

A large, abstract graphic made of many thin, concentric blue lines that swirl around the right side of the page, creating a sense of motion and depth. It frames the text on the right.

# **TARGETED COMPLIANCE FRAMEWORK**

Department of Employment  
and Workplace Relations

**Final Report**

4 July 2025





## Limitations

### *Inherent Limitations*

The Services provided under this engagement were advisory in nature and have not been conducted in accordance with the standards issued by the Australian Auditing and Assurance Standards Board and consequently no opinions or conclusions under these standards are expressed. The matters raised in this report are only those which came to Deloitte's attention during the course of performing the assessment and are not necessarily a comprehensive statement of all the weaknesses that exist or improvements that might be made.

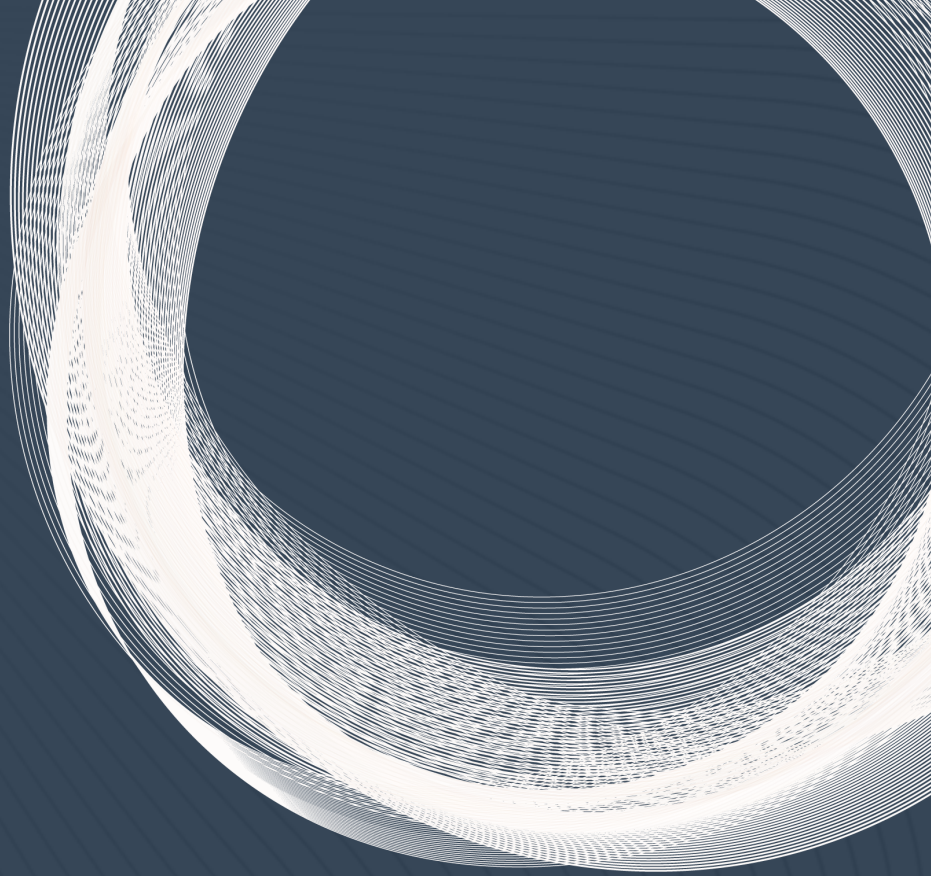
We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy, or reliability is given in relation to the statements and representations made by, and the information and documentation provided by the Department of Employment and Workplace Relations. We have not attempted to verify these sources independently unless otherwise noted within the report.

We have not been engaged to provide any legal advice or interpretation of law and legal opinions, and our report should not be relied upon as legal advice.

This report has been prepared based on work completed as at 4 July 2025. Deloitte assumes no responsibility for updating this report for events and circumstances occurring after the date of this report.

### *Limitation of Use*

This report is prepared solely for the use of the Australian Government. This report is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The report has been prepared for the purpose set out in the Order for Services dated 23 December 2024. You should not refer to or use our name or the advice for any other purpose.



**Review Artefacts**

The analysis, findings and outcomes of the 2025 Independent Review of the Targeted Compliance Framework (the Review) conducted by Deloitte are reported on in two main artefacts.

This Final Report is intended to be read in conjunction with, and supported by, Statement of Assurance.



Statement of Assurance



Final Report



Targeted Compliance Framework  
Department of Employment and Workplace Relations

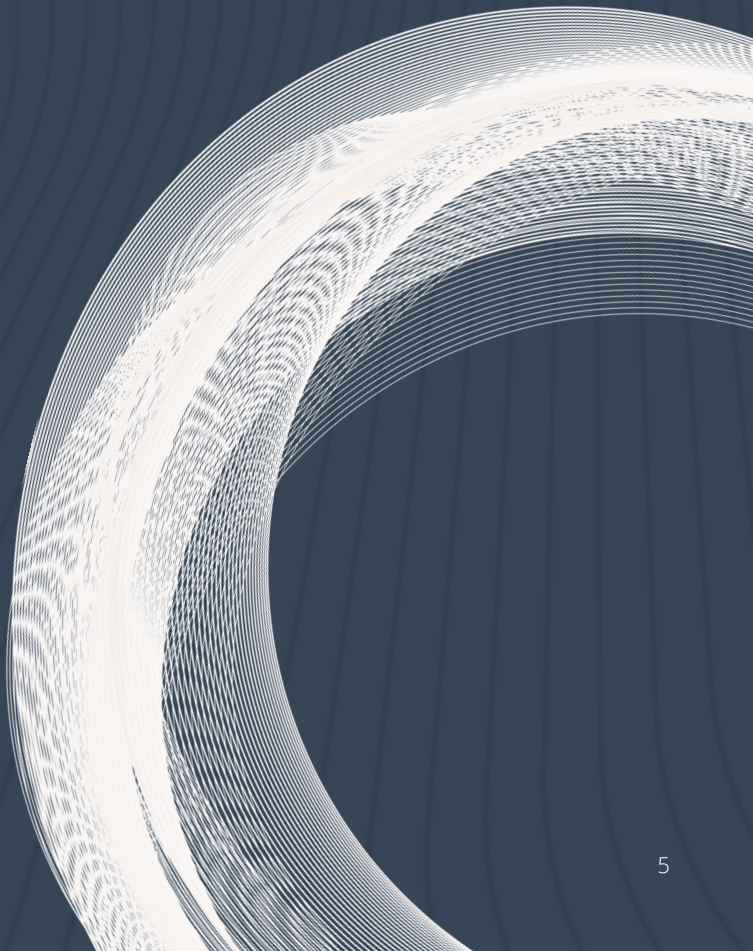
Independent Review Final Report  
4 July 2025

Contents

|    |  |    |
|----|--|----|
| 01 | Executive Summary                                  | 05 |
| 02 | Assurance Outcomes                                 | 15 |
| 03 | Insights   | 17 |
| 04 | Recommendations                                    | 23 |
| 05 | Overview of the TCF                                | 38 |
| 06 | Background & Methodology                           | 44 |
|    | Analysis   | 50 |
| 07 | <i>Legislative and Policy Traceability</i>         | 51 |
| 08 | <i>IT System Defects</i>                           | 57 |
| 09 | <i>Governance and Assurance</i>                    | 66 |
| 10 | <i>Compliance Model Design and Maturity</i>        | 77 |
| 11 | <i>Systemic Connections and Cumulative Impacts</i> | 83 |
| 12 | <i>Contemporary Compliance Program Design</i>      | 87 |
| 13 | Appendices   | 95 |



01 EXECUTIVE  
SUMMARY



# 1. Executive Summary

## 1.1 Background

The Targeted Compliance Framework (‘TCF’ or ‘Framework’), implemented on 1 July 2018, was introduced as a core integrity measure within Australia’s welfare system.<sup>1</sup> It is intended to ensure that participants meet their mutual obligation requirements to receive income support, and that this is done in a manner that is procedurally fair, consistent, and legally accountable.<sup>2</sup>

The TCF is an integrated program, comprised of a suite of legislative and policy instruments, supported by administrative processes, employment service provider activity, and a dedicated IT system (‘IT system’) that operationalises automated compliance decision-making at scale.<sup>3</sup>

This Review (‘Review’) was commissioned in December 2024 to provide assurance to the Secretary of the Department of Employment and Workplace Relations (‘Department’) in relation to the operational functioning of the TCF against policy and legislation.

Specifically, the Review was asked to assess whether the TCF delivers compliance decisions and participant outcomes in accordance with legislative and policy intent, whether the IT system operates lawfully and reliably, and whether departmental governance, assurance, and oversight mechanisms are sufficient to manage risk, protect participants, and ensure administrative integrity.<sup>4</sup>

## 1.2 Methodology

The Review adopted a multi-method approach, incorporating document analysis, semi-structured stakeholder interviews, and the development of detailed process maps to assess divergences between the intended policy design of the TCF and its operational implementation. Iterative working hypotheses were developed and refined over the course of the Review, informed by emerging evidence and stakeholder insights.

A dedicated technical workstream was established to evaluate the functionality of the IT system, including analysis of its underlying code base, system architecture, and technical governance arrangements.

In parallel, the Review undertook an extensive literature review and a comparative analysis of contemporary international compliance models to identify normative design principles and accepted regulatory practices, enabling a comparative assessment of the TCFs current implementation.

<sup>1</sup>Senate Education and Employment References Committee, *Jobactive: Failing Those It Is Intended to Serve* (Report, February 2019) [https://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_and\\_Employment/jobActive2018/Report](https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/jobActive2018/Report).

<sup>2</sup> Ibid.

<sup>3</sup> *Social Security (Administration) Act 1999* (Cth) pt 3 div 3AA; *Social Security (Administration) (Non-Compliance) Determination 2018* (No 1) (Cth).

<sup>4</sup> Department of Employment and Workplace Relations (Cth), *Statement of Work – Statement of Assurance on the Operations of the Targeted Compliance Framework* (ESE24/1263, 28 November 2024) (copy on file with author).



# 1. Executive Summary

## 1.3 Analysis and Findings

Over the past two years, the Department has taken steps to identify and address issues with the TCF and its supporting IT system. These efforts have ultimately culminated in the initiation of this Review.<sup>5</sup> However, these proactive actions followed a sustained period during which significant deficiencies remained unaddressed.

The Review found that most issues associated with the TCF stem from its initial design and implementation in 2018. In particular, flaws were identified in the translation of legislative and policy intent into system and operational logic and overall program design. There was also a lack of developed governance to fully monitor the operationalisation of the Framework. These foundational weaknesses were compounded by a persistent lack of direct investment. This was primarily due to external funding constraints on the Department for system sustainment, as well as the absence of a structured development roadmap and associated controls over the lifespan of the Framework.

Ordinarily, these elements would support the continued maturation of the compliance model and IT system in line with evolving contemporary compliance principles, academic research, and better practice. They would also enable the identification of latent IT design defects and remediation of known deficiencies and weaknesses. Their absence has restricted any continuous improvement of the TCF and limited its capacity as a policy delivery asset that can respond to a variety of policy positions, settings and challenges.

As a result, the Review identified substantial issues across multiple dimensions of the TCF's current operations and delivery. The cumulative impact of these issues precludes the provision of assurance regarding the Framework's functionality, its alignment with

legislative requirements, or the effectiveness of its associated governance structures. These findings are as detailed in the following sections:

### 1.3.1 Legislative and Policy Traceability

There was insufficient evidence to demonstrate that the TCF, including the underlying IT system, is comprehensively aligned with the authorising legislation (*Social Security (Administration) Act 1999* (Cth), Division 3AA) and relevant policy.<sup>6</sup>

The Review's procedures confirmed a critical lack of traceability linking legislative authority, operational policy, and automated compliance logic embedded within the IT system. This deficiency undermines confidence that the Framework delivers lawful and administratively sound outcomes.

Prominent flaws include the absence of a comprehensive program design, or systems diagram detailing participant pathways, decision points, or workflows in a transparent manner or with detailed references to legislation and policy parameters. Such documentation is essential to validate business rules and procedural logic against statutory requirements. It further ensures that changes to policy, operational delivery, or the IT system do not result in deviations from legislative authority or program intent.

The Review also observed recurrent misunderstandings among departmental teams and individuals regarding the distinction between the Framework's legislative intent, policy design and actual operational implementation. Although Review procedures involved detailed consideration of relevant departmental documentation, discrepancies were consistently identified between stated policy positions and the functionality of the IT system.

<sup>5</sup> Department of Employment and Workplace Relations (Cth), *Secretary's Opening Statement* (26 February 2025) <https://www.dewr.gov.au/assuring-integrity/targeted-compliance-framework/announcements/secretarys-opening-statement>.

<sup>6</sup> See as examples, *Social Security (Administration) (Non-Compliance) Determination 2018* (No 1) (Cth); Department of Social Services (Cth), *Social Security Guide* (Version 1.329, 12 May 2025) <https://guides.dss.gov.au/social-security-guide>.

# 1. Executive Summary

## 1.3.1 Legislative and Policy Traceability (Cont.)

Given this issue, the Review also found the risk of actual divergences between program design and operationalisation to be amplified over time due to frequent, incremental modifications made to both the TCF and the IT system to accommodate policy changes or remediate technical flaws. These alterations occur without the risk mitigation afforded by systematic mapping to an overarching program logic or IT system architecture, jeopardising further degradation of the statute and policy alignment that should be present.

As an illustration of this issue, the Review was provided with documentation cataloguing over 370 individual business rules embedded within the IT system.<sup>7</sup> However, these rules were not consistently connected to their legislative or policy basis and the supplied documents frequently blended and confused ‘program rules’, intended to assess participant eligibility and compliance, with ‘IT system logic rules’ which have evolved irregularly to maintain or restore IT system functionality. This same rule confusion is also indicative of the degradation that has occurred to the rules-based engine and base code of the IT system, explored later.

This cumbersome approach reduces the Department’s ability to assess whether the program’s design has been implemented as intended, increasing the risk that latent and potentially illegitimate deviations in case processing and decision logic remain undetected over extended periods. This risk is not just theoretical; it materialised when the Department’s internal assurance processes identified two such issues that had remained partially concealed for more than five years. This is due in large part to the absence of an overarching program logic and a defined approach to traceability testing.

The lack of traceability also critically

undermines the Department’s ability to validate and assure individual participant case outcomes or resolve complaints in a timely manner. The Review’s procedures confirmed that the legal and evidentiary basis for compliance actions against participants, particularly where such actions are initiated or administered by the IT system, cannot be consistently documented, verified, or reconciled with legislative provisions or policy intent.

The Review established that current assurance processes rely on a technical reverse engineering of the IT system and related records to ascertain how individual participant cases have been processed and determined. This approach significantly limits the ability of the Department, or external oversight bodies such as the Commonwealth Ombudsman, the Courts, or the Administrative Review Tribunal, to assess specific facts and decision-making against relevant legislative and policy provisions. It also reduces transparency for participants in understanding the basis for decisions that directly affect their lives.

<sup>7</sup> See as examples, ED75, ED76.



# 1. Executive Summary

## 1.3.1 Legislative and Policy Traceability (Cont.)

Further, despite specific statutory obligations requiring that discretionary determinations be made by the Secretary or their delegate, no records were available to demonstrate compliance with this requirement. In particular, the Review was not provided with any record of human decision-making, nor was there any evidence of a central repository documenting such decisions in accordance with the relevant legislative provisions. Interview participants also did not identify the existence of such records.

Despite the existence of documented case management guidance to service providers, there were inadequate standards incorporated within this guidance that demonstrate how discretion and policy tolerances in relation to individual cases are applied consistently by the Department, the IT system, or employment service providers. The Review found no reliable evidence that demonstrated such discretion was applied fairly, equitably, or consistently.

Collectively, the systemic absence of traceability within the TCF represents a primary cause of the issues observed across the Framework's current operation. It undermines the Department's ability to demonstrate that compliance decisions are made in accordance with legislative authority, diminishes transparency and equity for participants, and significantly constrains the capacity for effective internal governance and external oversight.

## 1.3.2 IT System Defects

Three 'defect issues' were identified through the Department's internal assurance processes between July 2023 and May 2024, negatively impacting at least 1,326 participants.<sup>8</sup>

Two defects were embedded in the IT system from inception and remained undetected for

over five years, whilst the third was introduced during attempts to remediate one of the earlier errors.

The Review considered the use of the term 'defect' to describe these events imprecise, as they do not stem from technical faults, bugs or errors, but rather from the inadequate or improper initial translation of program intent, design, and rules into IT system logic during its development. The lack of documented traceability, as detailed earlier, has contributed to the Department's inability to readily or rapidly identify these misconstructions, specifically intent versus actuality.

However, the distinction between a design flaw and a technical IT defect does not diminish or explain the inherent risks associated with the poor condition of the IT system's underlying code, as observed by the Review. The base code has been extensively and, at times, hastily modified to accommodate program and policy changes, often without reference to the original system architecture or in alignment with a long-term development strategy.

The Department's approach to system updates has involved the frequent use of irregular techniques, such as hard coding and unstructured amendments or emergency fixes ('e-fixes'), that diverge from the intended design, resulting in a highly fragmented and unnecessarily complex codebase. The Review's procedures confirmed the absence of comprehensive documentation outlining the system's overall logic and noted a lack of confidence amongst many interviewees that all existing flaws have been identified. The accumulation of unstructured changes, increased system convolution, and ongoing policy variations significantly elevate the risk of further undetected or latent defects within the system's design.

# 1. Executive Summary

## 1.3.2 IT System Defects (Cont.)

The Review acknowledges that the Department self-identified a series of issues affecting the IT system and has proactively introduced several technical and non-technical assurance measures in response. It is also evident that funding restrictions have limited their ability to deliver key or wholesale system and program improvements or fully implement a long-term sustainment strategy as noted earlier.

However, these constraints do not fully account for the lack of strategic direction observed. Limited controls exist to maintain the system's architectural integrity, and lapses in the application of well-established and documented departmental testing and change control policies have also contributed. This is particularly pertinent for regression testing and other measures that should ordinarily reduce the risks associated with the IT system in its current state.

The Review found that the combined effect of these factors has significantly increased the likelihood of unforeseen errors in participant case processing and a progressive degradation of the system's stability and functionality.

This, in turn, will further constrain and complicate the Department's ability to effectively respond to, and implement, legislative and policy changes to the TCF, or to enforce delegate decisions in relation to the operation of the platform.

## 1.3.3 Governance and Assurance

Ordinarily, public programs with broad application and delivery at scale are underpinned by a 'three lines of defence' assurance model to manage and mitigate risk.<sup>9</sup> This ensures that no single issue or control failure leads to actual harm or detriment, as any error in one line is detected and addressed by the next line of defence before it escalates.

- *The first line of defence* comprises authoritative guidance, procedures, and system controls for frontline operations and those responsible for implementing the program to ensure that day-to-day decisions are made equitably, consistently and lawfully in accordance with policy and legislative requirements.
- *The second line of defence* consists of oversight functions such as program managers, risk management, legal, and compliance teams, which provide in-depth guidance, case monitoring, and quality assurance; and
- *The third line* involves assurance mechanisms, including internal audit and program evaluations, that assess the overall effectiveness of controls and governance which respond to participant concerns, and impartially validate case outcomes. External scrutiny bodies, such as the Administrative Appeals Tribunal, provide additional independent oversight but are not part of the Department's formal three lines of defence.<sup>10</sup>

In the context of the TCF, the Review found that these lines of defence are either underdeveloped, inconsistently applied, or functionally absent. This has contributed to an environment where errors and non-compliance may go undetected, and where systemic issues are not reliably escalated or addressed through structured governance pathways.

<sup>9</sup> Department of Finance (Cth), *Risk Management Toolkit: Embedding Risk Management* (Web Page, 2023) <https://www.finance.gov.au/government/comcover/risk-services/management/risk-management-toolkit/element-1-embedding-risk-management>; Institute of Internal Auditors, *The IIA's Three Lines Model: An Update of the Three Lines of Defense* (Position Paper, July 2020). <https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>.

<sup>10</sup> Ibid.



# 1. Executive Summary

## 1.3.3 Governance and Assurance (Cont.)

### ***TCF's First Line of Defence: Operational Management and Frontline Controls***

This layer comprises the IT system and its embedded checks and controls, program business rules, and operational guidance including policies, procedures, and the Social Security Guide. These artefacts are designed to translate legislative and policy intent into frontline processes and system-driven decision-making.

The Review found that the lack of clear, traceable business logic or authoritative procedures aligned with legislative and policy requirements limits any protection afforded against flawed outcomes. There was no demonstrable evidence of controls to ensure the consistent and lawful exercise of discretion across individual participant cases or to systematically monitor employment service provider actions.

The IT system, in its current form, lacks a coherent structure of embedded controls, analytics and safeguards to uphold program rules and guidance. Its design does not incorporate exception-based reporting to detect provider action or discretion applied outside expected parameters. Additionally, most case-level decisions, including those requiring discretionary judgment by a delegate, are frequently automated or shaped by system logic without sufficient human oversight or evidentiary documentation.

### ***TCF's Second Line of Defence: Program, IT, Policy, and Legal Functions***

The Department's policy, IT, program and legal risk functions, forming the second line of defence, are not systematically integrated into the design or operation of the TCF. The Review found minimal evidence of appropriate structured engagement from these functions in

business rule development, IT system change management, or validation of legislative compliance. Risk identification, legal input, and policy oversight occur on a reactive and ad hoc basis, rather than being embedded within a continuous development and design governance process.

Moreover, there is no consolidated assurance framework to oversee the end-to-end integrity of participant decisions, nor a mechanism to coordinate across existing but siloed assurance activities. The absence of unified oversight limits the Department's capacity to identify systemic risks early, ensure legislative fidelity in automated processes, or detect unintended impacts on participant cohorts.

### ***TCF's Third Line of Defence: Assurance and Risk Management***

The third line, comprising internal audit and assurance, and supplemented by external review bodies such as the Ombudsman and Administrative Appeals Tribunal (ART)<sup>11</sup>, is constrained by a lack of traceability and evidentiary transparency within the TCF. There is no comprehensive, end-to-end record of how individual participant decisions are made or related evidence, nor a structured repository that links system logic, business rules, and statutory authority.

Internal audit and assurance efforts are impeded by the absence of documented program logic, reliable system version control, and defined benchmarks or standards against which to assess decision quality, complaints handling, or program performance.

External review mechanisms such as the ART are similarly limited in their ability to scrutinise automated decisions, as the Department cannot consistently reconstruct the legal or procedural basis for system-generated compliance actions,<sup>11</sup>

<sup>11</sup> Commonwealth Ombudsman, How to Make a Complaint (Web Page, 2024) <https://www.ombudsman.gov.au/complaints/how-to-make-a-complaint>; Administrative Review Tribunal, Centrelink (Web Page) <https://www.art.gov.au/applying-review/centrelink>.

# 1. Executive Summary

## 1.3.3 Governance and Assurance (Cont.)

These shortcomings critically weaken the ability of third-line assurance mechanisms to provide effective oversight, learn from error, or ensure accountability.

The breakdown of integration and functionality across the three lines of defence reduces the effectiveness of safeguards that would ordinarily detect and prevent erroneous case outcomes before they impact participants.

This breakdown in governance is starkly illustrated by the automated cancellation of payments for 45 participants under section 42AM<sup>12</sup> from October to December 2024. This occurred despite a delegate's decision to suspend such actions on 24 September 2024. The Department's inability to prevent these cancellations by the IT system highlights serious deficiencies and control failures in the governance of the TCF, demonstrating that it is disjointed, poorly managed and not fit-for-purpose.

## 1.3.4 Compliance Model Design and Maturity

The TCF, whilst updated regularly to reflect changes in the Government's policy position, has not been comprehensively advanced and matured to retain currency with contemporary compliance and regulation principles since its introduction. This should occur irrespective of incumbent Government policy, to improve programmatic outcomes, compliance performance and participant trust.

Underdeveloped elements of the program, including how it attempts to manage and resolve complex cases, are overly reliant on automated processing by the IT system. This does not consider the broader policy intent to promote participation and cooperation with a view to improving employability, reducing broader administrative burden and cost, nor

moderating compliance actions against participants based on their historic engagement.<sup>13</sup> Contemporary regulatory settings ordinarily embed flexibility, proportionality, and procedural fairness in processes that also support individualisation and responsive approaches to compliance, particularly in complex cases.<sup>14</sup>

In an effort to account for every eventuality and complexity that may impact the personal circumstances of an individual, the IT system has been over-engineered with intricate and convoluted indicators, workflows and informal participant pathways that often conflict, creating additional burden for employment service providers and participants themselves, yet provides limited support or benefit for those same participants. Ultimately, complex case indicators within the system may, in certain circumstances, lower mutual obligation thresholds, but they do not operate to limit compliance action. This risks initiating compliance action that later needs to be overturned, evidence of which is observed in the number of demerit points reversed, or causing participants to disengage from their workforce program or service provider.

