

The Auditor-General
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Performance Audit

Decision-making Controls for Sustainability— National Disability Insurance Scheme Access

National Disability Insurance Agency

Department of Human Services

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Senior Executive Director
Corporate Management Branch
Australian National Audit Office
19 National Circuit
BARTON ACT 2600

Or via email:

communication@anao.gov.au.





Canberra ACT
19 October 2017

Dear Mr President
Dear Mr Speaker

The Australian National Audit Office has undertaken an independent performance audit in the National Disability Insurance Agency and the Department of Human Services titled *Decision-making Controls for Sustainability—National Disability Insurance Scheme Access*. The audit was conducted in accordance with the authority contained in the *Auditor-General Act 1997*. I present the report of this audit to the Parliament.

Following its presentation and receipt, the report will be placed on the Australian National Audit Office's website—<http://www.anao.gov.au>.

Yours sincerely

A handwritten signature in black ink that reads 'Grant Hehir'.

Grant Hehir
Auditor-General

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

AUDITING FOR AUSTRALIA

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For further information contact:
Australian National Audit Office
GPO Box 707
Canberra ACT 2601

Phone: (02) 6203 7300
Fax: (02) 6203 7777
Email: ag1@anao.gov.au

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Audit team

Cheryl Wilson
Deanne Allan
Tessa Osborne
Matt Owen
Fei Gao
Andrew Rodrigues

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Summary and recommendations

Background

1. The National Disability Insurance Scheme (NDIS or the Scheme) will replace existing Commonwealth, state and territory disability support systems with a nationally consistent scheme for Australians under the age of 65 who have a permanent and significant disability. When fully implemented, the Scheme will benefit an estimated 460 000 Australians with a disability, at a total cost of around \$22 billion in the first year of full operation (2020–21).
2. The number of people receiving individualised supports under the NDIS is a major driver of Scheme costs. Eligibility requirements to access the NDIS are set out in the *National Disability Insurance Scheme Act 2013* (the Act). The National Disability Insurance Agency (NDIA) is responsible for administering the Scheme, including ensuring that Scheme participants meet the eligibility requirements set out in the Act. The NDIA has outsourced processing of some streamlined access requests to the Department of Human Services (Human Services).
3. The NDIS was trialled in seven sites between July 2013 and June 2016 and is being rolled out nationally from July 2016. The transition to the full Scheme will require a rapid scale up of the NDIA's capacity to determine access requests.

Audit objective and criteria

4. The objective of this audit is to assess the effectiveness of controls being implemented and/or developed by the NDIA to ensure that NDIS access decisions are consistent with legislative and other requirements. To form a conclusion against the audit objective, the following high-level audit criteria were adopted:
 - Suitable information, training and guidance is available to support effective decision-making about access to the NDIS.
 - Suitable administrative systems and processes are in place to support transparent, accurate, timely and consistent assessment of NDIS eligibility.
 - Suitable quality and compliance arrangements have been established to mitigate the risk of incorrect NDIS access decisions.

Conclusion

5. The NDIA has implemented some controls to ensure that NDIS access decisions are consistent with legislative requirements, but these have been inconsistently applied. As at August 2017, the NDIA is developing an integrated assurance framework to enhance decision-making controls.
6. Accurate and accessible information is available for consumers and carers about how to access the NDIS. Suitable training and guidance is available to support access decision-making by NDIA officers and processing of access requests by Human Services' staff.
7. Data integrity and reporting issues limit the NDIA's ability to monitor training completion by access decision-makers. In addition, NDIA requirements for on-the-job training were not documented and the ANAO found limited evidence that these requirements were implemented.

8. The NDIA's access processes supported the transition of a large volume of people into the NDIS in a short space of time. In practice, the ANAO observed legislative and administrative non-compliance that potentially affected the transparency, accuracy and timeliness of access decisions.

9. The access process was not well supported by the first stage of the NDIA's ICT system, introduced in July 2016, requiring implementation of inefficient manual work-arounds. The NDIA advised the ANAO that new ICT workflow management functionality was implemented from July 2017.

10. The NDIA had not established efficient or effective processes for internally reviewing access decisions. New procedures introduced by the NDIA in May 2017, if implemented effectively, will provide an internal review process that is consistent with legislative requirements.

11. The NDIA has implemented executive monitoring and reporting of strategic and operational risks, including risks to Scheme financial sustainability, which is informed by actuarial analysis of Scheme outlays and risks.

12. Comprehensive quality and compliance arrangements have not been implemented to mitigate the risk of incorrect NDIS access decisions. These are currently in development as part of a broader integrated assurance framework.

Supporting findings

Information, training and guidance

13. Information for consumers and carers on the NDIS is readily accessible from the NDIA website in multiple formats. The NDIA is in the process of translating key communication products into ten languages.

14. The NDIA has established training requirements for access decision-makers but training records are incomplete. Consequently, the NDIA does not have assurance that all officers making access decisions have been appropriately trained.

15. Requirements for on-the-job training for access decision-makers were not documented and the ANAO found limited evidence that pre-decision checks for less experienced decision-makers were occurring.

16. The NDIA's *Operational Guidelines* on Scheme access reflect the requirements of the legislation underpinning the Scheme. The *Operational Guidelines* are supplemented by a range of procedural materials for access decision-makers and relevant Human Services' staff.

NDIS entry and exit pathways

17. The sample of NDIA general access decisions reviewed by the ANAO demonstrated high levels of legislative and administrative non-compliance, including missing evidence of: disability and impairment; and written advice to applicants notifying them of their review rights. This result occurred within an environment of: rapid expansion in the volume of access requests and the number of access decision-makers; significant changes to the guidance provided to decision-makers; and the introduction of stage one of a new ICT system.

18. Streamlined access was designed to bring a large volume of people into the Scheme quickly when compared to the general access pathway. There was no documentation to support the creation and approval of lists of specified conditions, but the lists had been applied effectively with no evidence of decision errors related to specified conditions in the samples reviewed by the ANAO, once internal review processes had been completed. The quality of data provided to the NDIA by Australian, state and territory governments reduces the NDIA's ability to link Defined Program participants to approved Defined Programs and therefore to manage a key risk associated with streamlined access arrangements.

19. The first stage of the NDIA ICT system, implemented in July 2016, did not provide for workflow management functionality or real-time monitoring of decision-making timeframes. In July 2017, planned enhancements to the NDIA's ICT system were introduced which the NDIA advised allows monitoring of workflow and legislated timeframes for access decisions.

20. The ICT system provides computer-aided decision making, which the ANAO identified was being manually overridden in a large volume of cases, associated with a known misalignment between the NDIS Rules and the ICT system business rules. The ANAO also identified a discrepancy between the system business rules and other NDIA guidance.

21. The NDIA has implemented measures to address lower than expected exit rates from the NDIS. It is too early to assess the effectiveness of these strategies.

22. To improve assurance that only people who meet the NDIS access requirements remain in the Scheme there would be value in the NDIA introducing risk-based reassessments of NDIS eligibility for participants who enter the Scheme under the disability requirements.

Internal reviews and appeals

23. The NDIA did not have in place efficient or effective processes for internally reviewing access decisions. Revised internal review procedures introduced by the NDIA from 29 May 2017 are consistent with legislative requirements and provide greater clarity about procedures to be followed by NDIA officers in conducting internal reviews of access decisions. There is scope for the NDIA to improve quality assurance processes for internal reviews of access decisions.

Quality and performance arrangements for access decisions

24. The NDIA Board and executive have established systems and processes to identify, monitor and report strategic and operational risks to Scheme sustainability, including identification by the Scheme Actuary of emerging issues. Actuarial reports identify several access-related threats to Scheme sustainability and monitor the effectiveness of mitigation strategies. Access-specific risks are not reflected in the NDIA's strategic and operational risk plans.

25. Until July 2017, the NDIA had limited ability to monitor the performance of the National Access Team, due to the absence of a workflow function in the first stage of the NDIA ICT system. A 2017 Business Services Schedule between the NDIA and Human Services established performance metrics for the National Call Centre.

26. During the trial phase of the NDIS, the NDIA did not conduct regular quality assurance reviews of access decisions. The NDIA implemented monthly quality assurance reviews from October 2016, which indicate that the NDIA is not achieving its quality target for access

decision-making. The Agency is developing a new quality assurance program, which is expected to be supported by enhanced ICT system functionality from September 2017.

27. The NDIA's quality assurance reviews of access decisions have identified potential improvements. Implementation of these improvements is monitored through the NDIA Executive Management Group and the NDIA Board. Actuarial analysis is used to inform the development of strategies to address emerging risks and to monitor the impact and effectiveness of these strategies.

Recommendations

Recommendation no. 1
Paragraph 2.9 The National Disability Insurance Agency should establish, implement and monitor a robust quality framework for access decisions addressing training, ongoing assessment of officer proficiency and decision quality.

NDIA response: Agreed.

Recommendation no. 2
Paragraph 3.55 The National Disability Insurance Agency should ensure that the business rules underpinning computer aided decision-making are clearly documented, aligned with legislative and policy requirements, and verified to ensure they have been correctly incorporated into the National Disability Insurance Agency ICT system.

NDIA response: Agreed.

Recommendation no. 3
Paragraph 3.70 The National Disability Insurance Agency should review its processes to include reassessments of the eligibility of participants who enter the Scheme under the disability requirements, taking into account levels of impairment, and conditions that have greater prospects of improvement.

NDIA response: Agreed.

Recommendation no. 4
Paragraph 4.26 The National Disability Insurance Agency should implement quality control and assurance processes for internal reviews of access decisions, with the aim of supporting accurate, consistent and transparent decision-making.

NDIA response: Agreed.

Summary of entity responses

28. The National Disability Insurance Agency's and the Department of Human Services' summary responses to the proposed report are provided below, with full responses at Appendix 1.

The National Disability Insurance Agency

The NDIA takes the ANAO audit recommendations seriously and is committed to strengthening control weaknesses through continuous improvement.

The NDIA acknowledges the audit findings and agrees with the four recommendations. Steps have already been taken to address a number of the recommendations and issues raised in the report.

As a general observation, the NDIA notes that the audit took place during a time of significant transition and growth. From 1 July 2016 until 31 March 2017 (the period covered by the audit), the NDIA processed 81,172 access decisions. By comparison, over the previous three years of trial a total of 37,946 access decisions were made.

During the audit period the NDIA also faced a number of externally driven pressures and challenges, including: elements of key operational policy was not finalised between governments (for example phasing agreements); data on existing participants was received late and was of variable quality (for example missing information fields on primary disability type); and the late deployment of an IT system resulted in the NDIA staff having limited access to and time for training.

The NDIA is addressing the four recommendations of the audit report through: the implementation of a quality management framework and an integrated assurance framework; improvements to the storage and quality of decision making guidance and support documentation; and staff training to build core competencies. These activities will improve the quality, consistency and assurance of access decisions.

More broadly, the NDIS is implementing a program of work to improve the participant and provider experience which will be underpinned by clear operational processes, practices and controls.

The Department of Human Services

The Department of Human Services (the department) welcomes this review into the effectiveness of the National Disability Insurance Agency's (NDIA) implementation of the National Disability Insurance Scheme (NDIS).

The department notes the review's four recommendations refer to the NDIA. The department will work with the NDIA to ensure that the business rules underpinning computer aided decision-making are correctly incorporated into the NDIA business system as outlined in Recommendation Two.

Key learnings and opportunities for improvement for Australian Government entities

A summary of key learnings identified in this audit report that may be considered by other Commonwealth entities.

Staff training and guidance

- Staff training forms an important part of internal governance and control frameworks, and can support staff in providing them with the knowledge and skills to perform their roles effectively. Entities should implement procedures and maintain appropriate records to ensure all relevant staff have undertaken all required training.
- Staff guidance, training and procedural resources are often required to support officers to effectively implement or administer legislation. These resources should be reviewed regularly to ensure they are consistent with legislation and policy and internally consistent, particularly where the guidance and training informs determinations of individuals' eligibility for government assistance.

Risk management and governance

- When implementing large-scale projects with high materiality and risk, entities should ensure that the governance procedures remain effective throughout both the planning and implementation phases. In particular, risk management plans and strategies should be supported by institutional frameworks that ensure: continuity in risk management for the duration of the project; and that mitigation strategies are developed and effectively deployed when required. Risk plans should also reflect the context, timeframes and capabilities that exist and impact on project delivery.
- When developing processes to support an efficient, risk-based approach to administering legislation or policy frameworks, entities should ensure that: processes are consistent with relevant legislation or policy documents; and approval of these processes and associated risk is clearly documented. The procedures should also be regularly reviewed to ensure relevance and accuracy.

Business processes and decision-making tools

- IT-based decision-making tools should be consistent with legislation, including the delegations framework in place under the relevant legislation; and any requirements for a delegated officer to be involved in the IT-supported decision-making process.

Audit findings

1. Background

Introduction

1.1 The National Disability Insurance Scheme (NDIS or the Scheme) will replace existing Commonwealth, state and territory disability support systems with a nationally consistent scheme aimed at providing Australians under the age of 65, who have a permanent and significant disability, 'with the reasonable and necessary supports they need to live an ordinary life.'¹

1.2 The NDIS care model seeks to invest over the life of each participant. Eligible participants will develop a plan identifying their individual goals and aspirations and the 'reasonable and necessary' supports² required to help them achieve these. Participants with an approved plan may purchase supports from service providers of their choice.³ The Commonwealth, state and territory governments will also increase funding for disability services and equipment, from an estimated \$14.9 billion in 2012 to around \$22 billion in the first year of full operation (2020–21).

1.3 The National Disability Insurance Agency (NDIA) was established on 1 July 2013 as a corporate Commonwealth entity⁴ under the *National Disability Insurance Scheme Act 2013* (the Act), to deliver the NDIS and manage, advise and report on its financial sustainability.⁵

1.4 The transition to the NDIS will involve the phased transfer of eligible people from existing disability support systems into the NDIS. New entrants will also join the NDIS during the transition. Once fully implemented, the Scheme is expected to benefit around 460 000 Australians. The progressive implementation of the NDIS is set out in a series of agreements between the Commonwealth, states and territories.⁶ While the timeframes differ between jurisdictions, it is intended that the Scheme will be fully implemented by the end of 2019–20.

1.5 This timeframe has been described as highly ambitious given the magnitude of reform required to implement the Scheme.⁷ In June 2017, the Productivity Commission estimated that to transition this number of participants, the NDIA will need to approve 500 participant plans per day in 2018–19. Between 1 April and 30 June 2017, the NDIA approved approximately 243 plans per day.

1 National Disability Insurance Agency, *About the NDIS*, undated, p. 2, available from <<https://www.ndis.gov.au/about-us/what-ndis>> [accessed 18 January 2017].

2 The criteria for determining if a support is 'reasonable and necessary' are set out in Section 34 of the *National Disability Insurance Scheme Act 2013*.

3 Individuals or organisations delivering a support or product to a participant of the NDIS must generally be registered by the NDIA, except for self-managed participants, who may access supports from non-registered providers.

4 Under the *Public Governance, Performance and Accountability Act 2013*, a corporate Commonwealth entity is a body corporate that is legally separate from the Commonwealth.

5 Section 118 of the *National Disability Insurance Scheme Act 2013* sets out the full functions of the NDIA.

6 An intergovernmental agreement for the NDIS launch was signed by all Australian governments on 7 December 2012. Between September 2015 and January 2017, the Commonwealth and each state and territory entered into a *Bilateral Agreement for the Transition to a NDIS* (Transition Agreements).

7 See for example: Whalan J, Acton P & Harmer J, *A review of the capabilities of the National Disability Insurance Agency*, January 2014, p. 6; and p. 14; and Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs*, Canberra, 2017, pp. 13–15 and 49–52.

NDIS implementation

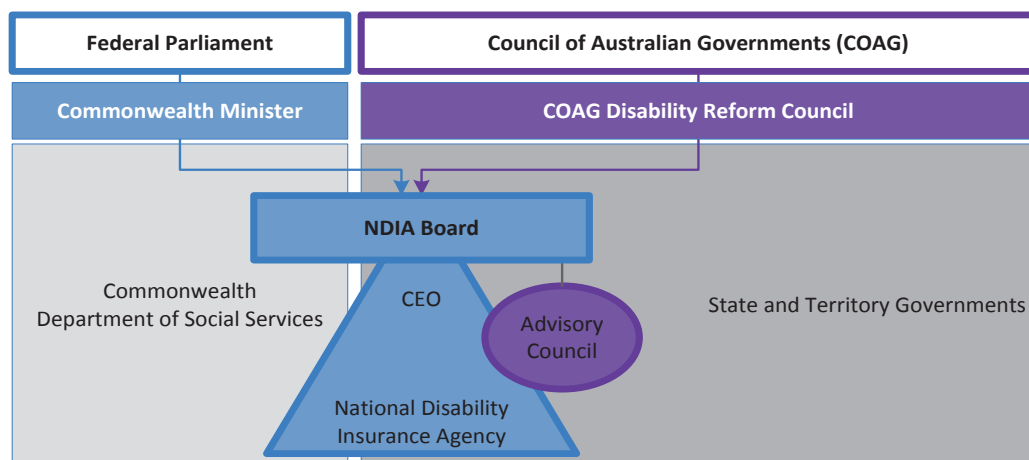
1.6 The operational aspects of the Scheme are set out under the Act. The Act specifies how: individuals enter the Scheme; how the level of individual supports is determined; registration of providers; NDIA governance frameworks; and procedures for internal and administrative review.

1.7 The Act also specifies that powers under the Act must be exercised having regard to the financial sustainability of the Scheme.⁸ The Act does not define financial sustainability. In summary, the NDIA defines financial sustainability as circumstances in which: participants are satisfied they are receiving enough to allow them reasonable access to supports and services to live an ordinary life; and governments are satisfied that cost is affordable and represents value for money.

NDIS governance

1.8 The NDIA Board is responsible for: ensuring the proper, efficient and effective performance of the NDIA's functions; and determining objectives, strategies and policies to be followed by the Agency. The Board is supported by an Independent Advisory Council and reports to both the Commonwealth Minister for Social Services and the Council of Australian Governments' (COAG) Disability Reform Council, as shown in Figure 1.1.⁹

Figure 1.1: National Disability Insurance Agency governance arrangements



Source: Adapted from NDIS website available at <<https://www.ndis.gov.au/about-us/governance>> [accessed 10 April 2017].

1.9 In January 2017 the NDIA board was expanded, '... to ensure it has the disability service, financial management, corporate governance and insurance-based expertise needed to guide the \$22 billion scheme through its critical three year expansion ...'.¹⁰

⁸ *National Disability Insurance Scheme Act 2013*, section 4(17).

⁹ The Disability Reform Council consists of Commonwealth, state and territory ministers within disability and treasury portfolios, as well as a representative from the Australian Local Government Association. The Council oversees the trial and implementation of the NDIS.

¹⁰ C. Porter, (Minister for Social Services), 'Strong Board to Guide the NDIS', media release, Parliament House, Canberra, 31 December 2016. Available at <<http://christianporter.dss.gov.au/media-releases/strong-board-to-guide-the-ndis>> [accessed 19 May 2017].

1.10 Changes to NDIS policy must be agreed by all governments. A previous ANAO audit of the NDIS found that in practice, the timeframes associated with this collective decision-making arrangement have been inconsistent with the implementation timeframes set by governments. This has increased the NDIS' operational complexity.¹¹

1.11 In addition, the NDIA was established in 2013 and is continuing to grow and build organisational capacity and capability while implementing the NDIS within ambitious timeframes. For example:

- the commencement date for the NDIS trials (July 2013), was one year ahead of the timetable proposed by the Productivity Commission;
- the transition to full Scheme was brought forward by one year (to July 2015) in the Penrith-Blue Mountains region of NSW and by six months (to 1 January 2016) in the Townsville/Charters Towers Region of Queensland; and
- the first Transition Agreements were not signed until 16 September 2016, less than nine months before the 1 July commencement date for transition to full Scheme.

