



**Australian Government**  
**Department of Human Services**

**Internal Audit**

**FINAL INTERNAL AUDIT REPORT**

**Management Initiated Review of Child Support Master Program  
Payments**

Report Number	DHS1112- 47
Conducted	May - June 2012
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This is an audit-in-confidence document and should be treated with appropriate care.  
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47E(d) 47E(b)

## **Executive Summary**

### ***Background***

1. The Child Support Master Program provides a service for separated parents to pay and receive child support payments. Payments are made by one parent (the payer) to Department of Human Services (DHS) and held by the department until scheduled for payment to the other parent or carer (the payee). For the majority of parents and carers, use of the service is on a voluntary basis. If parents or carers agree, they are able to make private arrangements for paying and receiving child support.
2. <sup>47E(d)</sup>
3. <sup>47E(d)</sup>
4. Between 1 April 2011 and 30 March 2012 there were 5 203 790 child support disbursements which equated to \$1.98 billion in payments. Of these disbursements, 98.86 per cent were electronically automated and 1.14 per cent were manually disbursed. <sup>47E(d) 47E(b)</sup>  
<sup>47E(d) 47E(b)</sup>

### ***Internal Review Objective and Scope***

5. The objective of the review was to assess all preventive and detective controls that currently exist, <sup>47E(d) 47E(b)</sup>  
<sup>47E(d) 47E(b)</sup> to mitigate the risk of incorrect payments in the Child Support Program.
6. Specifically the review:
  - assessed all structures, systems, processes and other controls used by DHS to manage payment of child support payments
  - tested preventive and detective controls associated with the payment or transfer of Child Support monies through DHS systems
  - the review was limited to the assessment of whether payments are made to the correct person for the correct amount

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### Out of scope

7. The review did not examine:
- the child support payment processes and controls outside the direct control of DHS. For example, where private arrangements are made for the payment of child support from one parent direct to another parent.
  - systems and processes related to child support assessments (i.e. determination of the level of child support require to be paid).
  - 47E(d)

### **Internal Review Conclusion**

8. <sup>47E(d)</sup>
9. The key risk exposure for the department is manual disbursements which involves procedures which are complex and prone to human error. <sup>47E(d) 47E(b)</sup>  
<sup>47E(d) 47E(b)</sup>
10. <sup>47E(d) 47E(b)</sup>

### **Financial Management and Accountability Act (1997) Breaches Identified**

11. Compliance with the FMA Act was not tested as part of the scope of the audit. <sup>47E(d) 47E(b)</sup>  
<sup>47E(d) 47E(b)</sup>

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***Summary of Observations, Issues and Recommendations***

The observations, issues and associated recommendations are shown in the tables below.

<b>Observation 1</b>
<p>Overall in regard to child support payments:</p> <ul style="list-style-type: none"><li>• existing preventative and detective controls for automated disbursements operate as intended and provide reasonable assurance of payment correctness</li><li>• <small>47E(d) 47E(b)</small></li></ul>

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47E(d) 47E(b)

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### **Management Comment**

A number of actions have been taken since March 2012 to review and improve processes and ensure the risk of manual payment errors is limited:

1. A review of all payment processing screens occurred, resulting in system changes introduced that:
  - Limit maximum funds drawn from consolidated revenue in a single transaction to \$10,000.
  - Pre populate payment amount fields in the system, limiting manual data entry requirements
  - Improve system alert messages to staff, warning when funds are drawn from consolidated revenue
  - Increased system user level restrictions for authorisation of con rev disbursements
2. Staff communication has occurred, informing of system changes and reinforcing procedural and diligence requirements in processing manual payments. This included an intranet headline, and a Service Delivery News article. This was also reinforced through the Child Support Operations General Manager monthly newsletter and via the Team Leader toolkit, sent to all Leaders for discussion at team meetings.
3. Procedural Instructions and Processing Help were reviewed and updated to provide clearer processing instructions, and to reflect system changes.
4. A quality assurance review of a sample of manual transactions was undertaken and findings of accuracy were positive.
5. A learning module was developed to build staff understanding and diligence requirements in processing manual disbursements. This was delivered to staff during May 2012.
6. The child support disbursement cycle has been reviewed, with changes scheduled for September 2012 to introduce a daily disbursement cycle.
7. A daily review by a senior officer of payments drawn from consolidated revenue via accounting control reports now occurs. Into the future this data will be used to provide a monthly report to the General Manager, Child Support Operations.
8. <sup>47E(d) 47E(b)</sup>

47E(d) 47E(b)

<sup>47E(d)</sup>  
<sup>47E(b)</sup> Child Support Operations Division will work closely with Families Division to ensure the recommendations are fully considered and changes implemented as necessary.