These same 'case-exception' pathways also heighten the inherent risks within the IT system, increasing the likelihood that case processing outcomes may be incorrect or inconsistent with those of comparable cases. This is particularly concerning as participants are routed through less-tested and potentially unreliable resolution pathways.

Moreover, the underdeveloped compliance model embedded in the IT system is driven by punitive assumptions of participant non-compliance, with limited safeguards. Once a deficiency is recorded, the system largely automates the progression to compliance action.

<sup>12</sup> *Social Security (Administration) Act 1999* (Cth).

<sup>13</sup> John Braithwaite, *Restorative Justice and Responsive Regulation* (Oxford University Press, 2002) 29–31.

<sup>14</sup> Carolyn Adams, 'Choice, Responsibility and the Regulation of Behaviour: Lessons from the Social Security System' (2012) 35(2) *University of New South Wales Law Journal* 417, 426–8.



# 1. Executive Summary

## 1.3.4 Compliance Model Design and Maturity (Cont.)

In relation to the defect issues identified by the Department, evidence shows that despite processing flaws, the IT system still proceeded to progress participant cases into compliance action, and that in-built checks were not present to automatically detect participant cases remaining in the penalty zone longer than permissible.<sup>15</sup>

This reality is a deviation from the initial intent for the framework to be an example of *Responsive Regulation*<sup>16</sup>, originally through poor initial implementation, but intensified by the lack of a detailed, ongoing strategic enhancement program to develop the TCF over its life.

current form, the Review concluded the evidence was unsatisfactory to substantiate that the TCF delivers fully on its intended compliance purposes.

The identified issues outlined are often interconnected and act to compound each other. Misalignment with legislation and policy, combined with poor documentation and uncoordinated, reactive assurance programs, have enabled system defects to remain undetected, governance deficiencies have perpetuated irregular changes without the ordinary checks and balances, and a punitive compliance model has amplified the impact of system errors on participants.

## 1.3.5 Program Integrity Measure Performance

The Targeted Compliance Framework (TCF) is intended to serve two integrity objectives:

- Ensuring welfare payments are made to participants who meet their mutual obligations (*positive compliance*); and
- Withholding payments from those who do not (*negative compliance*).<sup>17</sup>

However, the Review found limited evidence to demonstrate that the current configuration of policy, governance, business rules, and IT systems effectively achieves either of the TCF's integrity objectives. Specifically, there is limited assurance that the framework reliably ensures payment to compliant participants or that it consistently withholds payment from those who are non-compliant.

This presents an objective risk of both under- and over-payment. As such, in its

➤ Consequently, the Review was unable to provide assurance that, in its current form, the TCF reliably operates or delivers outcomes that are fully consistent with its legislative and policy objectives.

Despite this finding, it is important to note that the system processes more than 640,000 participant cases per quarter average per month<sup>18</sup>, and over a five-year period, only 1,326 participants have been confirmed as adversely affected by identified IT defects.<sup>19</sup> This figure does not include the additional 45 participants affected by the failed implementation of the Department's determination on 24 September 2024.

Nevertheless, the statistical analysis equates to a very low detected error rate of less than 0.01% in contrast to human error rates in manual data processing environments, which does not justify the full suspension of the framework that the Department is legally obliged to deliver.<sup>20</sup>

<sup>15</sup> Department of Employment and Workplace Relations (Cth), *Secretary's Opening Statement* (26 February 2025) <https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement>.

<sup>16</sup> Ian Ayres and John Braithwaite, *Responsive Regulation: Transcending the Deregulation Debate* (Oxford University Press, 1992) 35–40.

<sup>17</sup> Senate Education and Employment References Committee, *Jobactive: Failing Those It Is Intended to Serve* (Report, February 2019) [https://www.apb.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_and\\_Employment/JobActive2018/Report](https://www.apb.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/JobActive2018/Report).

<sup>18</sup> Department of Employment and Workplace Relations, *Workforce Australia Caseload Time Series- October 2022 to April 2025* (Report, 17 April 2025) <https://www.dewr.gov.au/employment-services/data/resources/workforce-australia-caseload-time-series-october-2022-april-2025>.

<sup>19</sup> Department of Employment and Workplace Relations (Cth), *Secretary's Opening Statement – Assuring the Integrity of the Targeted Compliance Framework* (Web Page, 26 February 2025) <https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement>.

<sup>20</sup> Michael A Vasarhelyi and Miklos A Alles, 'The "Now" Economy and the Need for Continuous Assurance and Reporting' (2008) 22(2) *International Journal of Accounting Information Systems* 1, 3–4.

# 1. Executive Summary

## 1.3 Analysis and Findings (Cont.)

However, the persistence of these issues over an extended term, combined with the absence of comprehensive assurance, governance, and traceability mechanisms, demonstrates that existing controls are insufficient to prevent or detect systemic failures.

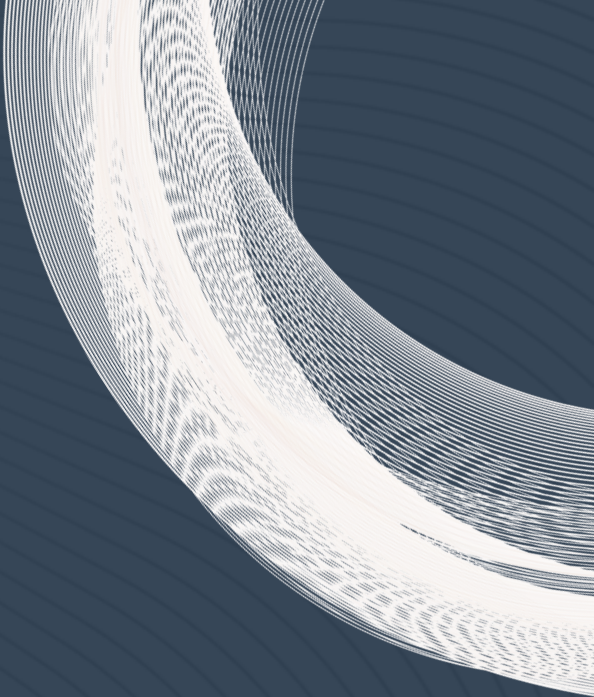
For this reason, the continued operation of the TCF must be supported by urgent, interim risk mitigations, tangible actions and strengthened assurance processes. These measures are required to uphold the integrity of the framework while more substantive reforms are progressed to embed legal alignment, fairness, and responsiveness in its design and delivery.

## 1.4 Recommendation Summary

The recommendations seek to address existing risks and structural deficiencies within the TCF, while supporting the development of a more effective, lawful, and sustainable compliance framework aligned with contemporary regulatory principles. These include:

- Improve legislative alignment by establishing a policy and legislative traceability register and embedding co-design processes to ensure all changes reflect authorising legislation, policy intent, and administrative law principles.
- Modernise system architecture and automation by rationalising business rules, removing hard coding, and restoring a modular, rules-based design that enables flexibility, and sustainable automation.
- Strengthen participant safeguards and accessibility by formalising alternative workflows for complex or vulnerable participants, enhancing system usability, and embedding justice and trust into the compliance experience.
- Reinforce governance and assurance through a unified Three Lines of Defence model, improved oversight of automated decision-making, and mechanisms to identify and address systemic risks before they affect participants.
- Build operational capability and risk-based assurance by implementing a prioritised case review model, improving decision support tools, and reducing overreliance on automation through strengthened staff and provider capability; and
- Mature the compliance model by embedding principles of Responsive Regulation, proportionality, and fairness to ensure compliance actions are context-sensitive, targeted, and appropriate.

The ongoing sustainability and integrity of the TCF will depend on these reforms to address systemic deficiencies and restore alignment with legislative and policy intent.



**02** ASSURANCE  
OUTCOMES



## 2. Assurance Outcomes

The following table summarises the assurance outcomes against the Review's scope and identifies the corresponding analysis sections that support each finding.

Assurance Against Review Scope

| # | Scope Item  | Outcome        | Report Section   | Page |
|---|---|----------------|--|------|
| 1 | The effectiveness of operational policy, business rules and IT support systems in delivering the TCF consistently with relevant social security law and government policy | Not effective  | Analysis: 07 - Legislative and Policy Traceability         | 52   |
|   |   |                | Analysis: 08 - IT System Defects                           | 57   |
|   |   |                | Analysis: 11 - Systemic Connections and Cumulative Impacts | 83   |
|   |   |                | Analysis: 12 - Contemporary Compliance Program Design      | 87   |
| 2 | High risks within the program or IT system that require urgent departmental action or remediation   | Not applicable | Analysis: 07 - Legislative and Policy Traceability         | 52   |
|   |   |                | Analysis: 08 - IT System Defects                           | 57   |
|   |   |                | Analysis: 09 - Governance and Assurance                    | 66   |
|   |   |                | Analysis: 10 - Compliance Model Design and Maturity        | 77   |
|   |   |                | Analysis: 11 - Systemic Connections and Cumulative Impacts | 83   |
| 3 | The relative performance, availability and functionality of the TCFs IT system, benchmarked against other large and complex public sector systems                         | Not effective  | Analysis: 12- Contemporary Compliance Program Design       | 87   |
|   |   |                | Analysis: 08 - IT System Defects                           | 57   |
|   |   |                | Analysis: 10 - Compliance Model Design and Maturity        | 77   |
| 4 | The adequacy of governance and assurance arrangements for the program, assessed against established industry benchmarks and principles of better practice; and            | Not effective  | Analysis: 12- Contemporary Compliance Program Design       | 87   |
|   |   |                | Analysis: 09 - Governance and Assurance                    | 66   |
|   |   |                | Analysis: 11 - Systemic Connections and Cumulative Impacts | 83   |
| 5 | Recommendations structured into two categories: non-technical changes and technical changes.  | Not applicable | 04- Recommendations  | 23   |

Table 1: Assurance against Review scope

| Assurance Status | Definition  |
|------------------|---|
| Effective        | Based on the evidence obtained and procedures performed, the Review concluded that the scope item <b>delivers</b> its intended objective or meets expectations.                 |
| Not Effective    | Based on the evidence obtained and procedures performed, the Review concluded that the scope item <b>does not deliver</b> its intended objective or does not meet expectations. |
| Not Applicable   | No assurance assessment was required for this item in the context of the Review's objectives.   |

Table 2: Assurance Status Definitions

# 03 INSIGHTS

# 3. Insights

## 3.1 Identified Themes Outline

The Review examined six key scope areas: legislative and policy traceability, IT system defects, governance and assurance, compliance model design and maturity, systemic connections and cumulative themes, and contemporary compliance program design.

Across these areas, the Review Team identified eight recurring and consistent themes within the issues observed. These themes encompassed both non-technical (NT) and technical (T) dimensions and were evident across multiple scope items.

They informed the development of targeted thematic findings and corresponding recommendations, designed to address the underlying issues and support uplift across the Targeted Compliance Framework.

The eight key themes identified are:

| Non-Technical |   | Technical |   |
|---------------|---|-----------|---|
| 1NT           | Traceability between Legislation, Policy and Operationalisation | 5T        | Progressive Degradation of IT System Architecture |
| 2NT           | Tension between Automation and Individualisation                | 6T        | Design and Implementation                         |
| 3NT           | Governance and Assurance: Three Lines of Defence                | 7T        | Strategic System Roadmap                          |
| 4NT           | Iterative Change: Policy and Legislation                        | 8T        | Release Controls and Testing                      |

Figure 1: Non-Technical and Technical Themes



# 3. Insights

## 3.2 Impact Analysis (Non-Technical)

| Theme  | Review Scope Area                         | Sub-topic  | Page |
|--|---|--|------|
| <b>1NT: Traceability between Legislation, Policy and Operationalisation</b><br><br>There is a fundamental lack of end-to-end traceability across the TCF, whereby legislative and policy intent are not reliably or transparently linked to the business rules, system logic, and operational practices embedded within the IT platform. This fragmentation has also contributed to inconsistency, functional misalignment across business areas, and poor accountability in both system development and service delivery.   | Legislative and Policy Traceability       | 7.1 Legislation, Policy and Program Delivery Traceability    | 52   |
|  |   | 7.2 TCF Traceability   | 53   |
|  | IT System Defects                         | 8.1 IT System Defects  | 59   |
|  |   | 8.3 Erroneous Automated Decision Making                      | 63   |
|  | Governance and Assurance                  | 9.4 Insufficient Legislative and Policy Traceability         | 73   |
|  |   | 9.5 Impacts on Program Consistency, Equity and Fairness      | 75   |
|  | Systemic Connections & Cumulative Impacts | 10.1 Punitive Assumptions and Rigid Design                   | 78   |
|  |   | 10.2 Absence of Tailored Pathways for Complex Cases          | 79   |
|  |   | 10.4 Inconsistent Application of Discretion Across Providers | 81   |
|  |   | 10.5 Lack of Responsive Regulatory Features                  | 81   |
| <b>2NT: Tension between Automation and Individualisation</b><br><br>The current configuration of the TCF is overly reliant on automated processing, which can undermine the Framework's capacity to respond appropriately to complex or individualised participant circumstances. This automation, while efficient for standardised cases, often fails to account for discretion, judgement, or participant vulnerability resulting in inequitable outcomes and legal risk. Informal workarounds, hard-coded exceptions, and inconsistent provider practices have been used to compensate for these limitations, further fragmenting the system and eroding transparency. The absence of formal safeguards, decision validation mechanisms, or oversight of discretionary decisions contributes to a compliance model that may appear procedurally sound but in practice results in adverse or unfair participant experiences. | Legislative and Policy Traceability       | 7.1 Legislation, Policy and Program Delivery Traceability    | 52   |
|  |   | 7.2 TCF Traceability   | 53   |
|  | IT System Defects                         | 8.1 IT System Defects  | 59   |
|  |   | 8.3 Erroneous Automated Decision Making                      | 63   |
|  | Governance and Assurance                  | 9.4 Insufficient Legislative and Policy Traceability         | 73   |
|  |   | 9.5 Impacts on Program Consistency, Equity and Fairness      | 75   |
|  | Compliance Model Design and Maturity      | 10.1 Punitive Assumptions and Rigid Design                   | 78   |
|  |   | 10.2 Absence of Tailored Pathways for Complex Cases          | 79   |
|  |   | 10.4 Inconsistent Application of Discretion Across Providers | 81   |
|  |   | 10.5 Lack of Responsive Regulatory Features                  | 81   |
|  | Systemic Connections & Cumulative Impacts | 11.4 Cumulative Effect: An Unsound Framework                 | 86   |

Table 3: Non-Technical and Technical Impact Analysis

# 3. Insights

## 3.2 Impact Analysis (Non-Technical)

| Theme  | Scope Area                                | Sub-topic   | Page |
|--|---|---|------|
| <p><b>3NT: Governance and Assurance:</b> Three Lines of Defence</p> <p>The current governance and assurance arrangements underpinning the TCF are fragmented and largely reactive, reducing their capacity to serve as effective safeguards against participant harm. There are no structured processes, analytical tools, or data-driven mechanisms in place to support risk-based assessment and prioritisation of individual case decisions for review or validation. These deficiencies heighten the risk of erroneous case outcomes, participant harm, and increased departmental exposure to scrutiny and liability.</p> | Legislative and Policy Traceability       | 7.2 TCF Traceability  | 53   |
|  | IT System Defects                         | 8.1 IT System Defects   | 59   |
|  |   | 8.2.2 IT System Defect Rectification                                | 60   |
|  |   | 8.3 Erroneous Automated Decision Making                             | 63   |
|  |   | 8.4 Causes and Contributing Factors                                 | 64   |
|  | Governance and Assurance                  | 9.1 Fragmented and Reactive Assurance Environment                   | 67   |
|  |   | 9.2 Unbalanced Assurance Processes                                  | 70   |
|  |   | 9.3 Inadequate Governance and Oversight Mechanisms                  | 72   |
|  |   | 9.5 Impacts on Program Consistency, Equity and Fairness             | 75   |
|  | Compliance Model Design and Maturity      | 10.4 Inconsistent Application of Discretion Across Providers        | 81   |
|  | Systemic Connections & Cumulative Impacts | 11.1 Fundamental Design Flaws from Inception                        | 84   |
|  |   | 11.2 Governance and Oversight Failures Permitted Risk to Accumulate | 84   |
| <p><b>4NT: Iterative Changes:</b> Policy and Legislation</p> <p>Iterative changes to legislation, policy, and the IT system have diminished overall system functionality, reduced participant accessibility and usability, and weakened traceability within the TCF. Over time, this has increased operational complexity and impaired the system’s ability to reliably reflect current legislative requirements or embed contemporary regulation principles.</p>  | IT System Defects                         | 8.2.1. Legislative and Policy Amendments:                           | 60   |
|  | Governance and Assurance                  | 9.4 Insufficient Legislative and Policy Traceability                | 73   |
|  | Systemic Connections & Cumulative Impacts | 11.2 Governance and Oversight Failures Permitted Risk to Accumulate | 84   |

Table 3: Non-Technical and Technical Impact Analysis

# 3. Insights

## 3.3 Impact Analysis (Technical)

| Theme   | Scope Area   | Sub-topic   | Page                                |    |
|---|--|---|-------------------------------------|----|
| <b>5T: Progressive Degradation of IT System Architecture</b><br><br>The IT system has undergone extensive iterative change without the benefit of overarching architectural control or sustained investment, resulting in a system that is increasingly fragmented, difficult to maintain, and misaligned with legislative and policy intent. Business rules, embedded logic and the base system code have become overly complex, inconsistently implemented, and often lack traceability to legal authority. | Legislative and Policy Traceability  | 7.2 TCF Traceability  | 53                                  |    |
|   | IT System Defects  | 8.2 Known and Unidentified Defects                                  | 60                                  |    |
|   |  | 8.2.2 IT System Defect Rectification                                | 61                                  |    |
|   |  | 8.4 Causes and Contributing Factors                                 | 64                                  |    |
|   | Governance and Assurance   | 9.3 Inadequate Governance and Oversight Mechanisms                  | 72                                  |    |
|   | Systemic Connections & Cumulative Impacts  | 11.1 Fundamental Design Flaws from Inception                        | 84                                  |    |
|   |  | 11.2 Governance and Oversight Failures Permitted Risk to Accumulate | 84                                  |    |
|   |  | 11.4 Cumulative Effect: An Unsound Framework                        | 86                                  |    |
|   | <b>6T: Design and Implementation</b><br><br>There were clear deficiencies with the original design and implementation of the TCF. It currently lacks the necessary maturity, nuance, and participant-centred features required of a modern regulatory compliance model. The current system is heavily reliant on rigid automation and punitive enforcement, with limited capacity to differentiate between participant circumstances, behaviours, or intent. | IT System Defects   | 8.2 Known and Unidentified Defects  | 60 |
|   |  |   | 8.4 Causes and Contributing Factors | 64 |
| 8.5 Implications and Risks  |  |   | 65                                  |    |
| Governance and Assurance  |  | 9.3 Inadequate Governance and Oversight Mechanisms                  | 72                                  |    |
|   |  | 9.4 Insufficient Legislative and Policy Traceability                | 73                                  |    |
| Compliance Model Design and Maturity  |  | 10.1 Punitive Assumptions and Rigid Design                          | 78                                  |    |
|   |  | 10.2 Absence of Tailored Pathways for Complex Cases                 | 79                                  |    |
| Systemic Connections & Cumulative Impacts   |  | 11.1 Fundamental Design Flaws from Inception                        | 84                                  |    |
|   |  | 11.2 Governance and Oversight Failures Permitted Risk to Accumulate | 84                                  |    |
|   |  | 11.3 Compliance Model Amplified Risk of Participant Harm            | 85                                  |    |

Table 3: Non-Technical and Technical Impact Analysis

# 3. Insights

## 3.3 Impact Analysis (Technical)

| Theme   | Scope Area   | Sub-topic   | Page |
|---|--|---|------|
| <b>7T: Strategic System Roadmap</b><br><br>The lack of long-term strategic planning and sustained investment has directly contributed to the progressive degradation of the IT system. The system has evolved through fragmented and reactive changes, resulting in increasing complexity and reduced maintainability. There is no overarching development and management strategy to guide architectural integrity, align policy and assurance requirements, or ensure the system's evolution is lawful, sustainable, and fit for purpose. | IT System Defects  | 8.4 Causes and Contributing Factors                                 | 64   |
|   | Governance and Assurance   | 9.1 Fragmented and Reactive Assurance Environment                   | 67   |
|   |  | 9.3 Inadequate Governance and Oversight Mechanisms                  | 73   |
|   | Systemic Connections & Cumulative Impacts  | 11.1 Fundamental Design Flaws from Inception                        | 84   |
|   |  | 11.2 Governance and Oversight Failures Permitted Risk to Accumulate | 84   |
|   |  | 11.3 Compliance Model Amplified Risk of Participant Harm            | 85   |
|   | Legislative and Policy Traceability  | 7.2 TCF Traceability  | 53   |
|   | IT System Defects  | 8.1 IT System Defects   | 59   |
|   |  | 8.4 Causes and Contributing Factors                                 | 64   |
|   | <b>8T: Release Controls and Testing</b><br><br>Departmental testing and change control frameworks are not consistently enforced across the IT system. Emergency fixes and hard-coded interventions have been used that increase the risk of undocumented, untraceable logic being embedded into the system. Over time, these practices have also degraded the system's architectural integrity and complicated maintenance and assurance activities. | 9.1 Fragmented and Reactive Assurance Environment                   | 67   |
|   | Governance and Assurance   | 9.2 Unbalanced Assurance Processes                                  | 70   |
|   |  | 9.3 Inadequate Governance and Oversight Mechanisms                  | 72   |
|   | Compliance Model Design and Maturity   | 10.1 Punitive Assumptions and Rigid Design                          | 78   |
|   |  | 10.4 Inconsistent Application of Discretion Across Providers        | 81   |
|   | Systemic Connections & Cumulative Impacts  | 11.2 Governance and Oversight Failures Permitted Risk to Accumulate | 84   |
|   |  | 11.4 Cumulative Effect: An Unsound Framework                        | 86   |

Table 3: Non-Technical and Technical Impact Analysis



# 04 RECOMMENDATIONS

# 4. Recommendations

## 4.1 Recommendation Overview

The recommendations included in this Final Report are intended to extend beyond immediate remediation, providing a future-focused foundation for reform. Developed in response to the eight recurring themes identified across the Review's scope, the recommendations aim to address current risks while promoting long-term capability uplift and the continued development of the Targeted Compliance Framework as a lawful, effective, and sustainable compliance mechanism.

The recommendations are organised according to four defining characteristics:

- The overarching theme the recommendation seeks to address
- The relative priority or impact the recommendation carries
- The domain of the recommendation (Technical or Non-Technical); and
- The recommended timeframe for implementation.