Scheme access and sustainability

1.12 The NDIS represents a significant financial commitment by all Australian governments. Decisions on individual access to the Scheme are critical to both participant outcomes and Scheme financial sustainability. In particular, incorrect access decisions that allow people to enter the Scheme who do not meet the eligibility requirements will increase the total cost of the Scheme.

1.13 Under the Act, individuals may make an 'access request' to the NDIA to become a Scheme participant (Figure 1.2).¹² The NDIA assesses the access request against eligibility requirements, specifically¹³:

- **Age** – the person was aged under 65 when the access request was made (section 22);
- **Residence** – the person resides in Australia and is an Australian citizen, or the holder of a permanent visa or of a protected Special Category Visa (section 23);
- **Disability** – requirements relating to the nature and permanency of the disability; degree of functional impact; impact on capacity for social and economic participation; and likelihood of lifetime need for NDIS support (section 24); and
- **Early intervention** – requirements related to the nature and permanency of the impairments or developmental delay; the likely impact of early intervention, and the most appropriate service delivery system for provision of supports (section 25).

1.14 The Act also provides for the NDIS Rules to prescribe additional age and residence requirements, which facilitate implementation of the Scheme in accordance with Transition

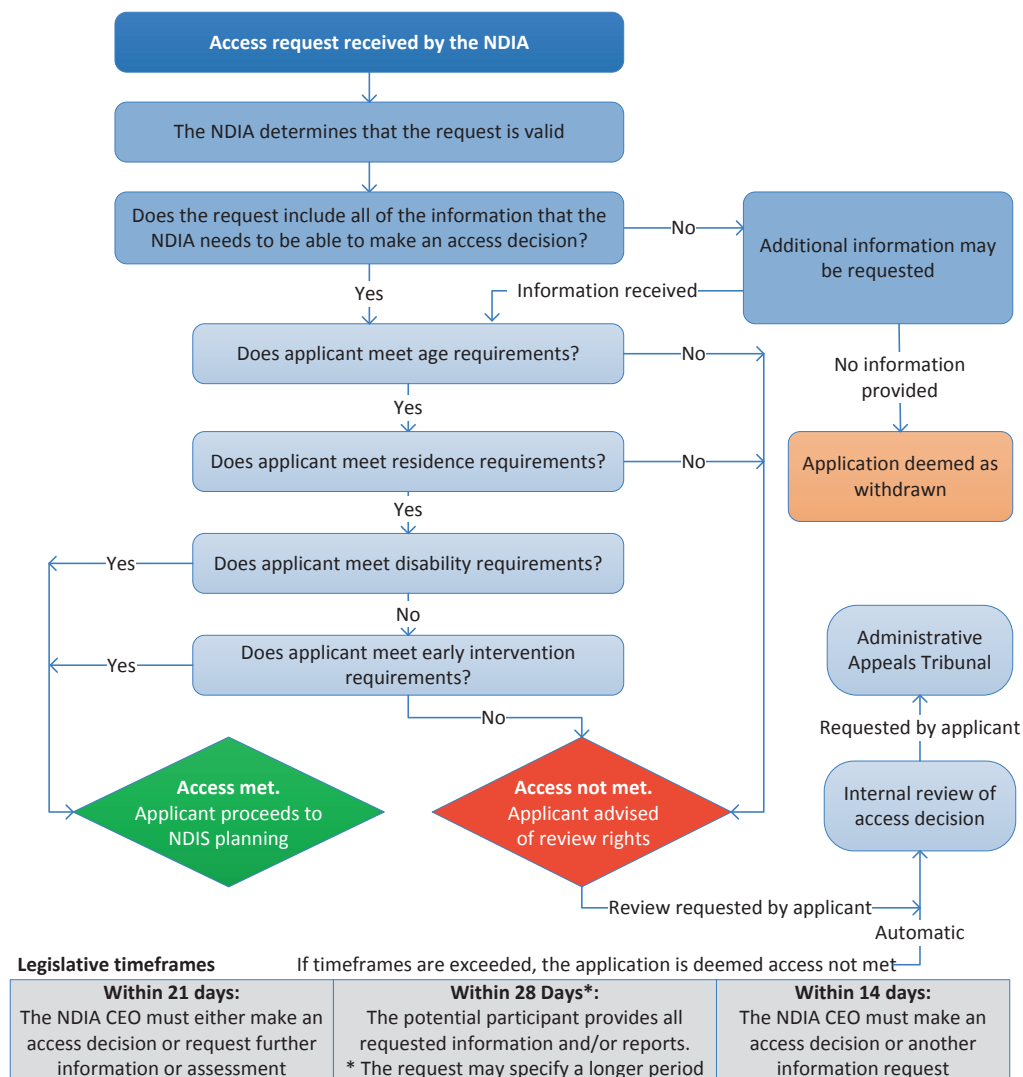
11 ANAO Audit Report No.24 2016–17 *National Disability Insurance Scheme—Management of the Transition of the Disability Services Market*, p. 23.

12 The revised explanatory memorandum for the Act notes that one of the purposes of having prescribed access criteria is to ensure the financial sustainability of the Scheme.

13 The Act provides for the NDIA Chief Executive Officer (CEO) to make an access decision. However, in practice, access requests are assessed by NDIA officers with delegated authority from the CEO to make an access decision. The four access requirements prescribed in the Act are replicated in their entirety at Appendix 2.

Agreements (see Footnote 6). Individuals are admitted to the Scheme if the NDIA determines that they meet both the age and residence requirements, including any additional requirements specified in the *National Disability Insurance Scheme (Becoming a Participant) Rules 2016*, and either the disability requirements or the early intervention requirements. As outlined in Figure 1.2, the Act also provides legislative timeframes for access decision-making.¹⁴

Figure 1.2: Legislated process and timeframes for NDIS access decisions



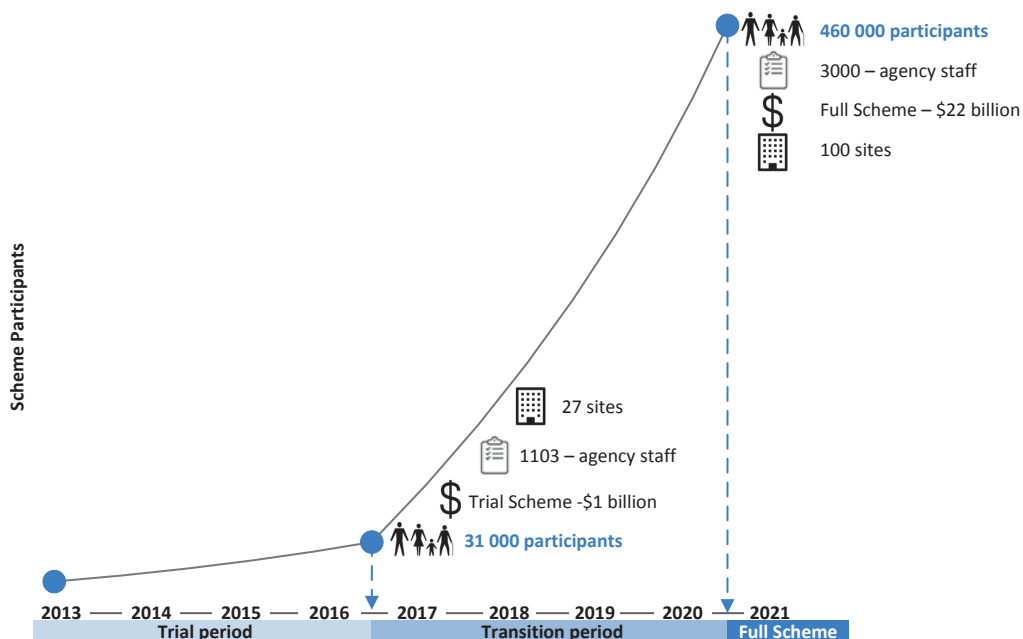
Source: ANAO analysis of provisions in the *National Disability Insurance Scheme Act 2013*.

14 *The National Disability Insurance Scheme (Timeframes for Decision Making) Rules 2013* double these decision-making timeframes (to 42 days and 28 days respectively) for non-urgent access requests submitted within 12 months of a region commencing transition into the NDIS.

NDIS transition to full Scheme

1.15 The NDIS was trialled in seven sites between July 2013 and June 2016 and is being rolled out nationally from July 2016.¹⁵ In order to meet the transition targets outlined in Transition Agreements the NDIA will be required to expand the Scheme to multiple new locations and from around 31 000 participants at the end of the three year trial period, to approximately 460 000 participants by the end of the transition period (to June 2020) (Figure 1.3).

Figure 1.3: Scheme growth 2013 to 2021



Source: Adapted from NDIS *Corporate Plan 2016–2021*¹⁶, with growth to scale.

1.16 The transition to full Scheme will require a rapid scale up of the NDIA’s capacity to determine access requests. In the nine months from 1 July 2016 to 31 March 2017, the NDIA received an average of almost 7900 requests per month, compared with around 1660 access requests per month in the corresponding previous period (1 October 2015 to 30 June 2016).

1.17 Between July 2013 and May 2015, applications to access the NDIS were assessed by NDIA staff within each of the NDIS trial sites. On 1 June 2015 the NDIA established a National Access Team (NAT), of around 30 NDIA staff from five sites, to determine access requests and refer participants to relevant sites for planning of individual supports. From March 2016 the NDIA

15 Transition to the NDIS commenced in all jurisdictions, with the exception of Western Australia, from July 2016. On 2 December 2016, the Commonwealth Minister for Social Services and the WA Minister for Disability Services jointly announced that final negotiations had commenced ‘on a nationally consistent but state-run’ NDIS in Western Australia, with the NDIS transition to begin on 1 July 2017.

16 National Disability Insurance Agency, *NDIS Corporate Plan 2016–2021*, p. 7. Available at <<https://www.ndis.gov.au/about-us/information-publications-and-reports/corporate-plan.html>> [accessed 10 April 2017].

expanded the size of the NAT to meet the increasing workloads. As at 6 February 2017, there were 191 staff working within the NAT.

1.18 The NDIA also outsourced the processing¹⁷ of some access requests to the Department of Human Services' (Human Services) Smart Centres.¹⁸ This built on existing arrangements whereby Human Services managed a National Call Centre on behalf of the NDIA to respond to inquiries from NDIS participants and providers. In April 2016, Human Services' Adelaide Smart Centre started processing access requests for Defined Program¹⁹ participants, utilising data provided to the NDIA by the jurisdictions, and in accordance with training and written directions provided by the NDIA.

1.19 In November 2016 the role of the Smart Centres was further expanded to process access requests from people who called the NDIS 1800 inquiry line to ask about NDIS access. Smart Centre officers collect relevant information and confirm age and residence (with consent) before passing the request to the NDIA for finalisation.

Audit approach

1.20 The objective of this audit was to assess the effectiveness of controls being implemented and/or developed by the NDIA to ensure that NDIS access decisions are consistent with legislative and other requirements. To form a conclusion against the audit objective, the ANAO adopted the following high-level audit criteria:

- Suitable information, training and guidance is available to support effective decision-making about access to the NDIS.
- Suitable administrative systems and processes are in place to support transparent, accurate, timely and consistent assessment of NDIS eligibility.
- Suitable quality and compliance arrangements have been established to mitigate the risk of incorrect NDIS access decisions.

1.21 In addition to reviewing key policy, procedural, governance and risk management documentation, the audit methodology included:

- a review of 150 NDIA access decisions made between 1 July 2016 and 31 March 2017;
- attendance at NDIA training for new access assessors held on 27–28 February 2017;
- observation of NDIA and Human Services' officers processing access requests;
- review of nine submissions to the audit from service delivery agencies, peak industry and complaints bodies and individuals; and
- discussions with relevant officers in the NDIA and Human Services.

17 Responsibility for access decision-making continued to rest with the NDIA.

18 DHS Smart Centres, previously referred to as call centres, deliver phone and processing services for Centrelink, Medicare and Child Support program services to customers around Australia.

19 Defined Programs are existing state, territory or Australian Government disability programs that have been assessed by the NDIA as having access criteria comparable to the NDIS. People in Defined Programs are automatically granted access to the Scheme if they meet the age and residence criteria (see Chapter 3).

1.22 The audit focussed on NDIS access decisions during the period 1 July 2016 to 31 March 2017. This period corresponds with the introduction of the first stage of a new NDIA Customer Relationship Manager ICT system on 1 July 2016 and to the introduction of revised NDIA Operational Guidelines, from 16 September 2016. The audit did not examine: the development of policy in respect of NDIS access requirements; access by people with specific disability, for example, hearing impairment; or whether access decision-making is consistent with the NDIS transition and phasing arrangements.

1.23 The audit was conducted in accordance with the ANAO's auditing standards at a cost to the ANAO of approximately \$496 000.

2. Information, training and guidance

Areas examined

This chapter examines the availability of information, training and guidance to support effective decision-making about access to the NDIS.

Conclusion

Accurate and accessible information is available for consumers and carers about how to access the NDIS.

Suitable training and guidance is available to support access decision-making by NDIA officers and processing of access requests by Human Services' staff.

Data integrity and reporting issues limit the NDIA's ability to monitor training completion by access decision-makers. In addition, NDIA requirements for on-the-job training were not documented and the ANAO found limited evidence that these requirements were implemented.

Areas for improvement

The ANAO has recommended that the NDIA establish a robust quality framework for access decisions.

There is also scope for the NDIA to better align its public guidance on evidence requirements with its internal guidance and procedures.

Is accurate and accessible information available to consumers about access requirements?

Information for consumers and carers on the NDIS is readily accessible from the NDIA website in multiple formats. The NDIA is in the process of translating key communication products into ten languages.

2.1 In January 2017 the National Disability Insurance Agency (NDIA or the Agency) published a Communication Framework that outlined its approach to informing consumers about accessing the National Disability Insurance Scheme (NDIS or the Scheme).

2.2 Pursuant to this framework, the NDIA has developed a number of communication products setting out the Scheme's access requirements, and is in the process of making these accessible for key target audiences with additional communication needs (see Table 2.1). Information is available in print or on the NDIS website and in multiple formats and languages, including Easy English²⁰ and multimedia. The NDIS website also provides an online access checklist and a Frequently Asked Questions section.

²⁰ Easy English is defined in the NDIA *Communication Product Development and Review Framework* as a form of printed communication designed for people with low English literacy. It presents key information rather than details, using images and simple sentences.

Table 2.1: Summary of the NDIA’s strategy for communicating with target audiences

Target audience	Communication strategy
People with hearing impairments	<p>Videos about access requirements are available on the NDIS website in Closed Caption and AUSLAN (Australian Sign Language) formats.</p> <p>Information on access is communicated through webinars and live presentations on request, which are also AUSLAN interpreted.</p> <p>People can contact the NDIA using Text Telephone (TTY) services.^a</p>
People with visual impairments	<p>The NDIS website and digital factsheets about access requirements are compatible with screen reader technology.^b</p> <p>Access Request Forms are available in hard-copy large print and braille formats from NDIS centres, on a case-by-case basis.</p>
People with intellectual disability and/or low levels of English literacy	<p>A selection of factsheets about the NDIS are available in Easy English.</p> <p>The NDIA is planning to publish an Easy English factsheet about access requirements.</p>
Aboriginal and Torres Strait Islander communities	<p>The NDIA’s <i>Aboriginal and Torres Strait Islander Engagement Strategy</i> pledges to communicate with Aboriginal and Torres Strait Islander communities in a way that is contextually sensitive to the language, heritage and culture of each individual community.</p> <p>The NDIA advised that the main approach relies on Local Area Coordinators and service provider links, rather than tailoring a variety of written material.</p>
Culturally and linguistically diverse (CALD) communities	<p>Foundational communication products and Easy English products communicate with visual language, which is helpful for those with low levels of English literacy.</p> <p>Prospective participants and/or their carers can contact the NDIS using a translating and interpreting service.</p> <p>Pursuant to its <i>CALD Communications Plan</i> the NDIA aims to have all foundational communication products translated into ten languages other than English. As at May 2017, two products addressing access requirements have been translated ('Preparing for the NDIS' and 'My NDIS Pathway Booklet').</p>

Note a: A Text Telephone (TTY) device allows people with hearing impairments to use the telephone by typing messages to the other party.

Note b: Screen readers are software programs that allow visually impaired users to read the text that is displayed on the computer screen using a speech synthesiser or braille display.

Source: ANAO analysis of NDIA communication material.

2.3 The NDIA’s Communication Framework also establishes timeframes for the review of its communication products and stakeholder feedback, with a view to ensuring that information for key target groups is accurate and current.

Are officers processing, deciding or reviewing access requests appropriately trained?

The NDIA has established training requirements for access decision-makers but training records are incomplete. Consequently, the NDIA does not have assurance that all officers making access decisions have been appropriately trained.

Requirements for on-the-job training for access decision-makers were not documented and the ANAO found limited evidence that pre-decision checks for less experienced decision-makers were occurring.

2.4 The NDIA has documented training requirements for delegates with access decision-making powers. These requirements include generic e-Learning modules, mandatory for all NDIA staff²¹; as well as purpose-designed National Access Team (NAT) training and eLearning modules, covering the NDIA's *Operational Guidelines*; disability awareness and customer service; and use of the NDIA's ICT Customer Relationship Manager (CRM) system. The NDIA advised the ANAO that these training courses are supplemented by on-the-job training and shadowing.²² There are no additional training requirements for NAT officers undertaking supervisory or review roles.

2.5 The NDIA was unable to provide advice on how many NAT staff completed each of the relevant CRM modules on the NDIS access process as completion data could not be disaggregated for specific organisational units. However, a June 2017 internal audit report indicated that NDIA completion rates for e-learning modules ranged from 32 per cent to 54 per cent depending on the module. In addition, while the NDIA commenced keeping records of staff attendance at NAT induction training from September 2016, the NDIA advised the ANAO that records may not be fully accurate. The ANAO's review of the NDIA's records of attendance at the NAT Induction Program (to 31 March 2017) indicated that 70 staff had completed the training, whereas 153 staff had joined the NAT between September 2016 and end February 2017.

2.6 The NDIA advised the ANAO that it was delivering 'rebaselining' training to NDIA officers in September 2017, including specifically targeted training for NAT staff. This training includes specific modules on the access process and assessment of impairment as well as on delegations, quality and Scheme integrity.

On-the-job training

2.7 In addition to formal training, the NDIA advised the ANAO that new NAT staff received on-the-job training, including by: working with a more experienced officer for the first week; and having 100 per cent of their proposed access decisions checked by NAT Quality Development Officers until such time as they were considered proficient. There was no documented policy or guidance setting out these requirements and no documented standards for determining the proficiency level of access decision-makers or for recording pre-decision checks of access decisions.

21 Generic requirements relate to information handling, security awareness and fraud awareness.

22 Shadowing refers to new officers observing an experienced access decision-maker as they perform their duties.

The ANAO's review of 150 NDIA access decisions (see Chapter Three) did not find evidence that pre-decision checks were being consistently applied to new access decision-makers.²³

2.8 The NDIA further advised the ANAO that it intends to introduce quality controls, whereby the NDIA officers making access decisions will be classified at a proficiency level of beginner, standard or expert. Sample sizes for quality checks of access decisions will vary according to proficiency levels and new recruits will be classified as beginners until proficiency is assessed.

Recommendation No.1

2.9 The National Disability Insurance Agency should establish, implement and monitor a robust quality framework for access decisions addressing training, ongoing assessment of officer proficiency and decision quality.