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- **Recommendation 1**, to monitor manual disbursements post the disbursement cycle change is agreed.

Child Support Operations will work closely with Families Division to develop and implement a quality assurance program to monitor manual disbursements following the implementation of the daily payment disbursement cycle in September 2012.

- **Recommendation 2**, to strengthen compliance with relevant procedural instructions is agreed.

While this has already been done to some extent as outlined at points 2, 3 and 5 above, it is agreed that further action will need to occur in line with disbursement cycle changes, and also in respect to findings of the quality assurance review to occur post the September release. Child Support Operations will work with Families Division to review procedural instructions in line with child support legislation with consideration of complexity, risk, and best business processes.

### Work Underway

- Work is currently underway to introduce the daily payment disbursement cycle in September 2012; an initial review of procedural instructions has begun in line with this change.
- Other action has been undertaken as per items 1 – 8 above.

### Implementation Timeframe

- Recommendation 1: A quality assurance program to monitor manual disbursements will be implemented by December 2012. Reporting to monitor number of manual disbursements will commence from the introduction of the new disbursement cycle in September 2012.

Both the qualitative and quantitative data will be considered to determine whether recommendations a, b and c are required:

- a) strengthen existing processes for the training and supervision of staff
- b) review existing controls and authorisations for manual disbursements using consolidated revenue with a view to further strengthening them
- c) consider centralising manual disbursements to a specialist team.

- Recommendation 2: Initial changes to relevant Procedural Instructions will be made by August 2012 to align with the daily disbursement cycle release.

Further review will occur in accordance with findings of the quality assurance program, to address recommendations a, b and c:

- a) assess whether specific instructions continue to support the needs of the Child Support Master Program

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- b) reduce the volume and complexity of specific instructions if the instructions are not required to effectively manage risks
- c) communicate the importance of relevant procedural instructions and develop process to support compliance

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## **Section 1: Management Initiated Review on Child Support Master Program Payments**

### ***Background***

12. This section describes the background to the audit for provision of contextual information. Refer paragraphs 24-26 for specific details about the objective and scope of this audit.
13. In March 2012, the Secretary requested a review of all preventive and detective controls to mitigate the risk of incorrect payments across the department. Internal Audit decided to conduct this work in a number of stages due to its size and scope, with the first area of the department for review the Child Support Master Program.
14. The Child Support Master Program provides a service for separated parents to pay and receive child support payments. Payments are made by one parent (the payer) to DHS and held by the department until scheduled for payment to the other parent or carer (the payee). For the majority of parents, use of the service is on a voluntary basis. If in agreement, parents are able to make private arrangements for paying and receiving child support.
15. The majority of child support payments (98.86 per cent) are automated using the Cuba system. On the third Wednesday of every month, and every day after until the end of the month, child support payments made by the payer are automatically disbursed into the payee's account. The disbursement only occurs if the payer has deposited funds into their designated account.
16. Payees can contact DHS prior to the third Wednesday of every month and enquire if the payer has made a child support payment. If this is the case, the payee may request a manual disbursement of those funds. A staff member determines if a manual disbursement is appropriate<sup>1</sup> and enters the disbursement into Cuba. Another staff member at the same level then approves the disbursement before the payment is released to the payee, outside of the automated process.
17. In certain circumstances,<sup>2</sup> the Child Support Master Program can use funds from a Consolidated Revenue Account (i.e. Australian Government monies) to make a payment to a payee (or reimburse a payer for an overpayment). The authority to use consolidated revenue is provided by the *Child Support (Registration and Collection) Act 1988* (Section 75). Specifically, the Consolidated Revenue Account is used when an administrative error by DHS results in an under or overpayment. DHS may choose

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47E(d)

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to resolve the issue using consolidated revenue and then implement a process to recover the debt from the relevant parent.

18. Between 1 April 2011 and 31 March 2012, the Child Support Master Program made 5 203 790 disbursements which equated to \$1.198 billion worth of child support payments. <sup>47E(d)</sup>  
<sup>47E(d)</sup>

19. <sup>47E(d)</sup>

20. <sup>47E(d)</sup>

<sup>47E(d)</sup>

21. <sup>47E(d)</sup>

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47E(d)

22. <sup>47E(d)</sup>

23. Also the Child Support control environment was reviewed as part of the Australian National Audit Office (ANAO) audit of the DHS financial statements. The scope of the ANAO review was limited to IT controls and application review over the Cuba system, and substantive testing of spreadsheets supporting child support balances.

