Australian Government

Department of Finance and Deregulation

Review of the Administration of Parliamentary Entitlements by the Department of Finance and Deregulation

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1 – INTRODUCTION

1.1 Background

The Review of the Administration of Parliamentary Entitlements was initiated by the Department of Finance and Deregulation (Finance) as part of its program of continuous improvement. Its Terms of Reference (copy at Attachment A) ask for an examination of the administration by Finance of the parliamentary entitlements framework, focusing particularly on "the way it does business and the way it interacts with parliamentary clients".

There have been two other significant reports in this area over the last 18 months.

The Committee for the Review of Parliamentary Entitlements reported on 9 April 2010, and its Report is currently under consideration by the Government. The Committee was asked to advise, inter alia, on the development of a legislative basis to authorize the provision of specified entitlements, framework changes that remove overlaps, inconsistencies and gaps in entitlement provision, and the definition of key terms limiting entitlements use.

The present review is complementary to the Committee's Review and, under its Terms of Reference, specifically does not examine possible changes to the framework of entitlements, but rather Finance's administration of the entitlements as they currently exist.

Secondly, in September 2009, the Australian National Audit Office (ANAO) tabled a Performance Audit of the Administration of Parliamentarians' Entitlements by the Department of Finance and Deregulation (Performance Audit Report No.3, 2009-10). Aspects of the discussion in the Audit Report are relevant to this review.

1.2 Ministerial and Parliamentary Services

While the Parliamentary Departments and Ministers' Portfolio departments also play a part in the administration of services to Senators, Members and their staff, Finance has principal responsibility in this area. Within Finance, with the exception of superannuation arrangements, advice on allegations of misuse of entitlements and the provision of IT facilities in electorate offices, responsibility for the administration of entitlements rests with Ministerial and Parliamentary Services (M&PS). It is this area of administration that is the subject of the present review.

In summary, M&PS is responsible for:
- processing claims from Senators, Members and their staff;
- administering services and entitlements relating to electorate offices;
- paying the additional salary of Ministers and Parliamentary Secretaries;
- providing written and oral advice to Senators, Members and their staff on their entitlements;
- providing advice to the Special Minister of State (the Minister) on the entitlements framework;
- preparing reports on entitlement usage and expenditure for the use of Senators and Members in managing their offices, and for accountability and transparency purposes;
- organizing electorate accommodation and Office Holders' accommodation around the country;
- establishing and administering relevant procurement contracts; and
- providing a nationwide car-with-driver service (COMCAR).

In administering these functions, M&PS processes many thousands of entitlements a year. It is estimated that annual transactions for Senators and Members and their staff include:
- 700,000 personnel and entitlement transactions;
- 30,000 flight reservations;
- 21,000 travelling allowance claims; and
- over 40,000 issues logged on the call register.

Seen in the context of processing systems that require significant manual input, this represents a considerable workload.

M&PS has a loyal and long serving group of staff. The Division moved to Finance in 1997, following the abolition of the Department of Administrative Services, and over 40 of the staff already with M&PS in its former department remain with it today. In addition, approximately 40% of its total staff, and approximately 60% its more senior staff (EL1 and above), have been with M&PS for over 5 years. This has advantages, especially when considerable dependence is placed on the experience and corporate memory of long serving staff. But it also carries obvious problems and vulnerabilities, particularly with the deficiencies in system support mentioned above.

At 30 June 2010, the Division had 243 employees (excluding casual COMCAR drivers), and departmental costs in 2009-10 of $19.897million (excluding corporate and other overheads). It administered entitlements to 226 Senators and Members, about 1800 *Members of Parliament (Staff) Act 1984* (MOP(S) Act) employees and a further 1209 clients (comprising 852 family members of current parliamentarians and 327 former parliamentarians, partners and widows) at a cost of $365.869million in 2009-10 (excluding COMCAR).

It is organised into five branches:
- Entitlements Policy: responsible for policy development and advice;
- Entitlements Management: coordinates advice and delivery, providing the client service face of M&PS, including through Entitlements Managers and the State and Territory Offices;

- Client Services: manages claims processing and support services, including the provision of human resource services and payments made in accordance with entitlement;
- Accountability and Reporting: focuses on the control framework, including reporting on entitlements use and expenditure, and the newly established enhanced auditing and checking function; and
- COMCAR: provides premium car-with-driver services to clients across Australia.

A significant proportion of its work is relevant, or potentially relevant, to more than one branch. This factor, combined with system deficiencies and the consequent manual input required, means that a high level of personal contact is necessary to achieve coordination of the interrelated issues across the branches. The schedule of regular meetings is very significant and is complemented by ongoing ad hoc meetings on particular issues as they arise.

One of the major administrative issues for M&PS is managing its workload, much of it driven by events outside its control. Despite improvements in administration over recent years, therefore (including upgrading the content and presentation of reports, increased pre and post payment checking of entitlements, improvements in base system support, and moves in the direction of greater risk management), M&PS has tended to remain reactive rather than proactive in much of its work.

1.3 Parliamentarians' Perceptions

The Terms of Reference for the review note that the consideration of options to improve the delivery of services to Senators, Members and their staff should take into account the results of an independently conducted Client Satisfaction Survey of parliamentarians, being undertaken to gain feedback on service delivery. Unfortunately the Survey is still underway, although an early interim report is available.

However discussions have been held with a number of the more experienced Senators and Members, as suggested by the Minister, to gain their views of the service provided. Discussions were also held with several staff of the Senators and Members at their suggestion.

The opinions of those consulted were by no means all negative, and there was some understanding of the problems faced by Finance in the sensitive environment surrounding the administration of parliamentary entitlements. The following areas, however, are a summary of the those perceived as requiring attention:
- there is insufficient understanding of the needs of parliamentarians and the day-to-day problems they face;
- there is too little appreciation of the need for seamless movement between Parliament House and the electorate office, particularly in terms of IT compatibility;
- advice on entitlements, whether written or oral, can lack clarity or be inconsistent;

- forms are cumbersome and time consuming to complete;
- the data in Monthly Management Reports seem to be neither correct nor current, and the Reports are unwieldy in presentation;
- checking the details in the reports is difficult as the data is frequently unavailable or is difficult to match to the reporting categories;
- the certification (and confirmation) requirements of the reports are confusing, as is the basis on which they are provided;
- accountability processes are perceived as unnecessarily bureaucratic and cause significant delays, particularly in connection with employment and travel documentation; and
- the systems used are outdated and there is a need to move to far greater online processing.

1.4 The Administrative Environment

The environment that M&PS faces in administering parliamentary entitlements is a difficult one.

In its submission to the Committee for the Review of Parliamentary Entitlements, Finance drew attention to the problems faced in administering a system that has developed on an ad hoc basis over many years. It pointed to the heavy reliance on interpretation and judgement that results from the lack of definition of key terms (including *parliamentary*, *electorate* and *official business*), and the difficulty in understanding entitlements that are spread across many overlapping source documents.

As a result, and particularly in the sensitive environment of parliamentary entitlements where any hint of misuse is eagerly taken up by political opponents or public commentators, there has been an increase in regulation and specification of the administrative procedures used to account for entitlement use.

Thus the system has become increasingly rules based and, in parallel, inflexible for parliamentarians to use and resource expensive for M&PS to administer. It has become focused on deterring possible misuse by the minority who push the barriers of eligibility, rather than on the majority who want to understand their entitlement and use it in line with that understanding.

This situation has not been helped by weaknesses in the governance framework that draws together government's overarching role and the roles of the Remuneration Tribunal and M&PS.

As noted by the Secretary to the Remuneration Tribunal (ANAO Report No.3 of 2009-10), for example:

> "while the Tribunal is responsible for inquiring into and determining, or advising upon, matters in its jurisdiction, it is not responsible for the administration of entitlements."

Without a framework that sets out more clearly the roles and responsibilities of the various players, and the areas and points of coordination, the entitlements system will continue to develop in an ad hoc manner and to lack coherence.

While these are issues of policy and outside the terms of reference of this review, they are mentioned here to draw attention to the framework difficulties in the administration of parliamentary entitlements which are closely related to the inflexibilities, legalistic protections and resource intensive administrative procedures that have developed.

A clearer and more integrated framework flowing from consideration of the Review of Parliamentary Entitlements would substantially facilitate more cost effective administration and greater client focus.

1.5 Improvements in Administration and Client Service

As noted above, and despite the improvements of recent years, M&PS' administrative processes retain procedures that are outdated and process driven, and that are frustrating for both parliamentarians and M&PS itself. M&PS has also been fully occupied with its heavy workload and has had neither the time nor the resources to attack the problem in a coordinated way.

The integrated nature of its business, however, means that such a coordinated approach is essential if the full potential administrative efficiencies and improvements in client service are to be achieved. For example:

- the introduction of online functionality for the administration of MOP(S) Act employees' entitlements would itself be of significant benefit to the staff concerned and would bring administrative efficiencies for M&PS through increased online transactions. In addition the ability for staff to see their pay slips and current leave balances online would reduce pressure on the Staff Help Desk;

- improved reporting functionality, combined with report redesign, would simplify checking of details by parliamentarians and their staff, assisting the accuracy and currency of the reports. This would improve the usefulness of the reports both as a management tool for parliamentarians and as an aid to accountability for government and, again, would reduce pressure on the call channel;

- improvements to the written guidance for parliamentarians and placing it online provides a greatly improved basis for parliamentarians and their staff to judge entitlement eligibility, both in providing greater client service as an aid to understanding entitlements, and in potentially reducing pressure on the call advisory channels. Realising this potential will be assisted when the intranet redesign is finalised (and in the future greater search functionality is provided), to make access to the information easier for parliamentarians and their staff; and

- a replacement call register would allow a quicker and more coordinated response to questions, particularly where the question requires follow up and the previous exchanges must be located. It would also provide greatly improved information management ability that would support better coordinated and targeted advice as well as proactive policy development.

In working to provide a more usable system for parliamentarians and their staff, and a less administratively burdensome process for M&PS, the additional funding recently provided for an enhanced auditing and checking function in M&PS and the stronger basis for risk management that it provides will be of significant benefit. This should provide the necessary intelligence and targeting for refined accountability processes to support administrative simplification.

Importantly, the Government's move to provide greater transparency by tabling reports on entitlement usage and expenditure every six months will underpin moves to increase the coverage and accuracy of information and will highlight the importance of ensuring that entitlements taken are in line with legislative provision.

In designing systems for use by parliamentarians and their staff, clear benefit would be gained from involving Parliament House in road testing their use, both to increase understanding of the work underway by M&PS to improve the usability of the services provided, and to build on the experience of the users of the system to improve the final result.

2 – POSSIBLE ALTERNATIVE SERVICE DELIVERY MODELS

Administration of the entitlements of Senators and Members passed to the Department of Finance and Deregulation (then the Department of Finance and Administration) when the Department of Administrative Services was abolished in 1997. The abolition of Administrative Services followed the outsourcing of many of its functions but also may have been prompted by claims raised in Parliament about Ministers' 'travel rorts'.

Since then, questions have from time to time been raised about whether Finance is the most appropriate home for the parliamentary entitlements function. Most recently, such suggestions have focussed on a possible transfer of administration to the Chamber Departments, on the grounds that they have a more direct understanding of parliamentarians' needs, or to the Human Services Portfolio, on the grounds that it has a strong service delivery expertise and culture.

2.1 Responsibility for Entitlements Administration

Although Finance has principal responsibility for the administration of parliamentary entitlements under the Administrative Arrangements Order (AAO), other agencies also play an important role.

Finance, through M&PS:

- administers entitlements such as travel, travelling allowance and private plated vehicles to Senators and Members and their staff;
- administers the employment framework and pays the salaries of the staff of parliamentarians;
- organises the provision of entitlements relating to electorate offices;
- pays the additional salaries of Ministers;
- manages the Commonwealth Parliament Offices around the country; and
- administers COMCAR.

Through its Financial Management Group, Finance also administers the superannuation arrangements under the *Parliamentary Contributory Superannuation Act 1948*, and provides IT hardware and computer services in electorate offices through the Australian Government Information Management Office (AGIMO).

The Chamber Departments pay parliamentarians' annual allowance (salary) and electorate allowances, the additional salary of Parliamentary Office Holders and entitlements under the *Parliamentary Superannuation Act 2004*. The Department of Parliamentary Services (DPS) provides office accommodation and computing and other equipment for parliamentarians in Parliament House.

Finally, Portfolio departments provide a range of services and facilities for their Ministers and Parliamentary Secretaries.

In considering the most appropriate placement for the delivery of the parliamentary entitlements functions, it is important to keep in mind the nature of the provisions being administered and the consequent administrative processes that are required. First, the high complexity of the entitlement framework brings with it a significant administrative workload and, at the present stage of system development, considerable manual intervention.

Second, with the exception of salaries and payments in the nature of remuneration, the administration of parliamentary entitlements often involves judgments about eligibility. As discussed elsewhere, this situation flows from the lack of definition of basic terms (*parliamentary*, *electorate* and *official business*) on which much eligibility for entitlements is based, and on the many and interconnected legislative provisions which govern the entitlements (Section 3.1 below).

It should be noted, however, that the nature of these provisions, and therefore of their administration, could be affected by decisions made in the context of the Government's consideration of the Review of Parliamentary Entitlements. This discussion is necessarily based on the entitlements framework as it currently exists.

2.2 Option of Assumption of Greater Responsibility by the Chamber Departments and DPS

It has been argued by some of the Senators and Members consulted that M&PS has too little understanding of the needs of parliamentarians and the problems they face, and that the Presiding Officers would be better placed to detect and deal with emerging issues. It has also been argued that M&PS has been perceived as something of a poor cousin since it moved out of the former Department of Administrative Services and into Finance, and that it has not been given priority for funding.

Other parliamentarians consulted argued that transferring the administration of a complex array of entitlements to the Chamber Departments would place too great a load on their relatively small resource base and administrative infrastructure, and that the Chamber Departments would be distracted from their primary function of supporting parliamentarians in Parliament House.

One area that was frequently mentioned, however, was the lack of seamless provision of services between offices in Parliament House and those in parliamentarians' electorates.

The Department of the House of Representatives noted this issue in its submission to the Review of Parliamentary Entitlements:

> "While the Department supports a simplified framework, it should be understood that there will inevitably be some complexity to the provision of the entitlements and services to parliamentarians. They will continue to have an Electorate Office and a Parliament House Office, and while they have a strong desire to treat these as a 'single' office, the requirements of each office are different."

On balance, the heavy additional load that the administrative complexity of entitlement administration would impose on the Chamber Departments, combined with the benefits of maintaining a clear distance between the administrators of entitlements that involve some element of judgement and the recipients of those entitlements, argues against transfer of the function as a whole to the parliamentary departments.

There are two areas, however, where the argument for a transfer of functions to the parliamentary departments merits further consideration.

2.3 Payment of Additional Ministerial Salary

The additional salary of Ministers and Parliamentary Secretaries is paid by M&PS whereas the annual allowance (salary) of Senators and Members, as well as the additional salary of parliamentary office holders, is paid by the Chamber Departments.

This practice seems to flow from Section 66 of the Constitution, which states:

'There shall be payable to the Queen, out of the Consolidated Revenue Fund of the Commonwealth, for the salaries of Ministers of State, an annual sum which, until the Parliament otherwise provides, shall not exceed twelve thousand pounds a year."

Parliamentarians in general, on the other hand, were provided for under Section 48 of the Constitution, which states:

"Until the Parliament otherwise provides, each senator and each member of House of Representatives shall receive an allowance of 400 pounds a year, to be reckoned from the day on which he takes his seat."

The provision in Section 66 that the Parliament is responsible for updating the total annual sum for the payment of Ministers' additional salaries has been addressed through the *Ministers of State Act 1952* which, amended, includes the provision that:

"The annual sum payable under section 66 of the Constitution for the salaries of Ministers of State must not exceed the following amount in a financial year:

   (a) $3,500,000;

   (b) if a higher amount is prescribed by the regulations – that higher amount."

This additional salary is now expressed as a proportion of the annual allowance (or basic salary) paid to all parliamentarians under Section 48.

The Ministers of State Act (which was amended in 2000 to include Parliamentary Secretaries) is administered by Finance under the AAO. Total expenditure under the Act is monitored by Finance, which alerts its Minister when expenditure is approaching the amount provided and additional funds may need to be sought.

The annual allowance (salary) of Senators and Members is paid under the *Remuneration and Allowances Act 1990*, which is administered by the Department of the Prime Minister and Cabinet (PM&C) under the AAO.

A number of submissions to the *Review of Parliamentary Entitlements* have drawn attention to the essential distinction between payments to parliamentarians that are in the nature of remuneration (salary, superannuation and electorate allowance) and entitlements to facilities or services that enable them to perform their parliamentary function (travel, electorate office accommodation and car transport).

Transferring the administration of the additional salary of Ministers and Parliamentary Secretaries to the Chamber Departments would be in line with this distinction. It would also be in line with the payment of the additional salary of Parliamentary Office Holders, which is already administered by the Chamber Departments. In addition, as the level of additional salary payable is clearly determined, there could be no perception of collusion in its administration.

Although confirmatory legal advice may be required, an arrangement is currently in place for delegating responsibility from the Department of State (PM&C) to the Chamber Departments for the payment of the annual allowances of Senators and Members, and it would seen that the same arrangement could be followed for delegating responsibility from the Department of State (Finance) to the Chamber Departments for the payment of the additional salary of Ministers and Parliamentary Secretaries.