National Disability Insurance Agency response: *Agreed.*

2.10 *The NDIA is implementing a comprehensive quality management framework that will identify potential systemic issues and assist in preventing them from occurring. Business assurance activities are already providing important inputs to the quality management framework – through a series of quality checks (both pre- and post-decision) on access decisions. Robust performance reporting has commenced and is informing priority areas for quality improvement.*

2.11 *Quality and compliance requirements have been included in specific initiatives in the NDIA's Corporate Plan, including the participant and provider pathway review. The Board's Sustainability and Risk Committees will monitor relevant performance against these requirements.*

2.12 *The NDIA has enhanced training arrangements and record keeping for staff performing the access function. More specifically the following is occurring:*

- *Improved documentation for completion of training and acquired competency which is now included in staff and contracted staff training records.*
- *On-the-job training is consistently applied and documented for all new National Access Team (NAT) staff via notes on file in the NDIS business system, which is made by the overseeing decision maker.*
- *Detailed task cards are available on the access decision-making process for staff, delegates and supervisors.*

Training for Department of Human Services' staff

2.13 As outlined in Chapter One, the Department of Human Services (Human Services) processes some access requests on behalf of the NDIA. Human Services gathers preliminary information to verify whether the applicant meets the legislated age and residence requirements, to support an access decision by the NDIA delegate.

23 Of the 150 access decisions, twelve were made by NDIA officers with less than 60 calendar days experience. Of these 12 decisions, only two contained evidence of review by a Quality Development Officer.

2.14 The NDIA worked with Human Services to develop a training package for staff in Smart Centres who process NDIS access requests. Human Services advised the ANAO that all officers who are ‘skill tagged’²⁴ to undertake NDIA tasks have completed the relevant training. Human Services further advised that, in addition to the NDIA-specific training, all officers working on NDIA tasks receive the same on-the-job training and quality control measures as other Human Services’ staff undertaking telephony work, including dual head-setting and buddying for new staff.

Does NDIA guidance reflect legislative and administrative requirements?

The NDIA’s *Operational Guidelines* on Scheme access reflect the requirements of the legislation underpinning the Scheme. The *Operational Guidelines* are supplemented by a range of procedural materials for access decision-makers and relevant Human Services’ staff.

Operational Guidelines

2.15 The NDIA’s Chief Executive Officer (CEO) has issued *Operational Guidelines*²⁵ (the Guidelines) with which all delegates must comply.²⁶ These guidelines provide instructions to access decision-makers on interpreting and applying the *National Disability Insurance Scheme Act 2013* (the Act) when determining access requests. The Guidelines also: provide definitional advice on key terms; highlight matters that should be considered in assessing each of the access requirements; and draw on learnings from external reviews of access decisions. ANAO’s review of the *Operational Guidelines* on Scheme access found that they reflected requirements in the Act. In addition, the Guidelines provide for streamlined assessment pathways for access to the NDIS in certain circumstances (see Chapter Three). However, the Guidelines provide limited guidance on the acceptable evidence to support an access determination.

2.16 The ANAO identified inconsistencies between the public guidance provided to prospective NDIA participants and the internal guidance provided to access decision-makers. In particular, an internal *Evidence Guide* provided to NDIA officers undertaking access training contains more stringent requirements than advice available to consumers on the NDIA website and NDIS Access Request Form. For example, the *Evidence Guide* provides examples of appropriate medical/allied health evidence for various disability types, with a focus on medical specialists. Evidence from a General Practitioner is only mentioned in the context of people living in remote areas. However, the NDIS website advises that evidence of disability can be provided by ‘having your treating doctor or specialist complete the Professional’s Report section [of the Access Request Form], while the written Access Request Form refers to ‘health or education professionals’.

2.17 Transparent and consistent advice about acceptable forms of evidence for both consumers and NDIA access assessors would better support efficient decision-making on

24 Skill tags indicate the transactions and enquiries that Human Services’ Officers are authorised to handle and are utilised by the telephony system to distribute calls to Officers. The ANAO did not test the accuracy of the skill-tagging process or whether officers with an NDIA skill tag had completed training.

25 The *Operational Guidelines* are available on the NDIS website at: <<https://www.ndis.gov.au/operational-guideline/overview-sitemap.html>> [accessed June 2017].

26 Section 202(3) of the *National Disability Insurance Scheme Act 2013* requires a person exercising powers or functions under a delegation by the CEO to comply with any directions of the CEO.

Scheme access. The NDIA should ensure that its evidence guidelines are internally consistent and transparent, and updated to reflect changes in Scheme requirements and precedents.

Procedural guidance

2.18 The *Operational Guidelines* are supplemented by a range of procedural materials for access decision-makers using the CRM ICT system. These include: Task Cards; Verbal Access Request Scripts; and Quick Reference Guides. Guidance materials for relevant Human Services' officers have also been developed and are available to Human Services' staff from the NDIA intranet.

Approval of guidance materials

2.19 The NDIA *Work Practices—Document Change Control Procedure* (Change Control Procedure) sets out how new or amended procedural documents are to be approved. The procedure identifies two classes of change:

- Class 1 changes—new work practices and significant changes to existing work practices—are approved by the relevant General Manager or Branch Manager; and
- Class 2 changes—minor administrative changes to existing practices—may be approved by the responsible Director.

2.20 The ANAO reviewed available approval documentation for one revised template letter and four access related practice documents created or updated between August and November 2016. While all documents included required version-control details, approval documentation was not available for two of the five documents.

Communication of changes to guidance materials

2.21 The NDIA's processes to update its officers on procedural changes include:

- weekly team briefings to disseminate key messages to staff;
- notices on the NDIA intranet homepage, and staff bulletins;
- *Staff Change Communiques* produced by the NAT; and
- maintenance of a 'pathway resource' document, which lists when a work practice document is updated and summarises the key changes.

2.22 The NDIA also produces *Staff Change Communiques* for relevant Human Services' officers, which are available on the NDIA intranet.

Expert advice

2.23 In July 2016 the NDIA established a Technical Advisory Team, comprised mainly of allied health professionals with disability expertise, which may provide advice to the NAT about complex access decisions. The Technical Advisory Team maintains a searchable online resource of precedents for decision-makers. Decision-makers can also request advice from the Technical Advisory Team. In February 2017 the NDIA instituted fortnightly meetings between the Technical Advisory Team and NAT Quality Development Officers and Team Leaders to share information and promote consistent interpretation of the Scheme's disability and early intervention requirements.

3. NDIS entry and exit pathways

Areas examined

This chapter examines the NDIA's systems and processes for assessing and reviewing the eligibility of individuals for the NDIS.

Conclusion

The NDIA's access processes supported the transition of a large volume of people into the NDIS in a short space of time. In practice, the ANAO observed legislative and administrative non-compliance that potentially affected the transparency, accuracy and timeliness of access decisions.

The access process was not well supported by the first stage of the NDIA's ICT system, introduced in July 2016, requiring implementation of inefficient manual work-arounds. The NDIA advised the ANAO that new ICT workflow management functionality was implemented from July 2017.

Areas for improvement

The ANAO made two recommendations aimed at ensuring that business rules underpinning computer aided decision-making are accurate and clearly documented and improving assurance that only people who meet the NDIS access requirements remain participants in the Scheme.

Introduction

3.1 The number of individuals admitted to the National Disability Insurance Scheme (the NDIS or the Scheme) is a major driver of Scheme costs.²⁷ Excessively porous access pathways may allow people who do not meet eligibility requirements to access the NDIS. Conversely, excessively rigid pathways may exclude eligible people from the Scheme.

3.2 As illustrated in Figure 3.1, in addition to the general NDIS access pathway (Chapter One, Figure 1.2), the National Disability Insurance Agency (NDIA or the Agency) has introduced streamlined access pathways for:

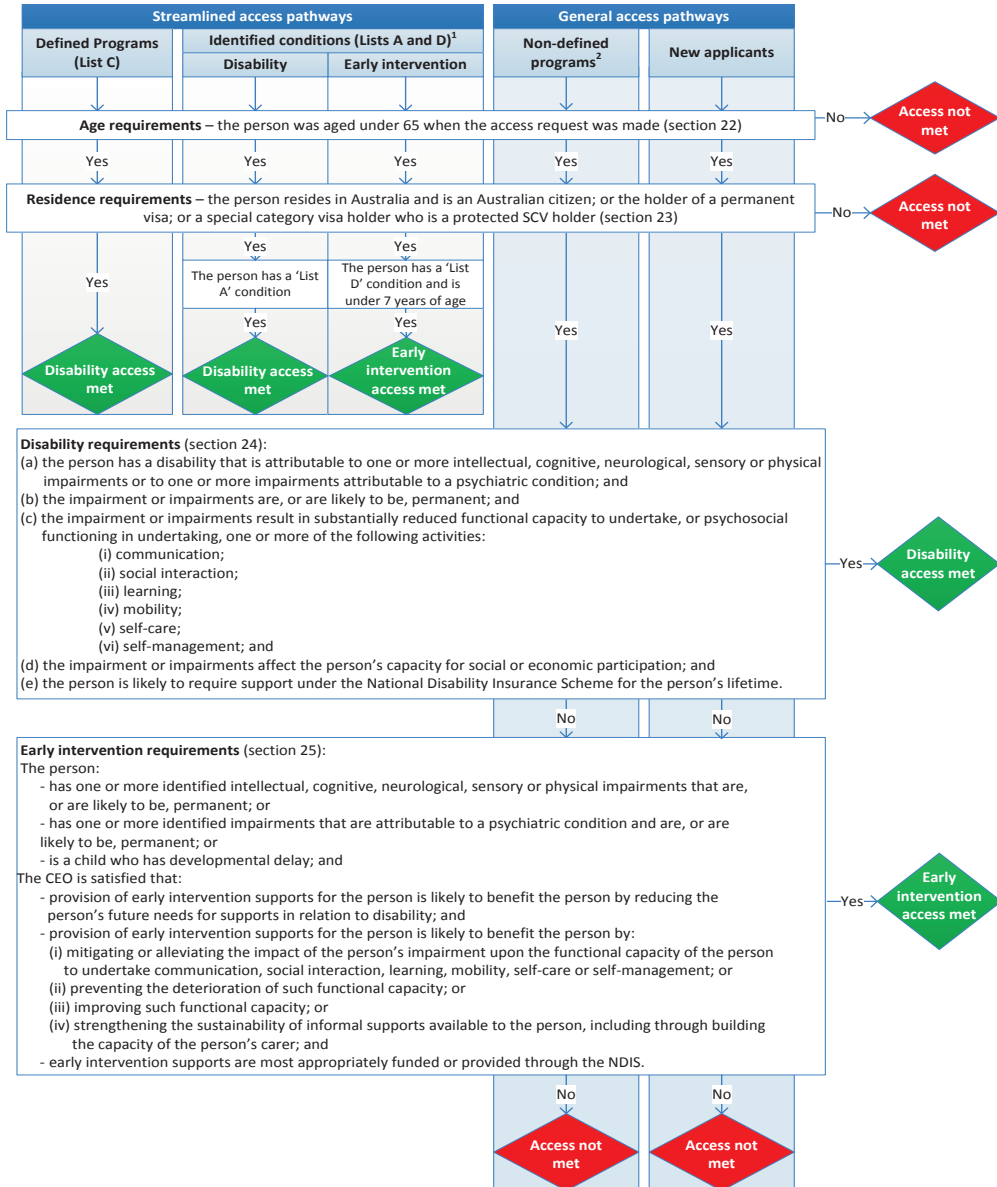
- people in Australian Government, state or territory disability programs that the NDIA has assessed as having eligibility criteria comparable to the NDIS²⁸ (Defined Programs—List C of the NDIA *Operational Guidelines*);
- people with conditions that the NDIA has identified as likely to meet the disability requirements (List A of the *Operational Guidelines*); and
- children aged under seven years with permanent impairments that the NDIA has determined meet the early intervention requirements (List D of the *Operational Guidelines*).

27 Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs*, Position Paper, June 2017, p. 134. Available at <<http://www.pc.gov.au/inquiries/current/ndis-costs#draft>> [accessed 23 June 2017].

28 The Bilateral Agreements between the Commonwealth and each state and territory agree to transition clients of existing disability services as a priority as seamlessly as possible, with streamlined eligibility and intake. See for example, clause 9 of Schedule 1 to the agreement between the Commonwealth and Queensland at <<https://www.communities.qld.gov.au/resources/reform-renewal/ndis-qld/qldbilateralagreement.pdf>> [accessed 16 August 2017].

3.3 In 2016 the NDIA introduced a further access pathway—the Early Childhood Early Intervention (ECEI) pathway—which provides for children with developmental delay to be assessed prior to the NDIA determining NDIS eligibility.

Figure 3.1: NDIS streamlined and general access pathways



Note 1: Participants with List B conditions are captured within the general access pathway.

Note 2: Non-defined programs are Australian Government, state or territory disability support programs, the eligibility requirements of which do not align with NDIS access requirements.

Source: ANAO analysis of the NDIA Operational Guidelines.

Is the NDIA's management of general access to the NDIS consistent with legislative requirements?

The sample of NDIA general access decisions reviewed by the ANAO demonstrated high levels of legislative and administrative non-compliance, including missing evidence of: disability and impairment; and written advice to applicants notifying them of their review rights. This result occurred within an environment of: rapid expansion in the volume of access requests and the number of access decision-makers; significant changes to the guidance provided to decision-makers; and the introduction of stage one of a new ICT system.

3.4 The NDIS general access pathway applies to access requests from people not currently receiving disability services, or who are receiving services from non-defined programs²⁹ and who do not have a condition on Lists A or D of the NDIA *Operational Guidelines*. Between July 2016 and June 2017, the NDIA made 35 771 general access decisions.

3.5 The *Operational Guidelines* also include List B—conditions considered permanent but with varying levels of severity. Applicants with List B conditions are taken to meet the first two sub-criteria³⁰ of the disability requirements, but the assessor must still determine whether the applicant meets the other sub-criteria, as well as age and residence. List B access requests are considered as part of the general access pathway.

3.6 The NDIA receives general access requests verbally (Verbal Access Requests), with a written request for evidence then posted to the applicant; or via a written Access Request Form, to which the applicant attaches the required evidence.

Processing access requests for general access applications

3.7 The ANAO tested a random sample of 150 access requests, comprised of access met and access not met decisions made by the NDIA between 1 July 2016 and 31 March 2017. This represents approximately 0.23 per cent of all access decisions made during that time period.³¹ The sample tested by the ANAO had the following characteristics:

- 85 written access requests (ARFs), 57 verbal access requests (VARs) and eight applications with an unknown entry pathway, due to missing interactions or evidence;
- 102 'access met' decisions and 48 'access not met' decisions; and
- 81 non-defined applicants, 60 new applicants and nine Defined Program applicants.³²

29 Non-defined programs are Australian Government, state or territory disability support programs, the eligibility requirements of which do not align with NDIS access requirements. Participants of these programs are required to be fully assessed against the NDIS access requirements.

30 24(1)a: The person has a disability that is attributable to one or more intellectual, cognitive, neurological, sensory or physical impairments or to one or more impairments attributed to a psychiatric condition.
24(1)b: the impairment or impairments are, or are likely to be, permanent.

31 The sample was focussed on NDIS access decisions from 1 July 2016, as this corresponds to the introduction of the first stage of a new NDIA Customer Relationship Manager (CRM) ICT system on 1 July 2016.

32 ANAO selected 150 general access requests (i.e. requests from new applicants or people currently in non-defined programs) from the NDIA data warehouse. On review, the ANAO found that the access decision-maker had determined that nine of the access requests were from Defined Program participants and processed them accordingly. The applicant's CRM records did not specify a Defined Program name.

3.8 The ANAO analysis of the sample focussed on compliance with legislative and policy requirements, including whether there was evidence on file to support the access decision. Key findings from the review of the 150 NDIA access decisions are shown in Figure 3.2.

Figure 3.2: Findings from the ANAO’s analysis of 150 general access applications

NDIA general access pathway	Results from ANAO’s review of 150 general access decisions
The access request delegate determines if the application is valid	<ul style="list-style-type: none"> • Twenty of the written Access Request Forms did not have a date stamp indicating the date received by the NDIA. • The CRM does not support real-time monitoring of legislative timeframes, which should be activated from the time the application is considered valid.^a
The access request delegate requests further information if required	<ul style="list-style-type: none"> • For 29 of the written access requests, the NDIA had requested further evidence. All verbal access requests will require evidence to be provided. • In 12 cases, the letter to request further evidence was not filed on the CRM, which may mean that the letter was not sent.
The access request delegate checks the applicant’s age and residence using the Centrelink database or evidence provided	<ul style="list-style-type: none"> • Permission to access the Centrelink database was recorded as granted by 138 of the 150 applicants (92 per cent). <ul style="list-style-type: none"> - In seven of the remaining 12 cases, the NDIA accessed the Centrelink database in the absence of documented permission. - The remaining five applicants provided alternative evidence of their age and residence.
The access request delegate assesses the evidence and determines if the applicant satisfies the NDIS access requirements	<ul style="list-style-type: none"> • Of the 150 cases reviewed by the ANAO: <ul style="list-style-type: none"> - the written Access Request Form was not on file or was corrupted in four cases; and may have been missing in an additional eight cases where the application pathway was unknown. - evidence of disability was not on file in 15 cases (10 per cent). - evidence of functional impairment was not on file in 23 cases (15 per cent). - evidence documents were corrupted and could not be opened in one case.
The access request delegate makes an access decision and records the reason for the decision in the CRM interactions tab	<ul style="list-style-type: none"> • On seven of 48 occasions (14.6 per cent) when the access request delegate overrode the system generated access decision, no reason for the over-ride was provided. • In 36 cases (24 per cent) reasons for the access decision were not recorded in the CRM interactions tab (as required by NDIA procedures). • 32 of the access decision interaction records (21 per cent) contained minimal or generic reasons for the access decision.
The NAT access delegate sends a letter to the participant, or their designated advocate advising of the access decision	<ul style="list-style-type: none"> • In 21 cases (14 per cent) there was no decision letter attached to the CRM record. • For 11 of the 48 access not met decisions (22 per cent) no access decision letter was attached to the applicant’s CRM record. <ul style="list-style-type: none"> - of the 37 access not met decisions where a decision letter was attached to the record, none included a fact sheet explaining the applicants’ review rights. • In 12 cases (8 per cent), access decision letters still contained generic or template text, such as ‘insert name here’ or your child/parent. • Three of the letters on record had an incorrect mail address. • In 19 cases (13 per cent), access decision letters or other correspondence, such as requests for additional information, were sent to the applicant instead of their designated advocate.

Note a: Human Services advised the ANAO that real time monitoring of legislative timeframes was not a component of the first stage of the NDIA CRM released in July 2016.

Source: ANAO analysis of 150 access decisions made by the NDIA between 1 July 2016 and 31 March 2017.

3.9 The NDIA advised the ANAO that the period from which the sample was drawn was characterised by significant organisational change including: the introduction of the first stage of a new Customer Relationship Manager (CRM) ICT system; new business processes; high levels of new staff; new COAG agreements with exponentially increased throughput targets and a rapid expansion of the Agency's physical footprint.

Time taken to make an access decision

3.10 The Act states that the NDIA must either make an access decision or request further evidence within 21 days of receiving a valid access request.³³ The NDIA defines a valid access request as one that is in the form approved by the NDIA; includes required information, such as evidence of disability and functional impairment; and is signed.

3.11 The ANAO identified that not all access request and evidence forms were being stamped with a date received³⁴ and access requests were not being validated in the CRM until after all the necessary evidence to make a decision was received. Consequently, the NDIA had limited visibility of whether decisions were made within legislative timeframes.

ANAO assessment of access decision timeframes

3.12 The ANAO analysed the time taken to make an access decision for 127 of the 150 applications in the sample, representing cases where a start date could be ascertained.³⁵ The NDIA allows for two 28 day periods for evidence to be provided³⁶, plus 21 to 42 days to make the access decision, depending on where the applicant resides. As such, the ANAO assessed whether decisions had been made within 98 days of the request having been received, which represents the maximum possible decision-making timeframe.