### ***Internal Review Objective and Scope***

24. The objective of the review was to assess all preventive and detective controls that exist to mitigate the risk of incorrect payments in the Child Support Program.

#### *In scope*

25. The review:

- assessed all structures, systems, processes and other controls used by DHS to manage payment of child support payments
- tested preventive and detective controls associated with the payment or transfer of Child Support monies through DHS systems
- the review was limited to the assessment of whether payments are made to the correct person for the correct amount.

#### *Out of scope*

26. The review did not examine:

- the child support payment processes and controls outside the direct control of DHS. For example, where private arrangements are made for the payment of child support from one parent direct to another parent
- systems and processes related to child support assessments (i.e. determination of the level of child support required to be paid)

47E(d)

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<sup>3</sup> *Consideration of Recovery Action in relation to the Child Support Services Disbursement Error.*

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### ***Previous Audit Coverage***

27. There have not been any previous internal audits that are relevant to this objective and scope. However, the reviews outlined in paragraph 20 are relevant and were part of the scope of this audit.

### ***Relevant Legislation***

28. Child Support (Registration and Collection) Act 1988 and the Child Support (Assessment) Act 1989.

### ***Methodology***

29. The review methodology included an examination of the DHS control environment for the management (transferring and processing) of Child Support payments.
30. Specifically, the review examined controls associated with:
- Governance and accountability arrangements for the transferring and processing of Child Support payments by DHS.
  - Processes and procedures designed to support the transferring and processing of Child Support payments to/from parents and other stakeholders using DHS systems.
  - Systems and data used to transfer and process payments. This included both automated (Cuba) and manual overrides used by DHS to receive, hold and transfer payments to and from parents, employers, the Australian Tax Office and any other relevant stakeholders.
  - The use of a consolidated revenue account (i.e. Government funds) by the Child Support Master Program.
  - Development and maintenance of staff capability to support processing payments (including processing staff and Team Leader monitoring and quality checking).
  - Decision-making in relation to processing and transfer of payments, particularly in relation to the use of consolidated funds to make payments.
  - Quality control for payments and transfers.
  - Periodic and ongoing review of payments and transfers by DHS, including the business owner, Business Integrity Division other branches within DHS that review Child Support payments and transfers.
  - Performance management and reporting in relation to Child Support payments and transfers, and in particular the quality, timeliness and appropriateness of information provided to decision-makers.
31. To support the required analysis, the review team documented the processes and controls associated with Child Support transfers and payments made by DHS.

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### ***Financial Management and Accountability Act Compliance***

32. Compliance with the FMA Act was not tested as part of the scope of this audit. <sup>47E(d)</sup>  
<sup>47E(d)</sup>

### ***Internal Review Conclusion***

33. Overall, the existing preventive and detective controls for automated payments operate as intended and provide reasonable assurance of payment correctness. <sup>47E(d)</sup>  
<sup>47E(d)</sup>  
<sup>47E(d)</sup>  
<sup>47E(d)</sup>
34. The update to the Cuba system in September 2012 will introduce the scheduling of automated processing of electronic disbursements to commence on the 7th day of the month (rather than the third Wednesday of every month) and continue every day thereafter. <sup>47E(d)</sup>  
<sup>47E(d)</sup>  
<sup>47E(d)</sup>
35. Internal Audit has made two recommendations. <sup>47E(d)</sup> <sup>47E(b)</sup>  
<sup>47E(d)</sup> <sup>47E(b)</sup>

## **Section 2: Observations, Issues and Recommendations**

### **Observation 1 – Control environment for disbursement of child support payments**

36. Overall in regard to child support payments:
- existing preventative and detective controls for automated disbursements operate as intended and provide reasonable assurance of payment correctness

<sup>47E(d)</sup>

37. <sup>47E(d)</sup>

#### ***Background***

38. Child support payments are made by one parent (the payer) to another parent or carer (the payee). This process does not involve the outlay of Australian Government funds to make child support payments to customers. Child Support Operations is responsible for the assessment, registration, collection and disbursement of child support payments.
39. The Cuba system records the personal, financial and banking details of parents, as well as child support assessments that determine the amount of child support paid from one parent or carer to another. Child Support Operations maintains the data within the system and, under the *Child Support (Registration and Collection) Act 1988* is able to access a range of government data to support this activity (e.g. Australian Tax Office records).

#### ***Disbursement process***

40. Payers are provided with a unique Child Support account ID to deposit child support payments. Payments made by the payer are retained and electronically disbursed by Cuba on the third Wednesday of each month, and every day thereafter until the end of the month. Funds deposited by payers are automatically transferred into the account nominated by payees. Unless there is a request for a manual disbursement, or an error in DHS receiving or disbursing funds, the process is fully automated and does not require manual intervention by DHS.