The Chamber Departments could take over responsibility for monitoring expenditure under the Ministers of State Act, and responsibility for making any regulations under the Act (which also sets the number of Ministers), could remain with the Minister under the AAO or transfer to the Prime Minister.

2.4 IT Services for Senators and Members

The transfer of responsibility for the provision of electorate office IT equipment and software from Finance to the parliamentary departments was strongly advocated by most of the parliamentarians consulted. As the Department of the House of Representatives noted in its submission to the *Review of Parliamentary Entitlements*:

> "Members and Senators seem to regard their Electorate and Parliament House Offices as a single office, but each is provided with different equipment, software and support services."

The entitlement to electorate office IT equipment and services is currently one for decision by the Special Minister of State under the *Parliamentary Entitlements Act 1990*. M&PS advises the Minister on the menu of IT equipment which is made available in electorate offices. The actual provision of electorate office IT services is the responsibility of AGIMO which, through contracted commercial suppliers, supplies and supports onsite IT equipment, provides the network that connects electorate offices to Parliament House, and provides IT training for MOP(S) Act staff.

Parliament House IT equipment and services, on the other hand, are provided by the parliamentary departments. In addition, under a memorandum of agreement with Finance (now expired), the DPS provides an IT help desk service for Senators and Members, the infrastructure to support the data service on the BlackBerry devices of Senators and Members, and the standard operating environment on electorate office computers.

The issue of transferring the administration of electorate office IT equipment and services to DPS has been under consideration for some time. The Presiding Officers wrote to the then Minister in 2008, and a working party was set up to consider the issue.

The Minister has recently agreed that the full transfer of IT equipment and provision in electorate offices be negotiated with DPS, the main point of contention remaining between the departments seeming to be the level of financial transfer in line with savings agreed following the Gershon Review.

On the preferred model, the Parliamentary Entitlements Act would be amended to confer responsibility for the approval of electorate office IT equipment and facilities onto the Presiding Officers. For consistency, this should involve transferring the M&PS IT policy function to DPS in addition to the entitlements administration, which is currently with AGIMO, thus combining the full suite of IT equipment and service provision under one administration.

2.5 Option to Transfer M&PS to the Human Services Portfolio

A number of the Senators and Members consulted were of the view that M&PS had been influenced by a controlling central agency culture and that it was not sufficiently oriented to client service. Flowing from that, the suggestion was made that transfer to the Human Services Portfolio would not only encourage cultural change but would enable M&PS to take advantage of the Human Services Portfolio's expertise in service delivery, its broad property footprint and its IT infrastructure to both improve delivery and generate efficiencies.

Other parliamentarians noted that Human Services was not a perfect fit as its client base was the Australian people rather than a small sub-set in Parliament House, and that M&PS would have less influence if it was no longer based in a central agency. It was also noted that, although Finance was perceived to be bureaucratic, it was dealing with sensitive entitlements that could attract significant publicity and there was a need for particular care in their administration.

Discussions with members of the Human Services leadership group focussed on the nature of the administration required and on whether the time was right to consider a transfer.

Pending any changes to the entitlements framework arising from the Review of Parliamentary Entitlements, the provisions M&PS administers are more complex and require more subjective judgement than the majority of those currently delivered by the Human Services Portfolio. It was therefore considered that, if the provisions were transferred in their current form, they could not be integrated into mainstream processing and would have to remain as part of a separate unit within the Portfolio.

It was agreed that the M&PS service delivery system could potentially benefit significantly from the service delivery IT infrastructure of the Portfolio. It was also noted, however, that the integration of the Portfolio IT systems was currently in train, and that it would be problematic to take on anything additional at this point that diverted attention from Portfolio priority.

In addition, the Portfolio is heavily stretched overall in delivering the Government's commitment to implement Service Delivery Reform, including moving to combine the Human Services agencies, while at the same time putting in place the changes to benefits announced in the last Budget. It was tentatively

estimated that the Portfolio would be under significant pressure for the next three years.

However senior Portfolio executives discussed a range of areas where the Portfolio could offer assistance to M&PS in helping it to upgrade its service offer. Options discussed included use of the Tuggeranong Concept Laboratory to develop simpler and more usable forms for the various entitlements (Section 5.2 below), improved advice systems for receiving and responding to queries from parliamentarians, assistance from process design and improvement specialists, and short or medium term staff exchanges involving staff experienced in different areas of client service delivery.

In this context, it would seem preferable that consideration of transfer to the Human Services Portfolio not be considered at this stage, but that M&PS take up the Portfolio's suggestion that it make use of its expertise to help upgrade its client service offer.

RECOMMENDATION 1

It is <u>recommended</u> that:

   i. a recommendation be prepared for the Minister's consideration to transfer the administration of the payment of additional salary to Ministers and Parliamentary Secretaries to the Chamber Departments, with the Minister, or the Prime Minister, taking over the responsibility for making any regulations under the Ministers of State Act;

   ii. M&PS give priority to working with AGIMO and the Department of Parliamentary Services (DPS) to negotiate the transfer of responsibility for electorate office IT equipment and facilities to DPS;

   iii. the transfer of electorate IT equipment and facilities be accompanied by the transfer of the IT policy function currently residing in M&PS;

   iv. the remainder of the M&PS function remain in Finance at this stage; and

   v. M&PS continue discussions with the Human Services Portfolio about:
      a. options to take advantage of the Portfolio's experience in service delivery across a range of areas; and
      b. short or medium term staff exchanges, to help improve its service to clients.

3 – WRITTEN GUIDANCE ON ENTITLEMENTS

Advice on the validity of entitlements available to Senators and Members and their staff is a crucial function of M&PS. It is also, arguably, its most difficult.

One concern expressed by parliamentarians is that both written and oral advice on entitlements can lack clarity or be inconsistent. The compilation of the 42 Questions and Answers document, communicated between the then Government and the then Opposition in 2003 but not reflecting M&PS' advice, was cited in 2009 as an attempt by parliamentarians to achieve greater clarity on entitlement use (ANAO Audit Report No. 3 of 2009-10, P 17).

Clear and cogent exposition of when and for what purpose entitlements may validly be used is obviously basic to averting unintended non-compliance.

3.1 Understanding Entitlement Eligibility

The provision of definitive advice in the context of an entitlement framework that is based on three terms (*parliamentary*, *electorate* and *official business*) that are not easily defined but are used as eligibility criteria for over 50 entitlements, can be far from easy.

This situation has led M&PS to emphasise in its publications that:
> "While Ministerial and Parliamentary Services can provide advice and assistance, it remains the responsibility of Senators and Members to satisfy themselves that their use of parliamentary entitlements is lawful."
>> (Guide to the Entitlements of Senators and Members, P. 13).

More problematic in practice is complying with M&PS' direction that parliamentarians should seek confirmation of their eligibility for entitlements from the original source material. To quote one staff member, "While everything is in the handbook, we have always maintained that it is the responsibility of Senators and Members to go to the original advice."

This position is spelt out at the start of the entitlements handbooks as well as in the introduction to the How to Get Started Kit:
> "The information provided in this handbook is for general information only. It remains the responsibility of Senators and Members to familiarise themselves with the entitlements provided to them under legislation, determinations of the Remuneration Tribunal and as otherwise provided by Government."

While ideally this would be the proper process to be followed, as Finance notes in its submission to the Committee for the Review of Parliamentary Entitlements, "It is rarely possible to understand an entitlement by referencing one source document". In this context, there are obvious difficulties for parliamentarians, and particularly new parliamentarians, in becoming and remaining familiar with the provisions of:

- 11 key pieces of legislation;
- three sets of regulation;
- six Remuneration Tribunal determinations with associated reports and explanatory memoranda;
- 21 determinations made by the Special Minister of State under the MOP(S) Act; and
- nine formal procedural rules and sets of guidelines to give effect to Remuneration Tribunal determinations.

The challenge for M&PS under the current complex entitlement framework, therefore, is to provide as definitive and comprehensible advice as possible to assist Senators and Members to understand their entitlements, while providing direction to source legislative documents for situations in which they need assurance that their entitlement usage is both lawful and publicly defensible.

3.2 Advisory Documents

The more that written advice is available, clear and easily accessible, the less is the temptation to pick the telephone and seek the answer directly from M&PS. In turn, to the extent that overall pressure on the call channel can be reduced, greater attention can be given to advice on the more complex questions that could potentially cause problems for Senators and Members as well as having broader implications for the overall entitlement framework.

Over many years, M&PS has put considerable resources into developing and reviewing written advice on entitlements. The three basic advisory documents in this context are:
- handbooks on the entitlements of Senators and Members, and Office Holders;
- Guide to the Entitlements of Senators and Members; and
- Senators and Members How to get Started Kit.

To facilitate access to up-to-date advice, M&PS is progressively placing the handbooks on the Ministerial and Parliamentary Services (MOPS) information site on the Parliament House intranet.

In addition, the handbook on Senators and Members' Entitlements has been subjected to a thorough due diligence review before being placed on Finance internet site, and thus being publicly available. The Guide to the Entitlements of Senators and Members has been placed on both the MOPS intranet site and the Finance internet site.

3.3 Entitlements Handbooks

The handbooks are the basic guides to parliamentary entitlements for parliamentarians and their staff. There are seven handbooks:
- Senators and Members' Entitlements:
- Ministers of State Entitlements;
- Parliamentary Secretaries' Entitlements;
- Shadow Ministers' Entitlements;
- Opposition Office Holders' Entitlements;
- Leader of a Minority Party Entitlements; and
- Whips' Entitlements.

The six handbooks additional to that for Senators and Members have been developed to provide tailored advice for Ministers and Office Holders to take account of the additional provisions relevant to them that occur across a range of the entitlement categories.

Taking car transport as an example, the basic provision is that all Senators and Members are provided with car transport at Australian Government expense within specific limits. A Senator or Member may not use car transport within the city in which he or she lives or has an electorate office, unless travelling to and from the airport.

As variations to this basic entitlement:
- Ministers and Parliamentary Secretaries are entitled to use car transport for official purposes anywhere in Australia with costs met by the Portfolio Department. A long-term self-drive vehicle may also be provided in Canberra (Canberra PPV) at the cost of the Portfolio Department;
- the Leader of the Opposition is entitled to a dedicated COMCAR driver in Canberra or in the capital city of his or her State or Territory, and is entitled to a Canberra PPV;
- Shadow Ministers are entitled to car transport in the capital city of their home state when travelling on duties or functions connected with the office of Shadow Minister, and are entitled to a Canberra PPV:
- Opposition Office Holders are entitled to the use of car transport for official purposes anywhere in Australia and are entitled to a Canberra PPV;
- the leader of a Minority Party is entitled to use car transport for official purposes anywhere in Australia and is entitled to a Canberra PPV; and
- a Whip is entitled to use car transport at Australian Government expense when travelling for the purpose of performing the functions of the duties of a Whip and is entitled to a Canberra PPV.

As noted above, the handbook on Senators and Members' Entitlements has recently been subject to a comprehensive due diligence review, with input from M&PS branches, other relevant areas of Finance and the Australian Government Solicitor. The remaining handbooks are scheduled for similar in-depth reviews over the next two years.

The revised handbook on Senators and Members' Entitlements aims to provide parliamentarians with a more comprehensive and accurate explanation of the entitlements available to them. In addition, the handbook has been footnoted to guide Senators and Members to the legislation, determinations and guidelines that underpin each provision, in order to facilitate reference to the source documents where greater assurance is sought.

These revisions, together with the capacity for immediate updating for changes to entitlements now that the handbooks have been placed online, provide more robust assistance to parliamentarians and their staff in understanding parliamentarians' entitlements.

To maintain and enforce these improvements, it is important that the handbook be subject to ongoing review and that further amendments be made, however minor, that can assist understanding or facilitate usage. Requests received by the call centres for explanation of particular provisions can provide a guide to areas of the handbook where additional clarification would be beneficial.

In addition, the move as part of the due diligence review to include as complete an explanation as possible in the text of the handbook, and to footnote the original source material, should be a consistent principle. For example, areas remain where, although the full details of the provision are included in the handbook, the source document is referred to in the text as well as the footnote, giving the impression that the determination should be consulted for further details. Examples include reference to Determination 2008/4 on the Relief Staff Budget (Para 5.5.1) and reference to Determination 2008/Part III/3 on Work Handover for Personal Employees (Para 5.5.5)

Where the handbooks do not include all of the detail set out in the legislative instruments, the handbook should reference the source legislation but pinpoint the exact omission so that Senators and Members are aware of the area of detail that has been omitted. For example, the handbook section on Electorate Employee Travel (Section 5.5) simply refers Senators and Members to Determination 2008/5. This determination runs to six pages and goes well beyond the entitlements of Senators and Members, including entitlements specific to Ministers, Parliamentary Secretaries, Opposition Office Holders, Leaders of Minority Parties and Shadow Ministers. Identification of the areas of detail omitted that are relevant to Senators and Members, such as the component for intra-electorate staff travel, would facilitate location of the detail where required.

As experience in administering the entitlements builds up a picture of where the legislative provisions can cause particular problems of interpretation, it would be helpful if a notation were made to that effect in the handbook to alert Senators and Members to pay particular attention to accessing their entitlements in these areas. The notations could also be used as a prompt to confirm their understanding by referring to the source documents.

In addition, the use of bold type for the title and number of the various forms that must be used by Senators and Members to access the various entitlements would make them easier to locate and would facilitate usage.

The comprehensive due diligence review of the Senators and Members' Entitlements handbook was resource intensive but of considerable value. In this context, there would be benefit in giving the reviews of the remaining handbooks as much priority as possible, noting other workload pressures.

3.4 Guide to the Entitlements of Senators and Members

The Guide to the Entitlements of Senators and Members is a pocket sized booklet designed to provide a brief overview of the entitlements and a reference to sources of more detailed advice. Two or three copies are provided to each parliamentarian.

The Guide, which has been updated once in the election cycle, will continue to be provided in paper form but has also been placed on the Finance internet site, as well as on the Ministerial and Parliamentary Services information site on the Parliament House intranet.

The concept of a brief overview document that can easily be transported was mentioned positively by some of the parliamentarians consulted. Particularly in the light of the comprehensive review of the Senators and Members' Entitlements handbook, however, it may be timely to look again at the purpose and contents of the Guide as part of a co-ordinated suite of documents facilitating understanding of the entitlements framework.

Currently, following the brief overview of each entitlement, the Guide refers readers primarily to the source legislative documents, with the handbooks included as a secondary reference. The Guide repeats a reminder with each entitlement that:

> "This is a guide only and it is recommended that you consult the references shown on the opposite page…."

To facilitate the understanding of Senators and Members, however, the Guide's main value would seem to be in providing a link between the brief summary of the entitlement and the section of the Senators and Members' handbook which is the primary source of advice. The reference to the handbook, which is updated online, would also avoid problems that could occur if the paper copy of the Guide becomes outdated between printings.

There would also be benefit in ensuring that consistent terms are used to explain the entitlements in the two documents, to avoid unnecessary confusion. Similarly, it would assist users if the content, order, title headings and colour coding of the sections of the Guide are aligned with those in the handbook to facilitate referral from one to the other.

Finally, the two pages setting out the internal organisation of the M&PS division of Finance (P. 14-15) seem to run counter to the decision that Entitlements Management Branch should be the clear point of contact with parliamentarians and their staff. This section of the Guide should be revised to focus on the services provided by M&PS, including the staff help desk, orientation and training assistance, electorate office facilities, and the provision of executive vehicles and COMCAR services.

The review of the Guide, including the adjustments mentioned above, should be finalised in time for the changes to be reflected in the next printed edition.

3.5 Senators and Members – How to Get Started Kit

The Senators and Members How to Get Started Kit provides a selection of forms that Senators or Members will need within the first month of their term in order to access their entitlements, set up their office and engage staff. It also includes some introductory information to assist in completing the forms. It is a primary document used by the Entitlements Managers and State Office Managers in their orientation sessions with new Senators and Members.

It is the third of the suite of written advisory documents for Senators and Members and has recently been revised by M&PS to focus more on the forms required for set-up and less on the discussion of the entitlements themselves, which can be found in the handbooks. Nevertheless, it does include some advice on entitlements and, in the context of the 2010 election, it included a CD of the most recent form of the Entitlements handbook. Such sources of advice may become outdated as entitlements are amended, and it would be helpful to include a reference to the fact that the most recent advice can be found online.

As noted above, it is important that the suite of advisory documents be consistent in presentation to enable easier navigation by parliamentarians and their staff in dealing with the complexities of the entitlements framework.

The Kit is already set out in broadly the same order as the handbooks and the same colour coding could easily be added to facilitate recognition across the three documents. Bold type is used to give prominence to the forms discussed in the Kit, as is recommended for the handbooks. (Samples of the forms are included in the front cover of the Kit with a note on the introductory page that copies of all forms can be found on the Parliament House intranet site.)

Despite the caution on the introductory page that directs Senators and Members to the source legislation (see above), the Kit helpfully refers readers to the handbooks for further information. However, the addition in every case of the relevant section or paragraph number in the handbooks where the information can be found would facilitate usage.