3.13 The ANAO's analysis (Figure 3.3) found the NDIA made access decisions for 95 per cent of applications within 98 days. Decisions relating to verbal access requests took longer, primarily because of the need for the NDIA to request evidence and wait for the applicant to respond. This is consistent with analysis undertaken by the NDIA Actuary which found that, between July 2016 and June 2017, the proportion of access decisions made within legislative timeframes ranged from 91 to 99 per cent per month.

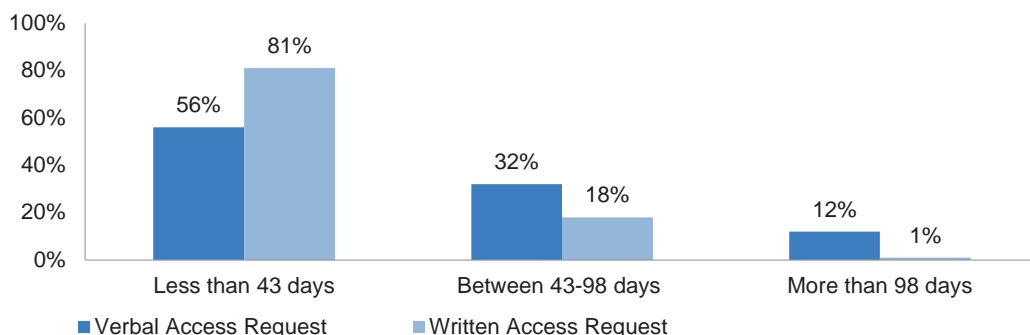
33 The Act also allows for the timeframes to be extended under the NDIS Rules. The *National Disability Insurance Scheme (Timeframes for Decision Making) Rules 2013* doubled the decision-making timeframe to 42 days for non-urgent access requests submitted within 12 months of a region commencing transition into the NDIS.

34 In the sample of 150 general access decisions reviewed by the ANAO, 20 written Access Request Forms and 39 evidence forms were not stamped with the date received.

35 In respect of 20 of the 127 cases, the ANAO relied on the date the Access Request Form was uploaded into the applicants file, as the Forms did not have a date stamp indicating the date received by the NDIA.

36 A formal request for additional evidence can only be made once the application has been deemed valid.

Figure 3.3: Decision making timeframes – general access applications



Source: ANAO analysis of NDIA data.

Documenting evidence, decisions and review rights

3.14 Evidence demonstrating that an applicant meets the NDIS access requirements is to be provided as part of a valid access request. The NDIA may also request additional information from applicants in order to make an access decision. Supporting evidence was not attached to the client record in up to 15 per cent of the 150 cases reviewed by the ANAO. This is consistent with the findings of a June 2017 NDIA quality assurance review, which found insufficient evidence on file to support an access decision in 13 per cent of 1339 cases reviewed. The review concluded that this had implications for Scheme sustainability ‘as lack of supporting evidence on a participant record makes it difficult to defend decisions challenged through internal review or external appeal.’ In addition, where evidence of age; residence; disability; or impairment is absent, it may not be possible for the NDIA to assess whether a correct access decision has been made.

3.15 The ANAO also identified: nine occasions where evidence was requested but an access-met decision was made prior to receipt of the requested evidence; three occasions where evidence was either requested, dated, or loaded to the CRM after an access-met decision was made; and three occasions where evidence of impairment was requested from applicants with a List A condition.³⁷

3.16 Once an access decision is made, the NDIA is required to inform the applicant of the decision, and of their review rights. As noted in Figure 3.2, in 11 of the 48 access not met decisions there was no evidence on the client’s file that the applicant had been advised of their review rights.

Delegations to make an access decision

3.17 The NDIA Chief Executive Officer’s *Instrument of Delegation*³⁸ nominates the NDIA staff eligible to undertake access decisions. In 42 of the 150 access requests reviewed by the ANAO, the decision-maker’s name was not recorded on the ‘determine the access decision’ page of the CRM.

37 Conditions on List A of the NDIA *Operational Guidelines* are conditions that are likely to meet the disability requirements in section 24 of the *National Disability Insurance Scheme Act 2013*. Applicants with a List A condition are only required to provide evidence of age; residence and diagnosis.

38 The *National Disability Insurance Scheme Act 2013* outlines the responsibilities of the NDIA CEO, and that the CEO may delegate the powers and functions identified in the Act.

Further, in 18 of those 42 cases, the decision-maker had not created an interaction record detailing reasons for their access decision. Consequently, in 12 per cent of cases, the NDIA was not able to verify that the access decision was made by a NDIA employee with the appropriate delegation.

3.18 The ANAO examined the name recorded in a 'last updated by' text box in the CRM file for each of the cases in the sample. Of the 150 access decisions, 149 (99.3 per cent) were either made by, or last updated by, NAT staff with a delegation to make access decisions. The remaining access decision has the 'NDIA system' listed as the decision-maker.

Does the NDIA manage streamlined access to the NDIS effectively?

Streamlined access was designed to bring a large volume of people into the Scheme quickly when compared to the general access pathway. There was no documentation to support the creation and approval of lists of specified conditions, but the lists had been applied effectively with no evidence of decision errors related to specified conditions in the samples reviewed by the ANAO, once internal review processes had been completed.

The quality of data provided to the NDIA by Australian, state and territory governments reduces the NDIA's ability to link Defined Program participants to approved Defined Programs and therefore to manage a key risk associated with streamlined access arrangements.

3.19 The introduction of streamlined access processes for participants (Figure 3.1) was intended to facilitate the timely transition of large numbers of people into the Scheme. At the time, the NDIA noted that these streamlined processes created risks, including that people with lower levels of disability would gain access to the NDIS, but rated these risks as low to moderate.

Permanent disability (List A) and early intervention (List D)

3.20 As people with conditions on Lists A and D are eligible for the NDIS if they meet age and residence criteria, it is important to Scheme sustainability that the characteristics of the listed conditions and resulting impairment are consistent with the disability (List A) or early intervention (List D) requirements of the NDIS. The NDIA *Operational Guidelines* released on 28 June 2013 listed 12 conditions in respect of which applicants were taken to meet the NDIS disability requirements without any further assessment (List A). In January 2014 List A was expanded to include 35 conditions and revised to clarify the necessary requirements to be classified as having certain List A conditions. Similarly, the list of conditions deemed to meet the early intervention requirements (List D) for children under six years of age³⁹ was significantly expanded from 20 conditions in June 2013 to more than 130 in January 2014.

3.21 The NDIA Board noted the draft revised lists at its meeting of 13–14 January 2014.⁴⁰ The NDIA advised the ANAO that the lists were approved by the CEO as part of the *Operational Guidelines* but was not able to provide documentation pertaining to the development and

39 In the current NDIA *Operational Guidelines* List D applies to children under seven years of age.

40 The NDIA advised the ANAO that in developing the revised List A it drew on the Disability Support Pension (DSP) impairment tables, which were based on clinical evidence. The tables could not be adopted in their entirety as the DSP and NDIS definitions of permanency differ. Further work was undertaken to identify conditions from the impairment tables that would meet the NDIS disability requirements. In developing List D the NDIA advised that it drew on work conducted by South Australia and Victoria and a literature review.

approval of the lists. The NDIA advised the ANAO that the *Operational Guidelines* are reviewed on a regular basis but there is no specific requirement to review the lists of specified conditions.

Box 1: ANAO analysis of select NDIA access decisions for applicants with List A conditions

The ANAO selected two List A conditions—moderate intellectual disability and severe intellectual disability—and utilised this data to test whether individuals with List A conditions were being inappropriately granted or denied access to the Scheme by the NDIA.

Type 1 errors—someone is found eligible for the NDIS who does not meet the eligibility requirements: The ANAO randomly selected 40 NDIS participants whose primary disability was classified in the NDIA data as moderate or severe intellectual disability and who the NDIA had found eligible for the Scheme between July 2016 and May 2017. The ANAO found that in 27 cases documentation was attached to the participants' files confirming the diagnosis of moderate or severe intellectual disability. Of the remaining 13 cases:

- Six had been found eligible for the NDIS on the basis that they were Defined Program participants and therefore evidence of disability was not required. The ANAO checked these against NDIA Defined Program lists and found that one case did not appear on either list and had been incorrectly classified as a Defined Program participant.
- Six had been found NDIS eligible based on an assessment against the access criteria. That is evidence of functional impairment was provided with the application, or subsequently sought by the NDIA, and assessed by the decision-maker.
- In the remaining case the primary disability classification had been changed. There was evidence of disability and functional impairment on file consistent with the revised primary disability classification.

In summary, the ANAO found no type 1 errors associated with List A conditions, but one potential type 1 error associated with the misclassification of an applicant as being in a Defined Program.

Type 2 errors—someone is found ineligible for the NDIS who does meet the eligibility requirements: The ANAO reviewed the records of 20 individuals who were classified by the NDIA as having a moderate or severe intellectual disability but were found by the NDIA to be ineligible for the Scheme, to ascertain the reasons for the ineligible decisions. In eight cases the applicant had subsequently been found eligible for the NDIS, either as a result of internal review, or transition arrangements.

Of the remaining 12 cases:

- ten had been correctly classified as NDIS ineligible because of phasing arrangements (eight cases); or age (two cases); and
- two were incorrectly classified as List A conditions—the evidence provided did not support a diagnosis of moderate or severe intellectual disability.

The ANAO did not identify any cases where a person with a List A condition of moderate or severe intellectual disability was incorrectly found ineligible for the NDIS once the internal review process was completed. That is, no type 2 errors were detected in the cases reviewed.

Defined Programs (List C)

3.22 The NDIA advised the ANAO that between 1 July 2016 and 30 June 2017, around 67 per cent of NDIS participants entered the Scheme through a Defined Program. People in Defined Programs are deemed to be eligible for the NDIS if they meet the age and residence requirements.

Approval of Defined Programs

3.23 The number of Defined Programs increased from 22 when introduced in January 2014 to 34 by December 2014. The NDIA was unable to provide documentation regarding the assessment or approval of Defined Programs in place during the NDIS trials.

3.24 In respect of Defined Programs during transition to full Scheme (1 July 2016 to 30 June 2020), Australian governments nominated disability programs which they considered had eligibility requirements that aligned with NDIS access requirements. The NDIA assessed each program, including relevant legislation, policy and guidelines, to ascertain if program eligibility and NDIS access requirements were aligned. Between August 2015 and December 2016 the NDIA Chief Executive Officer (CEO) approved a number of existing disability programs as Defined Programs for the NDIS transition period.

3.25 The current (as at 9 August 2017) List C of the NDIA *Operational Guidelines* includes 83 Defined Programs for the purpose of streamlined access decision-making during transition to full Scheme (1 July 2016 to 30 June 2020). ANAO's analysis identified that:

- with one exception—the South Australian Country Children's Services Program—all of the Defined Programs listed were approved by the NDIA CEO;
- four South Australian programs and eight Western Australian programs approved by the NDIA CEO as Defined Programs in November 2016 are not included in the List; and
- not all of the Defined Programs that were in place during the NDIS trials were included as Defined Programs for transition to full Scheme. NDIA documentation provides no explanation for why some programs were excluded.

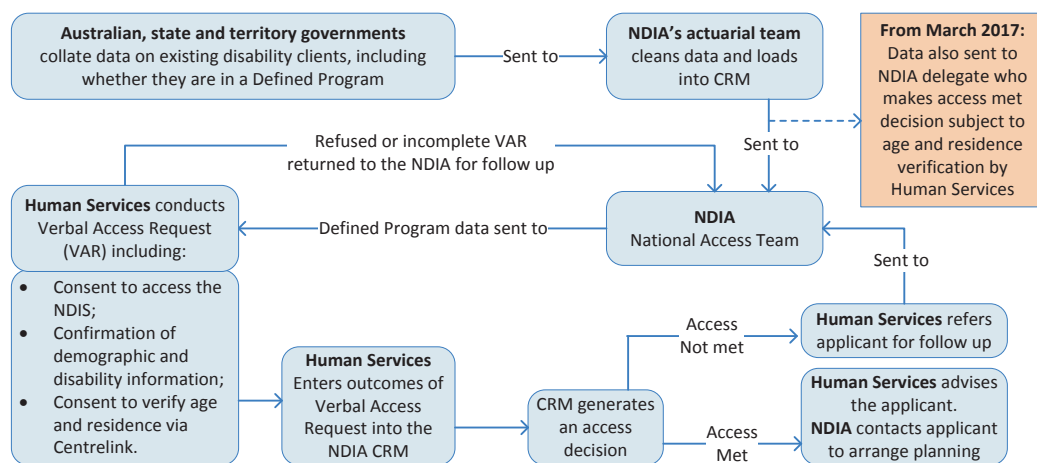
3.26 The NDIA should ensure that List C of the *Operational Guidelines* is kept current.

3.27 The approval for three Defined Programs was subsequently revoked by the CEO. NDIA documentation indicates that no-one had entered the NDIS from one of these programs, but that around 650 children entered the NDIS as Defined Program participants after the other two Defined Programs were revoked. The NDIA undertook a review of these cases, seeking evidence of disability and impairment, which did not result in any participants' access being revoked.

Transition of Defined Program participants to the NDIS

3.28 The process by which the NDIA transitions Defined Program participants into the NDIS is illustrated at Figure 3.4. A successful Defined Program Verbal Access Request takes approximately 20 minutes to complete and, as such, represents an efficient way to bring a large volume of people into the Scheme quickly when compared to the general access pathway.

Figure 3.4: Process for transitioning Defined Program participants into the NDIS



Note: Human Services' officers conduct a Verbal Access Request process for Defined Program participants via telephone, with training and guidance provided by the NDIA.

Source: ANAO analysis of NDIA documentation.

3.29 As noted in Figure 3.4, at the end of the verbal access request process the CRM generates an access decision based on business rules developed by the NDIA. If this decision is access met, the person is informed. However, the Act provides that an access decision must be made by a person with the delegation to make access decisions and cannot be automated. From March 2017, the NDIA implemented a process whereby an officer with the delegation to make an access decision receives a list of Defined Program participants and makes a decision that they meet the NDIS access requirements, subject to verification of age and residence by Human Services.

3.30 The Australian, state and territory governments provide information to the NDIA on existing disability clients transitioning into the NDIS in accordance with an agreed Data Standard. This information includes whether the person is in a Defined Program and the name of the program(s) the person is receiving. The Data Standard specifies a standardised way for the jurisdictions to record the Defined Program name in most instances. The ANAO found that this standard was not consistently applied.

3.31 The ANAO reviewed the Defined Program records from all the states and territories (except WA and ACT⁴¹) from June 2016 to August 2017. The ANAO identified that 37 600 records (69 per cent) did not have program names that were aligned with the Data Standard. Despite this high level of inconsistency with the data standard, the ANAO was able to manually match 97.4 per cent of the Defined Program records to an approved Defined Program (for example, the name had been abbreviated in the record).

3.32 The ANAO identified 1452 records (2.6 per cent) that could not be matched to an approved Defined Program. This finding was consistent with analysis conducted by the NDIA Actuarial Team in August 2017. The ANAO's review of Defined Program names identified a range

41 The Data Standard did not include standardised ways to record information for Defined Programs in the ACT and WA.

of generic program names, such as ‘health’ or ‘disability’ which did not align with approved Defined Programs.

3.33 Until July 2017, only a Defined Program flag was loaded into the CRM, not the name of the Defined Program(s). As such, there was no audit trail in the CRM linking an individual entering the NDIS under a Defined Program to an approved Defined Program. The NDIA undertook a review which identified 1633 records (representing around three per cent of Defined Program Participants entering the Scheme in the 2016–17 financial year) which had been flagged as ‘Defined’, but for which no program name was identified. The NDIA advised the ANAO that, from 18 July 2017, data uploaded to the CRM included program names.

3.34 In reviewing a sample of 150 NDIS general access requests (i.e. requests classified in the NDIA data warehouse as coming from new applicants or people in non-defined programs) the ANAO found that in eight cases, the access decision-maker had made an access met decision on the basis that the person was in a Defined Program. The ANAO checked these eight participants against the list of Defined Program participants maintained by the Scheme Actuary and a ‘look up’ file that may be consulted by access assessors to check if an applicant is listed as a Defined Program participant. Two of the participants were not listed as Defined Program participants in either of the lists and should not have entered the Scheme under a Defined Program. The remaining six cases appeared on one or both lists as in a Defined Program.

Managing the risks of Defined Programs

3.35 The NDIA’s Operational Risk Register of May 2017 does not include any risks associated with Defined Programs. In implementing Defined Programs the NDIA identified a number of risks and possible mitigations as outlined in Table 3.1. The NDIA considered that ‘the scale and implications of any risk are low compared to the resource implications of taking a risk-averse approach to the access challenge.’

Table 3.1: Defined Programs—risks and mitigation strategies

Identified risk	Potential mitigation activity	ANAO comment
Some people might access the Scheme who do not meet NDIS eligibility criteria.	Ensure that the eligibility requirements of the Defined Programs are comparable to NDIS disability access requirements.	This occurred for Defined Programs approved between August 2015 and December 2016, but some programs were only assessed against the early intervention criteria. Despite this, Defined Program participants are all brought into the Scheme under the disability requirements. As such, their eligibility is not subject to routine review.

Identified risk	Potential mitigation activity	ANAO comment
<p>Defined Programs may not have applied their eligibility criteria correctly and people may become NDIS participants who do not meet the NDIS requirements.</p>	<p>Such cases are likely to be identified at the planning stage and options include:</p> <ul style="list-style-type: none"> consider as an early intervention case, and plan costs are likely to be moderate; or revoke access under section 30 of the Act. 	<p>It was expected that if Defined Program participants were granted NDIS access but did not meet NDIS disability requirements, then this would be identified at the planning stage. However, between the trial and transition phases of the NDIS, the NDIA shifted from face-to-face to telephone planning conversations for the majority of first plans.</p> <p>Telephone planning removes the opportunity for the NDIA planner to observe the functional impact of impairments on the participant and therefore undermines the effectiveness of planning as a risk mitigation strategy. The NDIA has indicated that in future it is expected to engage in more face-to-face communication.</p>
<p>Decision-makers may apply policy guidance in respect of Defined Programs inflexibly.</p>	<p><i>Operational Guidelines</i> will reflect the policy nature of the guidance. This should be supported by training, including the need to consider each case on its merits.</p>	<p>List C in the <i>Operational Guidelines</i> states that clients of Defined Programs 'will generally be considered to satisfy the disability requirements without further evidence.' NDIS access training materials provide that assessors are not required to undertake an assessment against the disability or early intervention requirements if a person is a client of a Defined Program. This statement is not modified in any way.</p>

Source: ANAO analysis of NDIA documentation.

3.36 Given the large number of participants entering the NDIS through Defined Programs and the lack of assurance that is able to be provided in respect of risk mitigation strategies, the NDIA should undertake targeted reassessments of Defined Program participants as part of plan reviews (see Recommendation Three).

The Early Childhood Early Intervention pathway

3.37 An emerging cost pressure identified by the Scheme Actuary is the higher than expected number of children entering the Scheme, and fewer than expected participants (particularly children) exiting the Scheme. In response, the NDIA created the Early Childhood Early Intervention (ECEI) gateway for children aged 0 to 6 years that have a developmental delay or disability⁴², which is being progressively rolled out across Australia.⁴³

42 The NDIA is also developing an early intervention approach for potential participants aged 7 to 14.

43 The ECEI approach has been operating in Nepean Blue Mountains since October 2015, with Queensland (Far North Queensland and Queensland South), South Australia, Victoria (North East Melbourne and Central Highlands) and other NSW regions also commencing transition to the full ECEI model between April 2016 and March 2017.

3.38 Under the ECEI approach, families meet with an early childhood intervention service provider to discuss their child's needs.⁴⁴ The provider links families into appropriate community-based mainstream services that can support their child's needs, or assists them to access the NDIS if required.⁴⁵ Early intervention supports through the NDIS or mainstream services are intended to alleviate the impact of a child's impairment on their functional capacity and to reduce their future support needs.

