

accountability and management

INTERNAL AND EXTERNAL SCRUTINY

Audit Committee

The Audit Committee's role is to review, monitor and where necessary recommend improvements to:

- internal control
- financial reporting
- internal audit functions
- external audit processes
- the office process for monitoring compliance with legislation and government policy directives.

The Audit Committee comprises four members: Ron Brent, Deputy Ombudsman (Chair); Joe D'Angelo, Chief Finance Officer from the Department of the Senate; Philip Moss, Special Tax Adviser; and Natalie Humphry, Contract Manager. The Committee also has a standing position for the Australian National Audit Office.

Risk management

Risk management activities have been incorporated into the Ombudsman's planning and operations and the management of contractors. The office has developed a risk management policy and procedures to:

- create, maintain and continuously improve risk management standards
- establish, maintain and continuously improve a risk register
- help to prioritise and schedule risk control improvements in each of the Ombudsman's cost centres
- report to the Audit Committee and Executive on risk improvement and compliance
- raise awareness among staff about risk management.

An external consultant was engaged to review the existing risk management framework and assess

the strategic business risks. It is expected that the Ombudsman will consider this matter early in 2004–05.

A review of occupational health and safety (OH&S) risks has been undertaken through a consultancy in relation to the Brisbane, Canberra and Melbourne offices. Security risks are also periodically reviewed.

Business continuity planning

Continuity management is an important issue for the office, allowing it to identify and assess risks that could disrupt services and functions, to predict likely problems, and to plan to avoid or minimise the impact of hazardous incidents.

We engaged a consultant during 2003–04 to assist in business continuity planning as part of our risk management strategy. The business continuity plan will:

- assess the impact on the Ombudsman's operations of a disaster which may render the Canberra office and central information technology facilities unusable for an extended period
- identify key components and provide recovery solutions for the Canberra computer systems and interstate voice and computer network
- create a complaint-handling solution for emergency operations
- establish a strategic plan for Canberra operations and the ability for the public to contact the Ombudsman in the immediate and medium-term period
- document a practical strategy for recovery, to include the office's strategic plan, key applications, essential procedural changes (if any) and team construction and responsibilities.

The plan will be finalised in 2004–05 and tested as part of the implementation.

Fraud control

The Ombudsman has adopted a fraud control policy in line with the government's Fraud Control Guidelines to reflect best practice in identifying and controlling fraud risks. This policy aims to:

- actively prevent, detect and investigate fraud
- refer offenders to appropriate agencies where necessary
- seek civil, administrative or disciplinary penalties where appropriate
- recover proceeds of fraudulent activity
- be accountable to Parliament and report to government
- maintain and improve appropriate fraud control standards
- train employees in ethical management, privacy and fraud awareness issues
- ensure that fraud control contractors have the required specialised training.

The office will review its fraud risks and controls in 2004–05, although the risks are considered to be low given the size of the office and a record of no fraud incidents.

Freedom of Information

The *Freedom of Information Act 1982* (the FOI Act) requires each Australian Government agency to publish a statement setting out its role, functions, decision-making powers, consultative procedures, the documents available for public inspection, and access to such documents. This statement is available in Chapter 11.

Privacy legislation

The Ombudsman provides information as required to the Privacy Commissioner for inclusion in the *Personal Information Digest*. No reports by the Privacy Commission under s 30 of the *Privacy Act 1988* concerning actions or practices by the office were received during 2003–04.

Litigation and legal issues

In July 2003, the Federal Magistrates Court made its decision on an application for review of the previous Commonwealth Ombudsman's decision to cease an investigation. The Court upheld the Ombudsman's decision, awarding costs. In another

matter, the Federal Court dismissed an application for review of an Administrative Appeals Tribunal (AAT) decision. The AAT had previously dismissed the application for review of a decision made under the FOI Act. Court costs were again awarded to the Ombudsman.

The office is dealing with another application to the Court, which is listed for a preliminary hearing early in 2004–05.

Several applications to the AAT for review of decisions made under the FOI Act were dealt with during the year, all but one from a single FOI applicant. One matter has been decided, with the AAT accepting the office's submission that a decision to transfer a request is not subject to internal or AAT review. The other matters relating to that applicant have been adjourned until early in 2004–05 at the request of the applicant.

The office has relied on its statutory non-compellability when required by subpoena or discovery to disclose documents in matters in which it was not a party.

Occupational health and safety

The office's OH&S Committee is made up of elected representatives from each regional office and chaired by the Human Resource Manager, who represents management. The Committee met three times during the year.