## 4.2 - 1NT: Traceability between Legislation, Policy and Operationalisation

| #     | Recommendations   | Domain        |
|-------|---|---------------|
| 1NT.1 | <b>Establish a legislation and policy traceability register to validate implementation integrity.</b>   |               |
|       | Create and maintain a structured traceability register that links legislative provisions and policy directives to corresponding business rules, system logic, and operational procedures. This register should support policy and program management, internal assurance, risk management, and external accountability.   | Non-Technical |
|       | <i>Suggested timeframe: 3-6 months</i>  |               |
| 1NT.2 | <b>Embed enforceable controls and safeguards over the IT system to provide certainty in relation to policy and legal decisions.</b>   |               |
|       | Implement enforceable or verifiable system controls that recognise, uphold, and give effect to lawful policy determinations or delegate decisions, including the capacity to override or defer automated actions where legally required or discretion, judgement, or individual circumstances dictate. These controls should be supported by audit trails and assurance mechanisms that rapidly validate enactment of the decision or determination and detect or prevent participant harm. | Technical     |
|       | <i>Suggested timeframe: Three months or less</i>  |               |
| 1NT.3 | <b>Mature and further formalise definitive program documentation and operational guidance.</b>  |               |
|       | Strengthen internal program governance by embedding a rigorous process for maintaining up-to-date documentation, including detailed standard operating procedures, user guidance, and system design artifacts that reflect the current legal and policy framework.  | Non-Technical |
|       | <i>Suggested timeframe for implementation: 6-9 months</i>   |               |

Table 4: Recommendations

# 4. Recommendations

## 4.2 - 1NT: Traceability between Legislation, Policy and Operationalisation (Cont.)

| #     | Recommendations   | Domain        |
|-------|---|---------------|
|       | <b>Introduce participant pathway and workflow mapping across the IT system.</b>   |               |
| 1NT.4 | <p>Develop and maintain comprehensive mapping of participant pathways, decision workflows, and compliance journeys across the TCF IT system. This documentation should inform the development of system functionality that enables case workers, oversight bodies, and system users to easily identify a participant's status, applicable program rules, and historical actions (See 3NT.3).</p> <hr/> <p><i>Suggested timeframe : 12-18 months</i></p>   | Non-Technical |
|       | <b>Develop a centralised, cross-functional TCF knowledge repository to ensure shared understanding.</b>   |               |
| 1NT.5 | <p>Establish an accessible, version-controlled repository that consolidates all critical documentation related to the TCF including legislative references, policy interpretations, operational guidance, program design artefacts, and IT system specifications. This should be used to promote alignment and accountability across legal, policy, operational, and technical functions. Wherever possible, eliminate fragmented or duplicative documentation sources to reduce traceability issues, support consistent decision-making, and prevent functional misalignment.</p> <hr/> <p><i>Suggested timeframe : 3-6 months</i></p> | Non-Technical |
|       | <b>Improve the maintenance and accessibility of historic legislative and policy positions on a point-in-time basis over the life of the program.</b>  |               |
| 1NT.6 | <p>Ensure that historic legislative and policy interpretations, decisions, and program settings are preserved on a point-in-time basis within an appropriate records management or archival system to support greater traceability, defensibility, and retrospective system reviews. This may also assist in responding to policy changes or reverting to previous policy parameters with reduce impact on functionality or performance.</p> <hr/> <p><i>Suggested timeframe: 12-18 months</i></p>  | Non-Technical |
|       | <b>Improve participant and public transparency through publication of end-to-end compliance pathways.</b>   |               |
| 1NT.7 | <p>Assess the viability of developing and releasing high-level public documentation outlining key decision pathways, participant journeys, and the program's operational logic, to foster community trust and support informed participation and scrutiny by participants, advocates, and oversight bodies.</p> <hr/> <p><i>Suggested timeframe for implementation: 12-24 months</i></p>  | Non-Technical |

Table 4: Recommendations

# 4. Recommendations

## 4.2 - 1NT: Traceability between Legislation, Policy and Operationalisation (Cont.)

| #     | Recommendations  | Domain    |
|-------|--|-----------|
|       | Evaluate and rectify weaknesses in system controls that allow payment to persist despite verified non-compliance.  |           |
| 1NT.8 | <p>Strengthen system controls, enforcement logic and assurance to prevent continued income support payments to genuinely non-compliant participants. Strengthen enforcement mechanisms and assurance processes to ensure payments are reliably and lawfully suspended or cancelled in cases of verified, persistent non-compliance, addressing potential risks where system outcomes do not reflect program intent.</p> <p><i>Suggested timeframe: 6-12 months</i></p> | Technical |

## 4.3 - 2NT: Tension between Automation and Individualisation

| #     | Recommendations   | Domain    |
|-------|---|-----------|
|       | Introduce integrated IT system fail-safes and consider the introduction of automated escalation pathways for discretionary or complex cases.  |           |
| 2NT.1 | <p>Establish system-based fail-safes and case notifications that trigger alerts, pause automation, and route high-risk or discretionary cases for review and/or assurance.<sup>21</sup> Examples may include automatic rules and protections that prevent participant cases from exceeding legislated timeframes in penalty zones, or the application of compliance action without affording the participant the required notice timeframe between events.<sup>22</sup></p> <p>These IT systems mechanisms should help to ensure any decisions which deviate from standard rulesets and policy, whether system or program generated, are escalated, logged, and resolved in accordance with approved delegations and policy guidance.<sup>23</sup> Consideration should be given to incorporating verification that employment service provider actions are completed in accordance with operational policy, procedure and rules with automatically flagging where deviations are detected.</p> <p><i>Suggested timeframe: 12-24 months</i></p> | Technical |

Table 4: Recommendations

<sup>21</sup> Terry Carney, 'Automating Compliance and Administrative Justice in Australia's Welfare State' (2024) 31(1) Journal of Social Security Law 32, 32-48.  
<sup>22</sup> Ibid.  
<sup>23</sup> Ibid.



# 4. Recommendations

## 4.3 - 2NT: Tension between Automation and Individualisation (Cont.)

| #                                 | Recommendations   | Domain  |
|-----------------------------------|---|---|
|                                   | <b>Formalise alternative case pathways for participants with complex needs or vulnerabilities.</b>  |   |
| 2NT.2                             | <p>Further develop and formalise structured, system-recognised alternative processing and decision pathways for participants with complex needs or vulnerabilities, replacing existing informal or hard-coded logic with scalable, policy-aligned workflows.<sup>24</sup> Design of these pathways should explicitly consider the application of a 'digital first but not digital only' approach to enable flexibility, lawful discretion, and improved policy outcomes where automation is inefficient, ineffective, or results in inequitable impacts.<sup>25</sup> System logic should be enhanced to detect indicators of vulnerability or complexity at the outset, automatically routing cases through tailored workflows or manual processing supported by heightened oversight.<sup>26</sup> All new pathways must be accompanied by detailed management and program guidance and proportionate compliance controls to preserve the integrity of the framework while promoting fairness, transparency, and participant trust.</p> <p><i>Suggested timeframe: 12-18 months</i></p> | Technical   |
| 2NT.3                             | <p><b>Consider the development and introduction of a case-based benchmarking and decision validation mechanism.</b></p> <p>Establish a mechanism to benchmark IT system processing and discretionary decision-making to validate outcomes across similar case types or participant cohorts, enabling equity and consistency while allowing for the lawful exercise of judgement.<sup>27</sup> This should consider the consistency of outcomes for participant cases with similar circumstances and whether the IT system or framework more broadly has applied program rules and logic equitably and reliably.<sup>28</sup></p> <p><i>Suggested timeframe: 12-24 months</i></p>  | Non-Technical   |
|                                   | <b>Strengthen staff and provider capability to reduce reliance on automation in complex cases.</b>  |   |
| 2NT.4                             | <p>Consider improvements to support the capability of departmental staff and employment service providers to managing complex or high-risk participant cases by enhancing training, decision support tools, and operational guidance. This should include a focus on early identification of complexity or vulnerability and timely intervention, reducing overreliance on automation and ensuring that participant outcomes are managed with appropriate discretion, accuracy, and care.</p> <p><i>Suggested timeframe: 3-9 months</i></p>   | Non-Technical   |
| Cross Referenced Recommendations: |   | <ul style="list-style-type: none"><li>• 1NT.2</li><li>• 3NT.8</li></ul> |

Table 4: Recommendations

<sup>24</sup> Terry Carney, 'Automating Compliance and Administrative Justice in Australia's Welfare State' (2024) 31(1) Journal of Social Security Law 32, 32-48.8.  
<sup>25</sup> Ibid.  
<sup>26</sup> Ibid.  
<sup>27</sup> Ibid.  
<sup>28</sup> Ibid.

# 4. Recommendations

## 4.4 - 3NT: Governance and Assurance: Three Lines of Defence

| #  | Recommendations   | Domain        |
|--|---|---------------|
| Overarching Governance Model Design                            |   |               |
| 3NT.1  | <p>Establish a unified governance and assurance framework underpinned by the ‘Three Lines of Defence’ model.</p> <p>Adopt a consolidated, end-to-end governance and assurance framework for the TCF, structured around the Three Lines of Defence model. This will enhance whole-of-program oversight, improve coordination and escalation pathways, and clearly define roles and responsibilities across program delivery, policy, legal, risk, and assurance functions.</p> <p>The framework should ensure that risks or errors arising in any component of the TCF are systematically identified, escalated, and addressed through multiple layers of control before they result in participant harm. For example, IT system changes would be subject to heightened assurance and verification to confirm alignment with policy intent and legislative requirements.</p> <p><i>Suggested timeframe: 3-9 months</i></p> | Non-Technical |
| First Line of Defence: Operational Management and Risk Control |   |               |
| 3NT.2  | <p>Enhance participant-facing complaint and issue resolution pathways.</p> <p>Strengthen complaint and error escalation processes and tools available to participants, ensuring rapid departmental intervention where IT system or employment service provider actions appear incorrect or may result in erroneous outcomes, with clear frontline guidance and triaging protocols.</p> <p><i>Suggested timeframe: 3-6 months</i></p>  | Non-Technical |
| 3NT.3  | <p>Equip departmental officers with system-based case review tools.</p> <p>Provide frontline, compliance and assurance teams with real-time tools to review the basis for automated actions, including the underlying rules, evidence, and policy logic used to trigger decisions, supporting defensible administration.</p> <p><i>Suggested timeframe: 12-18 months</i></p>  | Technical     |
| 3NT.4  | <p>Consider improved mechanisms for incident reporting of system and decision irregularities.</p> <p>Introduce a standardised mechanism for departmental and employment service provider staff to report system defects, unintended outcomes, or decision anomalies in real time, enabling timely escalation and program-level response.</p> <p><i>Suggested timeframe: 3-9 months</i></p>  | Technical     |

Table 4: Recommendations

## 4. Recommendations

### 4.4 - 3NT: Governance and Assurance: Three Lines of Defence (Cont.)

| #  | Recommendations   | Domain        |
|--|---|---------------|
| First Line of Defence: Operational Management and Risk Control (Cont.) |   |               |
| 3NT.5  | <p><b>Develop and implement an off-system operational continuity framework.</b></p> <p>Ensure operational continuity in the event of system failure through contingency SOPs, manual processing protocols, and legal decision templates, allowing frontline staff to maintain lawful and equitable TCF operations independently of IT functionality. Consideration should be given to the capacity to conduct bulk determinations or processing under certain circumstances.</p> <p><i>Suggested timeframe: 3-9 months</i></p>  | Non-Technical |
| Second Line of Defence: Risk Management and Program Assurance          |   |               |
| 3NT.6  | <p><b>Develop and implement a TCF assurance planning and prioritisation model based on risk and data-driven logic.</b></p> <p>Establish a focused assurance planning and risk management approach for the TCF that leverages system logic, data analytics, and outcome reporting to prioritise high-risk cases, workflows, or legislative provisions for review. The model should support proactive identification of areas where assurance activity is most needed, ensuring that oversight efforts are evidence-based, proportionate, and aligned with potential impacts on participants, program integrity, and legislative compliance.</p> <p><i>Suggested timeframe: 6-12 months</i></p> | Non-Technical |
| 3NT.7  | <p><b>Integrate complaints and feedback data into risk management and assurance planning and prioritisation.</b></p> <p>Where possible, leverage complaints, case escalations, and provider feedback data as an input into the TCF's assurance planning and prioritisation model and risk management approach. This will enable early, data-driven identification of control weaknesses and emerging risks and issues and allow for rapid intervention and assessment.</p> <p><i>Suggested timeframe: 12-18 months</i></p>  | Non-Technical |
| 3NT.8  | <p><b>Consider the use of risk-based case prioritisation for assurance review.</b></p> <p>As part of the TCF's assurance planning and prioritisation model, identify and prioritise individual cases or groups of cases for assurance review based on program-related risk factors that increase the likelihood of erroneous or disproportionate outcomes. This may include recent legislative or policy amendments, IT system changes, or identified statistical anomalies.</p> <p><i>Suggested timeframe: 6-12 months</i></p>   | Non-Technical |

Table 4: Recommendations

# 4. Recommendations

## 4.4 - 3NT: Governance and Assurance: Three Lines of Defence (Cont.)

| #   | Recommendations  | Domain        |
|---|--|---------------|
| Second Line of Defence: Risk Management and Program Assurance (Cont.) |  |               |
| 3NT.9   | <p>Monitor systemic outcomes across at-risk cohorts to identify and address inequity.</p> <p>Continuously monitor and analyse outcome data to detect cohort-level disparities or patterns of erroneous decision-making, particularly among First Nations participants, culturally and linguistically diverse groups, and individuals with complex needs, and urgently intervene in automated decision making where inequitable or disproportionate impacts are suspected or identified.</p> <p><i>Suggested timeframe: 6-12 months</i></p>   | Technical     |
| Third Line of Defence: Independent Review and Audit                   |  |               |
| 3NT.10  | <p>Introduce independent verification of high-risk or adverse compliance outcomes.</p> <p>Implement a rolling testing scheme for serious compliance determinations (e.g. cancellations, escalations) to ensure decisions reflect legislative authority, appropriate discretion, and system integrity.</p> <p><i>Suggested timeframe: 12-24 months</i></p>  | Non-Technical |
| 3NT.11  | <p>Implement scheduled reviews to ensure ongoing alignment of the TCF with legislative and policy intent.</p> <p>To mitigate the risk of program deviation from its legislative and policy authority over time, implement a schedule of regular reviews to verify that the operational design, system logic, and implementation of the TCF continue to reflect authorising legislation, current policy settings, and program integrity standards. Review findings should be used to inform timely corrective actions and continuous improvement.</p> <p><i>Suggested timeframe: 12-24 months</i></p> | Non-Technical |

## 4.5 - 4NT: Iterative Change: Policy and Legislation

| #     | Recommendations  | Domain    |
|-------|--|-----------|
| 4NT.1 | <p>Develop and maintain design guidelines that clarify system capabilities and limitations.</p> <p>Establish specific design guidelines that clearly document the capabilities, constraints, and architectural boundaries of the TCF IT system. These guidelines should support a shared understanding across policy, legal, operational, and technical areas of the Framework's overall construct, ensuring that future design decisions are feasible, lawful, and aligned with system limitations.</p> <p><i>Suggested timeframe: 3-9 months</i></p> | Technical |

Table 4: Recommendations



## 4. Recommendations

### 4.5 - 4NT: Iterative Change: Policy and Legislation (Cont.)

| #     | Recommendations   | Domain        |
|-------|---|---------------|
| 4NT.2 | <p><b>Collaboratively design policy and legislative change proposals with cross-departmental input and direct IT system alignment.</b></p> <p>Ensure that all changes to the Framework, whether legislative, policy, or technical, are co-designed across all relevant business areas within the Department. This process should explicitly consider the TCF's legislative and policy intent, inherent principles of legal fairness and transparency as emphasised by the Robodebt Royal Commission, and the IT system's architecture, capabilities, and limitations. Collaborative design will promote lawful, feasible, and sustainable implementation across both policy and operational domains.</p> <p><i>Suggested timeframe: 3-12 months</i></p> | Non-Technical |
| 4NT.3 | <p><b>Embed participant accessibility, usability, and administrative burden considerations in future TCF and system design.</b></p> <p>Wherever possible, assess all future changes to the TCF or the IT system for their impact on participant accessibility, ease of use, and administrative burden with a view to promoting trust, informed engagement and participation. Design decisions should account for the diverse needs of participants and aim to minimise the time required to meet obligations, reduce complexity and prevent confusion, and decrease the risk of unintentional non-compliance.<sup>29</sup></p> <p><i>Suggested timeframe: 24+ months</i></p>  | Non-Technical |
| 4NT.4 | <p><b>Ensure that all finalised change proposals are subject to the formal internal validation mechanism.</b></p> <p>Require a structured assessment process for proposed framework and IT system changes, ensuring each change is reviewed and endorsed by policy, legal, technology and operational delegates to confirm consistency with legislative intent and program intent.</p> <p><i>Suggested timeframe: 3 months</i></p>  | Non-Technical |
| 4NT.5 | <p><b>Record all changes in the Framework's legislative and policy traceability register.</b></p> <p>Ensure that all changes to the TCF and IT system, whether legislative, policy, or system-related, are documented in the Framework's legislative and policy traceability register, with appropriate references to their legal authority, policy rationale, and implementation context to support transparency, accountability, and auditability.</p> <p><i>Suggested timeframe: 1 month</i></p>   | Non-Technical |

Table 4: Recommendations

<sup>29</sup> Sarah Ball, Michael McGann, Jenny M Lewis, Mark Considine, Siobhan O'Sullivan and Phuc Nguyen, *Digital Governance of Welfare to Work: Industry Report on Interviews with International Experts* (University of Melbourne, 2022) 15-17.

# 4. Recommendations

## 4.5 - 4NT: Iterative Change: Policy and Legislation (Cont.)

| #     | Recommendations   | Domain    |
|-------|---|-----------|
| 4NT.6 | <p>Implement comprehensive IT system version control with legal traceability.</p> <p>Maintain a detailed version history of the IT system build, including functionality changes, known defects, and mapping to relevant legislation, policy instructions, or Secretary delegations. This supports auditability and enables effective retrospective review of system decisions.</p> <p><i>Suggested timeframe: 3-6 months</i></p> | Technical |

## 4.6 5T: Progressive Degradation of IT System Architecture

| #    | Recommendations   | Domain    |
|------|---|-----------|
| 5T.1 | <p>Rationalise business rules, system logic, and base code to restore legislative and policy alignment and re-enable modular design.</p> <p>Conduct a comprehensive rationalisation of the IT system’s business rules, embedded logic, and coding to reduce complexity, remove inconsistencies, and eliminate legacy configurations that no longer reflect current policy intent or legislative authority. This process should identify and correct hard-coded interventions, with the aim of stabilising the system and improving maintenance, restoring functionality of the rules-based engine, and supporting the potential future transition of the system to a more modular system architecture.</p> <p><i>Suggested timeframe: 9-18 months</i></p> | Technical |
| 5T.2 | <p>Rebuild core program logic within IT system to ensure legal traceability, transparency, and discretion.</p> <p>Reconstruct the TCF’s core program logic to align with current legislative authority and policy intent, ensuring that all automated rules are transparent, lawfully derived, and capable of independent review. In line with the Robodebt Royal Commission findings, all business rules included within the IT system must be fully documented in plain terms, traceable to their legal authority, and accessible off-system to enable lawful discretion, oversight, and auditability.</p> <p><i>Suggested timeframe: 9-18 months</i></p>   | Technical |

Table 4: Recommendations

# 4. Recommendations

## 4.6 - 5T: Progressive Degradation of IT System Architecture (Cont.)

| #                                 | Recommendations   | Domain    |
|-----------------------------------|---|-----------|
|                                   | Strengthen the Department's use and maintenance of a formal system design register with traceable mapping.  |           |
| 5T.3                              | <p>Continue to build on recent practices to develop a system design register documenting architecture components, rule sets, workflow paths, and their associated legislative or policy sources. Embed this within the broader governance framework to support system stewardship and controlled evolution.</p> <p><i>Suggested timeframe: 3 months</i></p>   | Technical |
| 5T.4                              | <p>Implement continuous technical auditing and monitoring of IT system health and integrity.</p> <p>Formalise rolling technical audit and monitoring capabilities to assess core system stability, rule execution fidelity, security posture, and performance against intended function by the Digital Solutions Division. These tools should support proactive intervention and risk mitigation and tie to an overarching system development and management strategy.</p> <p><i>Suggested timeframe: 3 months</i></p>  | Technical |
| 5T.5                              | <p>Modularise compliance functions using a rules-based engine architecture, microservices or containerised architectures to enable lawful discretion and targeted control.</p> <p>Consider the increased use of a modular system architecture in which specific compliance functions and legislative pathways are built, updated and controlled independently. This would enable the Secretary or their delegate to lawfully suspend, adjust, or isolate individual components without disrupting the full system, supporting flexibility, legal traceability, and policy responsiveness.</p> <p><i>Suggested timeframe: 24+ months</i></p> | Technical |
| Cross Referenced Recommendations: |   | 8T.3      |

## 4.7 - 6T: Design and Implementation

| #    | Recommendations  | Domain        |
|------|--|---------------|
| 6T.1 | <p>Mature the existing compliance model, or commission the development of a new model, to incorporate contemporary compliance principles and theories.</p> <p>Consider improvements to the current compliance framework and determine whether to evolve the existing model or redevelop it. This process should consider participant behaviour, legal context, system capability, and alignment with principles of Responsive Regulation, balancing deterrence with participation, support and fairness.</p> <p><i>Suggested timeframe: 24+ months</i></p> | Non-Technical |

Table 4: Recommendations

# 4. Recommendations

## 4.7 - 6T: Design and Implementation (Cont.)

| #    | Recommendations  | Domain    |
|------|--|-----------|
|      | Improve the use of behavioural nudges, transparency and educational tools to promote voluntary compliance.   |           |
| 6T.2 | Embed proactive system features that encourage participant engagement and compliance, such as reminders, educational prompts, and positive reinforcement for sustained engagement. This supports early intervention and reduces reliance on punitive measures for participants who are actively attempting to meet their obligations. <sup>30</sup><br><br><i>Suggested timeframe: 24+ months</i>  | Technical |
| 6T.3 | <b>Increase the use of graduated compliance triggers aligned to participant behaviour.</b><br><br>Further refine a structured escalation framework that responds proportionally to participant behaviour, progressing from education and support through to more formal enforcement only where persistent non-compliance is evident. Triggers should be transparent, consistent, and legally grounded and avoid an over-reliance on employment service provider reporting. Where possible, such behavioural responsive approaches should consider an individual's historic engagement and compliance to minimise compliance actions in singular events or newly-identified complex case circumstances.<br><br><i>Suggested timeframe: 24+ months</i> | Technical |
| 6T.4 | <b>Enhance system capability to differentiate types of non-compliance.</b><br><br>Improve the IT system's ability to capture and assess participant compliance behaviour over time, including mechanisms to distinguish between unintentional, situational, or repeat non-compliance. This will enable a data-driven, risk-calibrated compliance response model that reflects intent and context.<br><br><i>Suggested timeframe : 24+ months</i>   | Technical |
| 6T.5 | <b>Enable system-assisted self-regulation through guided support tools.</b><br><br>Deploy self-service functionality for all participants that helps them to understand their obligations, identify issues, and take remedial action. System-guided pathways should support users in resolving compliance risks independently, reducing the number of participants unfairly penalised due to misunderstanding or system constraints.<br><br><i>Suggested timeframe: 12-24+ months</i>  | Technical |

Table 4: Recommendations

<sup>30</sup> Scarlett Wilcock, *Policing Welfare Fraud: The Government of Welfare Fraud and Non-Compliance* (Routledge, 2024) 85–89.

# 4. Recommendations

## 4.7 - 6T: Design and Implementation (Cont.)

| #  | Recommendations  | Domain    |
|--|--|-----------|
| Improve participant transparency and engagement with compliance decisions. |  |           |
| 6T.6   | <p>Introduce clear, accessible user-facing information within the system showing a participant's progress, status, resolution timelines, and any compliance actions taken. Display summaries of data and evidence relied upon (e.g., demerit calculations or obligations missed) to support procedural fairness and collaborative resolution. Where possible, provide transparent mechanisms for participants to address issues or raise concerns with the Department irrespective of their management pathway (online or through an employment service provider).</p> | Technical |
| Suggested timeframe: 12-24+ months   |  |           |

## 4.8 - 7T: Strategic System Roadmap

| #   | Recommendations  | Domain        |
|---|--|---------------|
| Develop an overarching system development and management strategy.                |  |               |
| 7T.1  | <p>Develop and implement a system development and management strategy that governs the future design, evolution, and operation of the Targeted Compliance Framework IT platform. The strategy should:</p> <ul style="list-style-type: none"><li>• Define and enforce core architectural principles to ensure modularity, maintainability, legal traceability, and the preservation of architectural integrity<sup>31</sup></li><li>• Set out a long-term roadmap for technical uplift, including the decommissioning of legacy components, remediation of the IT code, and integration of evolving policy, assurance, and compliance business area requirements</li><li>• Embed sustained investment in the platform, recognising its role as a central, enduring integrity measure for Australia's social welfare system, and ensure its ongoing maturation aligns with contemporary regulatory and compliance theories, research, and best practice;<sup>32</sup> and</li><li>• Embed disciplined change control, stakeholder engagement protocols, and whole-of-system governance to prevent further technical degradation and support lawful, transparent, and sustainable automation.</li></ul> | Technical     |
| Suggested timeframe: 6-12 months  |  |               |
| Review departmental funding arrangements to support long-term system stewardship. |  |               |
| 7T.2  | <p>Secure sustained and purpose-specific funding to support the ongoing development, enhancement, and maintenance of the IT system. Funding should reflect the system's enduring role as a core program integrity mechanism within Australia's social welfare architecture and enable proactive investment in technical resilience and policy responsiveness.</p>  | Non-Technical |
| Suggested timeframe: 12-24 months   |  |               |

Table 4: Recommendations

31 Terry Carney, 'Automating Compliance and Administrative Justice in Australia's Welfare State' (2024) 31(1) Journal of Social Security Law 32, 32-48.  
32 Ibid.