3.39 The interplay between the ECEI gateway and some NDIA streamlined access processes has been identified as a potential issue. The NDIA is considering how best to manage Defined Programs in the context of the ECEI, as children in Defined Programs who are automatically granted access to the NDIS cannot gain the benefit of the ECEI approach.⁴⁶ Similarly, in its June 2017 position paper on NDIS costs, the Productivity Commission (PC) questioned the need for the NDIA to maintain List D—a list of conditions for participants under 7 years of age that are considered to meet the early intervention requirements without further assessment.

3.40 As at 30 June 2017, 6134 children were being processed through the ECEI gateway. In June 2017, the PC concluded that, although the ECEI approach appeared to be an appropriate response to the cost pressures, it was 'too early to tell if it will be effective at containing costs'.

Does the NDIA ICT system support efficient and effective access processes?

The first stage of the NDIA ICT system, implemented in July 2016, did not provide for workflow management functionality or real-time monitoring of decision-making timeframes. In July 2017, planned enhancements to the NDIA's ICT system were introduced which the NDIA advised allows monitoring of workflow and legislated timeframes for access decisions.

The ICT system provides computer-aided decision making, which the ANAO identified was being manually overridden in a large volume of cases, associated with a known misalignment between the NDIS Rules and the ICT system business rules. The ANAO also identified a discrepancy between the system business rules and other NDIA guidance.

3.41 As a result of the commencement date for NDIS trials being brought forward by one year to 2013, the NDIA was supported during the trials by an interim ICT system, which was 'the best available at short notice' but considered 'not fit for purpose'. In the 2015–16 Budget, the Australian Government provided \$143 million over four years⁴⁷ for a full Scheme ICT system.

3.42 The ICT platform design was dependent on the design of the Agency's Service Delivery Operating Model (SDOM), which in turn was dependent on settling transition arrangements and

44 More information is available at: <<https://www.ndis.gov.au/ecei>> [accessed 12 July 2017].

45 If it is considered that a child is best supported by an NDIS plan, it remains a NDIA access decision-maker who determines whether a child is eligible and approves a plan, although the ECEI partner is responsible for providing information that will inform a decision on access and assisting with plan development.

46 For example, assessment of their needs by providers with expertise in early childhood development.

47 The \$143 million included \$50.3 million provided to the NDIA in the 2012–13 Budget for the interim ICT system.

government decisions on Transition Agreements. The first Transition Agreements for transition to full Scheme were not signed until mid-September 2015.⁴⁸

3.43 Given the compressed timeframes for delivery of the new ICT system, the NDIA and Human Services agreed to deliver, by 1 July 2016, a system that represented the Minimum Viable Product (MVP); that is, a system with the minimum functions and features required for the full Scheme ICT solution to perform its critical capabilities. Additional features, beyond the MVP, were to be included in subsequent system releases.

3.44 The NDIA's Executive Management Group endorsed the final business requirements on 2 May 2016, noting the elements of the ICT system that Human Services had advised could not be delivered by 1 July 2016. Functionality for decision-quality assurance and 'back-end work-flow efficiency' were not included in the endorsed ICT system.

3.45 An implementation review was commissioned which reported on 31 August 2016. The report concluded that based 'on the available evidence sighted and interviews conducted, we have found that the ICT system has been built according to the agreed business case and government outcomes.' The first stage of the full Scheme ICT system was launched on 1 July 2016, on the understanding that some of the functionality of the CRM would not be available until later stages of the ICT build. Accordingly, the NDIA implemented a number of manual work-arounds in their business processes.

NDIA Customer Relationship Manager (CRM) IT system

3.46 The ICT system's Customer Relationship Manager (CRM) is used by the NDIA and Human Services to enter and process NDIS access requests and by the NDIA to record access related decisions. The ANAO identified a number of inefficiencies in the access process attributable to the CRM.

Workflows

3.47 The ICT system introduced on 1 July 2016 did not include work-flow management capabilities. The NDIA introduced a number of manual processes to track access requests, including maintaining multiple departmental and personal in-boxes to reflect access requests at various stages; and manual spreadsheets maintained by each access decision-maker, which showed the number of requests on hand and their progress.

3.48 Staffing levels within the National Access Team were predicated on the CRM delivering 'significant efficiencies in the Access Decision process.' Some of these efficiencies had been achieved, such as the ability to bulk upload data provided by the jurisdictions into the CRM, reducing the need for data entry. But the inability to monitor workflows and the need for manual workarounds created inefficiencies that are not sustainable as the Scheme continues its rapid growth. The NDIA advised the ANAO that deployment of workflow management functionality in

48 The Commonwealth signed Bilateral Agreements (Transition Agreements) for the NDIS transition with NSW and Victoria on 16 September 2015; with South Australia and Tasmania on 11 December 2015; with Queensland on 16 March 2016, with the Northern Territory on 5 May 2016; and with Western Australian on 31 January 2017. Full Scheme transition arrangements in the ACT were settled under the previously agreed trial agreement between the Commonwealth and ACT Government.

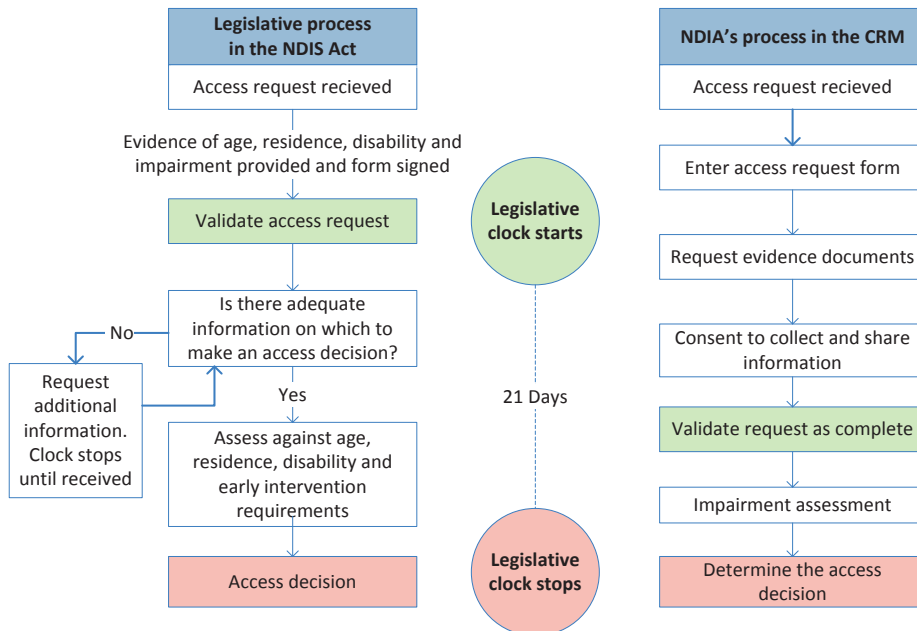
the CRM for access requests commenced in the week of 17 July 2017. The ANAO did not test this new capability.

Legislative timeframes

3.49 The CRM did not facilitate real-time monitoring of compliance with decision-making timeframes, particularly for written access requests. As illustrated in Figure 3.5, the NDIA has designed the CRM access process to follow sequential steps which did not provide for validation of an access request until after responses to requests for evidence had been received. While the validation date could be backdated, the timing of its inclusion in the CRM did not facilitate real time monitoring against legislative timeframes. Additionally, the CRM could not pause/restart the 21 day clock when evidence was formally requested.⁴⁹

3.50 In August 2017 the NDIA advised the ANAO that the reporting capabilities associated with the workflow management functionality in the CRM, deployed in July 2017, enables real-time monitoring of compliance with decision-making timeframes. The ANAO did not test this new capability. The NDIA also issued revised staff guidance in late August 2017 regarding the validation of access requests. This guidance does not clearly state that the validation date is the date on which the relevant information, such as a fully completed Access Request Form, was received by the NDIA (rather than the date the request was reviewed by the NDIA).⁵⁰

Figure 3.5: Monitoring of legislative timeframes



Source: ANAO analysis of the *National Disability Insurance Scheme Act 2013* and NDIA documentation.

49 NDIA’s performance against legislative timeframes for access decision-making is discussed at paragraphs 3.12 and 3.13.

50 Section 20 of the *National Disability Insurance Scheme Act 2013* requires the NDIA to either make an access decision or request further information within 21 days of **receiving** a valid access request.

Computer aided decision-making

3.51 The CRM proposes an access decision based on the data entered into the system. As illustrated at Appendix 3, Screen 1, each of the disability and early intervention sub-criteria are prefilled based on the selected impairment.⁵¹ The CRM then provides a proposed access decision, as illustrated at Appendix 3, Screen 2. Decision-makers are able to modify the results in some instances, by changing the findings against the various sub-criteria. Decision-makers can also override the proposed access decision if it is incorrect.

3.52 In the sample of 150 NDIA access decisions reviewed by ANAO, the computer aided decision was overridden almost one third of the time (n=48). In the majority of these cases (n=45) a proposed 'access not met' decision was overridden by the decision-maker so as to grant access. In a number of cases the computer aided decision indicated that the applicant did not meet age or residence requirements, contrary to date of birth and/or address information in the CRM.

3.53 The NDIA advised the ANAO that the identified issues were known—the access system rules were not correctly aligned to the *NDIS Becoming a Participant Rules 2016* as the design of ICT access functionality was required before transition agreements had been finalised with all participating jurisdictions. The NDIA further advised that it expects these issues to be rectified in September 2017, and that there are still outstanding policy issues that the NDIA will need to operationalise in the CRM business rules once resolved at the intergovernmental level.

3.54 Human Services advised the ANAO that there is no single source of information setting out the business rules that underpin computer aided decision making. The ANAO reviewed documentation provided by both Human Services and the NDIA. In addition to transition rules not being aligned, the ANAO identified a discrepancy between the business rules and other NDIA guidance, with the inclusion of mild intellectual disability as a List A condition. A recent review by KPMG of NDIA access decisions also identified problems with the business rules, and concluded that these create 'a data integrity issue in that the data generated cannot be relied upon for the purposes of assessment or review.'

Recommendation No.2

3.55 The National Disability Insurance Agency should ensure that the business rules underpinning computer aided decision-making are clearly documented, aligned with legislative and policy requirements, and verified to ensure they have been correctly incorporated into the National Disability Insurance Agency ICT system.

National Disability Insurance Agency response: *Agreed.*

3.56 Improvements in the Client Record Management (CRM) system have been implemented to strengthen alignment to legislation and policy. A new change management process will guide this alignment in the future. The change process is designed to enhance traceability and sign-off for business requirements and rules. This includes stage gates for user acceptance testing and business verification testing to ensure that system capability meets business requirements.

51 If the applicant's impairment is not on List A or List D of the NDIA *Operational Guidelines* and they are not in a Defined Program, the system will automatically propose an access not met decision.

3.57 *The NDIA is developing a systems-based tool (NDIA Knowledge) to integrate NDIS business processes, policies and guidance to staff via a central repository. When finalised, NDIA Knowledge will enable decisions to be tracked and traced to the point of origin e.g. legislation, policy, operational guidance. The system is being designed to become a single-source of truth and provide an appropriate audit trail.*

Data availability and integrity issues

3.58 A data warehouse was delivered in production on 21 October 2016, but as of May 2017 the NDIA continued to experience difficulties with its performance. The Scheme Actuary identified a number of issues affecting Scheme sustainability and performance reporting including:

- poor performance of the NDIA database, resulting in reduced productivity of actuarial and data analysis teams, and reduced capacity to undertake deep data analysis;
- delays in the delivery of the full Scheme reporting platform, with the 'pilot' platform delivering only minimum security and functionality requirements; and
- data quality and integrity issues that inhibited the ability to report and analyse Scheme performance due to the additional analyst effort to validate data sources.

3.59 The NDIA advised the ANAO that an independent evaluation of the root causes of the poor performance was completed in June 2017 and remediation activities commenced in July 2017. The NDIA further advised that the causes of data integrity issues had been identified and were being remediated, including through updated system design and implementation processes, updated governance processes, enhanced data load processes and training for NDIA staff. The NDIA also emphasised the important role of Australian, state and territory governments in supporting NDIS data integrity through the quality of data they provide on clients transitioning from existing disability systems into the NDIS.

Does the NDIA have effective mechanisms in place to facilitate the re-assessment of participants' access to the Scheme?

The NDIA has implemented measures to address lower than expected exit rates from the NDIS. It is too early to assess the effectiveness of these strategies.

To improve assurance that only people who meet the NDIS access requirements remain in the Scheme there would be value in the NDIA introducing risk-based reassessments of NDIS eligibility for participants who enter the Scheme under the disability requirements.

3.60 The Act provides for a person to cease being an NDIS participant where: the person notifies the NDIA in writing that s/he no longer wants to be a participant; enters permanent residential or community aged care for the first time after the person turns 65 years of age; or the person no longer meets residency, disability or early intervention requirements.⁵²

3.61 During the NDIS trial period (1 July 2013 to 30 June 2016) the NDIA identified a number of cost pressures, including fewer participants exiting the Scheme than expected, particularly

⁵² Sections 29 and 30 of the *National Disability Insurance Scheme Act 2013*.

children who entered the NDIS under the early intervention requirements. The NDIA estimated an average exit rate of approximately 1.2 per cent per annum during the last two years of the NDIS trials, compared with an assumed exit rate of 2.1 per cent in the actuarial model.⁵³

3.62 The NDIA reported that, as at 30 June 2017, a total of 1028 participants with an approved plan had exited the Scheme, an estimated exit rate of less than 1 per cent.

3.63 The NDIA has implemented measures to address lower than expected exit rates, including:

- implementation of the ECEI approach (see paragraphs 3.37–3.40); and
- refinement of plan review processes to ensure that planners are testing whether plans have been effective enough that individual NDIA supports are no longer required.

3.64 The ECEI approach is still in the early stages of implementation. However, based on the limited data available to date, the NDIA has indicated that it expects that up to 5.5 per cent of children with an approved plan will exit the Scheme annually (compared with 0.4 per cent currently), and approximately 30 per cent will only ever require ECEI gateway support.

Plan reviews

3.65 The NDIA *Operational Guidelines* and associated guidance material require the eligibility of participants entering the Scheme under the early intervention requirements to be reassessed before a participant's plan is reviewed. Those participants found to no longer meet the early intervention requirements must meet the disability requirements or have their NDIS access revoked. In the period May 2015 to June 2016, only 0.1 per cent of participants aged 0–14 years with a plan had their access revoked.

3.66 In March 2017 the NDIA commenced a trial in the Australian Capital Territory whereby a PEDI-CAT⁵⁴ assessment was conducted as part of the plan review process for children aged 0 to 6 years. Guidance was provided to staff undertaking plan reviews about how to interpret PEDI-CAT scores and these were considered, along with therapist report/s and parent feedback, to assess whether the child still met NDIA early intervention requirements. Where it was considered that the child no longer met the NDIS access requirements, the child's NDIS access was revoked and the family was assisted to link with mainstream services. An overall evaluation of the trial was not yet available, but the NDIA advised the ANAO that if the approach was successful the intent was to expand it nationally and to older age groups.

Review of participants entering under the disability requirements

3.67 There is no requirement to reassess NDIS eligibility of participants who entered the Scheme under the disability requirements, as it 'would generally be expected that in most cases they would continue to [meet the disability requirements] for their life.'

53 The actuarial model figures are based on rates of mortality and estimated numbers of participants exiting the Scheme after receiving early intervention supports.

54 The Pediatric (sic) Evaluation of Disability Inventory Computer Adaptive Test (PEDI-CAT) is designed for use with children and youth (birth through 20 years of age) with a variety of physical and/or behavioural conditions. The tool can be used to identify functional delay or to examine improvement for an individual child after intervention.

3.68 As noted previously (paragraph 3.22) however, between 1 July 2016 and 30 June 2017, approximately 67 per cent of NDIS participants entered the Scheme through a Defined Program. Participants entering the Scheme under Defined Programs include both adults and children, including children aged 0 to 6 years who would normally enter the Scheme through the ECEI process. These participants accessed the Scheme under the disability requirements without the NDIA conducting any assessment of disability or impairment.

3.69 In addition to the large cohort of Defined Program participants, the ANAO identified that there was missing evidence in up to 15 per cent of the 150 access decisions that it reviewed (refer Figure 3.2). Where evidence of age, residence, disability or impairment is absent, the NDIA is unable to establish that a participant has been correctly assessed as meeting the NDIS access requirements.

Recommendation No.3

3.70 The National Disability Insurance Agency should review its processes to include reassessments of the eligibility of participants who enter the Scheme under the disability requirements, taking into account levels of impairment, and conditions that have greater prospects of improvement.

National Disability Insurance Agency response: *Agreed.*

3.71 *Access to the Scheme under the disability criteria is defined, in part, by a person having a permanent disability with significant impairment and with their likely to need support for life.*

3.72 *The NDIA provides funding for reasonable and necessary supports based on the application of evidence driven intervention strategies. The ongoing development of assessment tools that measure functional gain, together with improved support for social and economic participation may reduce reliance on funded supports over time. The extent to which this would mean a person no longer requires access to the Scheme would be considered as part of the plan review processes.*

3.73 *Where a participant is granted access to the Scheme under early intervention requirements, it is appropriate that the NDIA review and assess whether the person continues to meet the early intervention requirements.*

3.74 *For children 0–6 who accessed the Scheme under the early intervention criteria, the NDIA has recently strengthened the process for assessing progress against goals, the measurement of functional impairment and, if applicable, readiness for revocation. As advised to the ANAO, this approach has been trialled in the ACT.*

3.75 *For those over 6, who have accessed the Scheme under early intervention, further work is underway to strengthen review processes informed by the outcomes of the 0–6 experience.*

4. Internal reviews and appeals

Areas examined

This chapter examines the NDIA's administration of internal reviews and external appeals of decisions to refuse an application to access the NDIS.

Conclusion

The NDIA had not established efficient or effective processes for internally reviewing access decisions. New procedures introduced by the NDIA in May 2017, if implemented effectively, will provide an internal review process that is consistent with legislative requirements.

Area for improvement

The ANAO made one recommendation aimed at improving NDIA's internal review processes.

Introduction

4.1 Review processes can impact National Disability Insurance Scheme (NDIS or the Scheme) costs and financial sustainability by affecting the number of people eligible for the Scheme and by clarifying eligibility requirements.⁵⁵ Individuals seeking to access the NDIS may have limited ability to self-advocate. As such, it is important that NDIS applicants who are found ineligible have access to effective, transparent and timely internal and external review processes.

4.2 An NDIS access decision is a reviewable decision under the *National Disability Insurance Scheme Act 2013* (the Act). Internal review of an access decision may occur: on request by the applicant, within three months of receiving written notification of the access decision⁵⁶; or where the NDIA has not made a decision within the legislated timeframes (deemed refusal). Deemed refusals must be automatically referred for internal review.⁵⁷ Applicants who are dissatisfied with an internal review outcome may apply to the Administrative Appeals Tribunal (AAT) for a merit review within 28 days of notification of the internal review decision.⁵⁸

4.3 In practice, internal reviews were only conducted at the request of the applicant, as the National Disability Insurance Agency (NDIA or the Agency) advised the ANAO that access requests remained with the access decision-makers they were assigned to until an access decision was made, irrespective of whether legislative timeframes had been exceeded. The NDIA advised the ANAO that ICT changes implemented in July 2017 provide for real-time monitoring of workflows and legislative timeframes. As such, the NDIA should ensure that its procedures reflect the requirements of the Act regarding deemed refusal and automatic internal review.