RECOMMENDATION 2

Noting the importance of providing Senators and Members with written advice that is as clear and understandable as possible (and at the same time provides reference to the relevant source legislative provisions) to assist them in meeting their responsibility to satisfy themselves that their use of parliamentary entitlements is lawful, it is recommended that:

  i.   priority be given to ongoing review of the Entitlements handbooks, as the primary advisory documents, taking guidance from queries to the call centres on where further clarity should be provided to assist understanding;

  ii.   those references in the text of the Entitlements handbooks to source documents whose provisions have already been taken up in the text and the source footnoted, be dropped; where further detail is available in the source document that has not been included, the particular omission be noted, together with a reference to the relevant paragraph in the source document, for information where required;

  iii. as experience pinpoints areas where a lack of specificity in the eligibility for the entitlement causes difficulties in interpretation for Senators and Members, a note be included in the handbooks that additional care should be taken in assessing eligibility for this entitlement;

  iv.   the purpose and content of the Guide to the Entitlements of Senators and Members be reassessed, including directing users to the handbooks as the primary advisory document on entitlements;

  v.   the Guide and How to Get Started Kit be reviewed to align the terminology, order, title headings and colour coding with that used in the handbooks to facilitate navigation across the suite of advisory documents;

  vi.   the review of the Guide be completed in time for the changes to be reflected in the next printed edition; and

  vii. a reference to the relevant paragraphs of the handbooks where the information on the entitlement can be found, be added to the How to Get Started Kit, together with a notation that the online version of the handbooks should be consulted for most current source of advice on entitlements.

4 – COMMUNICATION AND ADVICE

Entitlements Management Branch (EMB) is the preferred client interface of M&PS. Correspondence to Senators and Members and M&PS circulars that concern Senators and Members and their staff are sent out through the Branch, and Branch personnel (including Entitlements Managers, the Staff Help Desk and State Office Managers) are the primary point of contact with Senators and Members and undertake the face-to-face advisory function.

EMB therefore has responsibility for ensuring high quality client service through the provision of advice and assistance.

This function has been brought together in one branch for two main reasons. First, it allows Senators and Members to form a relationship with their designated Entitlements Manager (as well as the senior staff in their State office for issues relating to electorate office accommodation and facilities), and helps the Entitlements Managers to build up a picture of the issues faced in particular electorates. Second, it assists in providing coordinated responses to requests for advice and prevents forum shopping across M&PS branches, where each area could provide a partial answer from its own slightly different perspective.

There are three Entitlements Managers, each focusing on particular States. Their names and contact numbers are placed on the Ministerial and Parliamentary Services information site on the Parliament House Intranet and are made available on a wallet-sized plastic card. The three Entitlement Managers cover:
- ACT, NSW and WA;
- QLD and SA; and
- VIC, TAS and NT.

4.1 Orientation for New Parliamentarians and their Staff

The State Managers of M&PS make contact with newly elected Members a few days after the result in their electorate is clear, and generally before the poll has been declared, to set up an initial briefing.

At that first briefing, the State Manager and the relevant Entitlements Manager from Canberra will take the Member through the How to Get Started Kit, focusing particularly on the forms needed to arrange for payments and priority entitlements to begin work (such as a mobile phone, online access and travel to Canberra), and the forms that will be required to employ staff. The former experience of some new Members will mean that they will be relatively familiar with the processes involved, which are akin to running a small business. For others, the State Managers offer follow-up assistance wherever this would be helpful.

In addition, Members are usually given a copy of the pocket sized Guide to the Entitlements of Senators and Members and, in 2010, were given a CD of the Entitlements handbook. Unfortunately the Guide was not revised in time to be

used in 2010; it is important that updating be given priority in the run up to future elections.

There is also ongoing contact with State Managers over the initial post-election period to arrange electorate office accommodation. In most cases, this is relatively straightforward as it involves simply taking over the former member's office, establishing IT access and undertaking any quick refurbishment and facility replacement necessary. At the other end of the scale, a boundary change or lease renewal may mean that a new site must be chosen and a temporary office must be established with secure cabling. If responsibility for electorate office IT support is transferred to the Department of Parliamentary Services (DPS) as discussed above, it will obviously be highly important for DPS and M&PS to ensure close coordination in office set-up, particularly in the period immediately following an election.

Once new Members are in Canberra, EMB takes part in the two-day Induction Seminar run by the Department of the House of Representatives. EMB's session concentrates on the support M&PS can provide (including the role of Entitlements Managers and State Managers), the responsibility framework (including the authorization of delegated authority), staff employment and staff management issues, reporting and accountability, and the parliamentary entitlements of most immediate interest.

Similar processes are followed for the induction of new Senators, although the different timetable involved means that the Senate can frequently engage with new Senators at an earlier stage.

Particularly as newly elected parliamentarians have a range of pressures vying for their attention, there is a strong focus on the orientation of new staff in their offices. Staff orientation covers information on both their own pay and conditions, and on their supporting role in managing the offices of their Senators or Members.

Two major briefings are provided for new MOP(S) Act employees, A Guide to Your Entitlements and an Office Management Information Session which is primarily for office managers and, for staff in that position who were new MOP(S) Act employees, would come after the Guide to Your Entitlements briefing. The sessions are provided twice a year in Canberra, as well as in the M&PS state offices, and can take up to three hours each.

The Guide to Your Entitlements covers:
- the employment framework, including provisions such as Electorate Staff Allowance and Parliamentary Staff Allowance;
- leave entitlements;
- electorate employee travel, motor vehicle allowance and Cabcharge;
- professional development, studies assistance and training; and
- support, including Occupational Health and Safety (OH&S), workplace discrimination and the Employee Assistance Program (EAP).

The Office Management Information Session covers:
- office budgets and reporting of entitlements usage, including the main entitlements and their management;
- Monthly Management Reports and six-monthly tabled reports;
- staff recruitment and performance management;
- professional development, studies assistance and training; and
- support, including OH&S, workplace discrimination and EAP.

The two briefing sessions are important in introducing new staff to their pay and conditions and introducing office managers (who can also be newly employed) to their responsibilities. The sessions are also information rich and so not easy to absorb.

In this context, it would be worth reviewing their content to exclude any lower priority material and any overlap that is not strictly necessary due to the different perspective of the sessions (the material on professional development and EAP, for example, seems much the same). In addition, the sessions touch on a significant amount of material that is explained in greater detail in the entitlements handbook. There would be advantage in adding relevant references in the handbook to the overheads and the handouts, as well as using the same colour coding as is used in the handbook to facilitate cross referencing at a later date.

4.2 Coordination of Advice

The proper co-ordination of advice remains hampered, however, by the fact that, as noted in other contexts, M&PS is not well served by IT system support. The available systems are not easy to use and co-ordination tends to be achieved through ongoing personal contact between M&PS branches, which (with the exception of COMCAR) are located in close proximity on two floors of the Treasury building. In this context, the ability to contact the responsible area as issues arise is crucial to the advisory process.

But such processes can be fallible, particularly when pressure is acute. In addition, co-ordination with all the relevant areas may not be complete and no record may be made of the decision taken or the reason for it. Anecdotal evidence points to cases where areas have been inadvertently omitted from the consultation process.

In this context, an additional procedure that would be valuable would be the use of a flag system to alert all areas of M&PS to calls received that may require a particularly careful response or may be breaking new ground.

It is estimated that about 70% of calls are fairly straightforward. However where the staff member cannot respond to the call directly after discussing it with other call desk staff, the issue is logged and forwarded by email to the area of most direct responsibility. A number of these referrals will be answered without difficulty. On the other hand, some queries received could be identifiable quickly

as ones that would be particularly problematic, and it would be clear they require careful consideration.

The present call register is not routinely consulted by many staff due to the difficulties involved in accessing information that are discussed below (Section 4.4). A flag on the Register, therefore, would not necessarily be seen by all areas of M&PS.

However the development of a procedure whereby designated senior staff from all M&PS areas are automatically notified by email, flagged for urgent attention, whenever issues are identified that have particular sensitivities or are breaking new ground, would facilitate the preparation of a fully considered and united response.

4.3 Call Advisory Channels

The intricacy of the entitlements framework, the complex array of inter-related legislative provisions on which it is based and the sensitivity of the subject matter have increasingly led Senators, Members and their staff to turn to the M&PS call channels for advice on the more straight forward, as well as the more complex, issues.

Use of the call channel varies considerably depending on the time of year and the stage in the political calendar. However figures over the last seven years for issues logged over the 12 months to 30 June have shown an upwards trend:
- June 2004 – 28,242
- June 2005 – 34,756
- June 2006 – 28,473
- June 2007 – 39,133
- June 2008 – 47,255
- June 2009 – 40,141
- June 2010 – 43,623

While these numbers are not large overall, this trend is concerning in view of the comparatively higher cost of call channels. In addition, pressures on the call desks that correspond to elections, Ministerial reshuffles, pay periods and similar events carry the risk that responses to more complex questions do not receive the level of consideration that is warranted.

There are two call numbers through which assistance can be sought.

Requests for advice from, or on behalf of, Senators and Members are generally dealt with by the Assistant Entitlements Managers (AEMs) through the EMB Help Desk number (3542), whereas advice sought by the staff of Senators and Members on MOP(S) Act issues is generally directed to the Staff Help Desk number (3333). The two Help Desks work in close proximity and will transfer calls if the pressure is greater in one area or if the question received by the Staff Help Desk is more complex and would benefit from the experience of the AEMs.

The help desks can call up advisory and source material online, although they frequently use the hard copy of advisory documents in view of the limited online search capacity. Documents consulted include all seven Entitlements handbooks as well as source legislation and determinations. Call staff also have access to chris21 for MOP(S) Act staff details and to the Entitlements Management System (EMS) for issues relating to the use of parliamentary entitlements (chris21 and EMS are explained further in Section 8.2 below).

The AEMs tend to be involved in advising on the more complex or sensitive issues, particularly where discussion with the caller may be needed to understand the exact nature of the problem or some consultation with other M&PS areas is required. The AEMs also have the responsibility for ensuring that the Entitlement Managers are informed of any particularly sensitive or problematic questions. Areas of doubt or concern are discussed with the policy, processing and reporting teams of M&PS before the advice is passed back to Senators and Members. AEMs also take responsibility for drafting many of the large number of briefs to the Minister that require a Ministerial decision on specific cases of entitlement eligibility.

The Staff Help Desk was established as a focal point for advice on payroll and general HR related questions, travel allowance payments and other entitlements available to MOP(S) Act employees. Help Desk staff are at a relatively junior level, often including career starters, and questions are generally of a routine nature. Occasionally callers ask to speak to a particular person with whom they have dealt previously but generally the next available staff member takes the call for reasons of efficiency.

The intent, where possible, is that details of all questions and responses are logged in the Call Register at the time the call is taken, with updates as consultations with other areas of M&PS progress. The date when the issue is resolved must also be logged in the system.

Consultations with the Human Services Portfolio showed that its call system had benefited from the use of common scripts for the queries that required a less complex response, to ensure that all callers received the same advice, and the use of knowledge scripts for simple queries is a common feature in many call centre models. Human Services Portfolio officers mentioned that the percentage of calls that need to be escalated to the next level of advice for a detailed response has shown a dramatic reduction as the knowledge scripts used in the call centres have improved.

The scripts prepared by M&PS for use in the 2010 election context reportedly worked well, and M&PS has prepared similar scripts following major changes in entitlements use, although these have tended to be abandoned once the period of intensive use is over. There could be advantage in building a portfolio of these scripts and augmenting them through preparing knowledge scripts on frequently asked questions, particularly for use on the Staff Help Desk as the Help Desk is often used to train junior staff.

Human Services is also working to increase the use of the email channel for queries, focusing use of the call centre on the more difficult cases, as the call channel is more expensive to operate.

Email addresses are included in the contact details provided for both the EMB Help Desk and the Staff Help Desk, and the email address is now included on the call waiting message for help desk advice. Call staff respond to these emails between calls, although queries through the email channel apparently make up a minor proportion of those received. Although MOP(S) Act staff may find the phone channel easier and quicker to operate, email has the added advantage for M&PS that the wording of the question and answer can be copied directly into the Call Register, avoiding differing recollections about the advice given.

The new process for advice on parliamentarians' printing and communications entitlement is wholly email based, with a dedicated inbox. The email trail is then copied into the Call Register to record the communication. The process was set up with a KPI of two days turnaround time for 80% of inquiries, but it is now achieving above 90% turnaround time.

Although printing and communications is a special case, the use of email has proved successful and there could be advantage in considering ways to encourage increased use of email elsewhere in the advisory system.

4.4 The Call Register

The M&PS Call Register was introduced in April 2003 to replace a legacy system used to record all interactions with Senators and Members. The original system had been introduced largely as a defensive measure to provide an accurate record of questions asked and advice given.

Later in 2003, the Register was enhanced to improve its functionality by adding the ability to link external documents and files to issues logged, and the ability to reallocate issues between operators. Additions in 2005 included a reports module, audit trails and search facilities. Further improvements to the reporting module and minor screen upgrades were undertaken in 2008, and major work was required in 2009/10 to make the Call Register compliant with the new Finance server environment. Finally, work underway in the current financial year includes the creation of generic inboxes within the Call Register for teams within M&PS.

Despite these enhancements, the Call Register is almost universally disliked by those working with it. It is difficult to operate and navigate, and is seen as a detriment to call centre response times. It holds large amounts of valuable information on the use of entitlements and advice given, but its lack of a useful search capability means that it is virtually non-functional as a knowledge management tool.

Its greatest value, perhaps, is in accountability and performance reporting, and it provides a broad menu of 25 reports including:

- issues raised by date, state, type and office;
- category of issue raised by month and by state;
- numbers of issues raised by each caller;
- numbers of unresolved issues by month;
- issue resolution performance by issue type and call operator;
- issues by call date and resolved differences; and
- issues each month by manager by type, caller and office.

As a system to manage issues raised by, and responses given to, parliamentarians and their staff (including through emails and faxes that arrive electronically), however, it has considerable operational difficulties. Despite detailed procedures and user guides, pathways are far from instinctive and access to, and the entry of, details takes time.

Issues are logged in the Call Register under a drop down box listing over 150 categories. The initial category for entering a query, therefore, takes some time to locate and there is no capacity for an original sort to make the drop down box facility easier to operate. In addition, despite considerable work to refine the categories, the fit can be unclear and staff can resort to logging under two or more categories (particularly when the query ranges over several subject headings) with consequent impact on statistical records, or to logging under a general heading.

The data in the call register is logged according to the person calling (together with the parliamentarian's office to which they belong) and to the call desk member responding to the call. If it is necessary to locate previous calls from the same person on this issue, it is possible to bring up every call made by the person and then sort by subject matter. But the lack of a unique identifier makes it impossible to locate directly the particular call or, once found, pinpoint its location for future use. Each time reference to the call is needed, the search among the calls in that category must be repeated. This is a particular problem when the issue raised needs further advice or information, and time must be spent identifying the original request and any previous interaction.

When under pressure, staff can resort to logging calls in their own shorthand, which is of little benefit to other users of the system, or postponing logging until the next day (or at a later date) by which time their recollection of the conversation may be less accurate.

Where the limitations of the Call Register really become apparent, however, is in accessing the wealth of information that the Register contains. The Register has limited subject matter search capability with little or no capacity to do a key topic or word search, and there is no ability to call up frequently asked topics except by category and that requires a separate report to be run which can take time. Even then, there is no capacity to do a deeper subject matter search within the category, and the reporting functionality is limited in its capacity to analyse trends in relation to entitlements issues. It is therefore of limited use in informing policy development.

As a result, while the Call Register is a useful resource for the Entitlements Managers in assessing the problems raised by a particular office and monitoring progress in solving them, it is of limited use to call staff in identifying previous answers given to a particular issue, or to M&PS in identifying frequently asked questions or emerging problems so that responses can be prepared or corrective action taken.

Unlike systems dealing with complex advice on parliamentary entitlements that require a customized response, call registers are a common requirement in many businesses and can be obtained off the shelf. The Finance IT Service Desk operates a system called VM Ware Service Manager, and discussions with the Service Desk indicate that it would have the functionality to allow significant improvements to the operation of the M&PS call system at modest cost.

VM Ware Service Manager uses SQL, a common programming language for accessing and manipulating data, and it would seem that the latest version would need little if any customization for use by M&PS. It is able to categorize and sort down to further tiers of detail (for example, to sort from 'travel' to 'travelling allowance' to 'non-payment of'), and avoids the need for a long drop down box that takes time to use. In addition, it has the capacity to provide a unique number identifier, send out an alert, use scripts that could be pre-populated (using the types of knowledge scripts mentioned above), and set up a knowledge base and a bulletin board. In addition, it may be possible to leverage off the Department's contract for the IT Service Desk.

There are also many like products, including products using freeware, which could similarly provide improved functionality at modest cost. Some of these products, however, are tailored towards complex and area specific call management, and may have features that would not be relevant in the M&PS environment.

In view of the potential benefits that would be gained from a system that provided better and more intuitive capacity for navigation, data access and knowledge capture, and in the light of early indications that the cost an off-the-shelf system would not be great, there would be advantage in further work to explore the functionality and cost of a replacement call system.

4.5 Information Management

Management of, and access to, information on parliamentarians' use of their entitlements, including any difficulties consistently faced or emerging trends, is crucial to providing high quality advice and proactive policy development.