# 4. Recommendations

## 4.8 - 7T: Strategic System Roadmap (Cont.)

| #   | Recommendations   | Domain        |
|---|---|---------------|
| Establish an integrated feedback and continuous improvement loop with system users. |   |               |
| 7T.3  | Implement structured, recurring engagement mechanisms with frontline staff, participants, and support networks to gather insights on system performance, usability, and unintended impacts. This feedback should directly inform the system development pipeline and be embedded in long-term planning, design governance, and release prioritisation.<br><br><i>Suggested timeframe: 3-18 months</i> | Non-Technical |
| Cross Referenced Recommendations:   |   | • 5T.5        |

## 4.9 - 8T: Release Controls and Testing

| #  | Recommendations  | Domain    |
|--|--|-----------|
| Enforce consistent application of existing testing and release frameworks. |  |           |
| 8T.1   | While the Department has established detailed testing protocols, including automated unit, integration, and regression testing, these are not consistently applied in practice. Strengthen compliance with these frameworks by mandating testing artefact completion, formal sign-offs, and traceability to policy and legislative requirements prior to any production release.<br><br><i>Suggested timeframe: 3 months</i> | Technical |
| Strengthen governance enforcement of change control processes.             |  |           |
| 8T.2   | Existing change management and assessment policies provide a strong foundation but require stricter adherence. Reinforce these processes by requiring all system changes, including logic amendments and business rule updates, to be approved through formal governance forums, with documented alignment to policy and legislative authority.<br><br><i>Suggested timeframe: 3 months</i>                                  | Technical |

Table 4: Recommendations

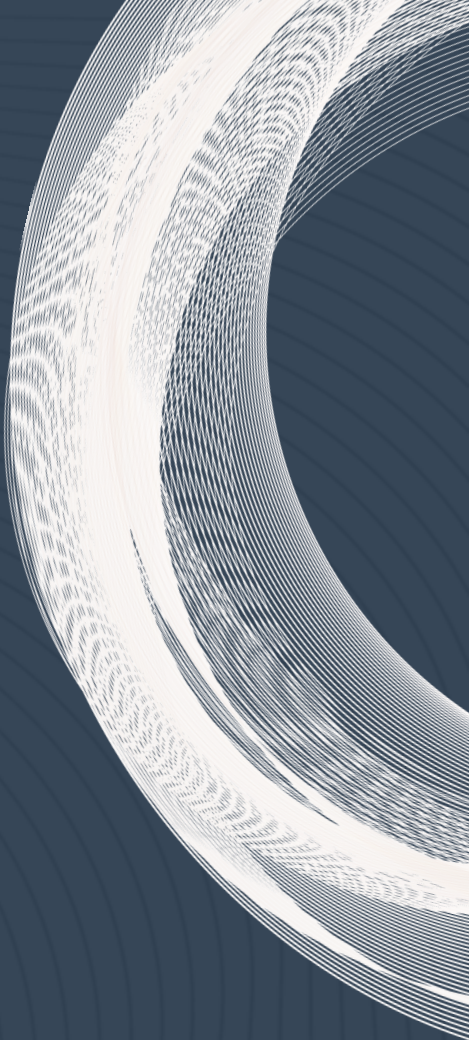
# 4. Recommendations

## 4.9 - 8T: Release Controls and Testing (Cont.)

| #    | Recommendations  | Domain    |
|------|--|-----------|
| 8T.3 | Permit temporary emergency fixes and hard-coded interventions to the IT system only with mandatory remediation.  | Technical |
|      | Where emergency fixes or hard-coded interventions are required to address urgent IT system issues, they should only be permitted on a temporary basis, subject to appropriate approval and comprehensive documentation. All such interventions should be compulsorily scheduled for removal and replacement with permanent, architecturally aligned solutions through the formal change process to maintain system integrity, traceability, and compliance with design principles. |           |
|      | Wherever possible, maintain the integrity of the IT system's intended architectural design by avoiding irregular interventions including the use of hard coding that degrades the base code.   |           |
|      | <i>Suggested timeframe: 3 months</i>   |           |

Table 4: Recommendations

05 OVERVIEW  
OF THE TCF



# 5. Overview of the TCF

## 5.1 Overview of the TCF as an Integrity Measure

The Targeted Compliance Framework (TCF) was introduced by the Australian Government in 2018 as a new approach to managing non-compliance with mutual obligations under the *Social Security (Administration) Act 1999* (Cth). The TCF replaced the previous Job Seeker Compliance Framework (JSCF) for most participants, with the stated aim of improving fairness, transparency, and engagement outcomes by applying a more tailored and risk-based approach to compliance.<sup>33</sup>

The concept of mutual obligations for those in receipt of social security benefits related to unemployment has formed a part of the social security system since 1945.<sup>34</sup> This policy reflects a reciprocal model of social security, where income support is provided on the condition that people in receipt of payments are actively looking for work and participating in activities that support them into employment.<sup>35</sup>

The TCF's compliance model is structured to deliver two primary integrity outcomes in alignment with the reciprocal social security model:

| Positive Assurance  |
|---|
| Ensuring welfare payments are made to participants who meet their mutual obligations, positively assuring people that commitment leads to benefit and fostering trust in the welfare system.  |
| Negative Assurance  |
| Ensuring income support payments are withheld from participants who do not comply with mutual obligations, providing public assurance that welfare funds are disbursed only to eligible recipients meeting legislative and policy requirements. |

Table 5: TCF Integrity Outcomes

By providing assurance of these two outcomes, the TCF functions as an integrity mechanism within the social security system, ensuring that payments are delivered to individuals who meet their obligations and appropriately withheld from those who do not.

## 5.2 Operation of the TCF

Under Mutual Obligation Framework requirements, job seekers are expected to complete practical tasks and activities, such as attending appointments and interviews, undertaking job search activities, or participating in training or work programs.

Participants' mutual obligation requirements are generally determined by certain factors which include age, assessed work capacity, and the primary responsibility for the care of a child. These are further varied for participants assessed as having part-time mutual obligation requirements, including those with a partial capacity to work, principal carer responsibilities, early school leavers, and those in receipt of Special Benefit.

Mutual Obligation provisions also accommodate a range of exemptions including, but not limited to, temporary incapacity, special circumstances, pregnancy-related exemptions, bereavement, and rehabilitation participation.<sup>36</sup>

If these obligations are not met, the TCF applies a graduated series of responses, with demerit points, penalties, and payment suspensions used to manage non-compliance. Before applying these, the Framework is intended to distinguish between intentional and unintentional breaches and to provide opportunities for job seekers to reset their compliance history through periods of good behaviour.<sup>37</sup>

In line with contemporary regulatory and compliance practice, where a participant is new to employment services or they miss an obligation for the first time, compliance action is not applied.

<sup>33</sup> *Social Security (Administration) Act 1999* (Cth) s 42UC–42UO.  
<sup>34</sup> *Unemployment and Sickness Benefits Act 1944* s15(c)(iii)  
<sup>35</sup> Peter Whiteford, 'Mutual Obligation and the Social Security System' (2003) 58(2) *Australian Journal of Social Issues* 127, 129; Department of Social Services (Cth), *Guide to Social Security Law*, 3.11 39  
Mutual Obligations, (Web Page 3 June 2024) <https://guides.dss.gov.au/social-security-guide/3/11/5>  
<sup>36</sup> Department of Social Services (Cth), *Guide to Social Security Law*, 3.11.5 Exemptions, (Web Page, 3 June 2024) <https://guides.dss.gov.au/social-security-guide/3/11/5>.  
<sup>37</sup> Department of Education, Skills and Employment, *Targeted Compliance Framework Overview* (2018) 2–3.

# 5. Overview of the TCF

## 5.2 Operation of the TCF (cont.)

Instead, participants are reminded via a ‘nudge’ message regarding their obligations which includes information to help them understand their obligations, how to fulfil those obligations, and what to do if they are unable to meet them for any reason.

Where a participant fails certain core requirements, such as attending their first appointment with their employment service provider, or they fail to agree their Job Plan on time, the TCF will automatically apply.

To implement this policy structure, the TCF is underpinned by a predominately automated, large-scale IT system that relies on programmatic rules, provider-entered compliance reports and system-triggered decisions.

## 5.3 Targeted Compliance Framework Zones

To assess compliance, the TCF classifies participants according to their level of engagement with the Mutual Obligation Framework. The IT system uses reported data and activity information to determine a participant’s compliance zone.

As outlined in *Table 6: Compliance Zones*, all participants commence in the Green Zone and remain there while meeting their obligations. Instances of non-compliance trigger progression to the Warning Zone, where demerit points are applied. Ongoing failures may result in escalation to the Penalty Zone, where financial penalties, including payment reductions or cancellations, can be imposed.

This tiered structure is intended to promote participant accountability while allowing opportunities for re-engagement prior to the imposition of more severe consequences.

Targeted Compliance Framework Zones

| Compliance Zones        | Green Zone<br>(Starting Point)   | Warning Zone   | Penalty Zone  |
|-------------------------|--|--|---|
| Zone overview           | The participant is meeting requirements.   | The participant has five or fewer non-compliance events – “demerits” – in six months.  | The participant is “persistently and wilfully non-compliant” per Legislative Instrument.  |
| Obligation implications | <p>If the participant misses an obligation, their payment may be suspended and if they do not provide a valid reason, the participant accrues a demerit point.</p> <p>This results in a transition of the participant from the Green Zone into the Warning Zone.</p> | <p>Where a participant is in the Warning Zone, their demerit points remain valid for 6 months, after which they expire.</p> <p>For a participant to transition to the Green Zone, the participant is required to meet all their mutual obligations until the expiry of their demerits.</p> <p>A Capability Interview or Capability Assessment must be conducted, with the Capability Interview after 3 demerits and Capability Assessment after 5 demerits. The participant cannot accrue further demerits until the capability review has been finalised.</p> | <p>When a participant is in the Penalty Zone, Services Australia assesses whether a financial penalty should apply based on non-compliance reports submitted by the provider. The investigation is carried out by Services Australia employees.</p> <p>If a participant remains compliant for 3 months, they return to the Green Zone with no demerits.</p> <p>If non-compliance occurs:</p> <ul style="list-style-type: none"><li>• First failure – 1 week’s payment is lost (50% reduction of fortnightly payment);</li><li>• Second failure – 2 weeks’ payment is lost (100% reduction of fortnightly payment);</li><li>• Third failure – payment is cancelled, a 4-week preclusion period applies, and the participant must reapply for income support.</li></ul> |

Table 6: Compliance Zones



# 5. Overview of the TCF

## 5.4 Core Features of the TCF

The TCF was designed to simplify previous mutual obligation compliance approaches and focus compliance effort and activity on participants who are wilfully non-compliant or genuinely not looking for work. It also introduced an early model of *Responsive Regulation*<sup>38</sup>, embedding measures that are aimed at providing protection for vulnerable participants to assist them to meet their obligations.

The following core features outlined in *Table 7* demonstrate this initial compliance and regulatory design approach.

| Core Features                         | Description  |
|---------------------------------------|--|
| Demerit Point System                  | Participants accrue demerits for non-compliance. A warning or reminder is issued initially. If demerits accumulate, more serious consequences follow.  |
| Capability Assessments and Interviews | Once participants accrue a certain number of demerits, the system is meant to trigger a review of their personal circumstances and capability to comply. <sup>39</sup>   |
| Graduated Penalties                   | After accruing five demerits in six active months and deeming existing requirement capability within two separate capability review points, participants enter the "Penalty Zone". Further breaches in the penalty zone result in the application of penalties. The first penalty resulting in one week's loss of payment, the second penalty resulting in two weeks' loss of payment and the third penalty resulting in payment cancellation and a four-week preclusion period. <sup>40</sup> |
| Reset Periods                         | Participants demonstrating compliance can "reset" their record, preventing progression to more serious consequences.   |

Table 7: Core Features of the TCF

## 5.5 TCF Components

The TCF is an integrated program, comprised of a suite of legislative and policy instruments, supported by administrative processes, employment service provider activity, and a dedicated IT system that operationalises automated compliance decision-making at scale.

Specifically, its components include:

- **Legislation and Ministerial Policy:** Establishes the overarching legal obligations, criteria for determining persistent non-compliance, and conditions for penalties.
- **Operational Policy and Guidance:** Interprets and applies legislative requirements through departmental guidelines and procedures.

- **Employment Service Providers:** Engage directly with participants, managing individual cases, and reporting participant compliance data back to the department.
- **Departmental Governance and Assurance:** Oversees compliance operations, ensuring legislative adherence, and addressing participant and systemic issues.
- **Dedicated IT System:** Automates compliance decisions based on integrated business rules and data provided by employment service providers.

References to the 'Framework' or 'TCF' in this Report refer to the integrated program as a whole, including the supporting IT system.

<sup>38</sup> John Braithwaite, *Regulatory Capitalism: How It Works, Ideas for Making It Work Better* (Edward Elgar, 2008) 96–102.  
<sup>39</sup> Senate Community Affairs References Committee, *Jobactive: Failing Those It Is Intended to Serve* (Report, February 2019) 24–26.  
<sup>40</sup> Department of Social Services, *Mutual Obligation Requirements and the Targeted Compliance Framework* (Factsheet, 2020).

# 5. Overview of the TCF

## 5.6 Overall statistics of the TCF

Whilst exact monthly participant figures vary, statistical analysis demonstrates the magnitude of TCFs operations.

For the final quarter of 2024, the outcomes of the TCF for Employment Programs (excluding DES) were specifically evaluated to assess their impact on participants<sup>41</sup>:

- **641,135** participants were subject to mutual obligation requirements each month from October to December 2024.
- **Demerits** were applied to **30.1%** of cases; approximately 192,915 individuals over the quarter, or 48,228 per month.<sup>42</sup>
- **Payment suspensions** were issued to **30.4%** of cases; approximately 194,670 individuals over the quarter, or on average, 48,667 per month; and <sup>43</sup>
- **Payment Cancellations** occurred in 45 cases; representing less than **0.1%** of participants.<sup>44</sup>

It is important to note that these figures are not mutually exclusive, meaning that an individual participant case may belong to more than one outcome at any given time. For example, participant cases ordinarily accumulate demerit points may also be subject to payment suspension or cancellation.

In their analysis, ACOSS stated that more than 85% of all compliance actions (demerit points, payment suspension or cancellation) were initiated by provider-led services<sup>45</sup>, highlighting the level of discretion available to employment service providers in the application of compliance penalties, but also the degree to which the TCF could be applied inconsistently between participants.

Consequently, the integrity of TCF outcomes relies heavily on accurate system design and in-built assurance analytics, robust and clearly documented governance, effective quality assurance, and alignment with legislative and policy intent.<sup>46</sup> Any flaws or gaps in these foundational components introduce the risk of systemic failures, inappropriate compliance decisions, and adverse participant impacts.

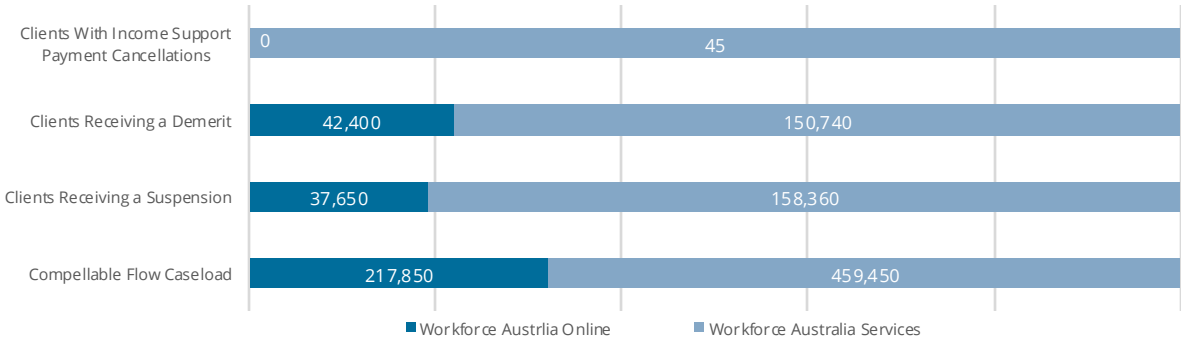


Figure 2: Compellable Flow Caseload by Employment Services Program for the Period 1 October 2024 to 31 December 2024

**Note:** Compliance actions are part of a progressive process, and participants may be subject to multiple actions over time (e.g. demerits → suspension → cancellation). These categories are therefore not mutually exclusive. There are inconsistencies within the “Targeted Compliance Framework Public Data – October to December 2024” dataset, including variations in the reported totals for the compellable caseload.

<sup>41</sup> Department of Employment and Workplace Relations (Cth), Targeted Compliance Framework Public Data: October-December 2024, 2025, <https://www.dewr.gov.au/employment-services-data/resources/tcf-public-data-october-december-2024>.  
<sup>42</sup> Ibid, Above n (41), Table 19. Compellable Flow Caseload by Employment Services Program.  
<sup>43</sup> Ibid, Above n (41), Table 19. Compellable Flow Caseload by Employment Services Program.  
<sup>44</sup> Ibid, Above n (41), Table 19. Compellable Flow Caseload by Employment Services Program.  
<sup>45</sup> Australian Council of Social Service, Analysis of Targeted Compliance Framework Data Q1 2024 (Briefing Note, July 2024) <https://www.acoss.org.au/wp-content/uploads/2024/07/TCF-Report-Jan-Mar-2024.pdf>.  
<sup>46</sup> Ian Ayres and John Braithwaite, Responsive Regulation: Transcending the Deregulation Debate (Oxford University Press, 1992) 35–40.

# 5. Overview of the TCF

## 5.7 Timeline

The following timeline demonstrates at a high level, an overview of key decisions, milestones and issues in the development and operation of the Targeted Compliance Framework from its inception in 2018 through to June 2025, as referenced by the Review:

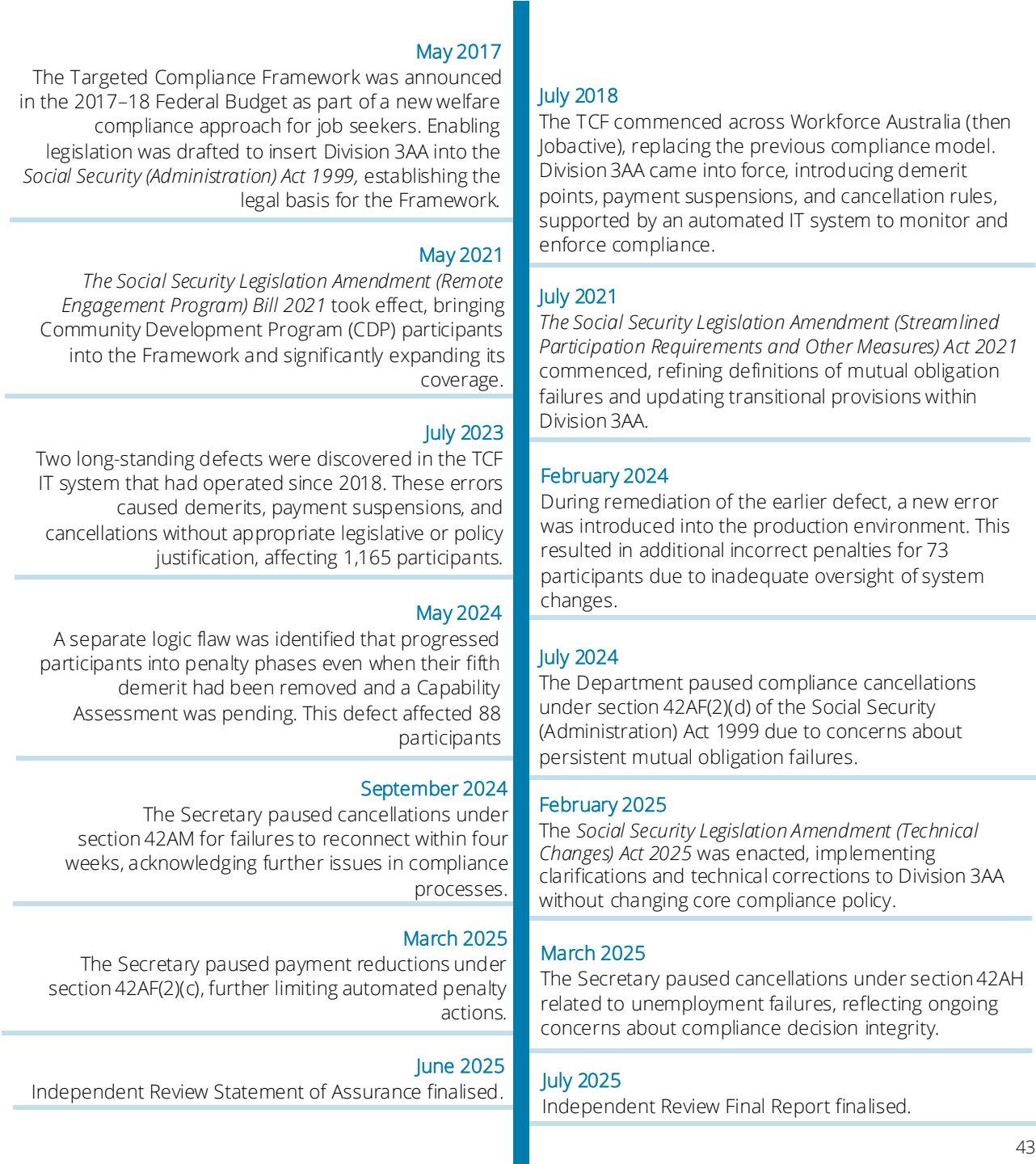
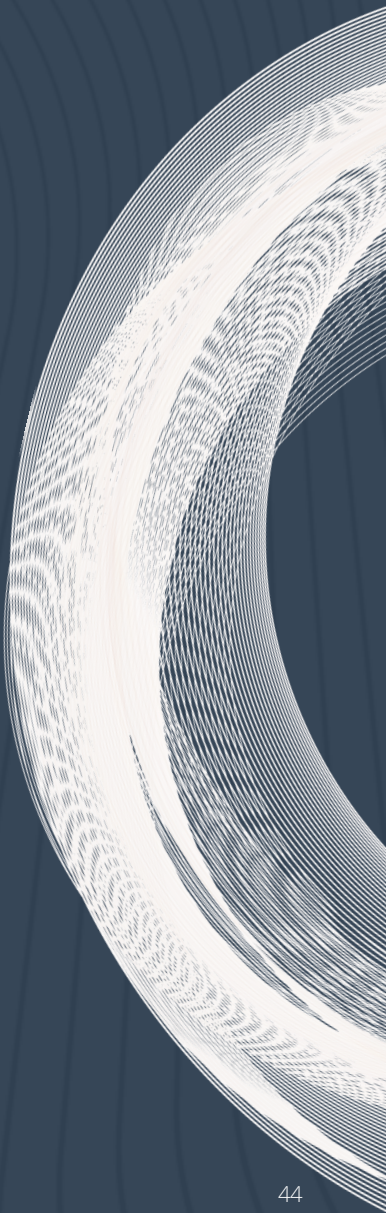


Figure 3: High Level Timeline of TCF (2018-2025)

# 06 BACKGROUND & METHODOLOGY



# 6. Background & Methodology

## 6.1 Background to Review

Introduced in 2018, the Targeted Compliance Framework (TCF) is intended to intervene where Workforce Australia and Disability Employment Services participants fail to meet their mutual obligation requirements. It does this through the application of a series of escalating compliance actions, moving from temporary payment suspensions through to payment reductions and eventual cancellation.

The IT system which operationalises this framework was introduced at the same time, designed to align to a specific set of legislative and policy parameters and support the automated processing of more than 640,000 cases per quarter.<sup>47</sup>

Since implementation and go-live, both the framework and system have continued to evolve, in response to policy and legislative change, and through a process of technical necessity, though not necessarily in parallel. More recently, the Department and other stakeholders, including individual participants

and community interest and advocacy groups, have identified that the system has become less stable and produced flawed or unanticipated participant case outcomes.

As a result of these concerns, Deloitte was asked to undertake an independent review of the Targeted Compliance Framework operational policy, business rules and the underpinning IT system to provide confidence that the system operates and delivers in accordance with legislative and policy authority (the Review).