Data availability and methodology

4.4 During the three year NDIS trial period to 30 June 2016, the NDIA received 41 523 access requests and refused 2823 requests on the grounds of eligibility. Requests were received for

55 Productivity Commission, *National Disability Insurance Scheme (NDIS) Costs*, Position Paper, Canberra, 2017, p. 305.

56 Section 99 and s100, *National Disability Insurance Scheme Act 2013*.

57 Subsection 21(3), *National Disability Insurance Scheme Act 2013*.

58 Section 103, *National Disability Insurance Scheme Act 2013*.

internal review of 265 (9.4 per cent) of these ineligible decisions.⁵⁹ Following the introduction of the first stage of a new ICT system on 1 July 2016, the NDIA has been unable to gather data on the number of requests received for internal review of access decisions (as at 30 June 2017).

4.5 From January 2017, the NDIA internal review team have manually recorded requests for internal review in a spreadsheet (review register) mainly covering the period from 1 January 2017. The ANAO used the review register data to analyse review outcomes and indicative review timeframes. In addition, the ANAO conducted case reviews of 20 randomly selected internal review cases that were marked on the review register as completed. This involved an examination of individual client records, including any review related attachments and correspondence. Of the 20 cases selected:

- review outcomes were available for 18 cases;
- one case had been withdrawn by the applicant; and
- one case, while recorded as a request for internal review, was out of scope as the review application was received more than three months after the initial access decision.

Does the NDIA have effective processes for managing requests for review of access decisions?

The NDIA did not have in place efficient or effective processes for internally reviewing access decisions. Revised internal review procedures introduced by the NDIA from 29 May 2017 are consistent with legislative requirements and provide greater clarity about procedures to be followed by NDIA officers in conducting internal reviews of access decisions. There is scope for the NDIA to improve quality assurance processes for internal reviews of access decisions.

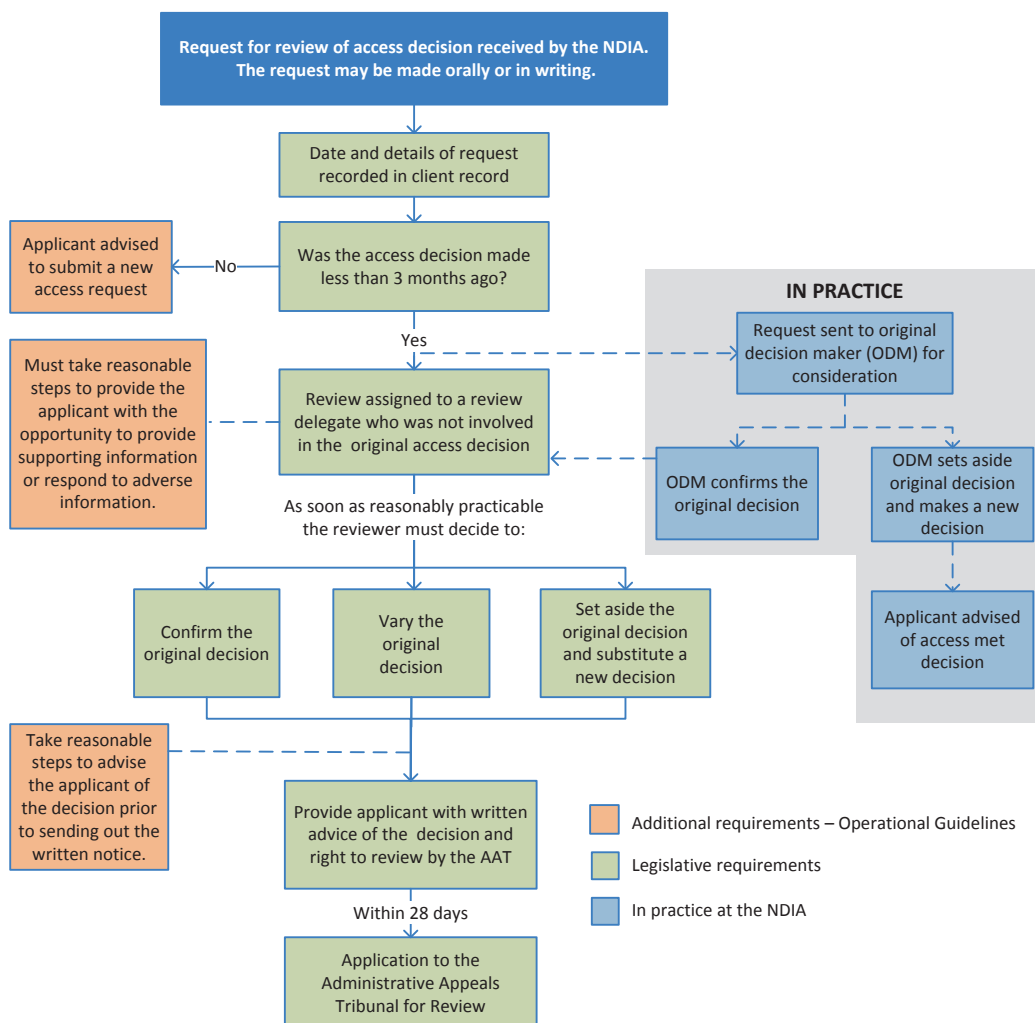
4.6 The NDIA's process for internal review of access decisions during the period of ANAO fieldwork⁶⁰ and case file review is represented diagrammatically at Figure 4.1. The Act and NDIA *Operational Guidelines* require internal reviews to be undertaken by officers with the appropriate delegation⁶¹ who were not involved in making the original decision. The ANAO's analysis found that, in practice, the NDIA generally sent a request for internal review of an access decision back to the original decision-maker (ODM) for consideration in the first instance. The NDIA advised the ANAO that if the ODM confirmed their decision the request for review was then forwarded to another officer for an independent review. This process was not documented in task cards or other procedural documentation.

59 NDIA, *Quarterly Report to COAG Disability Reform Council*, 30 June 2016, p. 18. Available at <<https://www.ndis.gov.au/about-us/information-publications-and-reports/quarterly-reports.html>> [accessed 6 June 2017].

60 ANAO conducted fieldwork between January and March 2017. On 29 May 2017 the NDIA introduced revised procedures for the conduct of internal reviews. These are illustrated in Figure 4.3.

61 The power to review a reviewable decision has been delegated to a range of NDIA officers. Within the National Access Team, this power has been delegated to officers at the APS 5–6 level and above, who must not have made the decision being reviewed.

Figure 4.1: Internal review process (1 July 2016 to 29 May 2017)



Source: ANAO analysis of the *National Disability Insurance Scheme Act 2013* and NDIA documentation.

Requests for internal review of access decisions

4.7 Requests for internal review of access decisions may be submitted through: the NDIA mail house; the 1800 information line; the feedback and complaints system; in person at NDIA regional offices; or through email to generic NDIA or individual staff member accounts.

4.8 NDIA procedures require that: review requests are recorded in the ‘feedback’ section of the client’s record; any supporting documentation is attached; an ‘interaction’ (a free text field) is created in the client record; and the request is assigned to the relevant NDIS officer for action. The 20 case reviews conducted by ANAO found that the request for review had been recorded in the ‘feedback’ area of the client’s record in four cases. Twelve of the records included an interaction about the request for review.

Review register

4.9 As noted in paragraph 4.5, from January 2017, the NDIA internal review team has maintained a review register. The review register indicates that, as at 3 April 2017, the internal review team were aware of 432 requests for internal review of access decisions, of which 311 were in progress and 121 were completed. Until the NDIA changed its procedures for internal review of access decisions, effective 29 May 2017, there was no requirement for the NDIA internal review team to be advised when a request for review was received by the NDIA.

4.10 In light of this, and because the review register was the only mechanism by which the NDIA could capture and monitor the progress of internal reviews, the ANAO assessed whether the review register was capturing all requests for internal review received or being actioned since January 2017. The ANAO checked the register to ascertain if it included requests for internal review identified by the ANAO during its analysis of a sample of 150 access decisions made by the NDIA between 1 July 2016 and 31 March 2017 (see Chapter Three).

4.11 The review register included three of nine requests for internal review of access decisions identified by the ANAO.⁶² Of the six requests for internal review not included in the register, one was received by the NDIA on 23 March 2017 but not notified to the internal review team until May 2017 and five had been subject to reconsideration by the ODM between January and March 2017. These cases indicate that the NDIA internal review team is not always aware of requests for internal review that are sent directly to the ODM and that, as a consequence, the review register underestimates the number of review requests that the Agency has on hand.

Reconsideration by the Original Decision-Maker (ODM)

4.12 The 20 case reviews conducted by the ANAO included ten cases where the ODM had confirmed their original ineligible decision. The applicant or their representative was advised of the ODM decision in six of the ten cases. In two of these cases a letter was sent to the applicant stating that they did not meet the NDIS access requirements, one of which was clearly framed as the results of an internal review. Both letters mentioned (another) internal review, but neither mentioned the right to AAT review, which is the legislated next step where an internal review has already been undertaken.⁶³

4.13 If conducted in a timely manner, reconsideration by the ODM may result in a speedier resolution of the review request, particularly where the review application is accompanied by additional supporting evidence, as the ODM is already familiar with the circumstances of the case. However, ODM reconsideration has no legal status and cannot supplant the legal requirement for review by an internal review officer.

4.14 On 29 May 2017, the NDIA revised its procedures for internal review of access decisions (see Figure 4.3). If implemented effectively these procedures should help to address issues identified by the ANAO in respect of receipt and ODM reconsideration of requests for internal review of access decisions.

62 The ANAO considered requests received or subject to an ODM decision between 1 January 2017 and 31 March 2017 were eligible for inclusion on the NDIA review register.

63 Section 103 of the *National Disability Insurance Scheme Act 2013*.

Delegations for internal reviews of access decisions

4.15 Fourteen of the 20 internal review cases examined by the ANAO included a decision by an NDIA officer other than the ODM. These decisions were made by eight separate internal review officers, all of whom had the appropriate delegation, and were of a higher classification level than the ODM, at the time they made the review decisions.

Outcome of internal reviews

4.16 The review register included 122 completed internal reviews, the outcomes of which are summarised in Table 4.1. Where the original decision was set-aside, this was largely as a result of the applicant providing additional information to the NDIA.

Table 4.1: Outcome of completed internal reviews included in the review register

Outcome	Number of cases	Percentage of cases
Original decision confirmed	51	42
Original decision set-aside	58	48
Withdrawn	10	8
Other	3	2
Total	122	100

Source: ANAO analysis of NDIA data.

Communication of outcomes

4.17 Under the *Administrative Appeals Tribunal Act 1975*, agencies are obliged to notify those affected by AAT-reviewable decisions of their review rights.⁶⁴ The NDIA procedures require the outcome of independent internal reviews to be communicated to the applicant in writing, including a statement of reasons for the decision and information about the right to external review (if the applicant remains ineligible).

4.18 Of the 20 internal review cases reviewed by the ANAO, 18 included an internal review decision.⁶⁵ Of these, 14 had evidence attached to the applicant's CRM record confirming that the outcomes of the internal reviews were communicated to the applicant in writing. However one of those letters incorrectly referred the applicant to further internal review in the first instance.

4.19 In respect of the four client records that did not have a decision letter attached, three were for internal review decisions confirming the applicant was ineligible for the NDIS. In the cases in which correspondence relating to appeal rights was not attached to client records, the NDIA was unable to demonstrate that it advised applicants of their external review rights.

64 *Administrative Appeals Tribunal Act 1975*, s. 27A. Agency decision-makers are also required to have regard to the *Code of Practice for Notification of Reviewable Decisions and Rights of Review* issued by the Attorney-General governing the content and form of notifications.

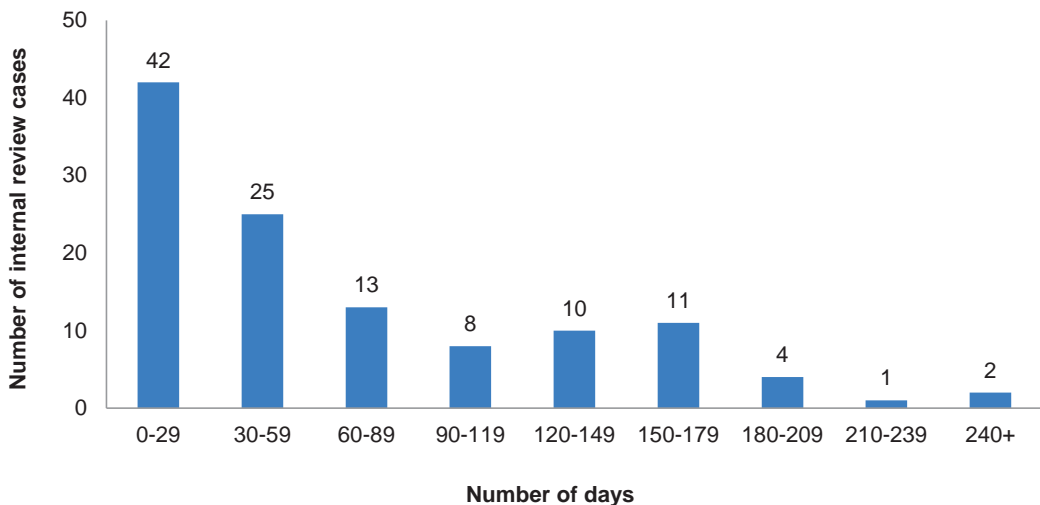
65 Of the remaining two cases, one was withdrawn and one was out of scope as the application for review was received more than three months after the initial access decision.

Timeliness of internal reviews

4.20 There are no legislative timeframes specified for internal reviews and the NDIA does not set target timeframes for internal review. The NDIA was unable to advise the ANAO of the average time taken to complete internal reviews of access decisions.

4.21 The NDIA review register included 116 records where both the date that the review request was received by the internal review team and the completion date for the internal review were recorded. Figure 4.2 shows the time taken to conduct the internal reviews in these cases. The average number of days between receipt of review requests by the internal review team and completion was 69 days.

Figure 4.2: Number of days between receipt of review request by NDIA internal review team and review completion date

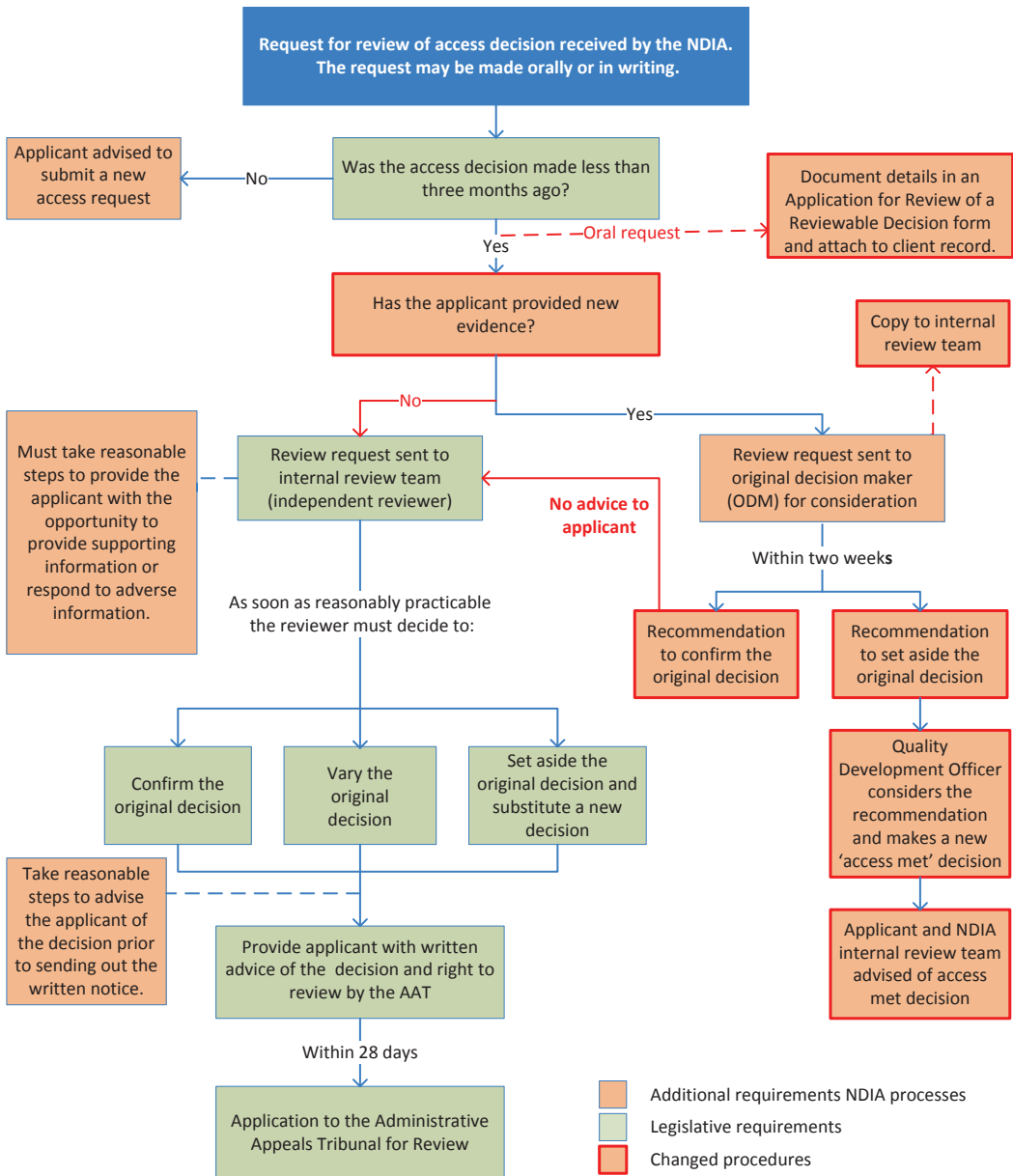


Source: ANAO analysis of NDIA data.

4.22 In the 18 case reviews conducted by the ANAO, the time between receipt by the NDIA of the review application and completion of the internal review was able to be calculated. In these cases, the average review timeframe was 91 days, with a range of 0–254.

4.23 On 29 May 2017 the NDIA revised its internal review processes (see Figure 4.3). If implemented effectively these new procedures, along with the workflow management capability available in the CRM from July 2017, should assist the NDIA to monitor the number of requests for review of access decisions received, as well as resolution timeframes and outcomes.

Figure 4.3: Internal review of access decisions—process from 29 May 2017



Source: ANAO analysis of the *National Disability Insurance Scheme Act 2013* and NDIA documentation.

Quality assurance of internal reviews

4.24 The NDIA advised the ANAO that internal reviews of access decisions are currently not subject to any quality assurance processes. ANAO’s analysis has identified a number of procedural and communication failures that have the potential to negatively impact applicants for internal

review of access decisions and undermine confidence in the effectiveness of Scheme administration.

4.25 Notwithstanding the revised procedures for internal review introduced from 29 May 2017, which provide enhanced clarity for NDIA staff, internal review decisions should be subject to quality control and assurance procedures. This will assist the NDIA to monitor compliance with the new review procedures and promote accurate, transparent and consistent decision-making.

Recommendation No.4

4.26 The National Disability Insurance Agency should implement quality control and assurance processes for internal reviews of access decisions, with the aim of supporting accurate, consistent and transparent decision-making.

National Disability Insurance Agency response: *Agreed.*

4.27 *The Agency had already self-identified issues raised by the ANAO and was working on the improvements to support accurate and consistent decision making. For example, the process around requests for internal reviews of access decisions has been strengthened to ensure a segregation of duties – that is, a person not involved in the original decision completes the review.*

4.28 *Further analysis of the adequacy of the quality assurance process for access decisions will be considered as part of the forward internal audit program.*

5. Quality and performance arrangements for access decisions

Areas examined

This chapter examines the NDIA's monitoring and management of access-related risks, performance and quality assurance activities.

Conclusion

The NDIA has implemented executive monitoring and reporting of strategic and operational risks, including risks to Scheme financial sustainability, which is informed by actuarial analysis of Scheme outlays and risks.

Comprehensive quality and compliance arrangements have not been implemented to mitigate the risk of incorrect NDIS access decisions. These are currently in development as part of a broader integrated assurance framework.