Information management has, for some time, been acknowledged by M&PS to be an issue that requires significant attention. It is identified as a key risk in M&PS Business Plan for 2010-11, with the two areas particularly identified being sound filing and records management practices, and the development and updating of entitlements histories. A dedicated knowledge management team was set up in

2007 to improve knowledge retention and flow across M&PS, but was abandoned less than a year later in response to budgetary pressures across Finance.

The difficulty that M&PS has faced over many years in this area is closely related to its need to react quickly to issues raised by, or in connection with, particular parliamentarians. Decisions on entitlement eligibility, therefore, have often flowed from the reaction to a request or event, rather than from proactive policy development. Similarly, file records have frequently been created to record the management of specific cases and, even where this process has led to policy change, work pressures have meant that the documentation of such change has often remained with the case file that prompted it.

As a result, the development of policy on a particular entitlement is difficult to trace. To quote a staff member, "the best index of information in M&PS often resides in people's heads." Calling up M&PS files created since January 2003 produced a list of over 21,500 files (including files that were categorized as destroyed or were untitled) and efforts to sort, for example by business group, were of little assistance. Even obtaining a picture of the issues raised by an individual parliamentarian is not easy. A search involving one parliamentarian elected in 2007, for instance, located 36 files across M&PS in that person's name.

In consequence, some areas have tried to compile their own records, although with varying results, particularly as the basis for more general use. In a few cases, however, an officer has successfully built up a detailed record of policy development in a particular area as a support to ongoing work, which also serves as a valuable resource more broadly. An example is the register of issues raised in the negotiation of employment agreements since 2003, together with discussion of the issues involved.

Work to address this problem more generally across M&PS has centred on the development of Entitlement Histories which record the reason each entitlement was created and how it has evolved over the years, including through decisions on individual cases. The Histories also include the authority for the entitlement and a list of frequently asked questions.

These Entitlement Histories are potentially an important resource for M&PS, although their creation is resource intensive and heavily dependent on the availability of senior people with sufficiently strong corporate memory to locate the relevant material. Currently, 32 Entitlement Histories are in various stages of development, although few of them are close to current and some are in template form only. The major danger is the loss of those staff who have both the seniority and experience in M&PS to bring the Histories up to date. It is also extremely important to decide a process, and pinpoint responsibility, for maintaining the currency of each History once it has been completed.

Access to the Histories is restricted to high level staff in M&PS and to the Entitlements Policy team and, even though some of the information in the Histories is sensitive, limiting access so severely also restricts their use as a resource. As all staff in M&PS are cleared at least to Protected level, it would

seem sensible to review these provisions with a view to widening access to a greater number of M&PS staff.

4.6 Human Services Portfolio Expertise

The People and Operations division of the Human Services Portfolio operates a People Advisory Centre to deal with the large number of requests for advice that it receives daily. While this centre is on an altogether different scale to the M&PS operation, the expertise that has been developed could be a useful resource for M&PS in future planning, and the Portfolio has offered to assist in this context.

In addition, Human Services is joining a forum led by the Commonwealth Bank to discuss developments in this area and, in particular, the development of parallel information management systems. It has suggested that M&PS may also be interested in joining the forum to assist its consideration of alternative pathways to meet the needs of its clients for advice on entitlements.

RECOMMENDATION 3

It is recommended that M&PS:

   i.   review the content of the orientation sessions for new MOP(S) Act staff to focus on priority information, and add the relevant Entitlements handbook references to the handouts (as well as using the same colour coding) to facilitate cross reference for more detailed explanation at a later date;

   ii. develop a flag procedure to identify calls received where the answer given may be breaking new ground, to assist the preparation of a united response;

   iii. progressively develop a portfolio of scripted responses, including to frequently asked questions, for use on the Staff Help Desk, to facilitate consistent advice;

   iv. consider the feasibility of encouraging a greater number of requests for advice to come via the email channel, as a cheaper alternative to call;

   v.   in view of the operational difficulties of the Call Register and early indications that the cost of a replacement off-the-shelf system would be modest, assess the cost and operational ability of a replacement call system;

   vi. continue to dedicate resources wherever possible to the development of the Entitlements Histories, designating Entitlements Policy Branch responsible for retaining their currency, once finalised, in parallel with updating the Entitlements handbooks;

vii.   review the policy of access to the Entitlements Histories with a view to increasing the numbers of M&PS staff that have access; and

viii. continue discussions with the People Advisory Centre of the Human Services Portfolio to benefit from its expertise in assessing the value of alternative pathways in providing advice to clients.

5 – IMPROVING ACCESSIBILITY

The provision of additional services to Senators and Members does not achieve its potential if those services are difficult and time consuming to use.

To a considerable extent, ease of access is currently hindered by the paper base of much of the current entitlements processing. However there are areas where greater use of the existing online facility could be encouraged, and even paper-based systems can often be streamlined to improve both their usability and administrative efficiency.

5.1 An Improved Intranet Facility

As improved information on entitlements (such as the handbook on Senators and Members' Entitlements) is increasingly being made available online, and as the use of electronic channels is becoming more common across the community, encouragement of use of the online resources by parliamentarians (and particularly by their staff), has potential efficiency benefits. However the gateway to this facility, the Ministerial and Parliamentary Services website, is both awkward and inflexible to use.

M&PS has been working to redesign this facility since late 2009, and it hopes that the new site will go live within a few months, although real advances will have to be staged as it will be hosted on old technology that is likely to be replaced. Finance is in the process of tendering for a new content management system, but the system to be chosen is not yet known and therefore its full functionality is not yet clear. In addition, the site would still be based on the current software (Funnelback) which has limited search capability.

Advances have been made, however, in reviewing the content of the site. Circulars, which are currently simply listed on the site by year of issue, have been sorted into current and historical and into 11 categories. Only current circulars and historical circulars for 2010 will be transferred to the new site (reducing the numbers from about 700 to 150) with the remainder archived, and time limited circulars will be listed separately. The categorization will enable easy access to, for example, all circulars on parliamentary travel, although a search by sub-category will not be possible. Forms will be listed under the same 11 categories and work is in train to include the relevant meta-data wherever possible to facilitate search.

The lack of a stronger search function will remain a disadvantage to achieving the full potential of the website, as the Entitlements handbooks, for example, will be searchable only by chapter under the current functionality, and not by section or specific entitlement. The use of other information on the site will be assisted, however, by ensuring that all new forms are web accessible, that new circulars are designed to fit into one of the new categories (rather than covering several topics which makes sorting difficult), and that the appropriate meta-data is included to facilitate search.

Despite the limitations of the new site, the improvements in website design should do much to encourage greater use. In this context, there would be real advantage in seeking comments from the Minister's office, and other offices if he agrees, to obtain the views from the users of the site on its proposed design features.

5.2 Form Redesign

The completion of forms to access the various entitlements for which parliamentarians and their staff are eligible is part of the accountability process for the expenditure of public funds. There are 27 forms listed on the Ministerial and Parliamentary Services website for access to Senators' and Members' Entitlements, of which 15 relate to travel entitlements, and there are 32 forms, grouped under 13 categories, for use by their employees. The completion of forms is obviously a frequent requirement in a parliamentary office.

It is also frequently a source of irritation. Over the years, a number of the forms used by M&PS have become dense with information (including detail on the complex sources of the entitlement) and lack pathways to help the reader to navigate them, contributing to their lack of user friendliness. They are also legalistic and hard to understand. In addition, there are instances where two or three forms could be combined to make them easier to follow and to complete.

The Tuggeranong Concept Laboratory was established by Centrelink to test products with customers to improve their usability. One of the services provided by the Concept Laboratory, that has been made available to other government organizations, is the analysis and redesign of forms to provide simpler and easier user pathways. One-way mirrors and cameras are used to map hesitations and misunderstandings in completing a form, and staff then work with the client to design a replacement form that is understandable and easy to use.

Redesign of a complex form would generally take two or three days and would require the attendance of, say, two M&PS staff who understood the purpose of the particular form and the information necessary, and who had sufficient seniority to be able to give interim approval to the changes. It could also, if the minister agreed, involve selected MOP(S) Act staff as the users of the forms to help test their usability. Apart from this staff resource time, however, the cost of redesigning a form is modest, as Centrelink works on a cost recovery basis only.

Using the Concept Laboratory to redesign two or three of the more complex forms could provide a model for a more general review of the forms used.

5.3 Online Forms

Forms for accessing parliamentary entitlements must currently be downloaded from the website and completed on paper before being submitted by either by mail or by fax or email, depending on whether an original signature is required. These systems are time consuming for users and resource intensive to administer.

The implementation of the HR21 online capacity, as discussed in Section 8.4 below, would provide a base for the submission of forms online by MOP(S) Act staff. Pending the move to the provision of increased online capacity through upgrading M&PS systems, however, some greater ability for MOP(S) Act staff to apply for services online could be achieved through the use of the systems of outside service providers.

The development in 2007 of an online process to book IT software training for parliamentarians' staff provides an example that could be followed. A training company (Wizard) was engaged to provide Australia wide training, and Finance worked with it to adjust its online application system to incorporate the necessary approval and other processes relevant to the administration of parliamentary entitlements.

 The resultant online system provided:
-   a needs analysis to decide on the appropriate course module;
-   a schedule of dates by location to assess course availability;
-   the ability to register online (with screens configured to ensure that the user could only book within entitlement);
-   approval by the employer (approvals were configured to go directly to the relevant Senator or Member);
-   approval by Finance of funding availability; and
-   final confirmation and notification of the participant.

The system also provided the ability to view course registrations, approvals, completions and cancellations across the financial year.

Uptake of the online booking facility was high, and feedback from users was positive. It also produced very considerable benefits in terms of administrative efficiency.

A similar process could be implemented for other parts of the professional development program. The great majority of companies provide web-based training, and could fairly readily adapt a rules-based system to an electronic system. M&PS uses a panel of providers in this area and is soon to go to market for quotes to refresh the panel. It could seek information on the ability to provide an online booking facility as part of this process.

5.4 Increasing Understanding

One of the concerns expressed by parliamentarians, particularly those from regional electorates, is that M&PS finds it hard to understand the difficulties that they face in accessing their entitlements, and consequently has difficulty in designing a system that meets their needs.

M&PS is aware of this concern and works to increase its understanding and contact, particularly through the Entitlements Managers and the State Managers and their staff. The Entitlements Managers and State Managers visit the electorates as part of the orientation sessions for new members, and State Managers and their staff attempt to visit all electorates at least once a year, but greater travel is difficult in the light of government-wide funding constraints. During sitting weeks, M&PS maintains an office in Parliament House in Canberra to facilitate contact with its clients. In addition, parliamentarians are encouraged to contact the Entitlements Managers, but tend to do so only when there is a particular problem to discuss.

The Client Satisfaction Survey, currently being conducted to gain an insight into parliamentarians' experience and satisfaction levels with the services M&PS provides, should serve to pinpoint areas where greater attention is required. In addition, Talent2 was engaged in July 2009 to conduct voluntary exit interviews, in an attempt to gain useful feedback from departing staff. However take-up has been very low and little useful information has been gained from the process.

The central issue is how to increase contact and understanding between M&PS and the offices in Parliament House, and how to provide an ongoing channel for comment and feedback.

Greater contact and understanding between M&PS and MOP(S) Act staff could be assisted by increased consultation on the design of systems to be used in office management or access to entitlements, for example, the redesign of the Monthly Management Reports, the Ministerial and Parliamentary Services website and entitlement forms as recommended in this report. This consultation could involve the Minister's staff, but also staff of other offices, if the Minister agrees.

The inclusion of a suggestion box on the newly designed website could also serve to provide a channel for immediate feedback from both parliamentarians and their staff, whenever issues or ideas for improvement occur.

RECOMMENDATION 4

Noting the importance of streamlined access to entitlements, both to facilitate usage and to provide administrative efficiencies, it is <u>recommended</u> that:

  i.   M&PS work to improve the design of the Ministerial and Parliamentary Services intranet site, introducing processes to ensure that the design of

new forms and circulars takes account of the provisions needed to make them web accessible and increase search capacity;

ii. M&PS use the Tuggeranong Concept Laboratory to redesign two of the most complex forms, using that process as a model to review other forms used to access entitlements;

iii. at the same time as M&PS approaches the market to refresh the panel of providers of development programs for parliamentarians and their staff, it canvass the ability of the providers to provide an online booking facility;

iv. a suggestion box be included on the redesigned Ministerial and Parliamentary Services intranet site, to provide the ability for both parliamentarians and their staff to provide feedback on issues of concern or ideas for improvement; and

v. M&PS consult the Minister's office, and other offices in Parliament House if the Minister agrees, as part of any re-design of the user interfaces to systems or facilities that would be used in office management or entitlement access.

6 – REPORTING FOR MANAGEMENT AND ACCOUNTABILITY

The reporting of accurate and high quality information on the use of entitlements by Senators and Members is pivotal to the management and monitoring of entitlement use. It is also critical to proper accountability for, and transparency in the use of, public funds.

6.1 The Reporting Process

M&PS collects and collates the information available to it through administering the entitlements and passes it to parliamentarians in monthly reports. It also tables six-monthly reports of expenditure on entitlements in Parliament and makes the reports and supporting information available through the Finance internet site. Prior to doing so, M&PS seeks the assistance of parliamentarians in confirming that the information is correct and their certification that the entitlements use reported is in line with the relevant legislation. In this latter case, M&PS is particularly dependent on the parliamentarians' verification, as only they would have direct knowledge of which entitlements they had used.

One of the ongoing concerns expressed by Senators and Members is that the information on expenditure provided by M&PS is neither sufficiently up-to-date nor sufficiently accurate for them to be confident that it is correct. They comment that it is often extremely difficult to identify which invoices have been taken into account in the reports provided, and they note that some accounts go directly to the state or central office of M&PS and that they are not in a position to verify them as they do not have access to the relevant records.

They add that, in these circumstances, the difficulty of confirming both their own entitlement use and the expenditure of their office is increased by the fact that some electorate staff do not have the skills necessary to assist them in maintaining shadow records as advised by M&PS. These staff can find the delay in receiving invoices and their different periods of coverage confusing and, as a result, are unable to add value to the process. In some cases also, the need to maintain records of entitlement use and expenditure may not be accorded high priority.

In consequence, a number of the parliamentarians consulted said they had difficulty in providing either confirmation of the details or the requested certification that their entitlement use was in line with the relevant legislation, and often gave a delayed or conditional response.

Responsibility for entitlement usage must remain with parliamentarians who have the entitlement under the legislation. As noted elsewhere, however, it is for M&PS to provide accurate and timely information and support to assist them to discharge that responsibility.

6.2 The Development of Management Reporting

Management reports were developed primarily to provide data on entitlement use that would assist parliamentarians in managing the resources allocated to them.

ANAO Audit Report No. 34 of 1990-91 noted that the then Department of Administrative Services:
> "periodically provides reports of certain expenditure incurred by parliamentarians to assist them in managing and monitoring resources provided." (P. 18)

It recommended ways to enhance the reporting arrangements:
> "not only to assist parliamentarians in managing and monitoring the resources provided but to facilitate public accountability".

In this context, Audit Report No. 34 discusses the vexed issue of the division of responsibility for accountability in the area of parliamentary entitlements between the Department of State owning the appropriation and the parliamentarian who incurs expenditure against it for the use of entitlements established under legislation or by determination of the Remuneration Tribunal. It canvasses the question, that has since been the subject of much debate and legal advice, of the applicability of the Audit Act and Finance Regulations to both the administering department and the parliamentarians themselves.

It also touches on the particular difficulty mentioned elsewhere of the lack of definition of the terms *parliamentary*, *electorate* and *official business* that are core to the entitlement framework, and on the implications of this for the role that parliamentarians themselves should play in specifying usage.

Audit Report No. 34 therefore concludes that:

> "It is reasonable to have procedures in place that provide for parliamentarians, who are in the best position to know the full scope of their duties, to certify their expenditures in terms similar to those which apply to the expenditure of other public moneys". (P. 14)

This conclusion leads to the recommendation that:

> "Monthly reports of all expenditure, together with supporting documentation where appropriate, be forwarded to parliamentarians for the purpose of their certifying that expenditure has been used in accordance with legal entitlements and that efficient and effective use has made of public moneys".

In July 2001, one aspect of the argument about the division of responsibility for accountability in this area seemed resolved when Finance received legal advice that neither parliamentarians nor Finance officials were subject to the requirements of Regulation 9 of the *Financial Management and Accountability Act 1997* (FMA Act) in the payment of parliamentarians' entitlements. (Regulation 9 requires reasonable inquiries to be made that the proposed expenditure is in accordance with the policies of the Commonwealth and will make efficient and effective use of public money.)

But the ongoing debate was only finally resolved with the amendment of the FMA Regulations to provide that, from 1 July 2010, Regulation 9 specifically does not apply to parliamentary entitlements.

Developments since the 1990-91 ANAO audit have confirmed the wider role for reporting on parliamentary entitlements. The use of the reports for accountability, including to provide certification that parliamentarians have used their entitlements according to the legislative framework, has been added to the original purpose of the reports as a management tool.

Their role in accountability, and more recently in transparency, is important as it underlies ongoing concerns about the accountability framework in this area. The tightening of management reporting and increased provisions for certification should be seen in the light of this concern.