To support this assessment, the Review was also asked to highlight any higher risk areas in the program or system’s operation requiring urgent action or remediation, to consider whether the IT platform performs within an acceptable error tolerance threshold against benchmarks for a system of this nature, and that the Department exercises appropriate internal controls and governance arrangements over the system.

## 6.2 Scope and Terms of Reference

The Review includes four key milestones:

| Milestone   | Activity  | Due Date         |
|-------------|---|------------------|
| Milestone 1 | Completion of scoping and planning  | 31 January 2025  |
| Milestone 2 | Deliver a draft Statement of Assurance on the operationalisation of the TCF                                 | 28 February 2025 |
| Milestone 3 | Deliver the final Statement of Assurance, and a draft Review Report.  | 18 June 2025     |
| Milestone 4 | Deliver the finalised Review Report, which makes recommendations in response to the Statement of Assurance. | 4 July 2025      |

Table 8: Scope and Milestones of Independent TCF Review

<sup>47</sup> Department of Employment and Workplace Relations (Cth), Targeted Compliance Framework Public Data: October – December 2024, 2025, <https://www.dewr.gov.au/employment-services-data/resources/tcf-public-data-october-december-2024>



# 6. Background & Methodology

## 6.2 Scope and Terms of Reference (Cont.)

This artefact represents Milestone 4:

### **Milestone 4: Final Review Report**

This artefact, the Final Review Report, specifically considers and details the following:

- a) The effectiveness of operational policy, business rules and IT support systems in delivering the TCF consistent with relevant policy and social security law.
- b) High risks within the program or IT system that require urgent action or remediation by the Department.
- c) The relative performance, availability and functionality of the IT system benchmarked against other comparable, equally complex programs or processes which are implemented through, and rely heavily on, large IT systems.
- d) The effectiveness of governance and assurance processes used by the Department, and a comparison of these processes to industry benchmarks and better practice; and
- e) Recommendations structured around key observations and categorised into two distinct groups: non-technical changes and technical changes.

The Final Review Report builds upon the findings of the Statement of Assurance, offering a detailed analysis of key observations, along with the underlying contributing factors and root causes. These are supported by contemporaneous evidence, references, and data available at the time of publication. As the concluding report of the Review, the findings, opinions, and conclusions presented herein are intended to be final, however, some consideration may be given in the event of additional evidence or data.

This Review is based on methodology agreed between the Department and Deloitte. The Services and this report are advisory in nature and are not an audit, consequently no opinions or conclusions are expressed under the Auditing and Assurance Standards Board's (AUASB) audit and assurance standards.

The legal analysis, review or assessment of individual case processing, determinations, or outcomes is outside the scope of this Review. All observations and assessments made in connection to legislative provisions within this report are limited to the operationalisation of legislation and policy within the TCF and do not constitute a determination of the legal validity or correctness of individual or large-scale decisions under the governing legislation.

# 6. Background & Methodology

## 6.3 Methodology

The following phases of work were designed to systematically assess the Targeted Compliance Framework (TCF) and its supporting IT system, with a focus on ensuring alignment with legislative, policy, and operational requirements. The approach comprised both technical and non-technical workstreams and was structured around four key phases. In some instances, specific elements were conducted out of sequence to facilitate detailed analysis and targeted consultation.

### Phase 1: Scoping and Planning

| Description  | Non-Technical Workstream  | Technical Workstream  |
|--|---|---|
| This phase established the foundation for the Review by defining the key objectives, expected deliverables, and assessment criteria. | <ul style="list-style-type: none"><li>Stakeholder Engagement – Initial meetings with departmental stakeholders to confirm key focus areas, risks, and dependencies.</li><li>Review of Legislative and Policy Frameworks – Mapping TCF operational policies and system rules to legislative requirements.</li><li>Governance and Risk Identification – Identifying key risks, dependencies, and any system-wide issues requiring prioritisation.</li><li>Defining Methodological Approach – Confirming data sources, assessment methods, and assurance criteria.</li></ul> | <ul style="list-style-type: none"><li>Stakeholder Engagement – Initial meetings with the IT teams to understand systems involved and dependencies.</li><li>Defined core dimensions for review using a risk-based approach.</li><li>Outlined assessment scope, focusing on the backend web API due to system complexity.</li></ul> |

### Phase 2: Data Collection and Analysis

| Description  | Non-Technical Workstream   | Technical Workstream   |
|--|--|--|
| This phase involved gathering evidence to assess the overall framework, the functionality of the IT system, its alignment with policy intent, and the effectiveness of associated governance mechanisms. | <ul style="list-style-type: none"><li>Document Review – Analysis of policy documents, operational guidelines, and historical system updates.</li><li>Stakeholder Consultations – Engagement with internal and external stakeholders, including system users, policy owners and the Stakeholder Reference Group.</li><li>Case Study Analysis – Examination of a sample of participant cases to identify trends, inconsistencies, and system limitations.</li><li>Academic Literature Review – Review and analysis of relevant contemporary compliance and regulatory approaches, theories, and research to compare against the TCF.</li><li>Consultation with ARC Centre of Excellence for Automated Decision-Making and Society.</li></ul> | <ul style="list-style-type: none"><li>Interview with IT specialist teams to capture system behaviours.</li><li>Manual Codebase Review – Evaluated architecture, structure, dependencies, and maintainability of the system.</li><li>Testing Assessment – Analysed test coverage, gaps in unit/component testing, and regression testing effectiveness.</li><li>System Logging and Monitoring Review – Assessed logging in code, discussed observability and real-time tracking of participant status.</li><li>Application Architecture – Investigated how application is structured to identify possible bottlenecks and quality issues.</li></ul> |

Table 9: Methodology Phases of the Review

# 6. Background & Methodology

## 6.3 Methodology

The following phases of work were designed to systematically assess the Targeted Compliance Framework (TCF) and its supporting IT system, with a focus on ensuring alignment with legislative, policy, and operational requirements. The approach comprised both technical and non-technical workstreams and was structured around four key phases. In some instances, specific elements were conducted out of sequence to facilitate detailed analysis and targeted consultation.

### Phase 3: Evaluation and Preliminary Findings

| Description   | Non-Technical Workstream   | Technical Workstream  |
|---|--|---|
| This phase focused on assessing evidence and developing hypotheses drawn from both technical and non-technical workstreams to inform the final phase of the Review. | <ul style="list-style-type: none"><li>• Assessment of Policy and System Alignment – Evaluating whether the system’s business rules and workflows reflect legislative intent.</li><li>• Identification of Compliance Risks – Highlighting potential policy inconsistencies, processing errors, or governance gaps.</li><li>• Benchmarking Against Comparable Systems – Comparing TCF with similar large-scale compliance frameworks to identify improvement opportunities.</li><li>• Preliminary Findings and Risk Categorisation – Structuring initial findings based on risk severity and required remediation actions.</li></ul> | <ul style="list-style-type: none"><li>• Assessment of Code Quality and Maintainability – Identified technical debt, unit tests coverage, and coding quality checks.</li><li>• Identification of Testing and Quality Assurance Risks – Highlighted gaps in testing and risks from inadequate component-level testing.</li><li>• Traceability and Documentation Gaps – Assessed whether system code state can be mapped to business requirements and compliance needs.</li><li>• Mapping the findings with the analysis, evidence and why it matters.</li></ul> |

### Phase 4: Final Assurance Statement and Reporting

| Description  | Combined Workstream   |
|--|---|
| The final phase focused on synthesising findings, validating key observations, and identifying areas requiring further analysis, culminating in the preparation of the Statement of Assurance and Final Review Report. | <ul style="list-style-type: none"><li>• Document Review – Analysis of policy documents, operational guidelines, and historical system updates.</li><li>• Stakeholder Consultations – Engagement with internal and external stakeholders, including system users and policy owners.</li><li>• Case Study Analysis – Examination of a sample of participant cases to identify trends, inconsistencies, and system limitations.</li><li>• Interviews with IT specialist teams to capture system behaviours.</li><li>• Manual Codebase Review and Comparison – Evaluated architecture, structure, dependencies, and maintainability of the system.</li><li>• Testing Assessment – Analysed test coverage, gaps in unit/component testing, and regression testing effectiveness.</li><li>• System Logging and Monitoring Review – Assessed logging in code, discussed observability and real-time tracking of participant status.</li><li>• Application Architecture – Investigated how application is structured to identify possible bottlenecks and quality issues.</li></ul> |

Table 9: Methodology Phases of the Review

# 6. Background & Methodology

## 6.4 Methodology Diagram

The diagram below provides an overview of the methodology and illustrates the interaction between technical and non-technical workstreams in the development of the Review's deliverables.

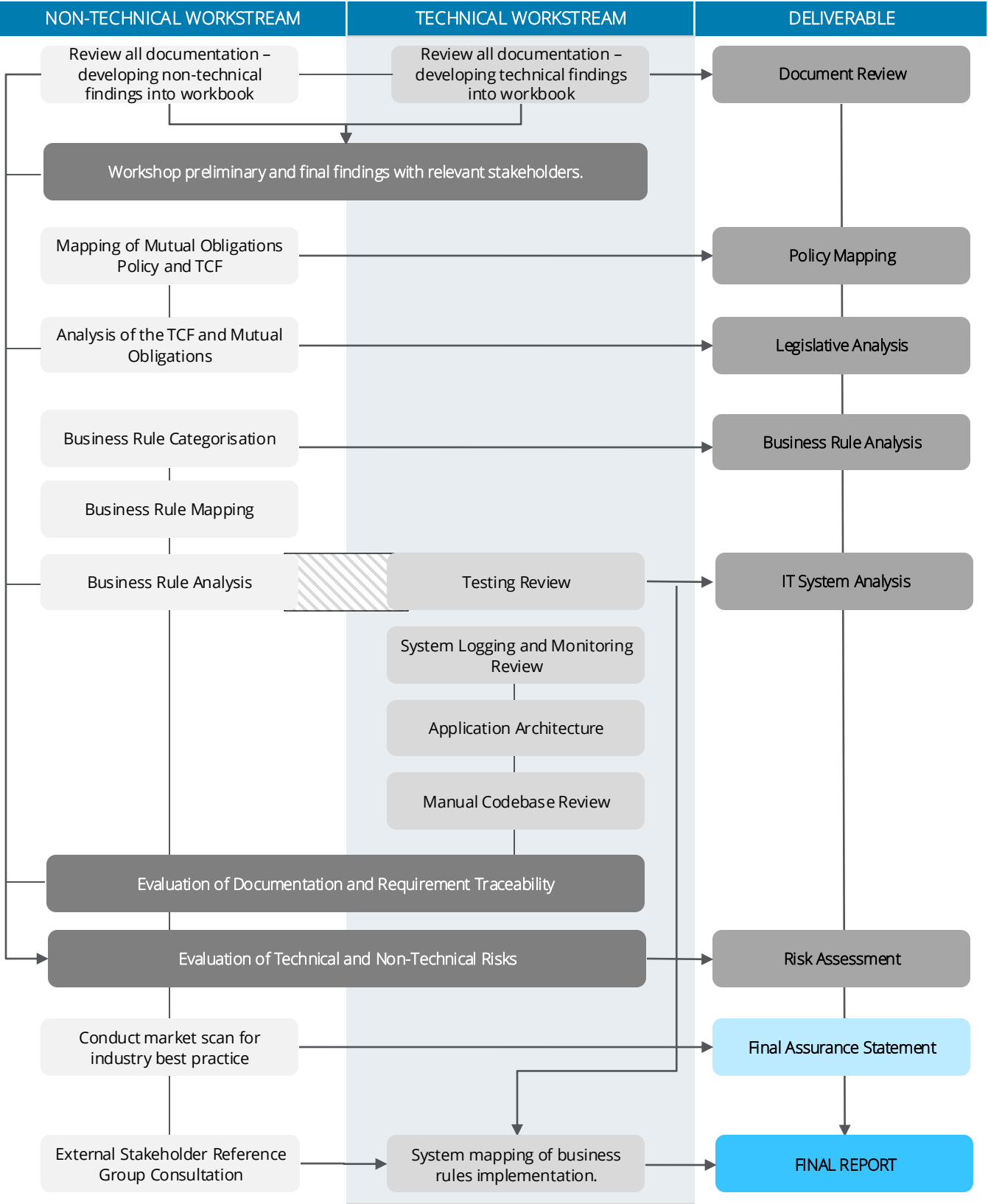


Figure 4: Overview of TCF Workstreams



# ANALYSIS

The following sections set out the detailed analysis and supporting evidence underpinning the statements and observations presented in the Statement of Assurance and this Final Report.

ANALYSIS  
**07** LEGISLATIVE  
& POLICY  
TRACEABILITY



# 7. Legislative & Policy Traceability

A primary objective of the Review was to consider whether the operationalisation of the Targeted Compliance Framework (TCF), including its operational policy, business rules, and IT system, accurately and consistently reflects the foundational legislation and ministerial intent of the program.

For this purpose, the Review considered traceability between legislation, policy and program delivery, in this section and subsequent sections, as a core indicator of program integrity.

## 7.1 The Significance of Traceability

In general terms, traceability is the demonstration of clear, logical, and documented alignment between legislative authority, government policy, and the practical design and delivery of a government program. In public administration, where services are delivered at scale and increasingly through automated or rules-based IT solutions, traceability is essential to uphold the rule of law, protect individual rights, and support program integrity.<sup>48</sup>

Without traceability, there is a genuine risk that a program and/or its underpinning IT system may diverge from the intent and limits of the enabling legislation, resulting in unlawful or ultra vires decisions and practices.<sup>49</sup> Courts have consistently affirmed that administrative decisions must be made within the boundaries of the relevant statutory power, and that failure to do so can render outcomes invalid.<sup>50</sup>

Ensuring traceability as a component of good policy design supports regulating entities to verify that each step in the decision-making process, whether human or automated, is made on a legally justifiable foundation.<sup>51</sup>

Traceability is essential to delivering accountable and transparent government services. When individuals are subject to compliance decisions, program rules, or service entitlements, the ability to trace the origin of those rules back to legislative authority is fundamental to procedural fairness and supporting meaningful review or redress.

This was considered at length in relation to the circumstances of the 'Robodebt' scheme.<sup>52</sup> Traceability and legislative alignment are particularly important in contexts that bear substantial consequences for individuals, like social security, taxation, immigration, or compliance enforcement - where decisions can materially affect a person's rights, income, or liberty.

Traceability also supports external scrutiny and adaptive governance. It enables program designers, policymakers, and oversight bodies such as the Australian National Audit Office, Commonwealth Ombudsman, Australian Human Rights Commission and Administrative Review Tribunal to assess whether program delivery faithfully implements the intended policy objective and whether adjustments are needed in light of real-world outcomes or legal reform.<sup>53</sup>

In the context of digital government, traceability ensures that system rules and automation logic reflect current law and are updated appropriately in response to legislative or policy change.<sup>54</sup>

*Please see Appendix A pg 97-99 for key risks and contributing factors.*

<sup>48</sup> Lisa Burton Crawford, *The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink* (Federation Press, 2021) 47–9.

<sup>49</sup> Terry Carney, 'The New Digital Future for Welfare: Debts Without Legal Proofs or Moral Authority?' (2018) No. 1 *UNSW Law Journal Forum*.

<sup>50</sup> Minister for Immigration and Citizenship v SZMDS (2010) 240 CLR 611, 626 [25] (Gummow AQ and Kiefel JJ).

<sup>51</sup> Administrative Review Council, *Automated Assistance in Administrative Decision Making* (Report No 46, November 2004); Justice Natalie Cujes Perry, 'Administrative Decision-Making in the 21st Century: Transparency and Review' (Speech, *Australian Institute of Administrative Law Forum*, 15 September 2014).

<sup>52</sup> Commonwealth Ombudsman, *Centrelink's Automated Debt Raising and Recovery System* (Report No 3 of 2017, April 2017) 6–8.

<sup>53</sup> Australian National Audit Office, *Administering Regulation: Achieving the Right Balance* (Audit Insights Report, 30 June 2014) 7–9.

<sup>54</sup> Office of the Auditor-General Victoria, *Managing Support and Safety Hubs* (Report No 2019-20:15, 27 May 2020).

# 7. Legislative & Policy Traceability

## 7.2 TCF-specific Traceability

Critically, the Review found very limited evidence that demonstrates clear traceability between the TCF's legislation, policy, business rules and the IT system.

The legal and factual basis for compliance action, particularly when initiated and administered by the IT system, cannot be readily documented or evidenced. Decisions affecting individuals' rights, including the withholding of income support, cannot be readily explained, justified or audited with reference to the relevant legislation, lawful delegation and supporting evidence.<sup>55</sup> Of particular note, assurance processes rely on a reactive case reconstruction procedure to determine how the IT system and broader program delivered a particular determination given an individual's circumstances.

Within the operation of the TCF, the actual automated pathway by which a payment is suspended, or a demerit point is applied is largely opaque, especially where multiple layers of IT logic and provider interaction intersect. Compounded by the growing complexity of the IT system coding, the Department is unable to demonstrate that decision points or the IT system logic represent an accurate interpretation of the legislation and policy. Equally, it cannot be demonstrated that such complex coding has not further widened the gap between program intent and operational delivery, potentially subjecting participant cases to processes and requirements that are not firmly grounded in legislative authority or that are disproportionately onerous.

In the event that participant case outcomes are challenged, contested or independently reviewed, the current framework construct will make it difficult to determine or provide evidence of:

- Who, if anyone, made the actual decision
- Whether the decision-maker was lawfully authorised
- Whether they considered, or were presented

with, all relevant information, including participant capacity and personal circumstances

- Whether the program rules and guidance were applied consistently and equitably throughout the management of the participant's individual case and in arriving at the decision; and
- Whether the decision complied with legislative requirements (e.g. that a delegate was satisfied of non-compliance under s 42F(2)(d) of the *Social Security (Administration) Act 1999*).

This limitation is at odds with the Commonwealth's stance as a model litigant, its duty to give reasons for decisions, and its obligations under the *Administrative Decisions (Judicial Review) Act 1977* (Cth).

The absence of traceability also raises broader questions about the veracity and effectiveness of the Department's current assurance programs over the TCF.

The lack of an identifiable direct-line relationship with authorising laws and policy has hindered the auditability of IT system behaviour and outcomes. This prevents the Department from identifying flaws in the system's logic that have remained in production since its inception.

Furthermore, given the frequency of policy changes to both the Mutual Obligations and Targeted Compliance Frameworks, and the absence of detailed, documented program logic and traceability has adversely affected the Department's ability to implement changes. Rather than enabling straightforward updates through the replacement of relevant rules and code, this deficiency has resulted in the unnecessary expansion and increased complexity of the IT system's codebase.

The Review found that the absence of traceability was, overwhelmingly, the most significant root cause impacting the integrity, manageability, and operational effectiveness of the TCF.

<sup>55</sup> Lisa Burton Crawford, *The Rule of Law and Administrative Discretion* (Federation Press, 2021) 112–115.

# 7. Legislative & Policy Traceability

## 7.2 TCF-specific Traceability (Cont.)

An illustration of this concern, the Review considered compliance action for persistent non-compliance. The legislative foundation of this is provided within Division 3AA of Part 3 of the *Social Security (Administration) Act 1999* (Cth). Supporting this are several legislative instruments, including the *Social Security (Administration) (Non-Compliance) Determination 2018 (No. 1)*, which outlines specific procedural requirements and conditions for compliance actions under Section 42AF(2) of the Act<sup>56</sup>. This determination addresses specific compliance actions related to persistent mutual obligation failures and the calculation of resulting penalty reductions.

These statutory provisions establish the conditions under which compliance actions may be initiated, including the criteria for identifying persistent non-compliance, and the obligation on the Secretary, or their delegate, to be satisfied of certain preconditions before

applying penalties, suspensions, or cancellations.

Despite the existence of this legislative requirement, the Review identified indications of misalignment between this, the TCF's operational delivery model and the IT system. There is an obvious absence of evidence linking legislative provisions to the implemented processes and decision-making logic within the IT system.

This assessment was reinforced in interviews with departmental officials. Both technical and non-technical interviewees confirmed that no comprehensive documentation or system mapping exists to demonstrate a line of sight from legislation, through operational policy, to the TCF's design and IT functionality.

This lack of alignment is evident across most aspects of the framework and is further illustrated below.

### Absence of documented business rules:

Technical and policy area interviewees, including MR02, MR06, MR19 and MR21, confirmed the absence of any systematic documentation or register linking statutory criteria (such as persistent non-compliance) to the corresponding business rules or automated system logic.

No documentation was provided to the Review demonstrating how legislative provisions are operationalised within the system. Instead, changes to compliance logic were frequently implemented via irregular hard coding to address specific IT defects, without a consistent requirement to validate alignment with legislation prior to deployment.

Interviewees and the Review's technical analysis confirmed that the system has been modified to such a degree over time that it is now difficult to confirm whether current system behaviour remains consistent with legislative intent.

### Reactive rather than proactive alignment checks:

Interviewees, including MR06, MR09, MR13 and MR14, from assurance and risk areas confirmed that legislative alignment checks were not systematically performed during policy or system changes. Instead, reactive checks occurred only when issues were incidentally discovered or prompted by participant complaints or other inquiries. As a result, evidence shows that misalignment between the IT system and legislation remained undetected for extended periods, exacerbating participant impacts and reducing confidence in the framework.

<sup>56</sup> *Social Security (Administration) Act 1999* (Cth).

# 7. Legislative & Policy Traceability

## 7.2 TCF-specific Traceability (Cont.)

These alignment failures have significant implications. Foremost among these is the increased risk of unlawful or procedurally unfair compliance outcomes, representing an unacceptable consequence within a framework designed explicitly to maintain public confidence, promote voluntary engagement and program integrity.

Additionally, the absence of traceability and effective governance limits the Department's ability to confirm that compliance decisions en masse consistently reflect legislative and policy intent, considerably increasing the potential for ongoing, widespread compliance errors and consequent reputational harm to Government and the Department.

The Review found that, overwhelmingly, the TCF's operational delivery, including its underpinning IT system, does not demonstrably

align with legislative and ministerial intent.

This misalignment underscores material systemic deficiencies, ineffective governance, and insufficient documentation, elevating the risk of legally non-compliant decisions and eroding the integrity and credibility of the program.

Addressing these legislative alignment issues requires the establishment of robust and documented traceability mechanisms, comprehensive mapping between legislation, policy, and system implementation, and rigorous governance controls to validate legislative compliance during all system and policy changes.

*Please see Appendix A pg 100-101 for key risks and contributing factors.*

### Limited transparency and governance around changes:

Interviewees, including MR05, MR19 and MR21, noted that changes affecting compliance logic were often executed without documented co-design or consultation with policy, legal, or risk-related teams.

Technical staff stated in the interview that IT teams frequently introduced modifications to the IT system independently to address immediate operational requirements or technical challenges without clearly linking these changes back to legislative and policy requirements and authority.

In some instances, interview participants stated that they did not believe that the full impacts on the IT system's overall alignment to legislation and policy intent could be understood or predicted when patches were applied, given the Department's lack of documentation and limited understanding of the totality of the current system code.

# 7. Legislative & Policy Traceability

## 7.3 Business Rules Analysis

As a key component of the Review’s methodology, a manual mapping process was undertaken to compare legislative and policy requirements against documented business rules, and to assess their implementation within the IT system code. This process was also conducted in reverse as part of the Technical Workstream, examining business rules embedded within the IT system and tracing them back to their legislative and policy foundations.

However, the absence of detailed documentation and direct traceability between business rules, system logic, and both current and superseded policy and legislation introduced a degree of subjectivity into the manual mapping process. While the Review’s analysis of TCF business rules was comprehensive, it is important to acknowledge this subjectivity when interpreting the detailed examination and associated quantitative analysis of each rule.

### 7.3.1 Business Rule Mapping with IT System Code

As part of the Technical Workstream, a total of 368 identified business rules were tested against the IT system code and classified in one of the following categories:

- **Fully Met:** The business rule has a clear legislative or policy basis, is identifiable within the IT system code, and has been implemented as specified, with minimal gaps or deviations.
- **Partially Met:** The business rule is only partially implemented, does not fully reflect, or is not fully supported by legislation or policy. While certain elements are contained within system code, the rule may not operate as intended. Gaps, inconsistencies, or incomplete logic should be resolved to achieve full compliance and alignment with legislation and policy requirements.
- **Not Met:** The business rule is not supported by legislation or policy or cannot be

identified within the IT system. Evidence is either absent or contradictory, indicating a need for corrective action to ensure alignment with legislation and policy intent.