Areas for improvement

The ANAO suggested that there would be scope for the NDIA to collect, analyse and monitor complaints data in greater detail.

Does the NDIA have mechanisms in place to identify, mitigate, monitor and report on key risks in respect of NDIS access?

The NDIA Board and executive have established systems and processes to identify, monitor and report strategic and operational risks to Scheme sustainability, including identification by the Scheme Actuary of emerging issues. Actuarial reports identify several access-related threats to Scheme sustainability and monitor the effectiveness of mitigation strategies. Access-specific risks are not reflected in the NDIA's strategic and operational risk plans.

5.1 For the National Disability Insurance Scheme (NDIS, or the Scheme) to remain financially sustainable⁶⁶, the National Disability Insurance Agency (NDIA, or the Agency) must identify and manage financial risks, using comprehensive and reliable data. Risks to the Scheme and the Agency are managed by the NDIA in partnership with the COAG Disability Reform Council (the Disability Council).

The Disability Council

5.2 The Disability Council oversees the implementation of the Scheme, as well as the implementation of the National Disability Agreement and the National Disability Strategy. The Disability Council considers risks in the context of individual issues and more broadly. The *National Disability Insurance Scheme Act 2013* (the Act) requires the NDIA to report quarterly to the Disability Council.

66 *National Disability Insurance Scheme Act 2013*, Section 4(17).

5.3 The quarterly and annual reports from the Agency to the Disability Council contained the required material, including information on the numbers of people applying for, entering, and exiting the Scheme, and were published in accordance with the requirements of the Act.⁶⁷

5.4 The three quarterly reports released since June 2016 identify financial sustainability pressures, such as higher than expected numbers of children entering the Scheme and lower than expected numbers of participants exiting the Scheme, and corresponding mitigation strategies.

NDIA Board

5.5 The NDIA Board (the Board) oversees the establishment and management of the NDIA's risk management framework.⁶⁸ The Agency's records indicate the Board is kept updated on current strategic risks and some project risks, and that the Board has regularly reviewed the NDIA's Risk Management Framework and Strategy.

5.6 Each year, the NDIA Board makes a Risk Management Declaration that the Agency is complying with the Act and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In October 2016, the Board qualified their declaration, and resolved to strengthen its risk management approach.

NDIA's Risk Committee

5.7 In February 2017, the NDIA established a separate Risk Committee, comprised of four NDIA Board members, which incorporates oversight of operational risks. The Risk Committee met for the first time in April 2017. The Risk Committee advises the Board in relation to the development and implementation of the NDIA's overall risk management approach. During the same Board meeting, a separate Audit Committee was established—until that point the NDIA had a combined Audit, Risk and Finance Committee.

Sustainability Committee

5.8 The NDIA Board established a Sustainability Committee in late 2013.⁶⁹ The Committee consists of the Board Chairman and up to three other members appointed by the Board⁷⁰, and assists the Board to fulfil its functions under the Act, in assessing, monitoring, reporting on and managing the financial sustainability of the NDIS.

5.9 Since its inception, quarterly meetings of the Sustainability Committee have been held to coincide with receipt of the Scheme Actuary's report and the annual Scheme Sustainability Report, which is published in the NDIA's Annual Report. In 2017 the Committee enhanced its risk monitoring, with monthly risk updates being provided by the Scheme Actuary commencing April 2017, in addition to a quarterly actuarial report. The monthly risk updates also report against the six key risks to Scheme sustainability identified by the Actuary.

67 *National Disability Insurance Scheme Act 2013*, Sections 174, 177 and 180.

68 *National Disability Insurance Scheme—Risk Management Rules 2013*, Section 4.

69 The Sustainability Committee convened for the first time in February 2014.

70 Other members of the Board may attend any meeting of the Sustainability Committee and request a copy of any Committee papers.

NDIA executive oversight

5.10 The NDIA's Risk Management Framework identifies 13 strategic risks⁷¹, against three key goals, one of which is that the NDIS is financially sustainable and governed using insurance principles. This is currently rated as a significant risk. Three of the strategic risks had quality assurance activities identified as a key risk management strategy. However, as discussed in paragraphs 5.31–5.46, many of the NDIA's quality assurance mechanisms have not been implemented. The reports to the Executive Management Group noted that the NDIA's risk profile had deteriorated, partly due to redeployment of staff to facilitate Scheme entry; and overall resource constraints.

5.11 The National Access Team is covered by the Operations Group's risk register. Similar to the NDIA's strategic risks, there are no operational-level access-specific risks, but one risk is related to Scheme access:

The Operations Group is unable to maintain the cadence of the scale of roll out required in order to meet bilateral agreements. [...] The consequences of this risk include: inability to meet the bilateral estimates; damage to NDIA's reputation; and risk to scheme sustainability.

5.12 This risk is considered significant, and is treated by monitoring and data review by the Scheme Actuary. The risk register outlines a series of treatments required to improve management of this risk, but does not specify treatment owners or implementation timelines for each treatment. As outlined in Chapter Three, the risk register does not include any risks associated with streamlined access processes, or access more broadly, such as the risk of type 1 and type 2 decision errors.

Role of the Scheme Actuary

5.13 The Act⁷² requires the Scheme Actuary to report quarterly to the COAG Disability Reform Council and the NDIA Board and also provide annual reports on financial sustainability to the Board.⁷³ The annual reports are peer reviewed by the Australian Government Actuary and a summary of the report is included in the NDIA's Annual Report.

5.14 The ANAO's review of the Scheme Actuary's reports and Board documentation showed that the reports were published in accordance with legislative requirements and that the Scheme actuary has been involved in risk-related decisions made by the Agency and the NDIA Board.

71 The NDIA has not identified any access-specific strategic risks. However, Strategic Risk No.13 is related to Scheme access: The Agency fails to plan and implement full Scheme rollout in line with bilateral agreements.

72 The nomination of a Scheme Actuary is required by section 180A of the *National Disability Insurance Scheme Act 2013*. The Scheme Actuary was appointed in November 2013. In September 2016, the Scheme Actuary was reappointed for a period of five years.

73 The quarterly reports to COAG are available at the following link: <<https://www.ndis.gov.au/about-us/information-publications-and-reports/quarterly-reports>> [accessed 18 May 2017].

Does the NDIA effectively monitor the performance of the National Access Team and the National Call Centre?

Until July 2017, the NDIA had limited ability to monitor the performance of the National Access Team, due to the absence of a workflow function in the first stage of the NDIA ICT system. A 2017 Business Services Schedule between the NDIA and Human Services established performance metrics for the National Call Centre.

NDIA's National Access Team

5.15 The NDIA's National Access Team (NAT) has created performance targets for Access Staff, and tracks the Key Performance Indicators (KPIs) on a 'Weekly Expectations' excel spreadsheet. In addition, the Agency advised that Quality Development Officers undertake pre-decision checks of access decisions by new NAT staff, until such time as they are considered proficient (see Chapter Two). The ANAO found limited evidence that these pre-decision checks were occurring.

5.16 As noted in Chapter 3, the NDIA has advised that improvements to its ICT system are expected to allow it to better monitor the timeliness of access decisions. The new system is also intended to allow all pre and post-decision checks to be allocated and performed electronically, and the records will automatically be attached to the participant's file. Additionally, capability tags can be attached to members of the National Access Team who have successfully completed proficiency tests on general NDIS access information, making access decisions, or performing quality checks of access decisions. The NDIA is in the process of drafting the proficiency assessments for these capability tags. The ANAO has not tested these new system capabilities.

Department of Human Services

5.17 As discussed in Chapter One, officers of the Department of Human Services (Human Services) process Defined Program access requests⁷⁴, as well as access requests from people who ring the NDIA 1800 contact number, which are partially processed by Human Services before being transferred to the NDIA. Calls to the NDIA's National Call Centre are answered by Human Services' staff, and then tiered according to the level of complexity—simple queries can be handled by Human Services' staff, but more complex queries are escalated to NDIA staff. The call centre is the main means by which participants from Defined Programs are brought into the Scheme. Additionally, the NDIA intends to focus on Verbal Access Requests for participants in the general access pathway. As the Agency prepares to process access requests for hundreds of thousands of potential participants over the next three years, the National Call Centre will play a critical role in this process.

5.18 The NDIA does not identify what proportion of calls to the National Call Centre relate to access issues. However, a desktop survey conducted by Human Services in the week of 13 February 2017 identified that around 36 per cent of calls related to eligibility; Defined Programs; or enquiries about the progress of an access request.

⁷⁴ As discussed in Chapter Three, Defined Programs are existing state, territory or Australian Government disability support programs that have been assessed by the NDIA as having similar eligibility requirements as the NDIS. Participants in these programs have a streamlined transition to the NDIS.

5.19 The April 2017 Business Services Schedule between the NDIA and Human Services states that Key Performance Measures will be specified by the NDIA for each financial year. Between April 2016 and June 2017 the target for processing Defined Program applications was 54 400 access decisions. At 30 June 2017, Human Services had processed 52 519 applications; 1981 below the agreed target. Human Services advised that this target was not achieved as the NDIA provided insufficient records to the Department for processing.

5.20 The performance target and results for the average speed of answer (the time taken to answer the call, not the time taken to resolve the call) for the NDIA National Call Centre are shown in Table 5.1.

Table 5.1: Performance results (average) for the National Call Centre, November 2016 to June 2017

Calls from:	Target	Average speed of answer —Actuals (minutes:seconds)							
		Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17
Participants	3 minutes	08:31	14:26	18:03	17:35	5:44	2:38	3:19	0:17
Defined Programs	3 minutes	3:17	7:54	15:12	33:29	15:23	2:49	2:33	0:17

Note: NDIA reports that National Call Centre data has only recently been converted into a format that can provide clarity on performance.

Source: ANAO representation of DHS data.

5.21 Since November 2016, the average time taken for a participant’s phone call to be answered increased substantially and peaked in January 2017 at 18 minutes, before substantially reducing to less than a minute in June 2017. As a result, the average time taken to answer calls for the 2016–17 financial year was 5 minutes and 43 seconds for participant calls. This is almost double the negotiated performance indicator of three minutes. Human Services advised the ANAO that the increased time taken to answer the calls was due to unexpectedly high call volumes, and changes in the roles performed by Human Services’ staff. Between 1 July 2016 and 31 March 2017, approximately 40 per cent of calls to the 1800 line were abandoned. NDIA’s agreement with Human Services does not set a performance measure for rate of abandonment.

5.22 The time taken to answer calls has been a source of frequent feedback, to both the NDIA and the Commonwealth Ombudsman. The NDIA and Human Services are currently analysing telephony metrics to map the driver of call demand and implement solutions.

NDIA performance management

5.23 The NDIA reports on its performance, including in respect of NDIS access, in its quarterly and annual reports to the COAG Disability Reform Council, consistent with relevant intergovernmental agreements.⁷⁵ These agreements outline the expected KPIs and performance measures and link them to the NDIA’s outcomes. The 2014 *Integrated Performance Reporting Framework* reflects these measures and specifies the monthly provision of performance

75 These reports are available to the public from the following link: <https://www.ndis.gov.au/about-us/information-publications-and-reports/quarterly-reports>

information, and the content of quarterly and annual reports, from the Board to the Disability Reform Council.

5.24 The *Integrated Performance Reporting Framework* includes a number of access related measures, including:

- access requests made and found eligible;
- the length of time from access request to plan approval;
- number of decisions that have been requested to be reviewed and the outcomes;
- number of appeals submitted to the Administrative Appeals Tribunal (AAT) and outcomes; and
- average costs of reviews and appeals.

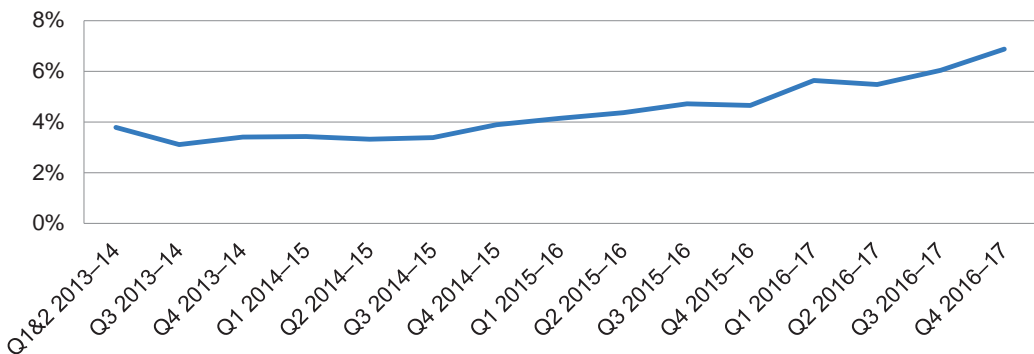
5.25 The NDIA reported on these measures, with the exception of average costs of reviews and appeals, in its quarterly reports throughout the trial period. Since July 2016, the NDIA has not reported on a number of measures due to data limitations.

Complaints

5.26 The Intergovernmental Agreement requires the NDIA to report on complaints submitted to the Agency. In 2015 the NDIA Board endorsed a National Complaints Management Framework, and approved the establishment of a National Complaints Team.⁷⁶

5.27 In the absence of reporting functionality in the CRM, the NDIA’s national and regional complaints teams commenced manual capture of complaints from 15 August 2016, which is used for reporting purposes. This data indicates the proportion of complaints, as a percentage of NDIS participants, is increasing (Figure 5.1).

Figure 5.1: Complaints as a percentage of NDIS participants (cumulative) with an approved plan



Note: The proportion of complaints in the ANAO figure differs from the NDIA Quarter 3 2016–17 report, as a calculation error was made by the NDIA.

Source: ANAO analysis of NDIA data.

76 The National Complaints Team has increased in size over time, and by July 2017 is expected to consist of 16 National Office staff. The NDIA is also creating 14 regional complaints officer positions.

Complaints framework

5.28 Since 2016, the NDIA has categorised complaints and feedback into three levels:

- Level One: simple complaints that can be resolved at the local level;
- Level Two: more complex complaints that may need to be escalated; and
- Level Three: Ministerial, executive and Ombudsman’s complaints.

5.29 Only Level Three complaints can be directly attributed to an ‘access’ theme. There would be value in the NDIA increasing the granularity of themes for Level One and Two complaints, so as to provide a better understanding of emerging issues or trends.

5.30 The NDIA states that the Agency aims to resolve 90 per cent of complaints within 21 days of receipt. At a more granular level, the NDIA aims to resolve Level One and Two complaints within 14 days, and Level Three complaints within 21 days. Reports provided to the ANAO by the NDIA show that between September 2016 and February 2017, 94 per cent of complaints had been resolved within 21 days. The Agency does not report on the quantity of Level One or Level Two complaints that were resolved within 14 days.

Has the NDIA implemented effective quality assurance for access decisions?

During the trial phase of the NDIS, the NDIA did not conduct regular quality assurance reviews of access decisions. The NDIA implemented monthly quality assurance reviews from October 2016, which indicate that the NDIA is not achieving its quality target for access decision-making. The Agency is developing a new quality assurance program, which is expected to be supported by enhanced ICT system functionality from September 2017.

5.31 The NDIA’s inaugural *Internal Quality Assurance Framework* was approved by the NDIA Board in August 2014 and partly implemented. In 2015 the NDIA developed an interim *Business Assurance Framework*⁷⁷ which was subsequently incorporated within a new *Integrated Assurance Framework* in mid-2017.

5.32 ANAO Audit No.33 2016–17, *Audits of the Financial Statements of Australia Government Entities for the period ending 30 June 2016*, included a Category A⁷⁸ finding on NDIA’s quality framework, and concluded that ‘significant work was required to implement a successful compliance program’. The ANAO noted that there was insufficient documentary evidence to demonstrate quality assurance processes over the integrity of decisions made concerning provider registrations, participant identity or eligibility and participant plan approvals.

Interim framework activities

5.33 The interim *Business Assurance Framework* is supported by a *Quality Action Plan* implemented by the National Quality and Continuous Improvement Team. *The NDIA National*

77 The supporting ICT capability that was required to fully implement the Business Assurance Framework was not prioritised for delivery with the Minimum Viable Product implemented in July 2016.

78 Category A (significant) findings are issues that pose a significant business or financial management risk to the entity. These include issues that could result in a material misstatement of the entity’s financial statements.

Quality Action Plan 2016–17 outlines the quality activities to be undertaken by the Agency and the agreed quarterly and annual quality reporting cycles.

5.34 At the time of this audit, the NDIA was conducting two elements of business assurance: quality control (a point in time measure) and quality assurance (a measure over time). The activities that had been implemented in respect of NDIS access included:

- post-decision audits by National Access Team (NAT) Quality Development Officers of a sample of access decisions;
- pre-decision review by NAT supervisors of proposed access decisions made by inexperienced staff (see Chapter Two); and
- continuous feedback loops including scheduled and adhoc meetings, national reporting and peer review.

5.35 An additional measure that involves linking decision-making delegations to competencies and completion of training courses (also known as capability tags) is due to be rolled-out from September 2017. This had not been implemented previously as required functionality was not available in the first stage of the NDIA’s ICT system (the CRM). Additionally, call listening/recording has not been implemented due to the need to purchase listening and recording technology.

Audit of access decisions by Quality Development Officers

5.36 As at February 2017, the NDIA had nine Quality Development Officers, who, among other things, were responsible for completing quality checks of access decisions. In late 2015, a presentation to the NDIA Board advised that ‘an automated sampling engine will select cases for examination’. In practice, the sampling method has been left to Team Leaders in each region, and consequently there was no mechanism in place to ensure that cases for review were selected at random.

5.37 In September 2015, the NDIA calculated how many access decisions would need to be reviewed each year if 10 per cent of all access decisions were subject to quality review (Table 5.2).

Table 5.2: Proposed quantity of access decisions to be included in the quality assurance program, September 2015

Year	2015–16	2016–17	2017–18	2018–19
Quantity of access decisions quality assured	4003	12 854	19 491	13 301

Source: ANAO representation of NDIA Board minutes.

5.38 In practice, there have been far fewer than 10 per cent of access decisions subject to review. In total, the ANAO could find evidence of 5330 access decisions (approximately 4.15 per cent) that had been reviewed to check quality and other aspects of decision-making. Table 5.3 summarises quality assurance reports provided to the NDIA Board between July 2013 and January 2017.

Table 5.3: Quality assurance reviews of access decisions

Report finalised	Records checked ^a	Quality access decisions	Correct access decisions ^b
Nov 2013	63	57 (91 per cent) had reasons to support the decision.	The review did not consider if correct decisions had been made.
Jun 2014	562	Statistics were not reported to the Board, but the review found that 'generally the approach to decision-making is considered thorough.'	
Oct 2016	274	235 (86 per cent)	228 (83 per cent)
Nov 2016	20 ^c	19 (94 per cent)	20 (100 per cent)
Dec 2016	250	230 (92 per cent)	218 (87 per cent)
Jan 2017	291	262 (90 per cent)	258 (89 per cent)
Feb 2017	507	466 (92 per cent)	463 (91 per cent)
Mar 2017	562	Not reported	508 (90 per cent)
Apr 2017	538	Not reported	508 (94 per cent)
May 2017	594	Not reported	536 (90 per cent)

Note a: In each month, more than 90 per cent of decisions checked were non-defined and new access requests, which requires assessment against the disability and/or early intervention requirements.

Note b: The NDIA defines a correct decision as: one where a lawful determination was made that the access requirements were met or not met, based on a correct assessment of evidence related to the disability and early intervention requirements as set out in the NDIS Act and Rules.

Note c: In November 2016, the NDIA advised that quality checks were delayed. A sample of 20 ineligible (access not met) decisions were checked in place of full quality audits.

Source: ANAO representation of data from NDIA Quality Audit Reports.