All new employees are made aware of the importance and responsibilities of both staff and management for health and safety in the workplace. New employees are encouraged to have workplace assessments conducted shortly after commencement.

There were no reportable incidents during the year.

During 2003–04, the office ensured that:

- obligations for Comcare premiums were met
- compensation cases were managed in accordance with approved guidelines
- health assessments were made available to employees, where necessary
- an influenza vaccination program was undertaken
- necessary eye examinations were undertaken

- workplace assessments were conducted for employees
- first aid supplies were made available.

The office provides an Employee Assistance Program to ensure that employees and their families have access to a confidential counselling service to assist with workplace problems and management of any work-related or personal stress.

Disability action plan

The Ombudsman recognises the importance of the *Disability Discrimination Act 1992* in ensuring equality of access to the services of the Commonwealth Ombudsman for people with disabilities and eliminating discriminatory practices by staff. The office endeavours to meet its obligations under the Act through implementation of the Commonwealth Disability Strategy and its Disability Action Plan.

As an employer, the Ombudsman's employment policies and procedures comply with the requirements of the Disability Discrimination Act. The following processes are in place.

- A workplace diversity plan provides for measures to assist staff who have particular needs.
- All employment policies and procedures are communicated in a manner that is responsive to the needs of employees.
- Recruitment information for potential job applicants is available direct from the office's website in accessible formats.
- Employment policies and procedures are made available in a manner that is responsive to the needs of prospective employees. Appropriate material in hard copy is provided to prospective employees when they seek details of employment opportunities.
- Managers and recruiters apply 'reasonable adjustment' principles.
- The Workplace Diversity Program allows for a flexible approach to management of employees with special needs.
- Training and development programs consider and respond to the needs of people with disabilities and include information on disability issues where they relate to the content of the program.

- Complaints/grievance mechanisms, including access to external mechanisms, are in place to address issues and concerns raised by staff and the public.

Environmental matters

The Ombudsman is required to report on certain environmental matters by s 516A(5)(a) of the *Environment Protection and Biodiversity Conservation Act 1999*, detailing the office's environmental performance and its contribution to ecologically sustainable development.

The Ombudsman continued to encourage staff to manage all resources, including energy, prudently and in an ecologically responsible manner. Policy guidance is provided on conservation of energy in use of lighting and computer equipment. The office actively recycles paper and cardboard products.

Advertising and market research

In accordance with reporting requirements contained in s 311A of the *Commonwealth Electoral Act 1918*, the total payment by the Ombudsman to advertising and market research organisations in 2003–04 is reported as \$64,410 (including GST). The payment comprised:

- Advertising**—six ethnic newspapers promoting awareness of the office (total \$3,580).
- Market research**—ACNielsen Research Pty Ltd—client satisfaction survey of random selection of complainants to the office (\$60,830).

Service charter

We are committed to providing the best service possible. The Commonwealth Ombudsman Service Charter is available on our website at www.ombudsman.gov.au. The charter outlines the service that can be expected from the office, ways to provide feedback and steps that can be taken if standards are not met. Where a complainant disagrees with our decision on a complaint, a more senior officer not previously involved in the matter conducts a review.

The Ombudsman's Service Charter and the mechanisms for monitoring, responding to and recording complaints about our service will be reviewed in 2004–05.

Feedback from complainants to the office is an effective way to identify where changes may need to be made. During the year, 26 comments were received from complainants regarding our services. Most of the feedback concerned service delivery and decisions reached, with 23 of the comments positive and three negative. The negative comments related to dissatisfaction about decisions made by government agencies.

CORPORATE MANAGEMENT

Financial performance

Revenue from ordinary activities was \$10.520 million in 2003–04.

The office received \$9.462 million in direct revenue from departmental appropriation, amounting to \$0.995 million more than that received in 2002–03. The additional revenue was provided to increase the office’s capacity to handle law enforcement complaints and complex investigations.

Total expenses for the office were \$10.563 million, leading to a deficit in 2003–04 of \$0.043 million, primarily due to a write-down of the complaints management system.

Financial position

The office’s total equity—that is, the sum of the office’s assets less its liabilities—increased by \$0.387 million due mainly to an equity injection in the 2003–04 year.