- **No Evidence:** No documentation or code could be found to confirm whether the business rule is addressed within the IT system. It is unclear if it exists in practice or not; further investigation or clarification is required to determine its status.

The technical mapping exercise of the 368 business rules resulted in the following determinations:

Business Rule Mapping

| Alignment Status | Number of Rules | %     |
|------------------|-----------------|-------|
| Fully Met        | 83              | 22.55 |
| Partially Met    | 192             | 52.17 |
| Not Met          | 62              | 16.85 |
| No Evidence      | 31              | 8.42  |

Table 10: Business Rule Mapping Overview

While these findings should be regarded as qualitative due to the inherent subjectivity of the comparison, they underscore the significant challenges arising from the absence of direct traceability and detailed documentation.

Notably, in some instances, rules assessed as *Partially Met*, *Not Met*, or *No Evidence* related directly to legislative requirements, with no evidence of alternative mechanisms delivering those requirements outside the system.

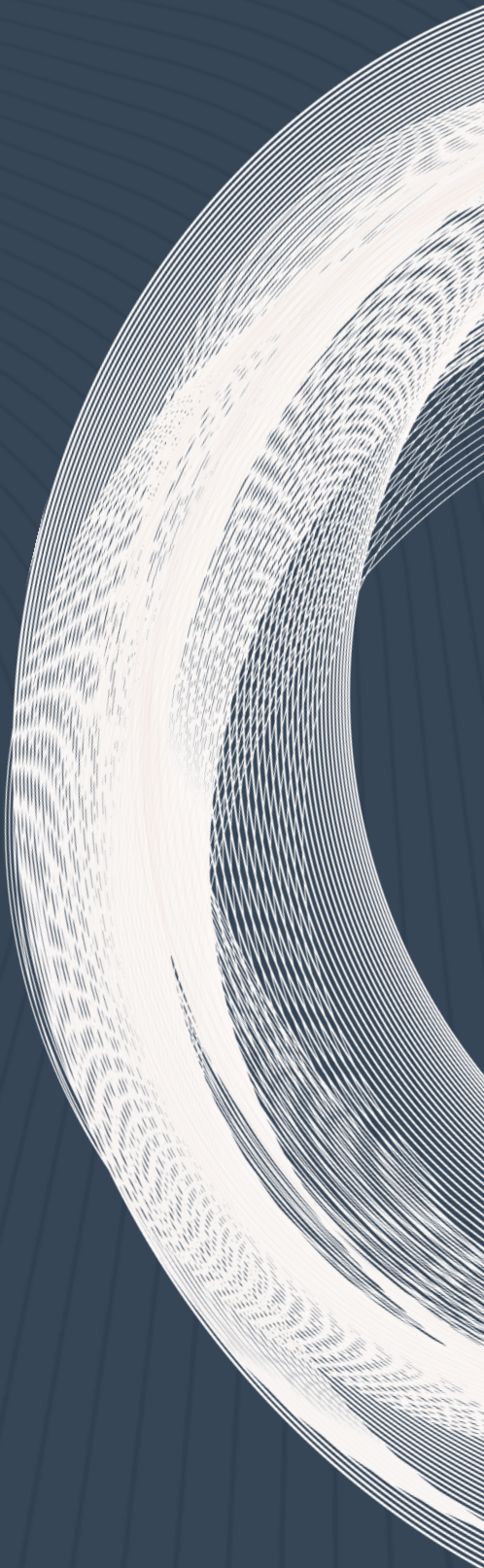
Further detailed work is required to justify or implement each rule and to ensure the IT system accurately reflects the underlying legislation and policy.



ANALYSIS

# 08

IT SYSTEM  
DEFECTS





## 8. IT System Defects

The Targeted Compliance Framework's near-total reliance on an automated IT system as the principal mechanism for delivery and compliance decision-making necessitates a robust, stable, and carefully governed technical implementation.

In the wake of 'Robodebt', the Courts have held that the absence of human judgment and reliance on defective automation violates administrative law principles, further underlining the need for strict controls on these forms of systems.<sup>57</sup>

When automation replaces or significantly reduces human oversight and intervention in regulatory administration, the accuracy, stability, and legal alignment of the IT system become the foundation upon which program legitimacy rests.<sup>58</sup> Where system defects or misalignments occur, these flaws can scale rapidly, producing unlawful or unjust decisions in volume, especially when program logic lacks adequate traceability to legislative or policy authority.<sup>59</sup>

➤ Despite this integral requirement to support the legitimacy of the framework, the Review cites multiple significant defects and operational issues specifically within the TCF's IT system, highlighting systemic risks associated with its current design and administration.

### *Amato v Commonwealth of Australia* [2021] FCA 1019

This case concerned a legal challenge by Ms Deanna Amato to a debt raised against her by the Commonwealth under the 'Robodebt' scheme, an automated income compliance program administered by the then Department of Human Services (DHS).

The program used automated data-matching between the Australian Taxation Office (ATO) and Centrelink records to calculate social security overpayments without seeking direct income evidence from recipients or exercising human discretion in decision-making.

The Court found in favour of Ms Amato, ruling that the use of averaged ATO data alone was insufficient to establish that a debt was owed under the relevant statutory provisions.

Notably, her Honour Justice Davis stated at [25]-[26]:

The burden rests on the decision-maker to be satisfied on the evidence that the debt is owed. A person's statutory entitlements cannot lawfully be reduced based on an assumption unsupported by evidence.

Her Honour further asserted in her ruling at [30] that:

There was no material before the decision-maker capable of supporting the conclusion that a debt had arisen. The conclusion that a debt had arisen was therefore irrational, in the requisite legal sense.

The decision affirmed that automated processes cannot substitute for lawful administrative decision-making. A failure to ensure factual accuracy and legal sufficiency was found to constitute a jurisdictional error by statute.

*In administrative law, a jurisdictional error occurs when a decision-maker exceeds or fails to exercise the power conferred, such as by making a decision without proper evidence, failing to apply the correct legal test, or denying procedural fairness.*

<sup>57</sup> *Amato v Commonwealth of Australia* [2021] FCA 1019, [47] – [50] (Davies J).

<sup>58</sup> Administrative Review Council, *Automated Assistance in Administrative Decision Making* (Report No 46, November 2004); Justice Natalie Cujes Perry, 'Administrative Decision-Making in the 21st Century: Transparency and Review' (Speech, Australian Institute of Administrative Law Forum, 15 September 2014).

<sup>59</sup> Lisa Burton Crawford, *The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink* (Federation Press, 2021) 112–15.

# 8. IT System Defects

## 8.1 IT System Defects

Between July 2023 and May 2024, three material IT system defects were identified, outlined in *Table 11*, through the Department’s internal program assurance activities. Each resulted in adverse impacts to participants. These defects were confirmed through technical and non-technical interviews, including MR05 and MR18, departmental documentation, and the public statement issued by the Secretary.<sup>60</sup>

Statistical analysis conducted by this Review, with reference to documentation ED122 *TCF Public Data – January to March 2024* and ED123 *TCF Public Data – October to December 2024*, indicates that, notwithstanding these issues, the TCF IT system processes more than 640,000 participant cases per month, with without identified error or unintended outcome.<sup>61</sup> This accuracy rate reflects a high standard of throughput over 99.9% of cases processed when considered in isolation.

In comparison, academic literature indicates that human error rates in manual data processing

environments typically fall within the range of 5% to 6.5%, corresponding to an accuracy rate of approximately 93.5% to 95%.<sup>62</sup>

While the system underpinning the TCF is demonstrably more accurate from a technical processing perspective, this metric obscures deeper structural issues with the framework itself.

It is reasonable to conclude that while the identified erroneous determinations fall within tolerable statistical limits, they raise broader concerns regarding the appropriateness of relying predominantly on automated systems to deliver a statutory compliance regime when traceability is also an issue. This concern is underscored by stakeholder interviews MR05 and MR08, which highlighted a “heavy reliance on the system to do everything” and a “disconnect between system and policy.”

These findings underscore a fundamental design flaw; namely, the system’s inability to mitigate the legal and human consequences that arise when a low error rate is magnified across large-scale operations.

| IT System Defects |   |  |
|-------------------|---|--|
| Date              | Issue   | Impact   |
| July 2023         | Two discreet defects identified within the IT system had operated undetected since the TCFs introduction in July 2018. These defects incorrectly applied demerits, payment suspensions, and cancellations without the required legislative or policy justification.                           | 1,165 participants experienced unjustified financial penalties or income support suspensions as a result.  |
| February 2024     | During remediation efforts to correct Issue 1, departmental technical teams introduced an additional defect into the production environment. This resulted in further incorrect application of financial penalties.   | A further 73 participants were adversely affected by erroneous compliance outcomes.  |
| May 2024          | A separate logic flaw incorrectly progressed participants into compliance action, even in circumstances where the fifth demerit point had been removed, and a Capability Assessment was pending. This resulted in compliant participants being routed into penalty phases contrary to policy. | 88 participants had their cases incorrectly escalated. Collectively, these three defects resulted in inappropriate outcomes for a confirmed total of 1,326 participants. The persistence and nature of these errors prompted this Review, in parallel with the department’s internal reviews and other interventions reported elsewhere. |

Table 11: Realised TCF IT System Defects

Please see Appendix A pg 102-104 for key risks and contributing factors.

<sup>60</sup> Department of Employment and Workplace Relations (Cth), *Secretary’s Opening Statement* (26 February 2025) <https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement>.

<sup>61</sup> Department of Employment and Workplace Relations (Cth), *Targeted Compliance Framework Public Data: January/March 2024*, 2025, <https://www.dewr.gov.au/employment-services-data/resources/tafc-public-data-january-march-2024>.

<sup>62</sup> Panko, Raymond. (2008). *Thinking is Bad: Implications of Human Error Research for Spreadsheet Research and Practice*; Csernoch/Maria & Hannusch, Carolin & Pirooska, Biro. (2024). *Modification of Erroneous and Correct Digital Texts*. *Entropy*. 26. 1015. 10.3390/e26121015.

59

# 8. IT System Defects

## 8.2 Known and Unidentified Defects

As previously noted, two of the IT defect issues affected the automated processing outcomes of the IT system from its commissioning and remained concealed over a prolonged period of more than five years, from July 2018 to August 2023.<sup>63</sup>

The second IT defect issue (February 2024), introduced during efforts to remediate one of the original issues, was inadvertently embedded within the system and remained active and undetected in the production environment for six months.

Based on the evidence available to the Review, none of the Department's IT testing, controls, or assurance mechanisms identified these issues in a timely manner. Moreover, there is no substantiating evidence that the cases of affected participants were independently verified through any form of proactive assurance.

This is not an isolated concern. The documentation titled *ED5 TCF Bugs and Issues* lists multiple defects without clear ownership or documented resolution, indicating a lack of systematic accountability. While *ED17 PBAS Team – IT Issues* includes a more structured issue log including identifying remedial steps, priorities, and severity ratings, with many items remaining unresolved.

This further supports the finding that issue resolution in relation to the IT system is predominantly reactive, rather than systematic or preventative in nature. A condition that can, in part, be attributed to the absence of sustained funding and a long-term development strategy.

Crucially however, all known defects were identified through reactive assurance activities. Interviewee statements confirmed the absence of proactive assurance mechanisms that validate all case outcomes.

Two of the identified defects (detected in July 2023 and May 2024) appear to be inherent in the original software design, likely embedded during

initial development and insufficiently tested against the relevant policy settings and user journeys. The available evidence does not clearly establish the precise circumstances under which these flaws were introduced, nor does it provide adequate detail on the pre-production testing process. However, it supports the hypothesis that these defects are not isolated technical faults, but rather systemic design and testing failures.

In these instances, the system operates as designed, despite producing outcomes inconsistent with legislative requirements. These irregularities point to fundamental flaws in the program's design and implementation. The available evidence also supports the conclusion that subsequent testing, manual verification, and assurance activities, particularly those related to defect detection and remediation, were deficient, allowing these issues to persist undetected for years.

The remaining defect, identified in February 2024, was introduced post-commissioning and results from shortcomings in the Department's administration, management, and coding practices.

The Review's technical assessment found that the system's codebase has become increasingly complex and difficult to maintain. This is largely due to poor documentation, minimal in-line commentary, and a lack of unit testing to verify functional accuracy.

Over time, the accumulation of changes has introduced redundant and duplicative functionality, further complicating the code structure. Additionally, business rules are fragmented across multiple layers of the code architecture, making it difficult to maintain existing features or implement new ones without inadvertently affecting system behaviour.

<sup>63</sup> Department of Employment and Workplace Relations (Cth), Secretary's Opening Statement (26 February 2025) <https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement>.

# 8. IT System Defects

## 8.2 Known and Unidentified Defects (Cont.)

As previously noted, widespread code modification has also further eroded traceability between the IT system and its enabling policy and legislation, with such modifications not documented over the life of the system.

Technical evidence demonstrated, and interviewees (MR15) also described, the process of implementing legislative and policy changes to the IT system using hard coding. This method is used in preference to adjustments to the business rules engine and further exacerbated by the irregular editing of existing business rules and workflows that operationalised previous policy.

The primary causes of this irregular code modification were traced to two primary issues:

### 8.2.1. Legislative and Policy Amendments

Since its legislative inception in 2018, the TCF has been subject to a series of administrative recalibrations and policy changes, including changes in Government. Further, the primary legislative foundation of the TCF, the *Social Security (Administration) Act 1999* (Cth), has been subject to several amendments since that time.

These amendments, while not all directed explicitly at the TCF, form part of the broader regulatory architecture within which mutual obligation compliance is administered.

Notably:

- In 2022, the *Social Security Legislation Amendment (Streamlined Participation Requirements and Other Measures) Act 2022* (Cth) adjusted elements of mutual obligation participation rules, which intersect with the compliance framework.<sup>64</sup>
- In 2025, the *Social Security Legislation Amendment (Technical Changes) Act 2025* (Cth) implemented further clarifications and corrections to existing provisions in social security legislation, some of which impacted interpretive aspects of the compliance framework.<sup>65</sup>

Although there have been no wholesale amendments to Division 3AA since its introduction, these broader legislative adjustments underscore the dynamic policy environment in which the TCF continues to function.

### 8.2.2 IT System Defect Rectification

Several technical and non-technical interviewees, including MR08, MR10, MR13, and MR15, confirmed that the Department's Digital Solutions Division maintains an active register of TCF IT system defects, document ED17 *PBAS Team – IT Issues* details this.

It was established in interviews, including MR09, MR13 and MR15, that the IT system is subjected to frequent patching and hard coding to address these IT defects. Simultaneously, interviewees stated that known defects in the IT system are deprioritised for remediation unless they directly impacted participant payment outcomes due to budget constraints and a lack of dedicated resourcing to support ongoing maintenance to the IT system.

Given the lack of detailed documentation and organisational knowledge regarding the IT system, as well as an increasingly convoluted system code base, there is a heightened risk that changes to the system through these mechanisms will result in unintended consequences, including further impacts to participant payments.

<sup>64</sup> *Social Security Legislation Amendment (Streamlined Participation Requirements and Other Measures) Act 2022* (Cth).  
<sup>65</sup> *Social Security Legislation Amendment (Technical Changes) Act 2025* (Cth).

# 8. IT System Defects

## 8.2.2 IT System Defect Rectification (Cont.)

Broader academic research shows that organisational decisions also contribute to the deployment of systems with known or suspected defects. A study examining release management practices in software companies revealed that under pressure, software is often released with known defects deemed low-risk or non-blocking business.<sup>66</sup> This risk-based approach, while expedient, leaves systems vulnerable to undetected cascading effects once in production.

IT defect issue 2 (February 2024) is direct evidence of unintended consequences resulting from the Department's current, flawed system management and maintenance approach. Of additional concern, there is insufficient evidence available to determine if the defects introduced to the system through this mechanism are limited to those identified and resolved, or whether there are other defects that were either deprioritised for remediation or remain undetected.

This leads to an objective supposition that there are persistent unknown defects within the IT system, either introduced through the Department's technical management or an original design flaw, that remain latent or undetected. The complexity of the code, lack of documentation and continued irregular changes to the IT system code base all significantly increase the propensity of additional defects and design flaws existing unnoticed within the platform.

*Please see Appendix A pg 105-106 for key risks and contributing factors.*

<sup>66</sup> Björn Regnell et al, 'Exploratory Case Study on Release Planning in a MarketDriven Software Company' (2001) *Journal of Systems and Software* 66(1) 37, 39–40.

# 8. IT System Defects

## 8.3 Erroneous Automated Decision Making

*Please see Appendix A pg 107 for key risks and contributing factors.*

Separately, interviewees, the Review's technical assessment and departmental documentation confirmed that between April 2022 and July 2024, automated compliance determinations, specifically payment cancellations, were executed under Section 42AF(2)(d) without documented evidence that a delegate had reviewed the cases or satisfied themselves regarding persistent non-compliance, as explicitly required by legislation.

Technical and non-technical interviewees, including MR05, MR07, and MR16, confirmed that certain automated actions within the system lacked human oversight and cited a “heavy reliance on the system to handle everything,” which was reported to result in unintended consequences, particularly in complex cases. Interviewees also noted that the system’s automated decision-making processes fail to account for the “nuances of each individual situation,” contributing to gaps in the translation of policy into system functionality and reinforcing an overreliance on automation.

Documents ED6 examines key decision interactions within the IT system and Service Australia’s IT System, with a particular focus on decision-making responsibilities between automated processes and manual human intervention. The document identifies 41 key decisions within the system.

- Of these:
- 30 decisions are made entirely by a computer program.
  - 7 decisions involve a substantial or directly influential role by a computer program; and
  - 4 decisions are primarily made through manual assessment, with minimal support from the system.

Throughout the course of the Review, the Review Team were frequently referred to documentation and internal processes that incorporate human interaction and other measures as key controls before the application of compliance action against participants. This included the provision of references to the legislation which required this level of safeguarding.

Nevertheless, the Review’s procedures revealed in a more substantial demonstration of the deficiencies between policy intent and the operationalisation, that the framework and the IT system do not operate in accordance with this formalised policy documentation. More concerning, however, is that senior departmental officials with direct accountability for program delivery, system design and policy oversight were not aware of these deficiencies. These issues had been acknowledged in public statements made by the Secretary, yet they remained unknown to relevant departmental officials as late as as May 2025.

For clarity, the following decisions were made in response to contradictions of legal authority:

TCF Operational Determinations

| Date              | Decision  | Statutory Provision  |
|-------------------|---|--|
| 4 July 2024       | The Secretary paused cancellations due to persistent mutual obligation failures                   | Section 42AF(2)(d)<br><i>Social Security (Administration) Act 1999</i> |
| 24 September 2024 | The Department paused cancellations for failure to meet a reconnection requirement within 4 weeks | Section 42AM<br><i>Social Security (Administration) Act 1999</i>       |
| 5 March 2025      | The Secretary paused cancellations due to unemployment failures                                   | Section 42AH<br><i>Social Security (Administration) Act 1999</i>       |
| 6 March 2025      | The Secretary paused reductions due to persistent mutual obligation failures                      | Section 42AF(2)(c)<br><i>Social Security (Administration) Act 1999</i> |

Table 12: Decisions to Pause Social Security Cancellations and Reductions under TCF (2024-2025)



# 8. IT System Defects

## 8.4 Causes and Contributing Factors

The Review's observations, combined with technical interviewee responses, identified several underlying issues as causes or contributing factors to the IT system defects:

- **Inadequate initial IT system design and testing:**

Defects identified were not random software glitches that have occurred because of faults in programming but rather flaws resulting from poor initial system design and insufficient scenario testing during implementation in 2018. Two of the defect issues related to flaws embedded in the original code from inception, reflecting inadequate controls to ensure alignment with the TCF's legislative intent and policy requirements from the outset.

- **Irregular system modifications:**

Frequent system changes and updates, often executed via irregular patching and hard-coding, have resulted in cumulative platform instability, affecting compliance functions and preventing technical staff from being able to fully assess the impact of changes applied to the platform. Technical interviewees, including MR19 and MR2, confirmed that these changes were consistently implemented without structured review processes or formal documentation, exacerbating the complexity and fragility of the codebase. This impact was also evidenced in IT Defect Issue 2 where the department's attempts to remediate issues with the system resulted in further IT defects impacting participant case determinations; no evidence demonstrated the technical teams knew or could have foreseen the impacts of the changes they were making, to the IT system's integrity.

- **Absence of comprehensive documentation and controls:**

Interviewees from technical and non-technical areas, including MR02, MR06, MR19 and MR2, repeatedly noted the lack of a comprehensive register or system map documenting the logic, business rules, and legislative alignment of compliance decisions. This documentation gap has severely limited the department's ability to identify, monitor, and manage risks associated with system modifications, including preventing impacts to the proper functioning and traceability of the IT system.

- **Reactive assurance and governance processes:**

Existing assurance and remediation measures are reactive, focused on responding to issues once identified rather than proactively monitoring for systemic risk. There is no integrated governance structure or consolidated assurance program responsible for overseeing the cumulative impact of ongoing system changes or assessing broader compliance outcomes.

*Please see Appendix A pg 108-109 for key risks and contributing factors.*

# 8. IT System Defects

## 8.5 Implications and Risks

The identified defects and operational failures highlight systemic risks inherent in the TCF's current reliance on a poorly designed IT system. The implications of these failures extend beyond technical malfunction or system unavailability and include:

- Increased likelihood of erroneous participant outcomes.
- Substantial erosion of participant and public trust in the fairness, accuracy, and integrity of the compliance framework; and
- Potential non-compliance with administrative law requirements.

## 8.6 Summary of Findings

The Review found that the TCF's IT system demonstrates significant structural and operational deficiencies, including:

- Embedded, persistent defects operating without detection for extended periods.
- System modifications were conducted without adequate governance or oversight.
- Inadequate documentation and testing processes; and
- The potential for unlawful automated decisions due to a lack of human oversight.

These issues represent critical vulnerabilities that undermine the integrity of compliance outcomes.

Addressing them requires a thorough, systematic review and remediation of system logic, governance structures, documentation practices, and assurance controls.

ANALYSIS

**09** GOVERNANCE  
& ASSURANCE

# 9. Governance and Assurance

The Review considered the efficacy of governance, assurance, and oversight structures supporting the administration of the Targeted Compliance Framework (TCF). This includes how the Department monitors and assures compliance outcomes, manages risk, and ensures alignment between the policy framework and its legislative obligations, independent of the IT system.

Specifically, the Review considered the *Commonwealth Risk Management Policy*<sup>67</sup> and the Three Lines of Defence model, and their observability within the TCF.

The Three Lines of Defence model is a widely recognised governance and risk management framework that establishes clear roles and responsibilities across three distinct layers of control to ensure effective oversight, accountability, and assurance.

## 1. First Line: Operational Management and Delivery

Frontline business units and IT systems that are directly responsible for the design, implementation, and execution of processes. This includes ensuring that day-to-day activities comply with legislation, policy, and operational requirements.

## 2. Second Line: Oversight and Risk Functions

Specialist functions such as policy, legal, compliance, and risk management that provide guidance, monitoring, and challenge to the first line. These teams ensure that controls are effective, risks are identified and mitigated, and activities are aligned with organisational objectives and regulatory obligations.

## 3. Third Line: Audit and Assurance

Internal audit and assurance that provide objective, independent evaluation of the adequacy and effectiveness of controls, governance, and risk management. This line ensures accountability to executive leadership, ministers, and the public.

Together, these three lines provide a structured and integrated approach to managing risk, improving program integrity, and ensuring lawful and transparent administration. Throughout the document review processes and discussions with departmental interviewees, the Review found significant shortcomings across these areas.

## 9.1 Fragmented and Reactive Assurance Environment

Large, automated compliance programs necessitate robust assurance mechanisms to maintain the legitimacy, reliability, and accountability of the regulatory or administrative system in which they operate.

The complexity and scale of automated systems, particularly those that apply algorithmic or rules-based decision-making to individual obligations, introduce significant risks related to accuracy, transparency, and procedural fairness. Without adequate assurance, these systems may operate as "black boxes," obscuring the basis for compliance determinations and undermining both internal and public confidence.<sup>68</sup>

Robust assurance programs serve multiple critical functions. First, they provide a mechanism for detecting systemic errors or misapplications of law, especially where the decision rules embedded in the automation are poorly aligned with legislative intent or subject to interpretive ambiguity.<sup>69</sup> Second, assurance functions enable regular monitoring and validation of system outputs against expected performance benchmarks, which is essential for maintaining data integrity and decision accuracy.<sup>70</sup> Third, assurance supports accountability by creating a transparent record of compliance practices, facilitating internal audit, external review, and, where relevant, judicial scrutiny.<sup>71</sup>

<sup>67</sup> Department of Finance (Cth), *Commonwealth Risk Management Policy* (Policy Document, July 2014) <https://www.finance.gov.au/government/comcover/commonwealth-risk-management-framework>.