41. <sup>47E(d)</sup>



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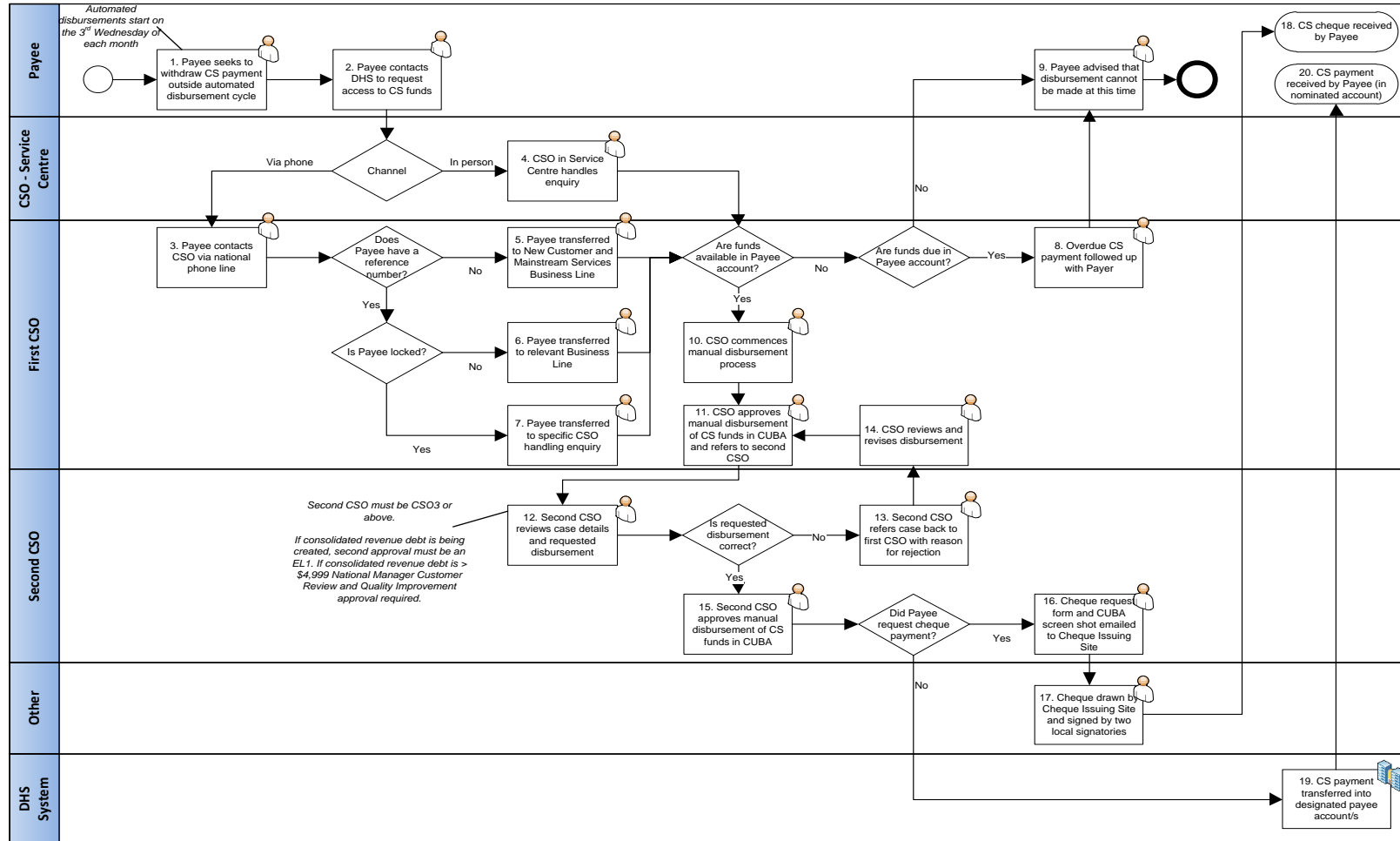
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42. Figures 1 and 2 represent the process used for the automatic and manual disbursement of child support payments.