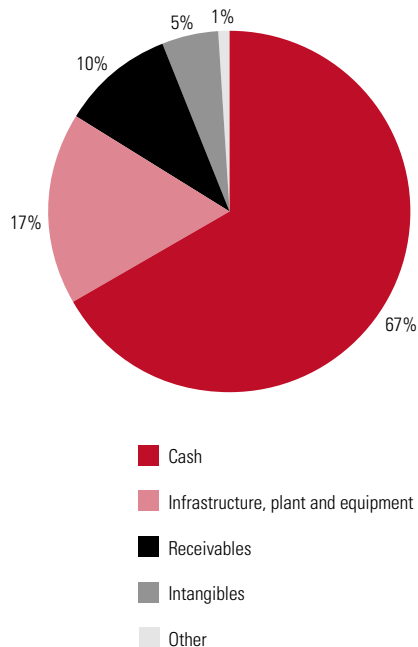
Assets may be broken down into four main categories:

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

‘Other non-financial assets’ relates to prepayments.

The office’s total assets increased to \$3.731 million in 2003–04 from \$2.193 million in 2002–03. The increase in financial assets arose from accumulated cash reserves. The proportion of each type of asset held during 2003–04 is set out in Figure 10.1.

FIGURE 10.1 Office assets, by category, 2003–04



Financial assets

The Statement of Financial Position shows cash holdings of \$2.477 million. This compares with the \$1.051 million held in 2002–03. The increase in cash holding is primarily due to:

- putting aside cash at year end to meet current obligations, employee entitlements and the replacement of infrastructure, plant and equipment, and intangibles
- the equity injection
- timing differences.

Non-financial assets

The office’s non-financial assets decreased to \$0.870 million in 2003–04 from \$1.017 million in 2002–03, primarily due to the write-down of intangibles.

Liabilities

Total liabilities increased by \$1.151 million to \$3.477 million in 2003–04 compared to \$2.327 million in 2002–03. The major increase related to employee entitlements and creditors.

Factors affecting future performance

In the 2004–05 Budget, the government provided additional funding of \$7.061 million over four years to establish new roles for the office, for expanded delivery of Ombudsman services in regional and remote areas, for improved oversight of surveillance devices, and as partial funding of Comcover premiums.

Cash held will be used largely for implementing a new complaints management system and related electronic data management, as well as for replacing aged desktop information technology equipment.

Consulting and contracting services

The Ombudsman's office is committed to achieving the best value for money in its procurement practices. Purchasing practices and procedures are consistent with the Commonwealth Procurement Guidelines and are set out in the Ombudsman's Chief Executive Instructions.

There were nine consultancy service contracts let during 2003–04 with a value of \$10,000 or more. The total expenditure on these consultancy contracts was \$278,565. Services included provision of two client satisfaction surveys, investigation of decisions under the *Freedom of Information Act 1982*, and a risk assessment of occupational health and safety within the office. Details are available at www.ombudsman.gov.au.

INFORMATION TECHNOLOGY

During the year, the Ombudsman's office initiated significant changes to a number of key information technology functions:

- network information management architecture
- complaints management
- voice services
- facilities management.

These changes aim to improve the handling of strategic issues within the office, including better electronic management of information and a more robust technological environment.

The need to make significant changes to our technological environment has arisen as the demands to improve productivity and associated

pressures on staff have grown. The Ombudsman's office recognised that the inherent restrictions of our current complaints management system and our current network architecture would have inhibited our ability to make these changes. Importantly, the manner in which we use and think about information has changed over time, which has fundamentally challenged our information networks and network infrastructure. This has resulted in the pressing need to improve data input efficiencies and to streamline and integrate work practices. Replacement of desktop workstations throughout the organisation in 2004–05 is also part of the process of enhancing capacity and processing capability within the new environment.

Network information management architecture

With the aim of improving electronic workflow throughout our organisation, we have been reviewing the interaction between shared directories (where information is stored on our computer system), the complaints management system, corporate email, and web services. We have taken a standards-based approach to improve interoperability between these environments. Current work practices for case management require electronic documents to be moved into the complaints management system or printed to a manual folder. This has limited our ability to find information efficiently, to authenticate documents and to avoid duplication. Based upon this need, the office decided to restructure the document and information management systems, including the interaction of electronic systems and manual processes.

Following market evaluation, product reviews and pilot testing undertaken during 2003–04, we developed a strategy covering three primary areas: email application server; network document management; and web content management. This strategy will be implemented in conjunction with the new complaints management system and seeks to address the functional requirements of effective electronic management of information and workflow between all environments within the office.

As part of reviewing organisational business needs, we are addressing the need for mobility via

portable devices. As functionality expands and security is enhanced, these devices can be utilised. Initiatives are also underway to share secure email with other Australian Government offices.