In this context, it should be noted, however, that Audit Report No. 3 of 2009-10 commented that:

> 'There has been a substantial improvement in the quality of the Monthly and End of Financial Year Management Reports." (P. 105)

6.3 Reporting and Accountability

The accountability framework for public expenditure on parliamentary entitlements now depends on the provision of Monthly Management Reports (MMRs) to parliamentarians on their entitlement usage, the tabling in Parliament of the six-monthly reports on expenditure incurred and the transparency that

tabling provides, and the certification and confirmation requirements that support this reporting.

It is undeniable, however, that the processes involved in these accountabilities can be time consuming and irritating for parliamentarians and resource intensive for M&PS to administer. The challenge for M&PS lies in ensuring the necessary accountability while providing a system that is easier for Senators and Members and their staff to understand and employ. Such a system could also prove of real benefit to M&PS if improved clarity and coherence enabled more robust and prompt feedback about perceived inaccuracies.

6.4 Monthly Management Reports

As noted above, MMRs serve the dual purpose of providing parliamentarians with a reporting and management tool and assisting them with their accountability obligations. Feedback from parliamentarians, however, is that MMRs are falling short as a management tool. Parliamentarians note that the reports are not easy to use or understand, and are sometimes neither up-to-date nor accurate.

MMRs include a snapshot of the usage and cost data on all of the entitlements used by Senators and Members and their staff that is held by M&PS on the last day of each month. The reports also include information on various budget caps or other limits to entitlements. They are provided to each office electronically on or before the 15th of the month.

Importantly, MMRs report the cost of entitlements used that were paid by M&PS in the relevant month, which is not necessarily the same as the month in which the expenditure was incurred. Invoices, accounts and other details that have not been provided to, or processed by, M&PS by the last day of the month cannot be included, impacting on the expenditure shown in the reports. Feedback from Senators and Members is that, despite being explained in the documentation, this is not necessarily understood and adds to the complexity of the verification task.

In addition, reports are detailed documents and, in paper form, would run to about 30 pages for most Senators and Members rising to, say, over 100 pages for the Leader of the Opposition. Improvements in the organization and presentation of the material that would make the details easier to understand and to verify, therefore, would clearly facilitate parliamentarians' management task. It would also assist parliamentarians and their offices to detect, and move more promptly to inform M&PS about, possible errors or doubtful entries. Inaccuracies could then be updated in the following management report, thus increasing its accuracy and currency instead of perpetuating the mistake.

As one example, details of the entitlement expenditure of the various staff members are currently listed under each separate entitlement heading and so are spread throughout the report. It can therefore be fairly resource intensive for the parliamentarian to confirm entitlement usage with every staff member.

Verification would be considerably eased if all expenditure incurred by an individual staff member were brought together, so that the relevant section of the report could be forwarded online to the officer concerned for clearance. This could be accompanied by a "transactions checked" line at the bottom of the emailed section, which could assist internal office management if the parliamentarian wished to use it. Where staff members were employed under two or more contracts (which can occur, particularly with casual employment), each contract would be checked separately but brought together by M&PS to avoid double counting.

Understanding and verification of details would also be assisted by including additional information, such as a high level summary of transaction costs and a summary of office budget and usage, near the beginning of the report, as well as a table of recoveries received and outstanding over the month in question. The importance of ongoing monitoring of expenditure against budget, particularly with the growing use of capped entitlements as a control mechanism, means that there would also be value in identifying the percentage usage of such entitlements in addition to the actual amount used, and in adding graphical representation of the progress of entitlement usage, both here and in other areas of the report.

6.5 Certification Requirements

As noted above, certification is an important part of the current accountability regime. M&PS emphasizes that this certification does not involve certification that the value of entitlements accessed is correct, but that the use of entitlements complies with the legislative framework (including that usage was for *parliamentary*, *electorate* or *official business*). It does, however, separately ask that any errors in expenditure identified be reported to M&PS.

Each MMR contains a certification page (backed by three pages of explanation) which Senators and Members are requested to complete and return to M&PS. The certification page asks that they certify that they:
-   have examined the transaction details; and
-   the transaction details described were accessed in accordance with the relevant legislation.

The certification page also asks that the certification be signed "subject to qualification" if a discrepancy is identified, and to inform M&PS of such discrepancies. This request, combined with the requirement to examine the transaction details, continues to cause some confusion about the extent to which the certification does in fact cover the verification of these transaction details in addition to compliance with legislative entitlements.

Many parliamentarians have expressed concern about the implications of their signature, which may account for frequent delays in responses. The fact that reminders of the purpose of the certification have had to be sent out not only by M&PS but by successive Ministers also suggests ongoing uncertainties about the implications of the requirement.

To assist parliamentarians to comply with the certification process, M&PS has divided the certification into two parts. Parliamentarians are now required only to certify Part A, which covers those entitlements for which they are personally responsible. Part B, which relates to entitlement usage by the parliamentarian's office, may be signed by a staff member who has been authorized to certify on the parliamentarian's behalf. The certification of Part B would be assisted by the change in presentation suggested in Section 6.4, whereby the entitlement usage of each staff member was brought together, facilitating verification of the usage of each individual listed in the report.

A further improvement could involve dividing Part B into two parts, to separate expenditure that concerns the office as a whole (such as property operating expenses, repairs and maintenance and telecommunications), from staff salaries and travel. As only the former is included in the report to be tabled, this would both facilitate monitoring and enable easier cross-checking with the six-monthly report as suggested below.

Certification requirements are policy requirements only and are not specified in legislation. Certification is not, therefore, legally enforceable. Non-compliance with the certification requirements of the MMRs has frequently been raised by Senate Estimates Committees. In particular, former Senator Andrew Murray sought to ensure that certification of reports be regarded as an important element in the accountability process and that Estimates Committees be provided with regular lists of those Senators and Members who did not comply with the requirement.

M&PS and successive Ministers have worked to encourage parliamentarians to certify the reports with considerable success, although the certifications received are frequently delayed and qualified. M&PS includes a page in each MMR listing how many of the particular parliamentarian's monthly certifications have been received and which are outstanding for the current financial year. It also sends reminders to Senators and Members about their responsibilities.

Not infrequently, however, it can take up to six months for the certification to be given. This is a further reason why errors identified do not reach M&PS in time to be corrected for the following month's report. Any change that could encourage faster turnaround, therefore, would assist both parliamentarians and M&PS in producing reports that are a more current and more accurate reflection of entitlement usage.

6.6 Six-Monthly Tabling Reports

Six monthly reporting to Parliament on entitlements commenced in 1998 following the widely reported 'travel rorts' incident. These reports covered expenditure on domestic and overseas travel and travelling allowance costs for each Senator and Member. In 2009, the then Special Minister of State announced further transparency arrangements that included a broader suite of reporting on entitlement use and expenditure by parliamentarians. The first enhanced six-

monthly report was tabled in June 2010 and covered expenditure incurred by parliamentarians that was brought to account during the period 1 July to 31 December 2009.

In addition to being tabled in Parliament, the reports, together with supporting information including details of items purchased under the publications entitlement, are made available on the Finance internet site.

The tabling of the enhanced six-monthly reports is in line with the Government's commitment to transparency and, specifically, that it would:
> "Develop a complete reporting regime for all Department of Finance and Deregulation expenditure on entitlements for or connected with senators and members or former parliamentarians".

Detailed public reporting is also in line with recommendations made by the ANAO over many years as part of its argument that greater public disclosure was warranted in view of the different financial framework applying to parliamentary entitlements.

Much enhanced in scope, the new six-monthly report covers the categories included in Part A of the MMRs (the parliamentarian's domestic and overseas travel, family travel, car transport including private-plated vehicle entitlements and residential telephone services). It also includes costs incurred in relation to the parliamentarian's office (recommended in Section 6.5 above to be listed in a third section of the MMR), including:
- the printing and communications entitlement;
- the publications entitlement;
- office property operating and associated costs; and
- telecommunications costs.

As noted above, however, the tabled report does not cover staff costs and staff travel, which are currently included in Part B of the MMRs. These costs are reported publicly at an aggregate level in the MOP(S) Act Annual Report.

As a tabled document, it is of high importance to both M&PS and parliamentarians that the usage and expenditure details of the six-monthly reports are correct. The report takes six months to finalise, including review by parliamentarians who are provided with a preliminary report that includes details of property operating expenses to facilitate checking of figures that are aggregated in the final report. Parliamentarians have three weeks to confirm that the details are correct. As they will be providing signed confirmation of details of entitlements used up to eighteen months previously, the more that information in the MMRs can feed directly into the reports for tabling, the more the process is eased for parliamentarians and their staff.

Up to now, the MMRs have been of limited value in clearing the six-monthly reports to be tabled, as the current structure, scope, format and wording of the six-monthly reports and the MMRs are very different.

If office costs were listed in a separate section of the MMR as suggested above, two of the sections in the MMR would relate directly to the six-monthly report, facilitating verification of the details in the reports for tabling by parliamentarians and their staff. It would also mean that an office would not have to search across numerous sections of the MMR to locate details that map to a specific budget item, as is currently necessary to confirm office requisites expenditure.

In addition, aligning the structure, format and wording of the two documents would significantly increase the ability to compare the two and thus greatly ease the work involved in confirming that the details in the report to be tabled were correct. It would also underline the importance for parliamentarians and their staff of verifying the details in the MMRs each month to provide an accurate base for the later confirmation of the tabled report.

6.7 Certification or Confirmation of Details

As noted above, the Certification that currently accompanies the MMRs is intended only to determine that parliamentarians' entitlements are used according to the legislation.

The tabled six-monthly report, by contrast, is not accompanied by a request for certification. Instead, Senators and Members are asked to confirm that the details in the documents and in the accompanying information to be tabled are correct. (In response to this requirement for the report tabled in November 2010, 165 parliamentarians confirmed their data, 23 qualified their confirmation and 42 did not respond.)

The achievement of greater transparency through the six-monthly tabling of entitlement usage and expenditure represents a major advance in accountability in this area and, as noted above, is in line with ongoing calls by the ANAO for greater public disclosure. In this context, the time may therefore be right to reassess the timing and form of certification of entitlement usage, including as it relates to the six-monthly confirmation of expenditure details.

There would seem to be a strong case for moving the timing of parliamentarians' certification, that they have used their entitlement according to the relevant legislation from the MMR, to align it with the six-monthly tabling report. This would bring the timing of the important certification requirement into line with the public tabling of expenditure on entitlements.

At this time also, staff salaries and travel, which are not included in the reports for tabling, would be certified separately by the parliamentarian or by a staff member who has been authorized to certify on the parliamentarian's behalf.

As a result, the monthly report could focus on achieving more accurate and timely information for expenditure management purposes, without the confusion and delay that currently accompanies its dual role. Indeed once system

developments allow the current monthly report to be provided on-line, which will allow ongoing updating of details on usage, any monthly process linking the two would become redundant.

The option of moving the certification to align it with the six-monthly tabling of expenditure was canvassed in discussions with the Auditor General, who did not foresee that the proposed change would cause difficulties. He added, however, that there would be benefit in parliamentarians certifying that their reported entitlements usage was within the terms of the relevant entitlements, and he considered that the requirement for certification should be strengthened, perhaps through the eventual public reporting of instances where use had not been certified as being within entitlements.

The importance of correct reporting in the six-monthly reports for tabling means that it would be important to retain the current requirement that parliamentarians confirm that the detail in the reports and in the accompanying information placed on the internet is correct. The question then is whether the certification should be part of the same report, and therefore be a certification that the actual entitlement use listed in the report was in line with legislation. The alternative would be to have a separate, but more general, certification about entitlement usage over the six month period. The first option is a tighter and more specific accountability requirement and, as other adjustments are bedded down, should probably be the preferred option at this stage.

As the MMR is a basic accountability document, it is important that the practical representation of the changes suggested above be available to assist consideration of the recommendation. In this context, over the last few weeks the Accountability and Reporting Branch of M&PS has been of significant assistance in preparing a mock up of a revised MMR which includes these adjustments. This is close to completion as a draft and could assist consideration of the suggestions outlined, including consultation with a selection of parliamentarians or their offices if agreed by the Minister.

RECOMMENDATION 5

Noting the need to encourage greater accuracy and timeliness in management reporting and the importance of developing a clearer and more easily understandable base for monitoring expenditure, and the certification and confirmation of details, it is recommended that:

i.   the Monthly Management Report (MMR) be restructured into three parts by separating the current Part B into staff costs and office operating costs;

ii.   within the staff costs section of the MMR, all costs relating to each particular staff member be listed together to simplify verification of details;

iii. high level summaries of transaction costs and budget usage be provided at the front of the report to assist monitoring of overall expenditure;

iv. greater emphasis be given to easy identification of the usage of capped entitlements, including adding a figure for the percentage used, together with graphical representation of it and other relevant areas, to assist management of budget and entitlement use;

v. changes be made to align the structure, format and wording of the MMRs with the six monthly reports to be tabled, enabling direct checking of details from one to the other;

vi. the requirement for certification that entitlement use is in accordance with the legislation be moved from the MMR to the six-monthly report, instead asking parliamentarians and their staff to focus on the identification of any errors or anomalies in the MMR by a certain date so that they may be corrected speedily for inclusion in the following report;

vii. the current requirement for parliamentarians to confirm the expenditure details in the six-monthly report, in addition to the certification of legal entitlement use, be retained;

viii. the usage of staff salaries and travel, which are not included in the tabled report, be certified separately at the same time as certification of the six-monthly report, by the parliamentarian or a staff member authorized to do so; and

ix. consideration be given to discussing the revised format and content of the MMRs with selected parliamentarians and their offices if the Minister agrees.

7 – BALANCING FACILITATION AND CONTROL IN ADMINISTRATION

The doubts that can arise about the valid use of entitlements that are based on undefined terms, in a framework that depends to a considerable extent on self regulation, have led to the construction of complex and detailed administrative processes to satisfy accountability requirements. These administrative processes must also deal with an intricate and inter-related array of legislative provisions and determinations of the Remuneration Tribunal that have built up over the years as the Tribunal responds to the varying circumstances of Senators and Members.

The resulting administrative framework, built to respond to accountability concerns, is both resource intensive for Finance to administer and irritatingly bureaucratic for parliamentarians. As such, it has been an ongoing source of tension between the two groups.

Understanding that detailed checking can be cumbersome, ANAO has suggested on several occasions that M&PS should give more priority to the development of risk management techniques as part of the control framework.

For example, Audit Report No. 5 of 2001-2 included the comment that:
> "Detailed checking of each entitlements transaction is not a practical, cost-effective approach. Nor should it be necessary if there is an effective audit program in place to periodically test the effectiveness of the existing system, supported by sensible risk management." (P. 25)

The sensitivities surrounding the use of parliamentary entitlements, however, have tended to work against this approach. Adverse audits identifying lax administration of entitlements have led, understandably, to a tightening of the relevant administrative provisions. In addition, accusations of entitlement abuse that have been taken up with enthusiasm by public commentators have led M&PS to take a cautious approach to the introduction of risk management techniques.

Achieving the right balance between risk management and control in this type of environment is by no means easy, and flexibility in administration can be an early casualty in such situations.

7.1 Audit and Checking as Part of the Control Framework

As discussed above, the primary responsibility for ensuring that entitlement use is valid rests with the parliamentarians themselves. The role played by M&PS is to ensure the administration of entitlements strikes an appropriate balance between being efficient and flexible, and supporting proper accountability for public money.

In this context, moves in the direction of achieving increased flexibility and reduced process for parliamentarians, as well as administrative efficiencies for the department, are clearly dependent on the maturity of the risk management techniques that can be applied as the alternative control mechanism.

In its 2009-10 audit of entitlements, the ANAO assessed M&PS' procedures as neither risk-based nor robust:
> "Finance's sample selection process is not informed by benchmarking analysis of entitlements use or other data matching to focus attention on higher value/volume users or those where the data indicates a greater likelihood of misuse." (P. 125)

The Government's provision in mid 2009 of additional funding to establish an enhanced audit and checking function, therefore, was timely.

The Accountability and Reporting Branch of M&PS became operational in February 2010, and its enhanced auditing and checking function has two main components:
- an annual program of audits of the use of entitlements targeting the higher risk areas of entitlements usage. This audit program is already

functional. Where relevant, lessons learned papers will be prepared following each audit and placed on the intranet, and will guide improvements in administrative practices; and

- an enhanced program of pre and post payment checking of entitlements use, incorporating additional checks in high risk areas as well as existing checks that were not found to be redundant. The areas undertaking the checks will be responsible for reporting on outcomes.

To provide a basis for determining risk, which is central to targeting both the program of audits and the pre and post payment checks, the Branch has undertaken a comprehensive risk assessment of all elements of all entitlements for Senators and Members and MOP(S) Act employees administered by M&PS. Each aspect of the risk assessment is linked to the legislative framework, including legislation, sub-legislation, procedural rules, guidelines and administrative arrangements as advised by circular. Despite being highly resource intensive, this assessment is crucial to the success of any risk management strategy. In addition, because risks can change, both in type and degree, it is important that it be refreshed annually.

It is also important that the outcomes of both the audit program and the pre and post payment checks be disseminated across M&PS, and that they are taken into account in informing the work of its policy, program delivery, advisory, reporting and control functions.

7.2 Streamlining of Entitlements Administration

In discussions with parliamentarians, particular areas of frustration that were mentioned consistently in this context were the complexities involved in the appointment and reappointment of staff, particularly electorate staff, and the detailed administrative processes attached to both domestic and overseas travel.