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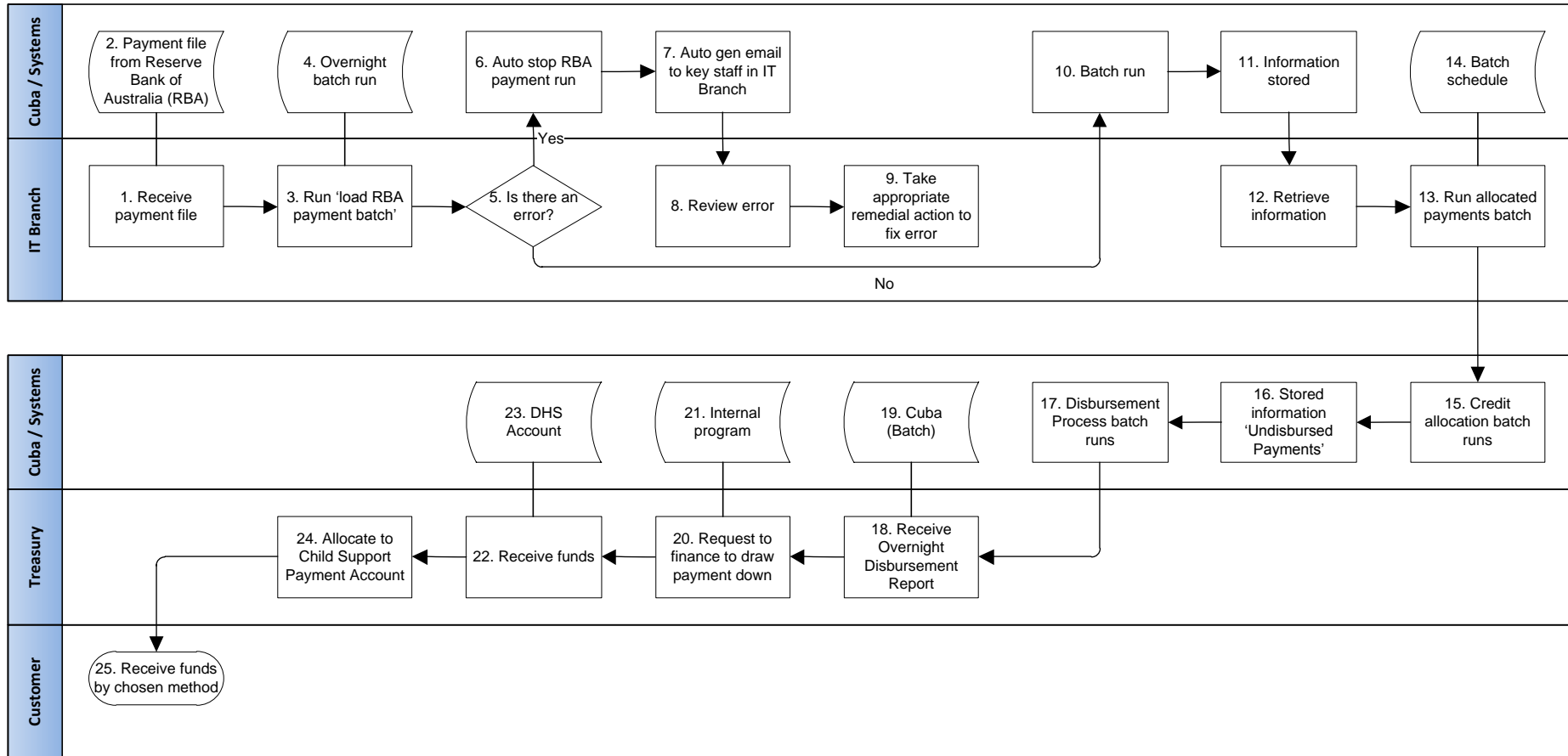
**Figure 1: Manual disbursement process for child support payments**



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**Figure 2: Automated disbursement process for child support payments**



Source: Business Process Design (draft process map), May 2012

***DHS controls for the disbursement of child support payments***

Overview

43. In order to mitigate the risk of incorrect payments it is necessary to establish a robust and cost effective control framework. It could be expected that such a framework would include the following key features:
- Clearly articulated up to date policies, processes and procedures which have been disseminated to staff. This should include processes for establishing banking details prior to disbursement, conducting calculations to determine the amount of child support to be paid and outlining the recovery procedures if disbursements fail.
  - Staff which have been adequately trained and have the capability, capacity, direction and support to assess, register, collect and disburse child support payments.
  - System controls to safeguard the automated and manual transfer of data into and out of the system and appropriate recovery mechanisms if disbursements fail.
44. Internal Audit reviewed the preventative and detective controls that exist to mitigate the risk of incorrect payments in the Child Support Master Program. Preventative controls are typically applied before the payment is made and usually involve processes to determine actions are consistent with relevant guidance. Detective controls are applied post payment and involve activities such as data matching and compliance reviews.
45. Below is a summary of the preventive and detective controls used in Child Support Master Program and Internal Audit's assessment of those controls.