A number of enhancements to the office's network environment were made during 2003–04 as a result of changes in technology and associated maintenance costs, and the rationalisation of ageing equipment. The network firewall was upgraded to create a secure area to house the upgraded external web server. These changes resulted in a more robust compliant firewall configuration and reduced maintenance costs.

A Sun V240 server has been installed and a pilot for a new email system was completed in June 2004. This machine will be the primary email serving system for the new environment. Operational production of this environment will be achieved by the end of 2004. Improvements have been made to desktop virus controls via the installation of automated network updates. A Microsoft Update server now enables operating system changes to be applied to all devices once they are available from Microsoft.

Complaints management

The electronic complaints management system is the office's core business application for complaint handling. There is a significant amount of workflow and reporting requirements associated with this system. Over time, we have developed a number of key operational criteria appropriate to our business needs. A review of the current system's functionality found a number of performance weaknesses, including:

- poor network performance and response time
- limited reporting functionality
- restrictions on configuration and control
- system inflexibility
- insufficient integration with other network applications.

In 2003–04, we sought quotations for a new electronic complaints management system to provide simplified data entry, more efficient workflow, and improved performance and reporting functionality. As part of this process,

we conducted a market review of application options to address the current issues, and an application strategy was developed. A new complaints management system will be implemented in the first half of 2004–05. The 'Challenges in complaint handling' chapter provides further information on how the complaints management system is used and some of the challenges faced.

Voice services

Digital phone handsets were installed in Canberra in 2003–04, bringing our national office in line with our other offices. Upgrades to connectivity between Canberra, Sydney and Melbourne reduced the operating costs of voice services. Enhancements were also made to the national router network to enable quality of service levels to be achieved.

Further to upgrades undertaken in 2002–03 to provide PABX capability in several offices, improvements to hardware and software were implemented in 2003–04 to provide the office with full PABX reporting capability. This new system enables bill verification and voice traffic analysis of dedicated PABX facilities in Canberra, Sydney and Melbourne.

In a drive to rationalise hardware and improve electronic capture of information, further desktop enhancements are planned, including 'fax to the desktop'.

Facilities management

The management of information technology facilities (equipment and help desk) has been maintained as an 'outsourced' function. This outsourcing arrangement is market-tested every three years. As the current agreement will conclude in 2004, a review of the help desk support function will be conducted early in 2004–05.

There has been a significant increase in help desk support over the past few months. This has been attributed to additional hardware requirements due to increased staff numbers and demand for mobile devices such as laptops. Considerable work was required to develop the desktop software profiles to ensure that they are compliant between the old and new equipment.

PEOPLE MANAGEMENT

During 2003–04 the Ombudsman’s office managed its employees in accordance with the conditions of our Certified Agreement and a number of Australian Workplace Agreements (AWAs), as well as with our obligations under the *Public Service Act 1999*.

Statutory appointment details for the Ombudsman and Deputy Ombudsman are:

	TERM	EXPIRY DATE
Prof. John McMillan	5 years	16 March 2008
Mr Ron Brent	5 years	1 June 2008

Workplace relations

The Australian Industrial Relations Commission certified a new Certified Agreement on 22 October 2003. The new agreement remains in force until 30 September 2005.

The agreement focuses on people, remuneration and employment arrangements, working environment and lifestyle, further streamlining of personnel practices and processes, and performance management and improvement to underpin salary increases. These are also characteristic of the AWAs in place for a small number of employees. Full details are in Table 10.1 (the office’s two statutory officers are not included).

TABLE 10.1 APS employees covered by Certified Agreement or Australian Workplace Agreement, by SES and non-SES, 30 June 2004

	SES	Non-SES
Certified Agreement	0	84
Australian Workplace Agreement	4	4

APS = Australian Public Service; SES = Senior Executive Service

Non-salary benefits provided to staff under the Certified Agreement include:

- employer-sponsored superannuation
- dependant care costs arising from arrangements that are required in specific circumstances.

The Certified Agreement and the non-SES AWAs do not make provision for performance pay. Salary advancement through pay points within each classification is linked to performance, in accordance with the policy parameters for agreement-making in the Australian Public Service. SES AWAs provide for annual salary advancement within the range based on performance.

The Workplace Relations Committee continues to provide a forum for discussion of issues surrounding implementation and operation of the agreement. It also provides a consultative, advisory and information-sharing mechanism between management and employees on matters affecting employment conditions in the office.