In reviewing possible options to reduce these complexities while at the same time maintaining accountability controls, consideration was given to the greater use of risk management techniques, increased dependence on financial caps, and reassessment of the amount and type of information required to achieve the result.

7.3 Increased Post Payment Checking – Parliamentarians' Travelling Allowance for Travel to Canberra

Significant improvements to both administration and service delivery could be achieved by introducing a risk based model for processing parliamentarians' travelling allowance (TA) claims.

Previous audits of parliamentarians' travel entitlements, as well as previous allegations of misuse, have meant that M&PS generally operates in a risk averse environment in this area. This is particularly the case for travel to Canberra, where all aspects of the TA claim are checked prior to payment. This can be

highly labour intensive and time consuming for M&PS, and can be a source of significant frustration for parliamentarians in providing the documentation required, when the payment of the claim is delayed, and when follow up communication is necessary.

Accommodation in Canberra differs from accommodation elsewhere in Australia in that parliamentarians generally make arrangements that do not involve a commercial receipt which can otherwise be used to confirm expenditure on overnight accommodation. Checking to ensure that the entitlement was taken in accordance with entitlement, therefore, has involved obtaining documentary evidence that all aspects of the entitlement have been met, specifically evidence of arrival in and departure from Canberra (a requirement under Remuneration Tribunal Determination 2010/09), and evidence of attendance at a sitting of Parliament, a Party or Parliamentary Committee Meeting, or an official function.

The type of evidence that M&PS must receive or locate for this assurance includes:
- a boarding pass (only attached to the claim 30% of the time);
- a signed Parliament House car log (rarely attached, and a carbon copy must be obtained);
- the Hansard record to confirm sitting times (this is updated at the end of each sitting week);
- the QANTAS flights spreadsheet (often received a week after travel is completed);
- a signed tax receipt (rarely attached or signed);
- a carbon copy of a signed credit card transaction (rarely attached or signed);
- an accommodation receipt (rarely attached);
- the confirmed COMCAR booking (requires completion in the COMCAR reservations system before usable by M&PS);
- a VIP manifest confirming the claimant is a passenger;
- the Hansard record confirming Committee Meeting attendance (must wait for Hansard or request confirmation from Committee Secretary);
- proof of attendance at a Party Meeting from the party Whip; and
- evidence of attendance at an official Government or Vice Regal function (if this is not provided, an internet search is required).

If M&PS cannot obtain sufficient evidence from these sources, it requests additional information from the parliamentarian. Delays obviously occur to the extent that evidence is not attached to the original claim form.

This process was introduced in 1997 in response to a request by the then Government for a review of the travel allowance system in the wake of the 'travel rorts' controversy. Since 1997, details of all travel allowance payments have been tabled and the increased transparency of tabling has helped to reduce the risk of erroneous claims.

A streamlined model could expedite processing while applying risk based controls. Anecdotal evidence suggests that the appropriate evidence is eventually

located by M&PS on over 99% of claims, and the vast majority of claims that are rejected are due to a misunderstanding by the client about their entitlement. Erroneous claims of this nature would still be picked up prior to payment under the proposed risk based model.

Under the proposed model, TA forms could continue to be submitted with the required evidence attached, in which case they would be assessed in line with the current system. Alternatively, the TA form could include a signed assurance that the evidence was available on request (as is currently provided for under Remuneration Tribunal Determination 2010/09 for commercial rates of TA in relation to overnight stays in locations other than Canberra). In this case, following a quick check that the claim was in line with the entitlement (in terms of the dates, location, purpose etc), M&PS would pay the claim.

For claims where parliamentarians had chosen this alternative course, M&PS would introduce a post payment checking process to be conducted on a percentage of randomly selected claims. The post payment checks would involve M&PS itself locating evidence wherever possible (such as flight confirmations, Hansard records, confirmed COMCAR bookings etc.) and approaching the client only where sufficient evidence could not be found. Post payment checks would be weighted towards higher risk claim types and, if a claimant were found to have made an error, would be extended to cover other TA claims.

Unlike the provision in Remuneration Tribunal Determination 2010/09 that payment of TA for destinations other than Canberra can be made on certification that evidence of expenditure can be produced on request, the wording of Determination 2010/09 in respect of the Canberra rate of TA currently provides that it is payable:

> "upon validation of arrival and departure times in Canberra in the form of documentary evidence of travel to and from Canberra in accordance with the guidelines issued by the Special Minister of State." (Para 3.4)

An approach to the Tribunal to adjust the wording of the Determination, therefore, could help to clarify the process for the assessment of claims.

The proposed process would enable prompt payment of parliamentarians' claims, generally without the need to follow up queries from M&PS. It would also reduce the administrative load on M&PS, even after taking account of the resources needed for the post payment checking function. M&PS estimates that its payment KPI could potentially be reduced from five to three days or less.

The proposed model would also facilitate adaption of TA payments to Canberra to an online claims system when one is introduced.

7.4 Changing the Balance between Pre and Post Payment Checking – Overseas Travel for Parliamentarians and Their Staff

Parliamentarians and MOP(S) Act employees travelling overseas on official business are paid allowances for their travel prior to departure, including incidentals allowance and, where eligible, clothing and equipment allowances. On return, they are required to complete a Certification of Official Travel form within 28 days of arrival back in Australia confirming that the travel was undertaken, advising any changes of itinerary, and claiming reimbursement of any out of pocket expenses.

If the certification is not submitted within 28 days, M&PS issues an invoice to the traveller seeking repayment of travel allowance. This generally prompts the traveller to return the certification form and M&PS cancels the invoice seeking repayment.

A revised process to provide a more convenient and less confrontational service to parliamentarians and their staff undertaking official travel, would be to require a return to be submitted only when there was a change to the traveller's itinerary after allowances were paid or where reimbursement for additional expenses was sought. Travellers would then submit an Adjustment of Official Overseas Travel form, accompanied by the receipts or statutory declarations of expenditure where reimbursement was sought.

Risks to the Commonwealth of the proposed change would be limited as M&PS would continue to reconcile accounts received from the travel provider, overseas posts and other agencies. If the reconciliation alerted M&PS to an itinerary variation that had not been submitted, it would remind the traveller to fill in the Adjustment of Official Overseas Travel form. M&PS would also continue to check for variations in allowances as a result of itinerary changes, and to process requests for reimbursement of expenditure according to established practice.

Despite the need to continue these reconciliations, there would be an overall reduction in M&PS processing time. The key advantage, however, would be the increased convenience for travelling parliamentarians and their staff.

7.5 Reducing Repetitive Provision of Information – Employment Contracts

The employment of staff, and completion of the relevant pre-employment checks, is important in the public sector and particularly important in the sensitive political environment.

There are a number of forms governing the employment of MOP(S) Act employees. They must complete:
- Form 109 – *Employing an Ongoing Employee*, or Form 106 – *Employing a Non-ongoing Employee*, or Form 117 – *Employing a Casual Employee*;
- Form 118 – *Statement of Casual Hours* (casual employee only);

- Form 53 – *Employee's Personal Particulars*;
- Form 136 – *Employee's Travel Service Provider Profile and Cabcharge Request*;
- provision of proof of ID;
- Form 9(c) – *Superannuation Options*;
- a *Tax File Number Declaration* form; and
- Form 78 – *Police Records Check* where required by the Senator or member

The first four forms are to be signed by both the employee and the employer.

The completion of employment contracts is always a time consuming task. The problem is compounded in the political environment, however, by the significant employment of casual and short-term non-ongoing staff, and the provisions of the employment framework that require a high number of contract revisions annually.

Senators and Members are required to complete a new employment agreement:
- when a new employee (including an employee engaged under the Relief Staff Budget) is employed;
- for each engagement of a non-ongoing employee (including multiple short-term engagements of the same employee where there is a break in employment);
- for each engagement of a casual employee (casual employment contracts are limited to four weeks); and
- when the Senator or Member becomes, or ceases to be, a relevant Office Holder under section 3 of the MOP(S) Act.

Without taking into account contracts for ongoing employees, there were 7154 variations to contracts for the year December 2009 to end November 2010, including 2091 casual contract variations and 4101 statements of casual hours worked. One Member's office alone put forward 179 variations, including 70 casual contract variations and 106 statements of casual hours; and one Senator's office was involved in 172 variations including 44 casual contract variations and 128 statements of casual hours. Variations to non-ongoing contracts were relatively few in number. One Member, however, had 25 non-ongoing contract variations over this period.

Completing these employment and contract variation forms becomes a major and time-consuming task for parliamentarians and their staff.

All of the employment forms listed above clearly set out, both on the front cover and on the first page of the form, that the original of the agreement must be completed and be received in M&PS within six weeks of the commencement date of the agreement or payment will be limited to the six weeks prior to the agreement being received. Successive Ministers have sent reminders about the importance of achieving this timetable. The fact that only 20% or less are received on or before the date of effect and that, despite the penalty, there are consistently some that do not reach M&PS inside the six weeks specified, suggests that the process is causing administrative roadblocks.

In addition, the forms themselves are crowded, dense and legalistic. The main employment forms begin with at least two pages of closely typed instructions in a seeming attempt to cover all possible aspects of employment. As a result, they are not easily accessible.

A simpler process already exists in the area of superannuation fund choice. The existing contracts ask whether the person has previously been employed under the MOP(S) Act. If they tick 'No', the contract states that they must complete Form 9(c) – *Superannuation Choice*. If they have previously been employed and wish their superannuation arrangements to remain the same, no form is required. If they indicate that they do wish to change their choice, they should complete the form.

This type of choice could be used more generally. Where, for example, the person had been employed previously and no changes were required to the information formerly provided, there would also be no need to complete Form 53 – *Employee's Personal Particulars*, Form 136 – *Employee's Travel Service Provider Profile and Cabcharge Request*, the *Tax File Number Declaration* form and Form 78 – *Police Records Check* where one is required.

A check list provided with the basic employment agreement would assist employees to decide which of the other forms they needed to download and to complete (for example, to prompt completion of Form 53 – *Employee's Personal Particulars* if they had moved offices and their employer had changed, or completion of the tax file declaration if academic study had finished and a HECS bill had become payable).

In the future, with improved online functionality, the intranet should be able to be configured such that the response to the initial question would determine how much of the documentation would need to be completed.

As the process is bedded down, however, consideration could be given to whether it was advisable to limit the timeframe during which the additional forms would not need to be completed. Limiting it, for example, to "previous employment under the MOP(S) Act within the last year" may be the preferred course in the first instance to help to ensure that the information provided remains current.

In addition, to make the forms more usable, the introductory description (including the Terms and Conditions of Service material) at the front of the ongoing, non-ongoing and casual employment agreement forms, could be revised to include only essential information. Details for new staff members could be placed on the Ministerial and Parliamentary Services' intranet and, where relevant, in the New Starters Kit. The form could include a declaration that the employee had sighted the relevant material.

7.6 Risk Management Backed By Audit – Requirement for Original Signatures

M&PS' practice of accepting only original signatures dates back to late 2000, and followed an accusation that a MOP(S) Act staff member had fraudulently used their employing parliamentarian's electronic signature on a number of claim forms. Greater efficiency has been achieved in recent years, however, by increased acceptance of scanned forms by fax or email, without the former requirement to sight the paper copy with the original signature. Leave, travel and changes in personal particulars forms may now be submitted by fax or email.

Most recently, it was agreed that travel forms for MOP(S) Act employees could be submitted electronically, combined with a risk-based audit of original travel claims. MOP(S) Act travel is being audited as part of a wider internal audit of the travel entitlements of parliamentarians and their staff as part of M&PS' enhanced auditing and checking capability. At this stage, however, all employment contracts retain the requirement for original signatures.

There is no doubt that allowing electronic submission of employment agreements would provide significant efficiencies to both Senators and Members and M&PS. M&PS currently receives a number of faxed copies of documents that are filed while waiting to receive the originals within the required six-week period or whenever they are received. Accepting faxed or emailed copies of the documents would do much to improve the timeliness of the payments.

Secondly, it is not unusual for offices, particularly from remote localities where the timing of receipt by mail is less certain, to contact the Staff Help Desk to confirm receipt within the six week period, which causes additional work in searching for the documentation to confirm whether the original has been received and, if not, determining why. Submission by fax or email would provide confirmation at the time of sending and avoid the need for such calls. Finally, accepting faxed or emailed documentation should reduce the number of requests to the Minister seeking extensions to the six-week rule, and lessen the rationale for such requests being agreed.

The issue is to determine the degree of risk involved in not requiring original signatures.

Senators and Members have a basic entitlement to four electorate officer positions, and any attempt to employ an additional officer is likely to be identified quickly. It is a Government requirement that the personal staff positions of Ministers and Parliamentary Secretaries are approved by the Government Staffing Committee before M&PS actions the employment, which provides an independent check, and a similar approval requirement operates for Opposition personal staff appointments. There is no such requirement for the Greens or Independent Senators and Members, but the numbers are small and checks would be fairly easy to perform.

The Relief Staff Budget provides the greatest area of risk through, for example, the submission of claims for time not actually worked or a change to the salary level after the form has been approved.

Part B of the Monthly Management Report provides detailed information on the Relief Staff Budget. Each person who has been employed or partially employed against the Budget is identified separately in the Report, including salary, hours paid, the dollar value and the period involved. Salary information is broken down between levels where staff are employed at more than one level during the period, and across the board salary increases are also identified.

Senators, Members and staff authorised for this purpose would be responsible for keeping watch on the details of usage in the monthly reports and, under the proposals put forward in Section 6.7 above, for certifying that payments were made in accordance with entitlements as part of their six-monthly certification of Staff pay and travel.

At the same time, M&PS itself would monitor those areas of greatest risk. An internal audit of the submission of employment agreements by fax or email would be undertaken a year after the provision was introduced, and thought would need to be given to the length of time offices would be required to retain the original documentation for broader auditing purposes.

A central email address and fax number for submission of employment agreements would make it possible to identify those that had been faxed or emailed. They could then be allocated through the Call Register and anybody in M&PS with access to the Register would be able to identify those that had been received.

7.7 Increased Dependence on Financial Caps – Electorate Staff Travel in Australia

The current approach to limiting staff travel depends on a capped Electorate Staff Travel Budget (ESTB), combined with limitations on the locations to which travel may be undertaken that are both frustrating for parliamentarians and resource intensive for M&PS to administer.

Travel entitlements for staff employed under Parts III and IV of the MOP(S) Act are set under Determination 2008/5. Part 3 of this Determination provides that:
> "Electorate Employees may travel as directed, on official business:
> a. between the electorate and Canberra;
> b. between the electorate and the capital city of the relevant State or Territory; and
> c. within the electorate of their employing Senator or Member."

Determination 2008/5 also details the methodology for calculating of the ESTB, and sets out the locations between which travel is permitted.

In response to an approach by the Hon Bruce Scott MP in November 2009, the then Minister agreed in principle, in July 2010, to extend the travel provisions of electorate employees to enable them to travel as directed anywhere within Australia on official business, subject to the existing funding cap of the ESTB.

In order to close a consequential loophole that would have funding implications, he also agreed to apply the existing funding cap on the ESTB to electorate employees of a Minister, Parliamentary Secretary or Opposition Office Holder who were not previously subject to it, with the exception of continuing the provision whereby one nominated electorate employee of these Office Holders may travel anywhere in Australia on official business. Although this change may not be welcomed by the Office Holders concerned, analysis of previous expenditure patterns by M&PS suggests that few, if any, Office Holders would be affected by the proposed change.

Agreeing to amend the current determination to provide for this change could also include some useful but minor technical and policy amendments to clarify and simplify its provisions.

This proposal would retain funding control through the limit of the ESTB cap, progress towards which is reported in the Monthly Management Reports. As the detailed limitations on trips would disappear, post payment checking of destinations would not be necessary.

The proposal would therefore increase convenience for parliamentarians and produce administrative savings for M&PS.

RECOMMENDATION 6

Noting the importance of streamlining administrative processes to achieve efficiencies for both Parliamentarians and their staff and for M&PS, while maintaining appropriate accountability controls, it is <u>recommended</u> that consideration be given to:

i. for the payment of parliamentarians' Travel Allowance for travel to Canberra, move to a system whereby a claim can be paid promptly without the necessary documentary evidence, on the assurance that the evidence will be made available on request, with a post-payment checking process on a percentage of randomly selected claims;

ii. for official travel overseas by parliamentarians and their staff, require the Certification of Official Travel form to be returned only where the travel itinerary was changed after allowances were paid, or reimbursement of additional expenses is being sought;

iii. for employment contracts for MOP(S) Act staff, streamline the contracts so that, for staff previously employed under the MOP(S) Act, only those

forms where particulars have changed need to be downloaded and completed, with the forms themselves being simplified for easier use. As the process is bedded down, consideration should be given to whether the change should be limited to those staff previously employed under the MOP(S) Act within the previous year;

iv. in respect to the requirement to provide the original employment documentation with original signatures before the employment is approved, move to accept faxed or emailed documents in order to increase the timeliness of approvals, with the relevant parliamentary offices retaining copies of the original documents for a specified period to allow auditing; and

v. for electorate staff travel, amend the current determination to allow electorate employees to travel anywhere in Australia on official business, subject to the existing ESTB funding cap, extending the funding cap to the electorate employees of Office Holders who were not previously subject to it.