Policies and procedures

46. Child Support Operations has developed a number of policies and procedures to support the correct payment and/or transfer of child support payments. These include some high-level process mapping, “Procedural Instructions”, “Process Help” and “Windows Help”.
47. The Business Process Design Team has mapped the ‘daily disbursement process’ for the Child Support Master Program. This provides a high level overview of the disbursement process, allowing Child Support Operations to link risks and controls directly to the process. To assist Child Support Operations, Internal Audit has undertaken some additional process mapping covering the new customer registration process, use of consolidated revenue and manual disbursements (refer Figure 1 and Figure 2).
48. Procedural Instructions are developed the Program, Policy and Procedures branch in the Families Division, and published and maintained by the eReference Branch. These instructions are updated for system or procedural changes and approved by Child Support Operations. Staff can also recommend changes through an online form.

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49. The procedural instructions cover each of the major elements of the disbursement process. These instructions are expanded through specific process help screens that explain the process that should be applied to achieve the policy intent. For instance, a procedural instruction on “Suspense Account Management” is supported by process help to “Update a Suspense Payment”, “Update an Issued Suspense Refund” and “View a Suspense Payment”. Windows help screens provide further, specific information to assist staff to understand each of the elements on the screens which they are using. For instance, the “Suspense Payment Details” windows help describe the screen for relevant staff to use when completing the “Update a Suspense Payment” process.

50. <sup>47E(d)</sup>

51. <sup>47E(d)</sup>

52. <sup>47E(b)</sup>

### Training

53. Staff training is a key preventive control for child support disbursements. New recruits to Child Support Operations complete a standard ‘job ready’ program. This includes generic APS and DHS training as well as specific Child Support modules such as Cuba navigation. Existing staff are provided on-the-job training to perform their roles effectively.

54. Staff training is listed on the department Learning Management System (LMS). Attendance is recorded for both classroom training and completion of online lessons (eLearning) and reports are available at various management levels which can identify any staff who have and have not completed training. Follow-up of these staff is undertaken by supervisors and through performance management processes. Although training is not linked specifically to procedural instructions or process help, each module is checked for accuracy against these and is signed off by the business owner.

55. <sup>47E(b) 47E(d)</sup>

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Cuba system controls

- 56. Internal Audit reviewed and tested the Cuba system controls, including system validation controls<sup>4</sup> related to the disbursement of child support payments. This involved examining system controls for the manual disbursement of funds and use of consolidated revenue.
- 57. <sup>47E(b)</sup>
- 58. <sup>47E(d)</sup>
- 59. At specific points in the manual disbursement process staff are required to record information to support their decisions. This information is recorded in Note Pad screens. System controls exist to ensure that staff enter data into the Note Pads (“screen shot” provided in Appendix C). <sup>47E(b) 47E(d)</sup>  
<sup>47E(b) 47E(d)</sup>
- 60. The staff member that enters the manual disbursement in Cuba is unable to approve the disbursement. A second staff member at the same level is required to approve the disbursement. <sup>47E(b) 47E(d)</sup>
- 61. Segregating the entering and approval of child support disbursements for the Child Support Master Program while important, is not as critical as for other DHS programs which involve the outlay of Government funds. The incentive for staff-related fraud (e.g. the creation of and payment to a false payee) is minimal because of the linkage between payee and payer accounts. If the payee receives less than the expected amount of child support they have an interest in following up the discrepancy with DHS (and the payer). This provides a strong detective control for incorrect payments and a disincentive for staff-related fraud in the program.
- 62. <sup>47E(b) 47E(d)</sup>

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<sup>4</sup> System validation controls prevent erroneous data being entered into specific fields.

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47E(b) 47E(d)

47E(b) 47E(d) Now manual disbursements that draw a consolidated revenue amount less than \$5 000 require approval of an EL1 level officer. Disbursements between \$5 000 and \$10,000 require approval of the National Manager Customer Review and Quality Management. Disbursements of greater than \$10 000 are not permitted.

63. System log controls related to the manual disbursement process were tested and found to be effective. Tasks performed by staff in the manual disbursement process are captured by the system. File notes automatically record the staff member's unique ID and the time and date of specific manual disbursement tasks. A record of these tasks is retained on the customer record and are unable to be deleted or altered. System logs provide an auditable trail of all manual disbursement activities for a customer and of the staff that entered and approved the disbursement.

