to ensure that the agency continues to move towards its vision that parents accept their child support responsibilities. This position also holds the statutory office of the Child Support Registrar, which has legal responsibility for the administration of child support legislation. The General Manager contributes to the overall management of Human Services through the Agency Heads Meeting and membership of the DHS Audit Committee.

The General Manager of CRS Australia is responsible for the leadership, sound management and performance of CRS Australia within the delegations established by the Secretary of the DHS. The General Manager contributes to the overall management of Human Services through the Agency Heads Meeting and membership of the Audit Committee.

Executive remuneration

Salary ranges for executive employees are provided in Appendix 1.

Information on executive staff members who received, or were due to receive, total remuneration of \$100,000 or more is set out in Note 15 to the Financial Statements in this report.

Governance framework

Agency Heads Meeting

The Agency Heads Meeting provides advice to the Secretary on matters pertaining to the agencies of the department. This is a monthly meeting chaired by the Secretary and attended by all six Human Services agency chief executive officers.

Audit Committee

The DHS Audit Committee has audit oversight for the core department, CSA and CRS Australia. The other Human Services agencies—Centrelink, the Health Insurance Commission (HIC), Australian Hearing and Health Services Australia—have their own audit committees.

The Audit Committee, chaired by the Deputy Secretary, reviews, monitors and recommends improvements to:

- risk management identification and amelioration
- internal control processes (including fraud control)
- the financial reporting process
- the functioning of the department's Internal Audit Unit
- the external audit process
- the department's process for monitoring compliance with legislation, regulations and government policy.

In performing its responsibilities, the Audit Committee provides advice and support to the Secretary, the chief executive officers of CSA and CRS Australia, and line managers. It also manages a working relationship with the Australian National Audit Office.

Membership of the Audit Committee is determined by the Secretary in consultation with the Executive Management Group and is for a fixed term, as determined by the Secretary. To ensure a smooth transition of new members and retention of corporate knowledge, a program of rotating membership will be developed by the Chair of the Audit Committee for the Secretary's approval. The Audit Committee meets every two months, and as required.

Table 1 Senior management committees

Audit Committee (core department, CSA, CRS Australia)	Agency Heads Meeting
Deputy Secretary DHS (<i>Chair</i>)	Secretary DHS (<i>Chair</i>)
Two independent members	Chief Executive Officer Centrelink
General Manager CRS Australia	General Manager CRS Australia
General Manager CSA	General Manager CSA
Chief Financial Officer DHS (<i>attendee</i>)	Managing Director HIC
	Acting Managing Director Health Services Australia
	Managing Director Australian Hearing
<i>Secretariat:</i> Project Officer	<i>Secretariat:</i> Executive Officer

Risk management, internal audit and fraud control

As of 30 June 2005, the DHS Audit Committee was overseeing the development of an internal audit plan for the core department, CSA and CRS Australia. As part of this process, the Audit Committee will determine the most effective way for the department to deal with internal audit issues. Until the internal audit plan is complete, CSA will use the panel arrangements of the Department of Family and Community Services, and CRS Australia will use those of the Department of Health and Ageing.

In a cooperative arrangement with Comcover, the department has developed a phased approach to preparing its fraud control plan. The initial phase will be to establish the risk profile of the department through a series of discussions facilitated by the senior executive. Once the risk assessment is complete, the department will be able to finalise its fraud control plan. The Audit Committee expects that the interim fraud control plan will be updated in late 2005.

CSA and CRS Australia report on aspects of risk management, internal audit and fraud control specific to them in their respective management and accountability sections.

Ethical standards

The requirement for all members of the department to uphold the ethical values embodied in the *Public Service Act 1999* and the Australian Public Service Values and Code of Conduct has been clearly articulated in a number of departmental documents. Those documents include the Declaration of Confidentiality, Security and Privacy; the department's people management policies and security plans; and the Chief Executive's Instructions.

The requirement to uphold the highest standards is reinforced on a regular basis at staff meetings and underpins the charters of the management committees.

Social justice and equity

Human Services recognises the importance of ensuring that Australians have equitable access to the full range of social and health-related services, and that people are not disadvantaged by service delivery arrangements. This has been a key consideration in developing improved service delivery strategies.

We are developing communication strategies that take account of culture, language, disability and remote location requirements of Human Services customers and the wider community. The Human Services website, updated in June 2005, is compatible with browsers used by people with impaired vision.

Financial overview

This section provides a summary of the department's financial performance for 2004–05. Departmental and administered results are shown in the audited financial statements, and this summary should be read in conjunction with those statements.

The departmental total resources are shown in some detail in Table 2. Details of the price of outputs and the administered and departmental expenses incurred in delivering the department's outputs are also detailed in Table 2, as is the budget allocation for the 2005–06 financial year for these items.