8 – SYSTEM IMPROVEMENT

Like other areas of Finance, M&PS competes for attention and funding to support the systems on which it depends for its payment, management and accountability functions. This competitive pressure for the funding pool, combined perhaps with the fact there has been significant pressure on Finance to upgrade its whole-of-government financial management systems, has meant that limited funds have been available for the administration of parliamentary entitlements.

As a result, the system back-up on which M&PS depends is both outdated and vulnerable, and significant manual intervention is necessary to support even basic service provision.

8.1 Previous Focus on Business Improvement

Despite ongoing effort from the staff who work with the systems, M&PS faces severe challenges in coping with the reporting functions that are increasingly important for accountability and transparency, and the support services that are able to be provided to parliamentarians can only be described as poor.

The need for a significantly upgraded IT functionality for the delivery of parliamentary entitlements has been acknowledged by Finance for some years.

In 2002, recognising that the business and information management systems available to M&PS were hampering efforts to achieve substantial process improvement, the department commissioned DMR Consulting to undertake an independent review of M&PS business processes. As a result, the M&PS Business Improvement Program (BIP) was established.

DMR pointed to the need to:
- increase capability to capture data at source;
- increase the timeliness of reporting;
- increase reporting transparency;
- decrease payment cycle times; and
- decrease data anomalies.

The BIP did achieve some program improvement. A COGNOS tabling report facility, streamlining the then six-monthly reports to Parliament on travel costs, was implemented in December 2003. In addition, a new human resource management information system, chris21, introduced to process the pay and allowances of MOP(S) Act staff, went live in July 2005 although without its online functionality.

By October 2006, however, it was clear that the approved budget for BIP projects would be need to be significantly augmented to complete the program, and BIP was suspended.

The major project remaining uncompleted was the Parliamentary Entitlements Management system (PEMS) intended to replace and upgrade the Entitlements Management System (EMS). It included a rules-based engine that incorporated the legislative framework for parliamentary entitlements and provided online functionality for parliamentarians including entry, query and reporting of claims made under the various entitlements. The PEMS project was linked with a project to provide a secure Internet gateway with a single sign-on facility to enable parliamentarians and their staff to access the system.

A report on lessons learned identified, in particular:
- problems flowing from initial cost projections that did not take account of the full scope of the program;
- underestimation of the technical complexity of the interfaces between the systems;
- inadequate attention to the impact of changes in program scope; and
- program planning and governance that was insufficient for the scale and complexity of the program as a whole.

8.2 Current M&PS IT Systems

The decommissioning of BIP means that the issue of how to provide increased system support to assist M&PS to provide improved client service to Senators and Members and their staff remains pressing. The two major IT Systems that are particularly pertinent in this context are chris21 and EMS. (The deficiencies of the Call Register are dealt with in Section 4.4 above and COMCAR's electronic reservations system (RISCC) is mentioned in Section 9.4 below.)

Chris21 is used to record approved office establishments, process pay and related allowances, record and process leave entitlements, monitor Relief Staff Budget expenditure, record and store details of authorisations, and record

learning and development information for MOP(S) Act employees. It is also used to pay the top up salary component for Ministers and Parliamentary Secretaries.

Chris21 is an off the shelf product, implemented in July 2005, that was chosen to meet the complexities of the MOP(S) Act employment framework, and has been heavily modified and customised to do so. However the fact that its online Human Resource (HR) functionality (HR21) has not been implemented means that it has real limitations in delivering services to clients. MOP(S) Act employees, therefore, still have a paper based system for applying for leave and are posted hard copies of their pay slips. There is also a paper based system for changing address and bank account details.

EMS is the system used to process the non-salary related entitlements of parliamentarians and their employees. It links directly to chris21 as well as to Finance's financial management information system (SAP). It also processes the data feeds from suppliers (such as Cabcharge) and provides information for the Monthly Management Reports and the six-monthly tabled reports.

EMS is a specifically designed, custom built system that was originally implemented in 1999. Modules have been added over time through in-house technological upgrades that were developed by different programmers in a range of programming languages. These programmers have since left Finance and their work was not well documented. The main focus of recent work on EMS has been to maintain the system's operation rather than to add improvements. The system is outdated and high risk, and it requires constant maintenance.

It also has important deficiencies in the area of information capture and reporting. It requires considerable use of free text areas to deal with the complexities of the parliamentary entitlements system. Inconsistencies in the use of free text descriptions have meant that, for example, in preparing for the report on parliamentarians' entitlements tabled in June 2010, approximately 23,000 of the 48,000 entries had to be manually adjusted. (This is one of the deficiencies that the design of PEMS was to have addressed.)

By mid 2009, Finance's then e-Solutions Group noted that it had become extremely difficult to hire developers with current knowledge of EMS technologies, and that EMS had become difficult and time consuming to maintain due to the amount of code and the number of development standards used in previous application developments.

As a result of the problems identified, funding has been provided to extend the useful life of EMS and, in particular, to provide specific system improvements to support M&PS business processes. These include the ability to email invoices directly from EMS, the development of a debt reporting functionality, and improved support for changes in roles by parliamentarians. The business case for EMS 2.0 was signed off in October 2009 and the project was originally scheduled for completion by March 2011.

Over the past year, however, projected project costs have increased and the estimated completion date has blown out. This situation is a real cause for concern in view of the centrality of EMS to the management of, and accountability for, expenditure on parliamentary entitlements.

8.3 Options for System Improvements

Recognising that there is a case for significant system improvement to support the work of M&PS in delivering services to parliamentarians, including increased online functionality, there are two broad options for moving forward in this area:

1) Discontinue all or most of the current work on EMS, which would eventually be decommissioned, and channel funding into a fully integrated on-line system for providing services to Senators and Members and their staff; or

2) Give priority to the full implementation of the EMS 2.0 upgrade and to implementing the online front end of chris21 (HR21) and, following that, start scoping work for a fully online system.

Factors relevant to the evaluation of the alternative options are set out below.

8.4 Online HR Functionality for MOP(S) Act Staff (HR21)

When the BIP was suspended in late 2006, chris21 was in operation but its online front end (HR21) had not been implemented. The system licences for HR21 had been purchased, but the decision was made that the infrastructure needs would require further funding that was not then available.

HR21 is a web based browser product that had been tailored by M&PS for use by MOP(S) Act staff, to enable them to:
- apply for leave on-line;
- view and update personal details;
- view leave accruals;
- view and print payslips;
- approve leave and overtime requests; and
- receive automatic email notification of acceptance or rejection of leave or overtime requests.

Implementation of this online capacity would significantly increase the efficiency and effectiveness of the administration of MOP(S) Act staff entitlements, and be resource effective both for the staff concerned and for M&PS.

A heavy reliance on paper based systems and manual processing is inefficient, both in the administrative resources required to process information and in the higher risk of gaps or breakdown in program control, particularly in dealing with parliamentarians' offices situated across Australia. A recent internal audit of leave processing noted that capture and approval of leave is performed in (often

remote) offices and mailed in hard copy form to M&PS where it is entered into chris21 which does not enable direct visibility of leave balances to approving officers. It concluded that incomplete processing and monitoring difficulties may be leading to significant underreporting of leave and over-accrual of leave balances.

The HR21 product has evolved since its implementation was considered in 2006. However, whenever Finance receives an upgrade of chris21 from its vendor, Frontier Software Pty Ltd (Frontier), the disc also contains the relevant upgrade of HR21. The most recent upgrade is version 3, although there may be a further upgrade before the end of 2010-11.

In considering the implementation of HR21, therefore, there may be additional matters that now could be considered for inclusion. But even the basic online functionality would enable MOP(S) Act employees to:
- view pay slips and pay details;
- apply for leave;
- update their contact and personal details; and
- change bank accounts and personal details.

In addition, chris21 is currently used to record learning and development opportunities provided by M&PS to MOP(S) Act employees. HR21 has the capacity to enable MOP(S) Act employees to register for the courses online. It would also facilitate email communication with registered attendees in relation to particular training courses.

Importantly, to help address the problem with leave reporting mentioned above, HR21 has the capacity to enable Senators, Members and authorised officers to whom they have delegated specific authority, to view the leave records and balances of all staff for whom they have approved leave.

It should also be noted that implementation of HR21 would have potential efficiency benefits for M&PS beyond direct HR administration. As discussed elsewhere, the ability of staff to have online access to their pay and leave balances should reduce the need for calls to the Staff Help Desk.

The updating of HR21 may, however, be accompanied by different issues to be resolved in rollout. For example, the connectivity of the most recent version of HR21 with the customised chris21 is not known and will have to be discussed with Frontier. There is also the need to ensure that Frontier will provide resources for seamless customer support.

In addition, it is not certain whether HR21 has sufficient functionality to avoid the need for further customisation to stand up in both the technical environment and the MOP(S) Act employment framework. The Departments of the Senate, the House of Representatives and Parliamentary Services use chris21 to process the salaries of their employees and of parliamentarians. However HR21 has been rolled out to the employees of the three departments but not to Senators and Members. The House of Representatives is currently using version 2 of HR21, but

considers that version 3, which it says has greater functionality, would be the better option.

Finance's preliminary estimate of the cost of implementing HR21, which will be refined as details are clarified, is:

- $700,000 for IT capital (including 100% contingency);
- $150,000 p.a. for increased internet capacity; and
- $1.5 million plus $900,000 p.a. for training, travel, contract management, user administration and help desk.

Discussions across Finance including AGIMO (which are continuing) conclude that the best approach to rolling out HR21 would be to select a bundle of stable, high value forms, pilot them in a selected office, and then implement HR21 in other offices progressively.

8.5 Implementing EMS 2.0

As noted above, EMS is central to supporting M&PS in the management of entitlements for parliamentarians and their staff. It is becoming increasingly difficult, however, for Finance to source the technical expertise in the relevant legacy technologies, which means that the system is becoming increasingly expensive to maintain.

There are therefore real risks in not proceeding with the EMS upgrade, including:

- failure to deliver the Monthly Management Reports and tabled expenditure reports, or incorrectly reporting on entitlements, impacting on both the accountability and transparency agendas of the Government;
- failure to process the entitlements of parliamentarians and their staff in an accurate and timely manner, with the accompanying danger of lack of ability to trace overpayments;
- lack of valid data on which to base policy and make informed business decisions; and
- continued reliance on specialised skill sets, with continued high and increasing system support and maintenance costs.

There are also clear benefits from proceeding. In addition to the specific increases in functionality mentioned above, the updated EMS system will support easier and cheaper modifications and enhancements in response to new business requirements, and will be cheaper to maintain. It will also be written in a programming language and structure that will provide the foundation for online delivery.

There have recently been delays in implementing the EMS upgrade with resulting cost increases overall. It now appears that only Stage 1 and Stage 2 Phase A (which primarily involves the module design phase) will be delivered within existing estimates. However, there will be little remaining from currently approved funding for Stage 2 Phase B, which is to deliver module implementation and complete the project. Consequently no revised date for implementation has yet been set.

The consequences of failing to deliver the EMS upgrade mentioned above, including the rising cost of maintenance that the department must face if the project is not finalised and real risk of breakdown of the reporting required for accountability and transparency in the area of parliamentary entitlements, would suggest strongly that non-completion of the upgrade is not a viable option.

8.6 An Integrated Online System

When BIP was suspended in 2006, it was estimated that $37.5 million would be required over the then forward estimates period to implement, maintain and depreciate the systems.

Advances in IT capability since that time, however, as well as changes to Finance's systems infrastructure, mean that it would be difficult to take those amounts as even a ball park estimate of the cost of implementing an online system today. In addition, considerable lessons were learnt from the problems faced in BIP implementation that would inform the development of any similar project. It was noted at a recent meeting of the Finance IT Steering Committee that it would be necessary to develop a conceptual architecture or function and capability document before an order of magnitude cost for replacing the current system could be provided.

It is clear, however, that the introduction of an integrated online system would be a major undertaking and would take careful assessment and planning to avoid the main criticism of BIP, that it was too ambitious in the number and complexity of projects it was aiming to deliver in the same timeframe.

Good process implementation of a project of this size would require:
- detailed work to determine system requirements and to establish its scope, taking account of the business needs of Senators and Members;
- the assessment of system availability and security requirements;
- a decision on whether the new system would be hosted within the Finance network or external to it;
- the development of a fully costed business case, which would include assessment of contingency, development, implementation and post implementation costs;
- the establishment of a governance system, in consultation with M&PS as the relevant business area;
- the development of a new policy proposal for Cabinet to gain additional funding;
- the procurement of a new system, perhaps involving an initial approach to the market to determine potential suppliers and business solutions;
- system development in consultation with the business area (M&PS) and the software provider;
- depending on the monetary value of the project, the conduct of stage gate reviews to assess progress towards meeting business needs, budget and timeframes; and
- implementation, accompanied by training for both M&PS staff and parliamentarians and their employees.

As parliamentarians' entitlements are unique to the Australian parliamentary context, it is highly likely that any online system to replace EMS would have to be custom built. It is also relevant that the contract with QSP Asia Pacific, which developed PEMS, was only suspended and a deed of Suspension and Resumption was signed in 2007 by Finance and QSP. Despite the fact that the company has been taken over by Eclipse, it may be that elements of the contract could be revisited. The rules engine, however, would have to be updated to reflect recent amendments to the entitlement framework, including taking account of changes that flowed from the Government's consideration of the Review of Parliamentary Entitlements.

Altogether, the process is a significant one and would require careful planning and diligence to ensure that all necessary issues were taken into account. Experience has shown, however, that rigorous process management is important for success in implementing such programs.

8.7 The Way Forward

Weighing the merits of the two options mentioned above involves an assessment of the balance between outcomes sought and the risk involved in achieving them.

On the one hand, the vision of a fully online system is an enticing one. Such a major project, however, would require detailed planning and would inevitably take time, and the risk involved in not proceeding now with the upgrade to EMS is very considerable in terms of the administration of parliamentary entitlements and accountability for them.

On the other hand, although the possibility of a fully integrated online system is more distant in the second option, the option provides more immediate advantages. The EMS upgrade would not only bolster a system where the risk of failure is currently high, it would also provide a web-based foundation for online delivery. In addition, the implementation of HR21 online capacity would both bring administrative efficiencies for M&PS and be a major advance in client service for MOP(S) Act staff. It would also provide a clear demonstration that a more modern approach to service delivery in this area was underway.

RECOMMENDATION 7

Noting the need to proceed promptly with the EMS upgrade, combined with the clear benefits that would accompany the implementation of HR21 both in terms of administrative efficiency and client service, it is underlined recommended that:

i.   priority be given to finalising implementation of the EMS upgrade;

ii.   a decision be made to move promptly to implement the online HR21 functionality; and

iii.   following completion of these priorities, work be put in train to define the system requirements for a fully integrated online system.

9 – OTHER PROCESS IMPROVEMENTS

Several other potential improvements in process came to attention in the course of the review and merit consideration.

9.1 Authority for Routine Discretionary Payments

Eligibility for parliamentary entitlements, in a framework where some of the basic terms are undefined, frequently comes down to a matter of interpretation. Because this can be both subjective and sensitive, the decision power has frequently been one for the Special Minister of State. The Minister can be given these discretionary powers under the legislation or determinations of the Remuneration Tribunal, or can be authorised to exercise these powers by the Prime Minister.

There are well over 50 of these provisions, and their consideration places considerable demands on the Minister, as well as on M&PS in preparing the briefs for the Minister's decision. However a number of these provisions involve little subjective judgement, and successive Ministers have authorized senior officers of M&PS to exercise their power in these areas.

Examples of such devolution include the power to approve electorate office refurbishments up to $50,000, the power to approve the issue of satellite phone services with four-wheel drive vehicles, the power to approve nominees to receive travel entitlements instead of a spouse, and the power to approve non-standard Private Plated Vehicles with a vehicle of similar type.

Particularly in view of the wide range of responsibilities held by the current Minister, it would be timely to see whether he favoured the devolution of additional decisions to M&PS in cases where the power of decision was relatively straightforward.

Areas for consideration by the Minister could, in the first instance, include the following.

- **Approval of Home-Based Work** – Under the relevant Guidelines developed in relation to the former Collective Agreement, the employing parliamentarian must seek the Minister's approval to the arrangements for home-based work.

- **Approval of Home-Based Office Equipment** – Under Item 5, Part 2, Schedule 1 to the Parliamentary Entitlements Act, certain Office Holders are entitled to equipment and facilities if approved by the Minister.

- **Employment at a Privately Funded Office** – Determination 2007/Part IV/I under the MOP(S) Act provides the Minister with the authority to approve alternative locations for Electorate staff.

- **Renewing an Office Lease in the Same Location** – When a Senator or Member advises M&PS of their wish to remain at their existing office on the expiry of the current lease, M&PS' property manager (United Group Services) advises M&PS on the market value of the rental that can be negotiated and, where there is doubt, further advice is sought from the Australian Valuation Office and the advice forms the basis of the decision.

- **Request for Special Charter where no Commercial Services are available** – Under Remuneration Tribunal Determination 2006/18, the Minister may approve the use of charter transport, including where a member would be unduly delayed by the use of scheduled services.

Devolution could also be accompanied by a monthly schedule for the Minister, setting out those occasions on which the devolved power was exercised.

9.2 Online Ordering

In line with the discussion in Section 5.3 about the use of third party systems to provide the basis for online application for services by MOP(S) Act staff, greater use could be made of supplier systems to order stores or facilities online.