### Quality assurance

64. The Child Support Master Program incorporates a range of pre-disbursement and post-disbursement quality assurance activities that provide controls to support payment accuracy. These activities are included in the Child Support Master Program Quality Assurance Framework which incorporates the following eight segments:
- governance and accountability
  - staff Capability
  - processes and procedures
  - systems and data
  - decision monitoring
  - feedback management
  - performance reporting and recognition
  - communication.
65. The Child Support Master Program utilises a two tiered approach to decision monitoring. The Tier One approach is program wide and provides quality measures across major business lines. Tier One uses a random sampling methodology, and is designed to achieve consistency in the quality of checking and decision monitoring across the program.
66. Data from Tier One decision monitoring is analysed on an ongoing basis to identify systemic issues as part of the Quality Assurance Framework. Any issues identified are delegated to the business owner and the results of activities are used to inform the Child Support Program Annual Quality Review.
67. Tier Two monitors critical activities within business lines where activities are assessed against the core quality assurance elements. This provides the Business Line National

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Managers the ability to tailor the approach, target critical activities, and to balance resourcing and risk.

68. Other quality controls include:

- A Child Support Program Quality Committee.
- The introduction of program-wide quality metrics.
- Establishment of Complex Care teams to support decision making.
- Increased call recording activities to monitor decision making.
- Identified roles and responsibilities for different staff in the disbursement process.
- Cash reconciliation of total payments loaded into Cuba and total payments banked including both automated and if necessary (when amounts do not automatically reconcile) manual elements.
- Creation of a centralised issues register.

69. Each of these controls supports program integrity and payment accuracy.



## **Issue 1 – Processing manual disbursements**

70. In order to process manual disbursements, staff need to be aware of and comply with relevant processes and procedures and to be adequately trained. This represents a range of risks which are not present with automated electronic disbursements.

### **Background**

71. As mentioned previously, in most cases the disbursement of child support payments by DHS is automated using the Cuba system. On the third Wednesday of every month, and every day thereafter until the end of the month, child support payments made by the payer are automatically disbursed to the payee. The disbursement only occurs if the payer has deposited funds into their designated account.
72. Payees may contact DHS prior to the third Wednesday of every month and enquire if the payer has made a child support payment. If this is the case, the payee may request a manual disbursement of those funds. <sup>47E(d) 47E(b)</sup>  
47E(d) 47E(b)
73. In certain circumstances the Child Support Master Program can use funds from a Consolidated Revenue Account (i.e. Australian Government monies) to make a payment to a payee (or reimburse a payer for an overpayment). Specifically, the Consolidated Revenue Account is used when an administrative error by DHS results in an under or overpayment. DHS may choose to resolve the issue using consolidated revenue and then implement a process to recover the debt from the relevant parent. <sup>47E(d) 47E(b)</sup>  
47E(d) 47E(b)
- 74.
75. Staff that have access to the Cuba system to make child support payments are authorised to enter a manual disbursement. Manual disbursements are subject to peer review by a second member of staff. This provides an independent review of the process and the amount disbursed. The use of consolidated revenue requires additional steps and controls. These additional steps are identified in Figure 1 and discussed further later in the report.
76. In April 2012, the Child Support Program Quality Team conducted a quality analysis of the manual disbursement process (Tier One Decision Monitoring Report). The quality analysis found that all of the 400 sample disbursements reviewed were processed with

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<sup>5</sup> Specific examples of when a manual disbursement can be used are included in *Procedural Instruction – Disbursements*.

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funds available (i.e. no consolidated revenue debt was created) and that all of the disbursements were correctly entered into the Cuba system.

77. <sup>47E(d) 47E(b)</sup>

78. <sup>47E(d) 47E(b)</sup>

79. <sup>47E(d) 47E(b)</sup>

***Discussion of Internal Review Findings***

80. <sup>47E(d) 47E(b)</sup>

81. <sup>47E(d) 47E(b)</sup>

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<sup>6</sup> The review was conducted by Peter Searston, Service Leader Northern Queensland.

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47E(d) 47E(b)

82. The quality analysis of the manual disbursement process (Tier One Decision Monitoring Report) demonstrated two key points. First, staff are processing manual disbursements correctly, and secondly the incidence of a manual disbursement drawing upon consolidated revenue is rare. The likelihood of a child support payment being incorrect and drawing upon consolidated revenue is low. <sup>47E(d) 47E(b)</sup>

47E(d) 47E(b)

47E(d) 47E(b)

83.

84. <sup>47E(d) 47E(b)</sup>

47E(d) 47E(b)

85.