5.39 When assessing the quality of a decision, the Quality Development Officers considered if the correct decision was made based on the application of the NDIA Act, Rules and *Operational Guidelines*, and the administrative process. A *Quality Audit Guide* is provided that gives examples of how each quality indicator should be assessed. If the guide is followed, this should provide an effective mechanism to consider the quality of decision-making.

5.40 As demonstrated in Table 5.3, the NDIA conducted very few quality assurance reviews during the NDIS trial period. Quality assurance review activity is concentrated in late 2016 and early 2017, with no reviews conducted between June 2014 and October 2016. According to the National Quality Action Plan 2016–17, the quality target for audited decisions is 95 per cent. The NDIA has not met this target as at May 2017.

5.41 In addition to the monthly quality assurance reviews the NDIA has also reported twice on quarterly access decision reviews, containing random samples of Defined, non-defined and new access requests. To date, both of these reviews are in draft form and consider decisions made in July–September 2016 and October–December 2016.

5.42 Unlike the monthly quality reviews shown in Table 5.3, the quarterly reviews contained a high percentage of Defined Program access requests. As discussed in Chapter Three, applicants in Defined Programs are automatically granted access to the Scheme after proving that they meet the age and residence requirements of the Act. The results of the quarterly access decisions reviews are shown in Table 5.4.

Table 5.4: Quarterly access decision reviews

Quarter	Records checked	Access requests not linked to a specific Defined Program	Insufficient evidence on file	Access decision not made within the timeframe	Incorrect access decision made
Q1 2016	330	214 (65 per cent)	Not reported	97 (29 per cent) ^a	4 (1 per cent)
Q2 2016	1339	1199 (90 per cent)	168 (13 per cent)	532 (40 per cent)	10 (1 per cent) ^b

Note a: The report noted that in a further 21 instances (6 per cent), timeframes could not be calculated due to a lack of documentation.

Note b: The report noted that the access requests found to have insufficient evidence (13 per cent) could also be potentially incorrect.

Source: ANAO representation of data from NDIA quarterly Access Decision Reviews.

5.43 In 2017, the NDIA engaged KPMG to create a new testing approach for quality assuring access decisions. The random sample for the first round of testing was selected by the Scheme Actuary and consisted of 662 access decisions, 270 of which related to access requests from new applicants or people in non-defined programs (general access). The review identified ‘substantive errors in decision making’ in 17 (6.3 per cent) of the 270 general access decisions. In addition, 13 per cent of the general access decisions did not have sufficient evidence on file to support the access decision.

5.44 The testing methodology will be refined with a second sample in July 2017 and then provided to the NDIA to implement as part of an ongoing assurance program.

Quality assurance of Human Services’ tasks

5.45 In the April 2017 Business Services Schedule between NDIA and Human Services, the following quality assurance role is assigned to Human Services:

The Department of Human Services will provide quality assurance under the DHS quality framework and the DHS quality call listening framework.

5.46 Human Services provides quality assurance on the telephony role, and on the number of access requests processed on a weekly basis. NDIA team leaders are specifically instructed to exclude Defined Program access decisions when choosing a sample for quality review.

The NDIA’s future Integrated Assurance Framework

5.47 In August 2017, the NDIA advised the ANAO that its new Integrated Assurance Framework will provide comprehensive assurance that examines payment integrity, as well as eligibility and plan approvals, for both self-managed and Agency managed plans. The Framework is also intended to support the Agency’s growth and changing risk profile, and better identify gaps in the risk management framework.

5.48 The NDIA Board has not yet endorsed the Framework. The new Framework was approved by the NDIA’s Executive Management Group on 31 January 2017, and considered at the April 2017 session of the NDIA’s Audit Committee. The Audit Committee requested a review of the:

Integrated assurance model with a view to clearer articulation and consistency of theme and language, and with a focus on an enterprise risk management approach. The revised approach must identify timeframes for delivery of key milestones.

5.49 A new Quality Assurance Program was endorsed in August 2017, and the ICT functionality is scheduled for deployment from September 2017. The NDIA advised the ANAO that this functionality will allow all pre and post-decision checks to be allocated and performed electronically, and the records will automatically be attached to the participant's file.

Are the results of quality assurance activities and actuarial analysis used to inform continuous improvement?

The NDIA's quality assurance reviews of access decisions have identified potential improvements. Implementation of these improvements is monitored through the NDIA Executive Management Group and the NDIA Board. Actuarial analysis is used to inform the development of strategies to address emerging risks and to monitor the impact and effectiveness of these strategies.

Quality assurance activities

5.50 The quality assurance reviews of access decisions made between October 2016 and January 2017 resulted in a list of recommendations to improve both the quality review process and the accuracy and consistency of access decisions. These recommendations are reported to the Executive Management Group and the NDIA Board. In April 2017, the NDIA commenced an end to end review of the participant pathway. The review will assess each element of the pathway to identify processes, system requirements, resources and information/communication that may need to be changed or improved.

Actuarial advice

5.51 The Scheme Actuary has provided monthly risk monitoring reports to the Sustainability Committee (see paragraph 5.9). Any differences between forecast and actual expenditures are investigated.⁷⁹ The Scheme Actuary identified three access-related risks that could impact the financial sustainability of the NDIS, summarised in Table 5.5.

5.52 The Scheme Actuary analyses likely impacts on Scheme financial sustainability of the outcomes of Administrative Appeals Tribunal or Federal Court decisions. For example, the Scheme Actuary has analysed the financial impact of admitting people to the NDIS with chronic health conditions and of the provision of certain alternative therapies in participant plans.

79 The Productivity Commission released their position paper on NDIS Costs in June 2017. In this paper, the Commission identified one additional cost driver—the costs associated with operating the Scheme. Available from: <<http://www.pc.gov.au/inquiries/current/ndis-costs#draft>>, [accessed 14 June 2017].

Table 5.5: Key access-related risks to the financial sustainability of the NDIS

Description of risk	Current mitigation strategies
More than expected children entering the Scheme, for 0–6 and 7–14 year olds.	Early Childhood Early Intervention (ECEI) approach^a The ECEI approach aims to ensure only children aged 0–6 meeting the eligibility criteria for the NDIS enter as a participant. The gateway also provides support for children who do not meet the NDIS access criteria to access mainstream and community services.
The number of participants exiting the Scheme has been lower than expected, particularly for children entering under the early intervention requirements.	Revocations The NDIA has implemented changes to ensure that eligibility for the Scheme is considered during the annual plan review for people who have entered the Scheme under the early intervention requirements. A review of eligibility was trialled in the ACT for children aged between 0–6 in the first instance. If successful, this will be rolled out more broadly.
Higher than expected participants continuing to approach the Scheme.	The reference package and the First Plan approach^b The reference package and first plan process is a method for better aligning the level of function and need with support packages for participants when they first enter the Scheme.

Note a: The Early Childhood Early Intervention (ECEI) approach was first rolled out in early 2016.

Note b: The significant increase in numbers of new clients over transition expectations for each site was first reported to the NDIA Board in September 2013. The First Plan Approach was first rolled out in mid-late 2016.

Source: ANAO summary of the March 2017 NDIA report to the COAG Disability Reform Council.

Potential participants with chronic health conditions

5.53 The NDIA has previously identified a greater need for clarity in relation to the application of the disability requirements to individuals with a chronic health condition.⁸⁰ The initial estimations by the Productivity Commission did not provide for people with a variety of impairments caused by chronic health conditions, such as diabetes and obesity. NDIA advised the Productivity Commission in March 2017 that ‘ambiguity around the application of the disability requirement with reference to this cohort poses a real risk to the financial sustainability of the Scheme.’

5.54 The NDIA has put in place arrangements designed to support consistency in decision-making in respect of potential participants with chronic health conditions. For example, an expectation was set to require NAT access decision-makers to consult the Technical Advisory Team before making a decision to grant access to applicants with chronic health conditions. As of August 2017, this process is now reflected in guidance materials to NDIA access assessors.



Grant Hehir
Auditor-General

Canberra ACT
19 October 2017

80 The NDIA’s submission to the Productivity Commission’s review of NDIA costs is submission 161, and is available here: <www.pc.gov.au/inquests/current/ndis-costs> [accessed 17 July 2017].

Appendices

Appendix 1 Entity responses

EC17-002023



GPO Box 700
Canberra ACT 2601
1800 800 110

ndis.gov.au

Mr Grant Hehir
Auditor General
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Mr Hehir

Decision-making controls for sustainability – NDIS access

Thank you for the opportunity to respond to the Australian National Audit Office (ANAO) performance audit (the audit) into decision-making controls for access to the National Disability Insurance Scheme (NDIS).

The National Disability Insurance Agency (NDIA) acknowledges the findings of the audit and appreciates the ANAO's recognition of the unique operating environment during the period of transition to full Scheme.

The NDIA is committed to strengthening the overall control environment to ensure access decisions are consistent with legislative and other requirements. As acknowledged in the report, the NDIA is doing this through refinement of policies, supporting documentation, assurance and staff development processes.

Steps have already been taken to address a number of the recommendations and issues raised in the audit report. These steps are detailed in the attached response to the audit recommendations.

During the audit period (1 July 2016 to 31 March 2017) the NDIA notes the following in respect of its operational context:

- i. Key elements of operational policy were still being finalised between governments. This included decisions on the scale, timing and location of rollout not being agreed until quite close to rollout commencing.
- ii. The majority of data on individuals in existing programs, due to phase into the NDIS in the first quarter of 2016-17, was not received from governments within the required timeframe. For later quarters, a significant proportion of this data was not provided six months in advance, as was agreed and required. The data when received was of variable quality.
- iii. The new business system that replaced the system used during trial was deployed on 28 June 2016 to take effect from 1 July 2016. The absence of a broad scale system test environment resulted in the staff performing access functions having limited training and exposure to the new system before it was deployed.

Delivered by the
**National Disability
Insurance Agency**

Notwithstanding this, the NDIA accepts the four recommendations of the audit report, recognising that the control environment – including the systems and processes that underpin service delivery – must continue to be strengthened in order to meet the ongoing challenges of full scheme rollout.

The NDIA is addressing the four recommendations of the audit report through the following activities:

- i. Finalise and implement a quality management framework to improve the consistency and quality of access decision making.
- ii. Finalise the implementation of an integrated assurance framework, including delivery of routine quality control and assurance activities for access decisions.
- iii. Implement improvements to the storage and quality of process documentation and functional assessment tools to assist staff with clear and appropriate access decisions.
- iv. Improvements to the consistency and quality of staff training to build competencies focused on legislative requirements, policy and work practice compliance. The first major tranche of this training is currently underway.

There is also a broader program of work underway across the NDIA to improve the participant and provider pathway experience. This work will complement the activities noted above and be underpinned by clear and defined organisational processes, practices and controls.

The NDIA appreciates the key learnings from the audit and trusts that these learnings will be applicable to broader government service delivery.

Further detail is provided in the summary response below.

Yours sincerely



Robert De Luca
Chief Executive Officer
National Disability Insurance Agency

3 October 2017



Australian Government
Department of Human Services

Caroline Edwards
Acting Secretary

Ref: EC17-001851

Mr Grant Hehir
Auditor-General
Australian National Audit Office
GPO Box 707
CANBERRA ACT 2601

Dear Mr Hehir

Thank you for providing the Department of Human Services (the department) with the opportunity to comment on the Australian National Audit Office's (ANAO) proposed report on the *Decision-making controls for sustainability—National Disability Insurance Scheme access*.

The department welcomes the report and notes its four recommendations refer to the National Disability Insurance Agency. The department will work with the NDIA to ensure that that business rules underpinning computer aided decision-making are correctly incorporated into the NDIA business system as outlined in Recommendation Two.

Attachment A to this letter provides the department's response to the proposed report.

Ms Michelle Kelly, General Manager, Audit, is the department's contact for this matter. Ms Kelly may be contacted on 02 6223 4741 or Michelle.Kelly@humanservices.gov.au.

Yours sincerely

Caroline Edwards
29 September 2017

Appendix 2 Extract from the *National Disability Insurance Scheme Act 2013*, sections 22–25

Section 22 Age requirements

- (1) A person *meets the age requirements* if:
 - (a) the person was aged under 65 when the access request in relation to the person was made; and
 - (b) the person satisfies any other requirements in relation to age that are prescribed by the National Disability Insurance Scheme rules.
- (2) Without limiting paragraph (1)(b), National Disability Insurance Scheme rules made for the purposes of that paragraph:
 - (a) may prescribe that a person must be a prescribed age on a prescribed date or a date in a prescribed period only if the person resides in a prescribed area of Australia; and
 - (b) may prescribe different ages and different dates in relation to different areas of Australia.

Section 23 Residence requirements

- (1) A person *meets the residence requirements* if the person:
 - (a) resides in Australia; and
 - (b) is one of the following:
 - (i) an Australian citizen;
 - (ii) the holder of a permanent visa;
 - (iii) a special category visa holder who is a protected SCV holder; and
 - (c) satisfies the other requirements that are prescribed by the National Disability Insurance Scheme rules.
- (2) In deciding whether or not a person resides in Australia, regard must be had to:
 - (a) the nature of the accommodation used by the person in Australia; and
 - (b) the nature and extent of the family relationships the person has in Australia; and
 - (c) the nature and extent of the person's employment, business or financial ties with Australia; and
 - (d) the nature and extent of the person's assets located in Australia; and
 - (e) the frequency and duration of the person's travel outside Australia; and
 - (f) any other matter relevant to determining whether the person intends to remain permanently in Australia.

- (3) Without limiting paragraph (1)(c), National Disability Insurance Scheme rules made for the purposes of that paragraph:
- (a) may require that a person reside in a prescribed area of Australia on a prescribed date or a date in a prescribed period in order to meet the residence requirements; and
 - (b) may require that a person has resided in a prescribed area for a prescribed period in order to meet the residence requirements; and
 - (c) may require that a person continue to reside in a prescribed area of Australia in order to meet the residence requirements; and
 - (d) may require that a person satisfy a prescribed requirement relating to either or both of the following:
 - (i) the purpose for which the person resides in a particular geographical area;
 - (ii) exceptional circumstances applying in relation to the person.

Section 24 Disability requirements

- (1) A person ***meets the disability requirements*** if:
- (a) the person has a disability that is attributable to one or more intellectual, cognitive, neurological, sensory or physical impairments or to one or more impairments attributable to a psychiatric condition; and
 - (b) the impairment or impairments are, or are likely to be, permanent; and
 - (c) the impairment or impairments result in substantially reduced functional capacity to undertake, or psychosocial functioning in undertaking, one or more of the following activities:
 - (i) communication;
 - (ii) social interaction;
 - (iii) learning;
 - (iv) mobility;
 - (v) self care;
 - (vi) self management; and
 - (d) the impairment or impairments affect the person's capacity for social or economic participation; and
 - (e) the person is likely to require support under the National Disability Insurance Scheme for the person's lifetime.
- (2) For the purposes of subsection (1), an impairment or impairments that vary in intensity may be permanent, and the person is likely to require support under the National Disability Insurance Scheme for the person's lifetime, despite the variation.

Section 25 Early intervention requirements

- (1) A person ***meets the early intervention requirements*** if:
- (a) the person:
 - (i) has one or more identified intellectual, cognitive, neurological, sensory or physical impairments that are, or are likely to be, permanent; or
 - (ii) has one or more identified impairments that are attributable to a psychiatric condition and are, or are likely to be, permanent; or
 - (iii) is a child who has developmental delay; and
 - (b) the CEO is satisfied that provision of early intervention supports for the person is likely to benefit the person by reducing the person's future needs for supports in relation to disability; and
 - (c) the CEO is satisfied that provision of early intervention supports for the person is likely to benefit the person by:
 - (i) mitigating or alleviating the impact of the person's impairment upon the functional capacity of the person to undertake communication, social interaction, learning, mobility, self care or self management; or
 - (ii) preventing the deterioration of such functional capacity; or
 - (iii) improving such functional capacity; or
 - (iv) strengthening the sustainability of informal supports available to the person, including through building the capacity of the person's carer.
- Note: In certain circumstances, a person with a degenerative condition could meet the early intervention requirements and therefore become a participant.
- (2) The CEO is taken to be satisfied as mentioned in paragraphs (1)(b) and (c) if one or more of the person's impairments are prescribed by the National Disability Insurance Scheme rules for the purposes of this subsection.
- (3) Despite subsections (1) and (2), the person does not meet the early intervention requirements if the CEO is satisfied that early intervention support for the person is not most appropriately funded or provided through the National Disability Insurance Scheme, and is more appropriately funded or provided through other general systems of service delivery or support services offered by a person, agency or body, or through systems of service delivery or support services offered:
- (a) as part of a universal service obligation; or
 - (b) in accordance with reasonable adjustments required under a law dealing with discrimination on the basis of disability.

Appendix 3 Computer aided decision-making—sample screens

Screen 1: Decision sub-criteria

← Access Decision :: Status : Awaiting Approval (Access) ⓘ

Decision Sub Criterion for Citizen Bill

Disability Criterion 1?	(Section 24(1)(a)): Are the impairment(s) attributable to one or more intellectual, cognitive, neurological, sensory or physical impairments or to psychiatric condition(s)?	Not Applicable: —
Disability Criterion 2?	(Section 24(1)(b)): Are the impairment(s) permanent, or are they likely to be permanent?	Not Applicable: —
Disability Criterion 3?	(Section 24(1)(c)): Do the impairment(s) result in substantially reduced functional capacity to undertake, or psychosocial functioning in undertaking, activities in one or more of the areas of communication, social interaction, learning, mobility, self-care or self-management?	Not Applicable: —
Disability Criterion 4?	(Section 24(1)(d)): Do the impairment affect the person's capacity for social and economic participation?	Not Applicable: —
Disability Criterion 5?	(Section 24(1)(e)): Is the person likely to require support under the NDIS for their lifetime?	Not Applicable: —
Early Intervention Criterion 6?	(Section 25(1)(a)(i), (ii) and (iii)): Does the person have: <ul style="list-style-type: none"> • one or more identified intellectual, cognitive, neurological, physical or sensory impairments that are permanent or likely to be permanent? or • one or more identified impairments attributable to a psychiatric condition that are permanent or likely to be permanent? or • Is the person a child who has developmental delay? 	Yes: ✓
Early Intervention Criterion 7?	(Section 25(1)(b)): Is the provision of early intervention supports likely to benefit the person by reducing the person's future needs for supports in relation to disability?	Yes: ✓
Early Intervention Criterion 8?	(Section 25(1)(c)): Are you satisfied that the provision of early intervention supports is likely to benefit the person by: <ul style="list-style-type: none"> • mitigating or alleviating the impact of the person's impairment upon the functional capacity of the person to undertake communication, social interaction, learning, mobility, self-care or self-management; or • preventing the deterioration of such functional capacity; or • improving such functional capacity; or • strengthening the sustainability of informal supports available to the person, including through building the capacity of the person's carer; 	Yes: ✓
Early Intervention Criterion 9?	(Section 25(3)): Are early intervention supports most appropriately funded or provided through the NDIS, and not through another service system?	No: ✗
Development Delay Criterion 1?	Does the child have a delay that is attributable to a mental and/or a physical impairment?	No: ✗
Development Delay Criterion 2?	Does the delay result in substantially reduced functional capacity in one or more major life activity?	No: ✗
Development Delay Criterion 3?	Does the delay result in the need for an individual transdisciplinary support approach?	No: ✗

Reassess

Screen 2: Proposed access decision

Main Criteria for Jesse Citizen

Primary Disability : G35 - Multiple sclerosis

Does the person meet Age Criteria?	Yes: ✓
Does the person meet Residency Criteria?	Yes: ✓
Does the person meet Disability Criteria?	Yes: ✓
Does the person meet Early Intervention Criteria?	No: ✗

Proposed Access Decision: ✓

Override Access Decision: NO

The Override Decision is: Access Met Access Not Met

* Reason Code:

Enter your reason for overriding the proposed access decision

Approved By:

Source: NDIA Quick Reference Guide: Access—Determine the Access Decision.