Career development and training

Key areas of staff development during the year were:

- investigations training
- performance management training
- orientation training
- general information sessions.

Career development and training focused on continuous improvement of organisational performance through analysis of needs. The office developed and managed an Introductory Investigations Course in August 2003 and an Advanced Investigations Course in March 2004. The courses were designed to cater for investigation and compliance officers and senior investigation officers, respectively. Course participants were attracted from other agencies and overseas Ombudsman offices. These courses are to be conducted each year as part of the Ombudsman’s commitment to improving the skills of investigation officers.

A new Performance Management Program was developed and implemented in 2003–04, with all staff receiving training in performance management principles and the new program.

An Orientation Program was held during the year to give all new employees from State Offices and the National Office a consolidated overview of the organisation and its functions.

The office also contributed to the development of its staff by providing study assistance.

Staffing profile

During 2003–04, 14 employees (13 of whom were women) were engaged on an ongoing basis.

Nine ongoing employees left the office during the year, equating to a turnover rate of 10%. Given the nature of the office's work and the fact that we run eight offices throughout Australia, this turnover rate is relatively modest.

Staffing levels

The actual number of employees at 30 June 2004 was 92, which included the Ombudsman and Deputy Ombudsman, who are statutory appointments. The full-time equivalent number of employees for the year was 89.5. The numbers of ongoing and non-ongoing employees, by gender and APS classification, are shown in Table 10.2. Five employees on long-term leave without pay under the Prime Minister's Directions 1999 are not included in the table. Table 10.3 provides the office's staffing profile by location.

TABLE 10.2 Staffing profile, by level and gender, 2003–04

Salary	Men	Women	Total
APS1 \$29,562–\$32,674	0	1 non-ongoing	1 non-ongoing
APS2 \$33,456–\$37,100	1 non-ongoing	0	1 non-ongoing
APS3 \$38,108–\$41,130	2 (incl 1 non-ongoing)	4 (incl 2 non-ongoing)	6 (incl 3 non-ongoing)
APS4 \$42,472–\$46,114	7 (incl 1 non-ongoing)	20 (incl 2 non-ongoing)	27 (incl 3 non-ongoing)
APS5 \$47,371–\$50,232	1 non-ongoing	4	5 (incl 1 non-ongoing)
APS6 \$51,165–\$58,774	2	9 (incl 1 non-ongoing)	11 (incl 1 non-ongoing)
EL1 \$65,591–\$70,827	10 (incl 3 non-ongoing)	8	18 (incl 3 non-ongoing)
EL2 \$75,625–\$85,767	8 (incl 1 non-ongoing)	9	17 (incl 1 non-ongoing)
SES and statutory officers— above \$94,943	4*	2	6*
TOTAL	35* (incl 8 non-ongoing)	57 (incl 6 non-ongoing)	92* (incl 14 non-ongoing)

* Includes two statutory officers.

TABLE 10.3 Staffing profile, by location, 2003–04

Location	Men	Women	Total
ACT	21*	35	56*
NSW	3	8	11
NT	0	1	1
QLD	1	6	7
SA	1	2	3
TAS	1	0	1
VIC	6	4	10
WA	2	1	3
TOTAL	35*	57	92*

* Includes two statutory officers.

FEATURE

corporate support

EXECUTIVE TEAM

The Ombudsman and Deputy Ombudsman discharge a large number of managerial and statutory responsibilities imposed by the Ombudsman Act and other legislation and executive directives. Together with their Executive Assistants, they constitute an Executive Team that provides direction and assistance to the office as a whole on matters such as drafting, presentation and preparation of reports and correspondence, managing the flow of correspondence, providing national coordination of meetings and telephone conference discussions between our eight offices, and liaising with State and International Ombudsman offices and key agencies.



LEGAL AND POLICY TEAM

The Director of Legal and Policy and a part-time Freedom of Information officer provide the Ombudsman's legal and policy advice. The expertise of Ombudsman investigation staff with legal qualifications is also drawn upon.

The Director provides in-house legal advice to investigators and managers, handles the office's responsibilities under the *Freedom of Information Act 1982*, the *Privacy Act 1988* and other administrative law and information access legislation, and provides or arranges representation in tribunals and courts.

Legal and Policy supports the Ombudsman, investigation and corporate staff by providing research and guidance. The team is also the



first point of contact on policy and legislation issues affecting the Ombudsman, deals with FOI and external review, and advises on proposals affecting the office's work.