In this context, supplier systems have been used in one case with considerable success. In mid 2010, M&PS introduced an online ordering system (OrderMax) for Office Requisites and Stationery items available from its contracted supplier, OfficeMax.

OrderMax was introduced across Australia and has considerable administrative benefits over the previous paper-based system:
- it is more streamlined, with orders lodged directly with the supplier at the time of approval; and
- parliamentarians' offices have an immediate record of orders lodged, and are able to track their progress.

In particular, it is possible for officers to check online the progressive total of their electorate office expenditure on items ordered through OrderMax. Although some other items, such as photocopy charges, are also charged against the Office Requisites and Stationery vote, this facility is of considerable assistance in tracking progress towards the annual financial cap on this item.

As noted in Section 5.3, many companies have online ordering systems. Australia Post, for example, recently wrote to Senators and Members promoting its own online purchasing service.

Other M&PS services could be considered for online purchasing. For example, orders for items for distribution to constituents (including booklets on the flags of Australia, recordings of the National Anthem, prints of the Australian Coat of Arms and national symbols kits) under the Constituents Request Program are currently ordered by completing Form 45 – *Constituents Request Program Order Form*. They are distributed by OfficeMax, and could also be ordered using OrderMax. In addition, large flags are ordered through a separate supplier, and the facility for online ordering could be considered when the contract is next tendered. Any such moves could achieve efficiency gains of the kind that were achieved through ordering office requisites and stationery through OrderMax.

9.3 State Office Management

The State Offices of M&PS provide a significant range of services for parliamentarians and their electorate offices, as well as managing the Commonwealth Parliament offices in each State capital and in Darwin.

Until recently, however, the services provided by each office tended to be State specific within broad guidelines, and the overall system lacked comparability and efficiency. There was no guidance to prevent inconsistencies in interpretation and processing and no best practice reference or knowledge bank.

Over the past three years, work has been underway, led by the State Office Managers, to bring together a set of detailed State Office Guidelines which reflect best practice across the States and provide a guide for new employees.

The Guidelines set out the authority for the provisions in the relevant legislation and determinations, the practices to be followed in putting them into effect, any providers that are contracted to M&PS in particular areas and samples of correspondence where relevant. Their coverage includes:
- Accommodation – leases, office relocation, fit-out, signage, property management and security;
- Stores and Equipment – photocopiers, facsimile machines, and office requisites and stationery;
- Facilities – office telephones, residential telephones, data lines and mobiles;
- Private Plated Vehicles – vehicle selection, nominated drivers, parking and fuel purchases; and
- State Office and Commonwealth Parliamentary Office management.

The Guidelines are still being refined, but their development is a valuable initiative and should have priority for finalisation and maintaining currency.

In parallel, there is still further work to be done in some areas to consider the increased use of centralized procurement contracts. There are, of course, local differences affecting provision that have to be taken into account. In some States, the distances are greater, and in far-flung electorates the availability of local service arrangements when quick repair is required is an important aspect. In addition, parliamentarians in some States have become used to a greater degree

of choice. Particularly in the area of office machines, however, the possibility of a whole- of- Australia procurement contract should be considered.

9.4 COMCAR

In an attempt to gain efficiencies in the car-with-driver system, COMCAR has probably been reviewed more times over the years than any other service that M&PS provides. It is also probably the most popular. The interim report of the Client Satisfaction Survey recorded no negative comments, and none were given by the parliamentarians consulted.

Nevertheless, COMCAR is facing some major management issues over the next period, particularly in the overall management of its cost (its budget has overspent consistently over recent years, and the resources used on the Parliamentary Shuttle have grown), the purchase of third party services, the replacement of an outdated business system and the consolidation of its workforce moving into the next Enterprise Agreement.

One of its most important tasks is the successful replacement of COMCAR's electronic reservation system (RISCC), as it is crucial to future performance. The initial aim was that the new system be fully operational by late 2011, but delayed release of the RFT means that there may be slippage into early 2012.

The second important issue is the expiry of COMCAR's Certified Agreement in June 2011. The integration of COMCAR's drivers into the Department's Enterprise Agreement from that stage will call for careful negotiation. It is arguable, for example, that many 'casual' drivers could be accorded the status of non-ongoing or even ongoing employees, an issue that could prove problematic in discussions.

Historically, COMCAR employed full-time ongoing drivers, but it was decided in the early 1990s to move to a casual basis for employment to facilitate flexible work arrangements in response to highly variable patterns of demand. Today COMCAR has a predominantly casual workforce with 19 full time ongoing drivers and about 250 casuals.

While a casual workforce brings the advantage of improved flexibility, casual employment is not attractive to younger people with commitments. The average age of drivers is 59 years, with a number of drivers in their early 70s. OH&S issues are obviously important, and COMCAR currently has four major workers' compensation cases, which impact on Finance's workers compensation premiums.

Thirdly, it is important that agreement on a Memorandum of Understanding is concluded between the Chamber Departments and M&PS on the Parliamentary Shuttle. Highly popular among Senators and Members, the Shuttle has long been

a problem for Finance in that Finance bears all of the cost, whereas the Chamber Departments have had substantial control.

Some advances have been made; for example the drivers remaining on the shuttle after the Transport Office in Parliament House is closed now return to COMCAR, although there is limited accountability about when work actually finishes. Perhaps the most significant further advance would be to implement recording of trips (pick up and drop off place and time) in line with normal COMCAR practice. Call recording on the Shuttle, as for other COMCAR work, would also assist proper fleet management.

RECOMMENDATION 8

It is recommended that M&PS:

  i.   seek the Minister's views on the authorization of senior officers in M&PS to exercise his decision making power in a number of less sensitive areas;

 ii.   consider opportunities for moving, through suppliers' systems, to online ordering, with consequent efficiency gains;

iii.   give priority to finalising the State Office Guidelines and to ongoing work to maintain their currency;

 iv.   consider further opportunities for Australia-wide procurement contracts, particularly in the area of office machines; and

  v.   continue work underway in COMCAR to finalise the MOU with the Chamber Departments on the Shuttle; and, in particular, implement trip recording on the Shuttle in line with normal COMCAR practice.

Attachment A – Summary of Recommendations

Possible Alternative Service Delivery Models

1. It is <u>recommended</u> that:

    i. a recommendation be prepared for the Minister's consideration to transfer the administration of the payment of additional salary to Ministers and Parliamentary Secretaries to the Chamber Departments, with the Minister, or the Prime Minister, taking over the responsibility for making any regulations under the Ministers of State Act;

    ii. M&PS give priority to working with AGIMO and the Department of Parliamentary Services (DPS) to negotiate the transfer of responsibility for electorate office IT equipment and facilities to DPS;

    iii. the transfer of electorate IT equipment and facilities be accompanied by the transfer of the IT policy function currently residing in M&PS;

    iv. the remainder of the M&PS function remain in Finance at this stage; and

    v. M&PS continue discussions with the Human Services Portfolio about
        a. options to take advantage of the Portfolio's experience in service delivery across a range of areas; and
        b. short or medium term staff exchanges, to help improve its service to clients.

Written Guidance on Entitlements

2. Noting the importance of providing Senators and Members with written advice that is as clear and understandable as possible (and at the same time providing reference to the relevant source legislative provisions) to assist them in meeting their responsibility to satisfy themselves that their use of parliamentary entitlements is lawful, it is <u>recommended</u> that:

    i. priority be given to ongoing review of the Entitlements handbooks, as the primary advisory documents, taking guidance from queries to the call centres on where further clarity should be provided to assist understanding;

    ii. those references in the text of the Entitlements handbooks to source documents whose provisions have already been taken up in the text and the source footnoted, be dropped; where further detail is available in the source document that has not been included, the particular omission be noted, together with a reference to the relevant paragraph in the source document, for information where required;

iii. as experience pinpoints areas where a lack of specificity in the eligibility for the entitlement causes difficulties in interpretation for Senators and Members, a note be included in the handbooks that additional care should be taken in assessing eligibility for this entitlement;

iv. the purpose and content of the Guide to the Entitlements of Senators and Members be reassessed, including directing users to the handbooks as the primary advisory document on entitlements;

v. the Guide and How to Get Started Kit be reviewed to align the terminology, order, title headings and colour coding with that used in the handbooks to facilitate navigation across the suite of advisory documents;

vi. the review of the Guide be completed in time for the changes to be reflected in the next printed edition; and

vii. a reference to the relevant paragraphs of the handbooks where the information on the entitlement can be found, be added to the How to Get Started Kit, together with a notation that the online version of the handbooks should be consulted for most current source of advice on entitlements.

Communication and Advice

3. It is <u>recommended</u> that M&PS:

i. review the content of the orientation sessions for new MOP(S) Act staff to focus on priority information, and add the relevant Entitlements handbook references to the handouts (as well as using the same colour coding) to facilitate cross reference for more detailed explanation at a later date;

ii. develop a flag procedure to identify calls received where the answer given may be breaking new ground, to assist the preparation of a united response;

iii. progressively develop a portfolio of scripted responses , including to frequently asked questions, for use on the Staff Help Desk, to facilitate consistent advice;

iv. consider the feasibility of encouraging a greater number of requests for advice to come via the email channel, as a cheaper alternative to call;

v. in view of the operational difficulties of the Call Register and early indications that the cost of a replacement off-the-shelf system would

be modest, assess the cost and operational ability of a replacement call system;

vi.   continue to dedicate resources wherever possible to the development of the Entitlements Histories, designating Entitlements Policy Branch responsible for retaining their currency, once finalised, in parallel with updating the Entitlements Handbooks;

vii.   review the policy of access to the Entitlements Histories with a view to increasing the numbers of M&PS staff that have access; and

viii.   continue discussions with the People Advisory Centre of the Human Services Portfolio to benefit from its expertise in assessing the value of alternative pathways in providing advice to clients.

Improving Accessibility

4. Noting the importance of streamlined access to entitlements, both to facilitate usage and to provide administrative efficiencies, it is recommended that:

i.   M&PS work to improve the design of the Ministerial and Parliamentary Services intranet site, introducing processes to ensure that the design of new forms and circulars takes account of the provisions needed to make them web accessible and increase search capacity;

ii.   M&PS use the Tuggeranong Concept Laboratory to redesign two of the most complex forms, using that process as a model to review other forms used to access entitlements;

iii.   at the same time as M&PS approaches the market to refresh the panel of providers of development programs for parliamentarians and their staff, it canvass the ability of the providers to provide an online booking facility;

iv.   a suggestion box be included on the redesigned Ministerial and Parliamentary Services intranet site, to provide the ability for both parliamentarians and their staff to provide feedback on issues of concern or ideas for improvement; and

v.   M&PS consult the Minister's office, and other offices in Parliament House if the Minister agrees, as part of any re-design of the user interfaces to systems or facilities that would be used in office management or entitlement access.

Reporting for Management and Accountability

5. Noting the need to encourage greater accuracy and timeliness in management reporting and the importance of developing a clearer and more easily understandable base for monitoring expenditure, and the certification and confirmation of details, it is recommended that:

i. the Monthly Management Report (MMR) be restructured into three parts by separating the current Part B into staff costs and office operating costs;

ii. within the staff costs section of the MMR, all costs relating to each particular staff member be listed together to simplify verification of details;

iii. high level summaries of transaction costs and budget usage be provided at the front of the report to assist monitoring of overall expenditure;

iv. greater emphasis be given to easy identification of the usage of capped entitlements, including adding a figure for the percentage used, together with graphical representation of it and other relevant areas, to assist management of budget and entitlement use;

v. changes be made to align the structure, format and wording of the MMRs with the six monthly reports to be tabled, enabling direct checking of details from one to the other;

vi. the requirement for certification that entitlement use is in accordance with the legislation be moved from the MMR to the six-monthly report, instead asking parliamentarians and their staff to focus on the identification of any errors or anomalies in the MMR by a certain date so that they may be corrected speedily for inclusion in the following report;

vii. the current requirement for parliamentarians to confirm the expenditure details in the six-monthly report, in addition to the certification of legal entitlement use, be retained;

viii. the usage of staff salaries and travel, which are not included in the tabled report, be certified separately at the same time as certification of the six-monthly report, by the parliamentarian or a staff member authorized to do so; and

ix. consideration be given to discussing the revised format and content of the MMRs with selected parliamentarians and their offices if the Minister agrees.

Balancing Facilitation and Control in Administration

6. Noting the importance of streamlining administrative processes to achieve efficiencies for both Parliamentarians and their staff and for M&PS, while maintaining appropriate accountability controls, it is recommended that consideration be given to:

i. for the payment of parliamentarians' Travel Allowance for travel to Canberra, move to a system whereby a claim can be paid promptly without the necessary documentary evidence, on the assurance that the evidence will be made available on request, with a post-payment checking process on a percentage of randomly selected claims;

ii. for official travel overseas by parliamentarians and their staff, require the Certification of Official Travel form to be returned only where the travel itinerary was changed after allowances were paid, or reimbursement of additional expenses is being sought;

iii. for employment contracts for MOP(S) Act staff, streamline the contracts so that, for staff previously employed under the MOP(S) Act, only those forms where particulars have changed need to be downloaded and completed, with the forms themselves being simplified for easier use. As the process is bedded down, consideration should be given to whether the change should be limited to those staff previously employed under the MOP(S) Act within the previous year;

iv. in respect to the requirement to provide the original employment documentation with original signatures before the employment is approved, move to accept faxed or emailed documents in order to increase the timeliness of approvals, with the relevant parliamentary offices retaining copies of the original documents for a specified period to allow auditing; and

v. for electorate staff travel, amend the current determination to allow electorate employees to travel anywhere in Australia on official business, subject to the existing ESTB funding cap, extending the funding cap to the electorate employees of Office Holders who were not previously subject to it.

System Improvement

7. Noting the need to proceed promptly with the EMS upgrade, combined with the clear benefits that would accompany the implementation of HR21 both in terms of administrative efficiency and client service, it is <u>recommended</u> that:

i. priority be given to finalising implementation of the EMS upgrade;

ii. a decision be made to move promptly to implement the online HR21 functionality; and

iii. following completion of these priorities, work be put in train to define the system requirements for a fully integrated online system.

Other Process Improvements

8. It is <u>recommended</u> that M&PS:

i.   seek the Minister's views on the authorization of senior officers in M&PS to exercise his decision making power in a number of less sensitive areas;

ii.   consider opportunities for moving, through suppliers' systems, to online ordering, with consequent efficiency gains;

iii.   give priority to finalising the State Office Guidelines and to ongoing work to maintain their currency;

iv.   consider further opportunities for Australia-wide procurement contracts, particularly in the area of office machines; and

v.   continue work underway in COMCAR to finalise the MOU with the Chamber Departments on the Shuttle; and, in particular, implement trip recording on the Shuttle in line with normal COMCAR practice.

Attachment B - Review of Administration of Parliamentary Entitlements by the Department of Finance and Deregulation - Terms of Reference

The Department of Finance and Deregulation is committed to continuous improvement. From time to time it reviews the way business is conducted and considers whether there may be better ways of doing things.

The Department has sought the assistance of an independent reviewer with senior level experience in the Australian Public Service to examine the way Finance administers the parliamentary entitlements framework to see if there are improvements that could be made to the way it does business and the way it interacts with parliamentary clients.

The independent reviewer will produce a report for the Secretary of the Department of Finance and Deregulation on:

1. Options to improve the delivery of services to Senators, Members and their staff, including consideration of the results of an independently conducted customer survey being undertaken in relation to M&PS' services.
2. Examination of possible alternative service delivery models and assessment of their suitability for administering parliamentary entitlements.
3. Identification of areas with scope for improvement in business processes and systems, including communications with parliamentary clients.
4. Options to improve value for money in the administration of the parliamentary entitlements framework.
5. Other matters considered relevant to the review.

Given that the parliamentary entitlements framework has recently been reviewed by an independent committee (Chaired by Ms Barbara Belcher AM) and its recommendations are yet to be considered by the Government, this review will focus on options to improve the administration of the parliamentary entitlements framework, rather than examining the framework itself.

The report on the Review should be provided to the Secretary of Finance by 30 November 2010 unless otherwise agreed.

[A revised reporting date of 31 January 2011 was subsequently agreed.]

Attachment C - Glossary

AAO	Administrative Arrangements Order
AGIMO	Australian Government Information Management Office
ANAO	Australian National Audit Office
BIP	Business Improvement Program
chris21	HR management information system to process the pay and allowances of MOP(S) Act staff
COMCAR	Commonwealth car-with-driver service
DPS	Department of Parliamentary Services
EMS	Entitlements Management System
ESTB	Electorate Staff Travel Budget
Finance	Department of Finance and Deregulation
FMA Act	Financial Management and Accountability Act
Frontier	Frontier Software Pty Ltd
HECS	Higher Education Contribution Scheme
HR	Human resources
HR21	online front end of the chris21 system (see above)
IT	Information Technology
KPI	Key performance indicator
M&PS	Ministerial and Parliamentary Services
MMR	Monthly Management Report
MOP(S) Act	*Members of Parliament (Staff) Act 1984*
PEMS	Parliamentary Entitlements and Management System
PM&C	Department of the Prime Minister and Cabinet
PPV	Private Plated Vehicle
QSP	QSP Asia Pacific
SAP	Finance's financial management information system
TA	Travelling allowance