<sup>68</sup> Kieron O'Hara, *The Meaning of Transparency* (2009) 31(1) *Government Information Quarterly* 30, 34–36; Danielle Keats Citron, *Technological Due Process* (2008) 85(6) *Washington University Law Review* 1249, 1260–2.

<sup>69</sup> Australian National Audit Office, *Administering Regulation: Achieving the Right Balance* (Audit Insights Report, 30 June 2014) 6–7; Terry Carney, 'The Automation of Legal Reasoning in Welfare: A Critique of Centlink's Robodebt System' (2018) 44(2) *Monash University Law Review* 286, 289–91.

<sup>70</sup> Office of the Auditor-General Victoria, *Managing Support and Safety Hubs* (Report No 2019-20:15, 27 May 2020).

<sup>71</sup> Karen Yeung, 'Algorithmic Regulation: A Critical Interrogation' (2018) 12(4) *Regulation & Governance* 505, 510–13.

# 9. Governance and Assurance

## 9.1 Fragmented and Reactive Assurance Environment (Cont.)

Furthermore, in the context of *Responsive Regulation*, assurance programs contribute to a graduated and evidence-based compliance strategy, helping regulators tailor their interventions proportionately.<sup>72</sup>

They also provide a critical safeguard in preserving the rule of law, ensuring that automation does not displace human oversight in areas requiring discretion, proportionality, or consideration of individual circumstances.<sup>73</sup> From a governance perspective, assurance is fundamental to ethical and lawful administration and risk management. It allows program administrators to demonstrate due diligence, manage institutional risk, and uphold public trust, particularly important in welfare, taxation, and immigration contexts where state power is exercised directly over individual rights and entitlements.<sup>74</sup>

Currently, the Department operates several discrete assurance activities relevant to the TCF, including program audits, technical system tests, and provider performance oversight. However, interviewees across program, technical, and policy areas consistently described these activities as fragmented and reactive. The assurance activities focus primarily on addressing problems after they occur, rather than proactively identifying emerging risks or systemic failures. This reactive approach to incident management results in issues remaining undetected until they have already impacted participants, leading to delays in addressing root causes and preventing recurring errors.

Specifically, the Review noted:

- **Lack of integrated assurance strategy:** Interviewees, including MR02, MR03, MR04, MR06, and MR10, confirmed there is no consolidated assurance framework that systematically reviews compliance outcomes against legislative and policy requirements workarounds, and reactive issue management as barriers to consistent operational oversight. Although the Department references a broader

quality assurance function, the Review Team was not provided with any documentation demonstrating how compliance outcomes are reviewed, or whether compliant or issues data is used to inform or prioritise assurance activity.

Supporting documents, such as ED1, outline the Department's general policy responsibilities, but do not reference integrated assurance practices. Additionally, ED2, further confirms that oversight responsibilities are fragmented across Services Australia, DSS, and providers, reducing the Department's ability to evaluate system-wide performance or enforce consistent accountability.

- **Reactive incident identification:** As evidenced by the three identified IT defects, compliance errors were typically discovered through incidental review, participant complaints, or external prompts rather than proactive internal monitoring.

Interviewees, including MR02, MR03, MR05, and MR10, confirmed that no structured process exists to routinely identify systemic risks through statistical analysis or trend assessments. Instead, issues are often detected after they have already impacted participants, with MR02 describing problems being noticed "when one record looks odd" and MR03 highlighting a reliance on short-term fixes.

The Review Team was not provided with any documentation of a risk matrix, trend analysis, or proactive monitoring framework. The only relevant artefacts, ED5 and ED17, indicate that while IT issues are logged, there is no consistent follow-up or ownership, reinforcing a reactive rather than preventive approach to incident identification.

<sup>72</sup> John Braithwaite, *Restorative Justice and Responsive Regulation* (Oxford University Press, 2002) 29–32.

<sup>73</sup> Mirreille Hildebrandt, 'Algorithmic Regulation and the Rule of Law' (2018) 376 *Philosophical Transactions of the Royal Society A: Mathematical, Physical and Engineering Sciences* 1, 3–4.

<sup>74</sup> Australian Law Reform Commission, *Traditional Rights and Freedoms—Encroachments by Commonwealth Laws* (ALRC Report No 129, December 2015) 149–54.



# 9. Governance and Assurance

## 9.1 Fragmented and Reactive Assurance Environment (Cont.)

- **Limited use of complaint data:**

Interviewees from assurance and participant services areas, including MR02, MR03, MR05, and MR08, indicated that participant complaints are recorded but not systematically analysed to detect broader patterns of systemic failure, inequitable treatment, or disproportionate impacts on particular cohorts.

MR02 noted that while “approximately 9,000 non-compliance decisions are made across Workforce Australia every day,” no structured process exists to review this volume for systemic issues. MR03 and MR08 confirmed that responses to complaints are typically case-by-case, with no overarching review to identify trends or inform broader improvements.

While the Review was provided with documentation outlining how complaints are received and processed (e.g., intake instructions), no materials were provided that demonstrate how complaint data is systematically analysed or used for broader assurance. The absence of structured review means that the Department remains blind to widespread issues, such as disproportionate harm caused by flawed compliance processes, which could otherwise be mitigated through proactive analysis.

As a result of these observations, the Review concluded that the Department does not maintain a cohesive or forward-looking assurance framework that aligns with the ‘three lines of defence’ model.

Assurance activities are fragmented across functional areas, with no unified methodology to assess whether compliance outcomes align with legislative and policy requirements, reduce duplication or shape improved policy outcomes.

In the absence of structured monitoring, trend analysis, and integrated review processes across all three lines of defence, the Department remains overly reliant on reactive issue management.

*Please see Appendix A pg 110-111 for key risks and contributing factors.*



# 9. Governance and Assurance

## 9.2 Unbalanced Assurance Processes

As previously noted, the TCF is an integrity control measure with two purposes.

### 1. Positive Compliance:

The first compliance objective is to ensure that participants who fulfil their mutual obligations receive the payment they are entitled to. This is the primary focus of the Department's assurance work; safeguarding that those entitled to welfare payments are receiving them.

Interviewees, including MR02, MR03, and MR04, identified limitations in the system's ability to consistently support this objective.

They described the TCF as overly complex, with more than 350 interdependent business rules. Manual intervention is frequently required to resolve issues for complex or non-standard cases, and system changes are often reactive, with limited visibility of broader impacts. These interventions are reactive, highlighting a critical gap in ensuring system consistency and fairness. As noted by MR02, "approximately 9,000 non-compliance decisions are made across Workforce Australia every day," which adds complexity and underscores the lack of a structured process to validate the system's outputs and ensure legislative alignment.

The Review was provided with operational documentation, such as participant guides and procedural instructions, outlining how payments are issued. While business rules documentation was also supplied, it did not demonstrate how rules are formally reviewed for alignment with current policy or legislation. Nor did it show a clear link between updates to rules and structured assurance processes. Although ED1 outlines when relevant legislation and policy are reviewed, no documentation connected these reviews to system logic or rule validation.

This absence of documented alignment and validation leaves a critical assurance gap. As noted earlier, the Review cannot provide

assurance that the current construct of policy, governance, business rules, and IT system which amount to the operational TCF deliver this objective.

### 2. Negative Compliance:

The second compliance objective is intended to fulfil the policy's premise of fairness. Specifically, that welfare payments are withheld from those participants who have not fulfilled their mutual obligations.

In contrast to the IT defect issues identified, there is also limited facility to provide assurance that the TCF is withholding payments from participants who fail to meet their mutual obligations.

Based on the evidence available to this Review, it was not apparent that the Department's current assurance activities or programs relating to the TCF include validation that the Framework is fully achieving its negative compliance objective. Specifically, there was no evidence that the IT system and its embedded compliance logic consistently prevent payments to participants deemed non-compliant.

In the absence of targeted testing or assurance over this aspect of system performance, there exists an objective risk that flaws in the system's design may be permitting payments to be made in cases where they should be withheld.

# 9. Governance and Assurance

## 9.2 Unbalanced Assurance Processes (Cont.):

As a result, the Review found that the TCF, in its current form, fails to meet both compliance objectives. Assurance processes are fragmented and reactive, with significant gaps across all three lines of defence. The lack of integration and consistent oversight across these lines has resulted in delays in identifying and addressing systemic issues, leaving the Department reliant on reactive management.

*Please see Appendix A pg 112 for key risks and contributing factors.*

# 9. Governance and Assurance

## 9.3 Inadequate Governance and Oversight Mechanisms over Change

Governance plays a foundational role in the design, implementation, and oversight of large, automated compliance programs. It establishes the mechanisms through which accountability, transparency, and alignment with legislative intent are maintained across the lifecycle of the system. In the absence of strong governance, automated systems risk becoming untethered from their legal and policy foundations, resulting in decisions that may be procedurally incorrect, substantively unfair, or institutionally unreviewable.<sup>75</sup>

Effective governance frameworks define clear roles and responsibilities for decision-making, escalation, assurance, and remediation. They enable ongoing scrutiny of system behaviour through mechanisms such as data quality controls, risk registers, independent audits, and user feedback loops.<sup>76</sup> In doing so, governance ensures that technical implementation is not divorced from policy objectives and that ethical considerations, such as proportionality, equity, and privacy, are embedded into system design and operation.<sup>77</sup>

Moreover, governance provides a platform for interdisciplinary oversight, bringing together legal, technical, operational, and human services perspectives to manage the risks and complexities that automated systems inherently introduce.<sup>78</sup> As noted in critiques of failures such as the Robodebt scheme, the absence of coordinated governance and insufficient legal oversight can result in large-scale unlawful decisions, with significant consequences for individuals and public trust.<sup>79</sup>

From a broader perspective, governance in automated compliance systems supports the rule of law by ensuring decisions are reviewable, consistent with statutory interpretation, and capable of being challenged through administrative or judicial means.<sup>80</sup> It is through these governance arrangements that the democratic accountability of automated decision-making can be maintained, particularly in high-stakes domains such as welfare, immigration, or

taxation where state power is exercised directly over the lives of individuals.<sup>81</sup>

The governance structures intended to oversee TCF system modifications and policy implementation were found to be insufficient. Technical interviewees confirmed that frequent system changes and updates, including modifications affecting compliance decisions, were routinely implemented without documented consultation or approval from the Department's policy, legal, or risk teams.

The following specific governance failures were identified:

- **Absence of documented change controls:** Changes to system logic were frequently introduced without comprehensive documenting "hard-coding" with no clear oversight or traceability to legislative or policy requirements. Interviews with technical and business stakeholders, including MR16, MR13, and MR07, confirmed that changes are often implemented ad hoc, without prior validation from governance or legal teams.

Modifications are typically layered over legacy logic, compounding complexity, and are made without reference to end-to-end process maps or formal implementation guidance. These changes are not tracked through a structured framework, increasing the risk of inconsistent behaviour and errors over time.

The absence of structured oversight means that these changes are not systematically reviewed for alignment with policy goals or legislative compliance, increasing the risk of decisions made without clear legal or policy justification. Additionally, the Review team was not provided with any documentation outlining a formal change control process.

<sup>75</sup> Terry Carney, 'The New Digital Future for Welfare: Debts Without Legal Proofs or Moral Authority?' (2018) No. 1 *UNSW Law Journal Forum*.

<sup>76</sup> Australian National Audit Office, *Administering Regulation: Achieving the Right Balance* (Audit Insights Report, 30 June 2014) 5–7.

<sup>77</sup> Roger Brownsword, 'Regulating for an Ethical Life: Responsibility, Respect and Techno-Regulation' (2020) 6(1) *Law, Technology and Humans* 1, 4–6.

<sup>78</sup> Karen Yeung, 'A Study of the Implications of Advanced Digital Technologies (Including AI Systems) for the Concept of Responsibility within a Human Rights Framework' (Council of Europe Report, 2020) 18–21.

<sup>79</sup> Commonwealth Ombudsman, *Centrelinks Automated Debt Raising and Recovery System* (Report No 3 of 2017, April 2017) 79.

<sup>80</sup> Australian Law Reform Commission, *Traditional Rights and Freedoms – Encroachments by Commonwealth Laws* (ALRC Report No 129, December 2015) 151–3.

<sup>81</sup> Mireille Hildebrandt, 'Algorithmic Regulation and the Rule of Law' (2018) 376 *Philosophical Transactions of the Royal Society A* 1, 3–4.

# 9. Governance and Assurance

## 9.3 Inadequate Governance and Oversight Mechanisms over Change (Cont.)

- **Lack of formal review processes:**

Interviewees from multiple departmental areas, including MR11, MR13 and MR16, indicated there is no formal, structured mechanism requiring consultation, documentation or approval from policy, legal, or risk management teams prior to implementing changes affecting compliance outcomes within the IT system. MR11 noted that delivery teams often operate under compressed timeframes, limiting opportunities for coordinated oversight. MR13 reported that system behaviour is not always well understood due to fragmented ownership and limited documentation, while MR16 observed that urgent fixes are frequently made without reference to a broader governance framework.

- **No systematic oversight of cumulative system changes:**

Technical interviewees, including MR18, MR19, and MR22, stated that the cumulative impacts of incremental system changes were not systematically monitored or assessed, resulting in an increasingly complex and unstable compliance system. They noted that rules and fixes are routinely layered over existing logic without coordination or a consolidated design approach. This has contributed to a system that is difficult to maintain and prone to unintended consequences. Additionally, the Review team was not provided with any documentation demonstrating structured oversight of cumulative changes. A code review further supported these concerns, identifying inconsistent business logic across system layers and less than 50% unit test coverage for key compliance APIs. This evidence reinforces the absence of system-wide governance, increasing the risk of misaligned or inconsistent behaviour across the compliance system.

Due to gaps in the governance and oversight mechanisms across the three lines of defence, the Review team was unable to fully assess

whether system modifications were aligned with policy and legislative requirements. The absence of documented change controls and formal review processes has led to modifications being made without sufficient oversight, contributing to an increasingly complex system prone to inconsistencies and errors.

## 9.4 Insufficient Legislative and Policy Traceability

Traceability, outlined in previous sections, refers to the ability to link operational decisions and system behaviours to the legislation and policy frameworks that authorise and shape them. In government programs, particularly those involving automation or large-scale compliance functions, traceability is core concern for governance as a constitutional imperative.<sup>82</sup> It ensures that administrative action remains within the scope of the enabling legislation and complies with principles of legality, procedural fairness, and natural justice.<sup>83</sup>

A traceable relationship between law, policy, and implementation enables program assurers and administrators to test and demonstrate that system rules, business processes, and decision outcomes are authorised by statute, correctly interpret policy intentions and adhere to any relevant ministerial directions or administrative guidelines.<sup>84</sup> It also underpins the capacity for oversight bodies (such as auditors, ombudsmen, and courts) to review whether systems and decisions are lawful and proportionate.<sup>85</sup>

The absence of traceability introduces wholesale risk. When program logic, decision algorithms, or business rules are “decoupled” from the law, intentionally or through poor design, it can lead to decisions that are ultra vires, meaning they are made without lawful authority.<sup>86</sup> This risk is amplified in digital environments where human oversight is minimal, and where users may not understand the legal basis for adverse decisions or how to challenge them.<sup>87</sup>

<sup>82</sup> Lisa Burton Crawford, *The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink* (Federation Press, 2021) 45–6.

<sup>83</sup> Australian Law Reform Commission, *Traditional Rights and Freedoms—Encroachments by Commonwealth Laws* (ALRC Report No 129, December 2015) 143–5.

<sup>84</sup> Australian National Audit Office, *Administering Regulation: Achieving the Right Balance* (Audit Insights Report, 30 June 2014) 8–9.

<sup>85</sup> Commonwealth Ombudsman, *Centrelink's Automated Debt Raising and Recovery System* (Report No 3 of 2017, April 2017) 6–7.

<sup>86</sup> Terry Carney, ‘The New Digital Future for Welfare: Debts With out Legal Proofs or Moral Authority?’ (2018) No 1 *UNSW Law Journal Forum*.

<sup>87</sup> Danielle Keats Citron, ‘Technological Due Process’ (2008) 85(6) *Washington University Law Review* 1249, 1275–6.

# 9. Governance and Assurance

## 9.4 Insufficient Legislative and Policy Traceability (Cont.)

Moreover, traceability in a governance context is essential for adaptive program development. It allows policymakers and program managers to diagnose evaluate policy effectiveness, and revise implementation in response to legal reform, judicial interpretation, or public expectation.<sup>88</sup>

In this way, traceability is not only backward-looking (ensuring accountability for past decisions) but forward-looking (enabling better policy development and implementation fidelity).

Technical interviewees, including MR18, MR19, and MR22, consistently highlighted the absence of documented traceability. A review of available technical documentation (including ITD06, ITD07, and ITD09) similarly revealed no comprehensive record linking legislative or policy requirements to system design specifications, source code, or testing artefacts.

This lack of transparency has serious implications:

- **Inability to validate legislative alignment:** Without clear traceability, the Department is unable to demonstrate that compliance outcomes are lawful or policy-compliant, increasing the risk of administrative errors and potential unlawful actions. Stakeholder interviews, including MR02, MR09, and MR13, validated this concern. MR02 noted that recent legal advice questioned whether Parliament intended for certain penalties to be individually actioned at scale. MR09 stated that “the system needs to be traceable back to legislation,” while MR13 confirmed that changes are often implemented without understanding their legislative basis. Additionally, the Review team was not provided documentation demonstrating traceability between legislative requirements and system-level business rules or logic.
- **Reduced accountability:** The absence of clear documentation and governance oversight reduces internal accountability, permitting system modifications to occur unchecked, compounding the potential for errors and undermining confidence in the compliance framework’s integrity. Stakeholder

interviews, including MR04, MR05, MR07, and MR13, confirmed that changes are frequently made without clear accountability. Additionally, the Review team was not provided with any documentation outlining a formal governance or approval process for system changes. An artefact that was supplied through was the *ED5 Bugs and Issues Register*, which lacked detailed information for ownership, review status, or resolution, limiting its usefulness as an assurance tool.

- **Heightened operational risk:** Interviewees from technical and risk management areas, including MR06, MR09, and MR11, acknowledged and emphasised that undocumented system logic and ongoing uncontrolled changes significantly heighten operational and reputational risk for the department. These risks are compounded by a lack of structured oversight, which makes it difficult to assess the downstream impact of changes or identify when system behaviour deviates from policy intent. Stakeholders highlighted that cumulative, ad hoc changes have made the system increasingly fragile, with MR09 noting, “We don’t know our starting point to make improvements,” and MR11 confirming that “resolving issues requires sifting through extensive information” due to the absence of comprehensive visibility across the system.

The absence of documented traceability between statutory obligations, policy settings, and system logic significantly undermines the effectiveness of all three lines of defence. This lack of traceability not only weakens the design and operationalisation of internal controls but also impairs the Department’s ability to conduct meaningful assurance activities. Without clear, auditable linkages between legislative requirements and system behaviour, it becomes difficult to verify whether compliance outcomes are lawful, policy-aligned, or reliably implemented, thereby increasing exposure to legal, operational, and reputational risk.

*Please see Appendix A pg 115-116 for key risks and contributing factors.*

<sup>88</sup> Office of the Auditor-General Victoria, Managing Support and Safety Hubs (Report No 2019-20:15, 27 May 2020).



# 9. Governance and Assurance

## 9.5 Impacts on Program Consistency, Equity and Fairness

Fragmented governance and the absence of robust assurance mechanisms undermine the ability of regulating entities to uphold the principles of equity, proportionality, and procedural fairness, all of which are central to lawful and ethical public administration.<sup>89</sup> When oversight of a compliance program is distributed across disconnected systems, teams, or decision-makers, no single entity bears responsibility for ensuring that the system, in its totality, delivers just outcomes.<sup>90</sup> This structural weakness makes it difficult to detect, correct, or prevent issues, such as patterns of adverse impact on vulnerable populations or inconsistent application of rules by frontline providers.

The inability to analytically identify disproportionate impacts on vulnerable cohorts is especially concerning from both a human rights and public policy perspective.<sup>91</sup> In contexts such as social security or mutual obligations, where recipients may already face structural disadvantage, the application of compliance rules without sufficient sensitivity to context can exacerbate hardship, perpetuate inequality, and damage trust in government systems.<sup>92</sup> As noted by interviewees, the absence of analytical tools to monitor for these effects means that the Department is effectively blind to injustice within its operations, a condition that contradicts the principles of responsive and adaptive governance.<sup>93</sup>

Furthermore, inconsistencies in provider behaviour, if left undetected, introduce arbitrariness into the administration of rules, breaching the principle of equality before the law.<sup>94</sup> This inconsistency not only increases the risk of legal challenge but also undermines confidence in the integrity of the system, both for the public and for the officials tasked with implementing it.

Robust governance structures, supported by joined-up assurance and analytical capability, are necessary to detect these failures early,

to understand their scale and drivers, and to implement policy or operational changes in response. Without such arrangements, a compliance program may function with the appearance of procedural rigour, while in practice delivering inequitable and potentially unlawful outcomes.

The disjointed governance and assurance environment also limits the Department's ability to ensure that compliance outcomes are equitable, proportionate, and procedurally fair. Interviewees from assurance and policy, including MR07, MR09, MR10, and MR12, validated the absence of mechanisms to assess whether compliance rules are applied consistently across providers or equitably among participants. They highlighted limited system-wide visibility to detect trends or disparities and noted that vulnerable cohorts often receive inconsistent treatment due to the system's limited capacity to manage complexity and the inconsistent application of discretion. Additionally, the Review Team was not provided with any documentation outlining a structured monitoring process to assess equity or proportionality in compliance outcomes.

Interviewees, including MR09, provided anecdotal evidence that First Nations participants, particularly those supported by Indigenous-specific employment service providers, may be subject to harsher compliance measures, evidenced by higher complaint rates from Indigenous men. The absence of structured analytical or monitoring capabilities prevents the Department from validating these observations or responding proactively to address such concerns.

Due to limited quantitative evidence supplied to the Review, the Review team was unable to fully substantiate these concerns and recommends the Department specifically consider a separate investigation into this matter using detailed benchmarking and statistical analysis.

*Please see Appendix A pg 117-118 for key risks and contributing factors.*

<sup>89</sup> Lisa Burton Crawford, *The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink* (Federation Press, 2021) 122–5.

<sup>90</sup> Australian National Audit Office, *Administering Regulation: Achieving the Right Balance* (Audit Insights Report, 30 June 2014) 5–7.

<sup>91</sup> Australian Human Rights Commission, *Human Rights and Technology Final Report* (2021) 77–8.

<sup>92</sup> Terry Carney, 'The New Digital Future for Welfare: Debts Without Legal Proofs or Moral Authority?' (2018) No. 1/UNSW Law Journal Forum.

<sup>93</sup> Office of the Auditor-General Victoria, *Managing Support and Safety Hubs* (Report No 2019-20:15, 27 May 2020).

<sup>94</sup> Australian Law Reform Commission, *Traditional Rights and Freedoms—Encroachments by Commonwealth Laws* (ALRC Report No 129, December 2015) 151–3.

# 9. Governance and Assurance

## 9.6 Summary of Findings

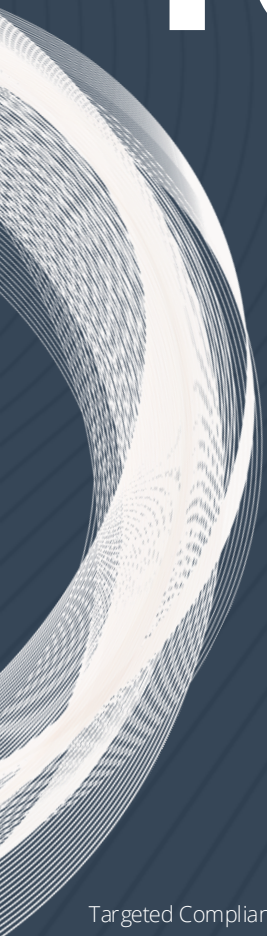
In summary, the Review identifies gaps in the governance, assurance, and oversight mechanisms of the TCF, which hinder its ability to deliver consistent, lawful, and fair outcomes. These gaps are evident across all three lines of defence:

- Fragmented, reactive, and inadequate assurance processes.
- Ineffective governance structures permitting irregular and poorly documented changes.
- Absence of legislative and policy traceability, reducing transparency and increasing risk of unlawful compliance outcomes.
- Limited capacity to monitor and address equity and fairness concerns.