Departmental financial performance

The department's Statement of Financial Performance reports an operating surplus for 2004–05 of \$2.0 million. The result was less than the operating result of \$3.8 million forecast in the Portfolio Budget Statements.

The department received an unqualified audit report for 2004–05.

Table 2 Total resources for Outcome 1

	Budget 2004–05 ^a (1) \$'000	Actual expenses 2004–05 (2) \$'000	Variation (2)–(1) \$'000	Budget 2005–06 ^b \$'000
Administered expenses				
Child support	505,715	519,895	14,180	937,303
Total administered expenses	505,715	519,895	14,180	937,303
Price of departmental outputs				
Output 1: Core department	7,577	6,029	(1,548)	11,883
Output 2: Child Support Agency ^c	150,342	150,235	(107)	286,394
Output 3: CRS Australia	–	–	–	–
Subtotal departmental outputs	157,919	156,264	(1,655)	298,277
Revenue from government (appropriation) for departmental outputs	157,919	156,264	(1,655)	298,277
Revenue from other sources	113,109	113,240	131	167,727
Total price of outputs	271,028	269,504	(1,524)	466,004
Total for Outcome 1 (total price of outputs and administered expenses)	776,743	789,399	12,656	1,403,307
		2004–05	2005–06	
Average staffing level		4,657	4,620	

a This column shows the full-year budget, including additional estimates.

b This column shows the budget prior to additional estimates.

c Includes an additional section 32 transfer from the Department of Family and Community Services of \$15,218,486, effective 16 June 2005.

Statement of financial performance

Revenue

Total revenue received for the period from 26 October 2004 to 30 June 2005 was \$271 million, made up of \$158 million from appropriations for outputs and \$113 million from the sale of services.

Appropriation revenue was \$8 million for the core department and \$150 million for CSA. CRS Australia has purchaser–provider arrangements in place for the provision of rehabilitation services. CRS Australia received funding of \$113 million for the provision of these services.

Appropriations were transferred to the department with the transfer of functions.

Expenses

The department's expenses for the period were \$270 million: \$172 million for employee expenses, \$88 million for supplier expenses, \$8 million for depreciation and other expenses and \$1 million for CRS Australia income tax equivalent expenses.

Statement of financial position

Equity

The department's total equity is \$49 million. Upon creation of the department, equity relating to CRS Australia and CSA of \$46 million was transferred to the department. The balance was due to an increase in the asset realisation reserve (\$1 million) and to the operating surplus (\$2 million).

Assets

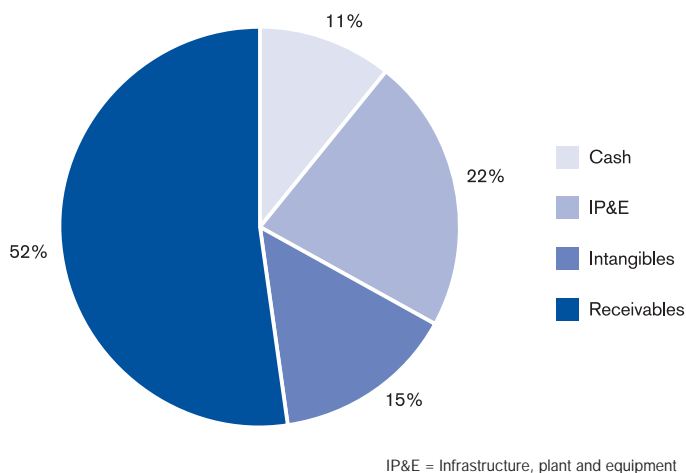
The department's assets total \$144 million and can be broken into four main categories:

- cash
- infrastructure, plant and equipment
- intangibles (non-physical assets such as software)
- receivables (amounts due to be paid to the department).

There is also an 'Other non-financial assets' category comprising other departmental assets which relate to prepayments.

The proportion of each category of assets held during 2004–05 is illustrated in Figure 3.

Figure 3 Composition of departmental assets at 30 June 2005



The department has \$65 million recorded as a receivable in the Official Public Account. Of this amount, \$43 million is held on behalf of CRS Australia, \$20 million for CSA and \$2 million for the core department.

Liabilities

The department has total liabilities of \$95 million. This consists of employee provisions of \$65 million, building-related provisions of \$10 million, trade creditor provisions of \$19 million and other payables of \$1 million.

Administered items

Administered items are those assets, liabilities, revenues and expenses that are controlled by the Australian Government, but managed or overseen by the department on the government's behalf.

CSA's administered activities include the provision of assessment, registration, collection and disbursement services that facilitate the transfer of child support payments between separated parents for the support of their children.

The core department receives interest revenue from the Health Insurance Commission, dividend revenue from Australian Hearing and Health Services Australia, and competitive neutrality revenue from Australian Hearing. All administered receipts are transferred directly to the Official Public Account.