86. <sup>47E(d) 47E(b)</sup>

87. As mentioned previously, currently a staff member making a manual disbursement has the transaction checked by another staff member at the same level unless the
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<sup>7</sup> Batch processing is the execution of a series of programs without manual intervention. A program takes a set of data files as input, processes the data, and produces a set of output data files.

<sup>8</sup> The number of manual disbursements for period 1 April 2011 to 31 March 2012.

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transaction is using consolidated revenue (Refer paragraph 81). <sup>47E(d) 47E(b)</sup>  
<sup>47E(d) 47E(b)</sup>

The Cuba system control limits the amount that can be manually disbursed to the payee to the amount populated in this 'amount' field.

### **Risk**

88. If the control environment to manage manual disbursements is not commensurate with the risk it may result in an inappropriate level of control and administrative inefficiencies.

### **Recommendation**

<sup>47E(d) 47E(b)</sup>

- a) strengthen existing processes for the training and supervision of staff
- b) review existing controls and authorisations for manual disbursements using consolidated revenue with a view to further strengthening them
- c) consider centralising manual disbursements to a specialist team

### Response to Recommendation 1:

Agree

### Responsible Officer:

General Manager, Child Support Operations

### Implementation Date:

December 2012

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## **Issue 2 – Compliance with procedural guidance including documenting decisions**

89. <sup>47E(d) 47E(b)</sup>

### ***Background***

90. Procedural instructions for the disbursement process provide information on:
- how the disbursement process operates
  - the procedural steps for recording, verifying and updating disbursement details
  - what to do if there are problems with the disbursement process.<sup>9</sup>
91. The procedural instructions include details on the type of information that staff need to record as part of the manual disbursement process.
92. Cuba system controls require staff to document information at specific points of the manual disbursement process. Staff must populate various electronic notes and provide information to support the decision to manually disburse a payment. Against each note, the system records the staff member’s unique ID number and the time and date of the transaction. This produces an auditable trail of the disbursement process.
93. DHS provides initial and ongoing training for Child Support staff, which includes the procedures for entering and approving a manual disbursement.
94. In April 2012, the Child Support Program Quality Team conducted a quality analysis of the manual disbursement process (Tier One Decision Monitoring Report).<sup>10 47E(d) 47E(b)</sup>  
<sup>47E(d) 47E(b)</sup>

### ***Discussion of Internal Review Findings***

95. Procedural instructions detail the processes and requirements for a manual disbursement, and the information to use to make a decision to grant or reject an application for a manual disbursement. Controls in the Cuba system enforce the
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<sup>9</sup> Department of Human Services, ‘PI – Disbursements’, accessed 29/5/12.

<sup>10</sup> The sample size for the quality analysis was 400 manual disbursements.

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creation of file notes. 47E(d) 47E(b)  
47E(d) 47E(b)  
47E(d) 47E(b)  
96.

47E(d) 47E(b)  
97.  
47E(d) 47E(b)

98. 47E(d) 47E(b) Child Support  
Operations should first identify which procedural instructions represent on-going business requirements and then implement the following:

- Periodically review compliance with the procedural guidelines with a particular focus on procedural tasks with low compliance levels. This may take the form of repeating the quality analysis exercise (Tier One Decision Monitoring Report).
- Establish regular management reporting on compliance with procedural instructions. By actively monitoring conformance with procedural instructions, management will be able to reinforce the importance of procedural compliance and detect and address systemic non-compliance.
- Update training in relation to documentation and the collecting of evidence to support decision-making.

**Risks**

99. If key policy and procedural instructions established to support payment accuracy in the Child Support Program are not current and staff are not aware of them, it will result in inconsistent and inefficient business processes and the possibility of incorrect payments.

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***Recommendation***

Recommendation 2: To strengthen compliance with relevant procedural instructions, Child Support Operations should:

- a) assess whether specific instructions continue to support the needs of the Child Support Program
- b) reduce the volume and complexity of specific instructions if the instructions are not required to effectively manage risks
- c) communicate the importance of relevant procedural instructions and develop processes to support compliance.

Response to Recommendation 2:

Agree

Responsible Officer:

General Manager, Child Support Operations

Implementation Date:

December 2012

**Appendix A: Acronyms**

<b>Acronym</b>	<b>Full Term</b>
ANAO	Australian National Audit Office
APS	Australian Public Service
CSO	Customer Service Officer
CSP	Child Support Program
DHS	Department of Human Services
SES	Senior Executive Service (officer within DHS)



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47E(d) 47E(b)

The operator must enter data into required fields. If the operator attempts to save data when a field is blank they will be unable to do so. A red “\* Required” appears under the blank field until such time as the operator enters data or closes the screen.

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