Addressing these governance failures requires significant reform. The establishment of a consolidated assurance model, structured and mandatory governance processes for system changes, comprehensive legislative traceability documentation, and analytical tools to ensure fairness and equity are essential steps in restoring confidence and integrity in the Targeted Compliance Framework.

ANALYSIS

# 10 COMPLIANCE MODEL DESIGN & MATURITY



# 10. Compliance Model Design & Maturity

A well-designed compliance model provides the strategic framework for how an agency or program encourages, monitors, and enforces compliance.<sup>95</sup> It outlines how the agency will balance deterrence with support, risk-based targeting with fairness, and automation with discretion in decision-making. Without a clear, principled model, compliance practices can become inconsistent, punitive, or misaligned with legislative and policy intent.

Regulatory maturity refers to the extent to which an agency or regulatory body has developed the systems, processes, and culture to deliver on its mandate in a consistent, transparent, and accountable manner.<sup>96</sup> Mature regulators are adaptive, data-informed, and capable of learning from experience. They incorporate feedback, respond to emerging risks, and continuously assess the effects of their interventions on different cohorts, especially vulnerable populations.<sup>97</sup>

When a compliance model is immature or poorly designed, it often relies heavily on uniform, mechanistic enforcement actions, without regard for the underlying drivers of non-compliance (such as economic hardship, disability, or service delivery failure).<sup>98</sup> This undermines the principle of Responsive Regulation, which calls for regulatory interventions to escalate gradually in proportion to the nature of the breach and the behaviour of the regulated party.<sup>99</sup>

Regulatory immaturity also contributes to compliance risks being misunderstood or mischaracterised, leading to a false sense of program integrity. For example, reliance on quantitative metrics (e.g. number of sanctions issued) without understanding their qualitative impact (e.g. hardship caused) may mask systemic injustice.<sup>100</sup>

Conversely, mature regulatory practice incorporates robust risk assessment, assurance, feedback loops, and human-centred design. It also recognises that compliance is not just a technical outcome, but a social and relational one that is dependent on legitimacy, procedural fairness, and the perceived justness of the system.<sup>101</sup>

A fundamental issue identified throughout this Review is that the compliance model underpinning the TCF is structurally unsophisticated, lacking many of the key features associated with contemporary regulatory practice. This deficiency has been a causative factor in many of the issues identified across the framework.

It fails to incorporate behavioural insights, does not support tailored responses to individual circumstances, and perhaps most importantly, is underpinned by a punitive default logic that increases the likelihood of inappropriate or inequitable outcomes.

*Please see Appendix A pg 119-120 for key risks and contributing factors.*

## 10.1 Punitive Assumptions and Rigid Design

The TCF's compliance model is built on an inherent assumption that participants will eventually fail to meet their mutual obligations. Interviewees from across technical, program, and policy areas confirmed that, unintentionally, the model does not differentiate between deliberate non-compliance and situations where barriers, capability issues, or system errors may have contributed to a failure to meet requirements.

This exacerbates many of the issues that have been identified through this Review; where a program design flaw, IT system defect, or inappropriate application of a rule by an employment service provider occurs, the default of the framework and the system is to penalise the participant.

<sup>95</sup> Australian National Audit Office, *Administering Regulation: Achieving the Right Balance* (Audit Insights Report, 30 June 2014) 4–6.

<sup>96</sup> Organisation for Economic Co-operation and Development (OECD), *Being an Independent Regulator* (OECD Best Practice Principles for Regulatory Policy, 2016) 28–30.

<sup>97</sup> Office of the Auditor-General Victoria, *Managing Support and Safety Hubs* (Report No 2019-20:15, 27 May 2020).

<sup>98</sup> Terry Carney, 'The New Digital Future for Welfare: Debts Without Legal Proofs or Moral Authority?' (2018) No 1 *UNSW Law Journal Forum*.

<sup>99</sup> John Braithwaite, *Restorative Justice and Responsive Regulation* (Oxford University Press, 2002) 29–31.

<sup>100</sup> Commonwealth Ombudsman, *Centrelink's Automated Debt Raising and Recovery System* (Report No 3 of 2017, April 2017) 6–8.

<sup>101</sup> Lisa Burton Crawford, *The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink* (Federation Press, 2021) 112–14.

# 10. Compliance Model Design & Maturity

## 10.1 Punitive Assumptions and Rigid Design (Cont.)

Rather than applying a tiered or graduated model that recognises behavioural diversity and promotes voluntary compliance, the TCF delivers a linear, escalatory process:

- Demerit points are automatically applied for Points-Based Failures and Job Plans, regardless of individual context or historical engagement.
- The accumulation of demerit points leads to a more severe penalty phase, with limited review of the participant's overall pattern of compliance.
- Final determinations, such as cancellation of income support, are applied based on automated thresholds, without the appropriate application of discretion from a human decision-maker.

Stakeholder interviews, including MR03, MR05 and MR09, confirm that the system is designed to function without human intervention unless specific exceptions are manually triggered. There are no embedded system controls that evaluate participant history, compliance behaviour, or vulnerability indicators before progressing a case toward a penalty. As a result, the system is not designed to protect participants from automated, disproportionate compliance action.

Document ED6 examines key decision points within the IT system and Services Australia's broader technology environment, with a particular focus on delineating decision-making responsibilities between automated processes and manual human intervention. The document identifies 41 key decisions embedded within the system, of which:

- 30 are made entirely by a computer program;
- 7 involve a substantial or directly influential role played by a computer program; and
- 4 are primarily subject to manual assessment, with only minimal system support.

The language used throughout ED6 is frequently vague and reliant on complex interdependencies,

making it difficult to ascertain how individual decisions are operationalised. This lack of clarity, when viewed alongside stakeholder interview commentary, points to a broader systemic rigidity, wherein decision-making pathways lack transparency, flexibility, and traceability.

Stakeholders consistently described the framework as inflexible and structured in a way that ultimately sets participants up to fail in meeting their obligations. The default tendency of both the system and its design appears to be punitive, prioritising enforcement over support or discretion.

*Please see Appendix A pg 121-122 for key risks and contributing factors.*

## 10.2 Absence of Tailored Pathways for Complex Cases

The TCF was not intended, or designed, to support alternative pathways or tailored workflows for participants with complex needs or heightened vulnerability. Departmental interviews MR06 and MR18, with service delivery and program assurance areas, confirmed that while participants may have indicators flagged in their records (e.g., disability, cultural background, social barriers) these do not always initiate an alternative compliance logic or invoke a differentiated threshold for review.

Employment service providers may exercise discretion to reduce mutual obligation requirements, but they cannot remove the participant from the standard compliance enforcement pathway. Once a participant fails to meet a requirement, even if their circumstances are complex or fluctuating, the overarching compliance model continues along a predetermined, automated track.

Stakeholder Interviewees, including MR05 and MR09, commented that rigidity in the IT system has a propensity to disproportionately affect participants with cognitive impairment, mental illness, unstable housing, or limited access to digital services. Despite the policy intent to offer flexibility and support, the IT system and compliance framework do not operationalise this intent in any systematic or enforceable way.



# 10. Compliance Model Design & Maturity

## 10.3 Comparative Case Study: Centrelink's Personal Support Programme (PSP)

Between 2002 and 2009, Centrelink operated the PSP pilot as a welfare initiative to assist long-term income support recipients with multiple non-vocational barriers (such as mental health issues, homelessness, addiction, or family violence) who were not capable or ready to engage in conventional job search or employment activities.

It operated on the principle that compliance should be sequenced to individual readiness, providing stabilisation supports before imposing behavioural requirements.<sup>102</sup> In contrast, the TCF applies a standardised compliance regime to all participants in employment services, regardless of underlying vulnerabilities. Its reliance on automated processing, demerit point accumulation and financial penalties reflects a shift from discretionary human judgment to codified, IT-driven enforcement logic.<sup>103</sup>

Under the PSP, discretion was central. Case managers, often from community-based service providers, were empowered to tailor supports and to delay the imposition of mutual obligations until individuals were ready. This model aligned with the principles of contemporary Responsive Regulation, which emphasise flexibility, graduated escalation, and the tailoring of compliance responses to behavioural context.<sup>104</sup> In contrast, the TCF's reliance on provider-reported participation data triggers compliance actions automatically, with minimal discretion prior to penalty issuance.<sup>105</sup> This design weakens the capacity of frontline staff to provide individual support, intervene or contextualise non-compliance, particularly where vulnerability is present but undocumented.

The PSP recognised that some recipients would never be able to fully participate in job search activities without substantial psychosocial support. It created a policy space for non-vocational services within the compliance system, such as counselling, housing, and addiction services, operating under light or no conditionality. The TCF, by contrast, does not structurally distinguish between recipients based on capacity or case complexity, applying the same demerit system to individuals with complex

needs as to job-ready recipients.<sup>106</sup>

Exemptions exist in policy, and employment service providers can lower mutual obligations, but the automated nature of the system and the burden of proof placed on participants undermine accessibility and responsiveness.

The PSP operated largely outside automated enforcement infrastructure, prioritising human-led case management and discretionary responses. The TCF, however, uses IT systems to automatically initiate compliance actions, including warning letters, financial suspensions, and payment cancellations. Although this design increases consistency and administrative efficiency, it risks displacing informed discretion, particularly in contexts where legislation (e.g. *Social Security (Administration) Act 1999* s 42AF(2)(d)) requires a delegate to be 'satisfied' of a person's conduct before a compliance action is taken.<sup>107</sup>

While the TCF is intended to be a responsive model, it lacks the graduated enforcement architecture and front-loaded support mechanisms that typify true responsive regulation.<sup>108</sup> The PSP, though now obsolete, embodied many principles of contemporary compliance design: early engagement, proportionality, capacity-based sequencing, and the use of support in place of sanctions.

The comparative analysis demonstrates that the TCF represents a significant retreat from the support-first, discretionary ethos of the former Personal Support Programme with a view to maximising participation. In prioritising automated standardisation over contextualised engagement, the TCF may undermine compliance objectives for vulnerable populations and counter the responsive regulation intent.

A rebalancing of the model, to promote discretion, individualisation, and graduated enforcement, may better align the framework with contemporary compliance design, and in turn, promote greater participation and mitigate the risks associated with marginalised groups or individuals.

<sup>102</sup> Senator the Hon Amanda Vanstone, Launch of the Personal Support Programme (Media Release, 27 June 2002); Daniel Perkins, Making it Work: Promoting Participation of Job Seekers with Multiple Barriers through the Personal Support Programme (Brotherhood of St Laurence, December 2007).

<sup>103</sup> Department of Employment and Workplace Relations (Cth), *Targeted Compliance Framework Overview* (Web Page, 2023) <https://www.dewr.gov.au/assuring-integrity/targeted-compliance-framework>.

<sup>104</sup> Ian Ayres and John Braithwaite, *Responsive Regulation: Transcending the Deregulation Debate* (Oxford University Press, 1992) 35–39.

<sup>105</sup> Peter Davidson, Is Job Services Australia Made to Measure for Disadvantaged Jobseekers? (ACOSS Paper No 180, Australian Council of Social Service, August 2011).

<sup>106</sup> Australian Council of Social Service (ACOSS), *Welfare Conditionality and the TCF* (Policy Brief, 2021) 2–3 (copy on file with author).

<sup>107</sup> *Social Security (Administration) Act 1999* (Cth) s 42AF(2)(d).

<sup>108</sup> Christine Parker and Vibeke Lehmann Nielsen, *Explaining Compliance: Business Responses to Regulation* (Edward Elgar, 2011) 6–9.

# 10. Compliance Model Design & Maturity

## 10.4 Inconsistent Application of Discretion Across Providers

Interviewees from both technical and non-technical backgrounds, including MR05, MR07, MR09, and MR14, raised concerns regarding the variability in how employment service providers interpret and apply the TCF's compliance rules. Specifically, it was reported that some providers are more inclined to initiate compliance reports or escalate participants for compliance action, even where comparable behaviours in other cases may be addressed through informal engagement or provider discretion guided by policy.

Stakeholder interviewee MR03 noted that the system is designed to automatically enforce penalties based solely on provider input, without incorporating safeguards such as anomaly detection, behavioural pattern analysis, or review of a participant's historical engagement. Although these concerns were consistently raised during interviews, the Review Team was unable to fully validate them through the available documentation or system artefacts.

While the Review was not scoped to undertake a detailed analysis of provider-level application of TCF rules, the consistency of these observations, including reports of disproportionate impacts on Indigenous participants, suggests the presence of systemic issues related to provider discretion, oversight, and equity.

The lack of system controls to assess the fairness or consistency of provider-reported compliance data significantly increases the risk of unfair outcomes.

Due to scope limitations and the absence of sufficient quantitative evidence provided to the Review, the Review Team was unable to fully substantiate these concerns. It is therefore recommended that the Department undertake a separate investigation into this matter, supported by detailed benchmarking and statistical analysis.

*Please see Appendix A pg 123-124 for key risks and contributing factors.*

## 10.5 Lack of Responsive Regulatory Features

The TCF does not align with contemporary best practice compliance frameworks adopted in comparable Australian public sector contexts.

Key features of contemporary, responsive compliance models include:

- Early engagement and support to promote voluntary engagement and compliance, promoting broader programmatic benefits, including participation in activities designed to remove them from the compliance activity altogether
- Differentiation based on participant behaviour and risk
- Proportionate responses aligned with the seriousness and persistence of non-compliance
- Procedural fairness and safeguards at all escalation points; and
- Final penalties are reserved for deliberate or repeated violations, supported by clear evidence and verified through assurance measures.

For example, compliance models employed by the Australian Taxation Office and the former Department of Immigration and Citizenship's Status Resolution Program were explicitly designed in accordance with the principles of responsive regulation. These models are premised on the assumption that most individuals seek to comply with their obligations and apply escalating enforcement measures only in cases of persistent, deliberate, or fraudulent non-compliance.

The Review examined these models, along with others, as part of its comparative analysis of analogous compliance systems across the Australian public sector.

This detailed is included within *Analysis 12: Contemporary Compliance Program Design* of this Report.

*Please see Appendix A pg 125-126 for key risks and contributing factors.*

# 10. Compliance Model Design & Maturity

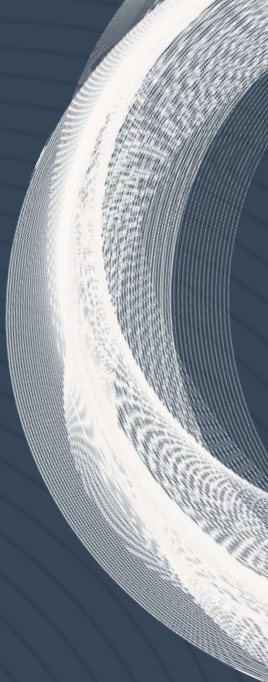
## 10.6 Summary of Findings

The Review concludes that the TCF's compliance model:

- Assumes non-compliance and is structured to penalise rather than support engagement;
- Does not adapt to participant circumstances or behavioural patterns;
- Lacks differentiated pathways for vulnerable or complex cases;
- Does not embed procedural fairness safeguards within system logic;
- Fails to align with accepted contemporary regulatory practice.

These characteristics increase the likelihood of inappropriate or unlawful outcomes, particularly when combined with system defects and inadequate assurance processes. The model lacks maturity and responsiveness, and in its current form, cannot be relied upon to deliver fair, equitable, or legally compliant decisions.

Addressing these deficiencies will require significant reform to the compliance model itself, including the development of adaptive participant pathways, clear fairness safeguards, and a redesign of escalation processes based on behavioural insights and procedural fairness.



ANALYSIS

11

SYSTEMIC  
CONNECTIONS &  
CUMULATIVE IMPACTS

# 11. Systemic Connections & Cumulative Impacts

The deficiencies identified across the TCF, including those related to legislative alignment, IT system design, governance, and the maturity of the compliance model, are not isolated. Rather, they are systemic in nature, reinforcing and compounding one another in ways that materially elevate the risk of participant harm, non-compliance with administrative law obligations, and the erosion of public trust in the integrity of the welfare system.

This section draws those threads together, highlighting how the issues interact to create cumulative risks across the TCF.

## 11.1 Fundamental Design Flaws from Inception

As set out earlier in this Review, two of the three IT system defects identified between July 2023 and May 2024 were embedded in the software platform from the TCF's public implementation. These were not random technical faults, but the direct result of poor system design and inadequate scenario testing.

Despite clear legal requirements for delegate discretion under some provisions in Division 3AA of the *Social Security (Administration) Act 1999*, the system was designed and deployed in a manner that does not appropriately embed discretion into decision-making processes. Additionally, no evidence was provided to the Review to indicate that the Department documented, traced, or validated the translation of legislative provisions into system logic during its development.

Interviewees, including MR05, MR06, MR09, MR10, and MR13, confirmed that legislative and policy intent was not mapped to system logic, and that many business rules were historically hard-coded without validation or review. They highlighted the absence of process maps or structured program logic, limited documentation on rule changes, and a reliance on patchwork fixes. This has produced fragmented system behaviour and unclear links

between legislative requirements and compliance outcomes.

The result is that flaws in the compliance model were operationalised and enforced at scale, with no practical safeguard to prevent or detect the deviation from the law.

Based on the available evidence, the Review concluded that the absence of structured design oversight, legal mapping, and validation mechanisms at the time of implementation represents a critical failure in system governance. These omissions not only contributed to the emergence of technical defects but also allowed non-compliant design elements to be embedded and enforced at scale without detection.

*Please see Appendix A pg 127-128 for key risks and contributing factors.*

## 11.2 Governance and Oversight Failures Permitted Risk to Accumulate

The Department's internal controls and oversight arrangements did not correct or contain these errors. Rather, they enabled their persistence.

The governance failures identified reflect a fragmented approach to managing the core program and IT system. Particularly the absence of a consolidated assurance strategy, the lack of systematic review of business rules, and the routine implementation of irregular system patches and adjustments in response to policy changes without reference to an overarching development strategy or roadmap.

These conditions created an environment in which both known and unknown risks were able to accumulate and compound over time.



# 11. Systemic Connections & Cumulative Impacts

## 11.2 Governance and Oversight Failures Permitted Risk to Accumulate (Cont.)

The design flaws that were inbuilt into the TCF's IT system, specifically those that deviate from legislation or policy intent, were subsequently not identified through program evaluation or an assessment of traceability to authorising legislation and ministerial direction, and adverse participant outcomes were not detected by the Department's assurance programs for over five years.

Interviewees confirmed that defects affecting legislative compliance were deprioritised where they were not believed to affect payment continuity, and that known defects without participant impact were often not addressed at all. This reactive approach to assurance and remediation permitted defects to remain undetected for over five years.

Critically, the second major defect (identified in February 2024) was itself introduced through a departmental attempt to remedy earlier flaws, illustrating the circular and compounding effect of weak controls and fragmented governance. Once embedded, defects proliferated through unstructured change activity, undercutting the stability of the compliance system and rendering oversight largely ineffective.

*Please see Appendix A pg 129-130 for key risks and contributing factors.*

## 11.3 Compliance Model Amplified Risk of Participant Harm

The structural rigidity of the TCF's compliance model further magnified the impact of the programmatic failures.

Because the Framework presumes non-compliance and applies penalties through automated logic with limited discretion, any defect in system logic is far more likely to result in adverse participant outcomes.

Unlike responsive or graduated compliance models, the TCF does not adjust based on participant behaviour, intent, or history. It does not escalate in proportion to risk, nor does it incorporate fairness checks or safeguards prior to the imposition of penalties. This rigidity means that a single design flaw can rapidly translate into punitive outcomes for thousands of participants, without the system recognising the problem or initiating a correction.

Interviewees, including MR02, MR04, MR06, MR09, MR13, and MR14, confirmed that, for many participants, the pathway through the TCF is linear and inflexible. Even where complex case indicators are present, participants are not necessarily diverted into alternative workflows with in-built safeguards. Instead, they often remain subject to the standard escalation process, with only minor adjustments to their obligation thresholds. Stakeholders reported that vulnerable individuals frequently become caught in 'dead-end' specialised workflows that are poorly designed and implemented, and although provider discretion exists, it is inconsistently applied in practice.

Supporting documentation, including ED6, verifies that key compliance decisions are predominantly determined by the system. This reinforces a one-size-fits-all escalation model, with limited capacity to accommodate individual circumstances or mitigate the risk of harm to participants.

Based on this evidence, the Review found that the design of the TCF lacks the necessary flexibility to effectively manage complex or vulnerable participants. Moreover, the current system architecture does not incorporate adequate safeguards to prevent disproportionate or inappropriate outcomes.

*Please see Appendix A pg 131-133 for key risks and contributing factors.*

# 11. Systemic Connections & Cumulative Impacts

## 11.4 Cumulative Effect: An Unsound Framework

Taken together, these issues reveal a framework that does not deliver to an acceptable standard:

- The IT system was designed, implemented and operates without adequate legislative traceability.
- The Department lacks the governance controls to appropriately monitor or validate its operation.
- Known defects were not prioritised or resolved due to budgetary pressures, while new issues were introduced through irregular changes.
- There is no overarching strategic design and development program that operates to maintain the framework's overall alignment with legislative authority and policy intent, whilst incorporating advances in contemporary compliance and regulatory design and maturing the TCF; and
- The compliance model, rather than absorbing or mitigating these risks, instead intensified them.

The net result is a system that continues to produce flawed outcomes, including compliance actions without legal authority, and adverse participant decisions made without discretion or fairness.

The Review does not conclude that these outcomes were intentional, nor are they recent developments. However, the absence of system safeguards, oversight, and legislative rigour makes them predictable and ongoing. In the current state, it is not a matter of if further compliance failures will occur, but when.

Without reform, the risks will continue to compound. Participants will continue to

experience unfair or unlawful penalties, while the Department remains unable to confirm that its compliance decisions are made validly or equitably applied.

*Please see Appendix A pg 134-135 for key risks and contributing factors.*

ANALYSIS

**12**

CONTEMPORARY  
COMPLIANCE PROGRAM  
DESIGN

# 12. Contemporary Compliance Program Design

## 12.1 Compliance Design Features

Recent contemporary compliance design within the public sector, both domestically and abroad, integrates principles and concepts from responsive regulation, behavioural science, human-centred design, and digital product design and governance. These are used to create frameworks and IT systems that are effective in promoting compliance, encouraging individual engagement and participation in positive programs, and treating individuals fairly.

It recognises that compliance behaviour is shaped by context, incentives, and perceived legitimacy, and therefore requires more than the mechanical enforcement of rules.<sup>109</sup>

Key Features of Contemporary Compliance Design:

| # | Key Feature                            | Description  |
|---|--|--|
| 1 | Risk-Based and Proportionate           | Modern compliance systems prioritise high-risk or deliberate non-compliance, while applying supportive or educational responses to low-risk, unintentional breaches. This aligns with the principle of proportionality and helps regulators deploy resources effectively. <sup>110</sup>   |
| 2 | Responsive and Graduated Interventions | Drawing on Braithwaite's model of responsive regulation, contemporary frameworks escalate interventions based on the behaviour of the regulated individual or entity, starting with persuasion and education, moving through warnings, and escalating only to sanctions or exclusion where necessary. <sup>111</sup>             |
| 3 | Human-Centred and Context-Aware        | Contemporary design emphasises the importance of understanding the circumstances of the regulated individual or entity. Factors such as disability, disadvantage, cultural background, and digital literacy are considered in the design of processes and communications. <sup>112</sup>   |
| 4 | Transparent and Traceable              | Effective compliance systems are built to allow traceability between legislation, policy, and implementation, ensuring that every rule or decision can be justified in law and reviewed if necessary. This is particularly important in digital or automated compliance models where decisions are made at scale. <sup>113</sup> |
| 5 | Feedback-Driven and Adaptive           | Rather than being static, modern compliance frameworks incorporate data analytics, assurance mechanisms, and feedback loops to identify emerging issues, measure fairness and effectiveness, and adapt the system accordingly. <sup>114</sup>  |
| 6 | Integrity-Focused                      | Contemporary compliance design recognises that compliance systems themselves must operate with integrity. This includes lawful decision-making, procedural fairness, and safeguards against unintended consequences, especially for vulnerable or marginalised populations. <sup>115</sup>                                       |

Table 13: Features of Contemporary Compliance Designs

<sup>109</sup> Valerie Braithwaite, *Responsive Regulation and the Governance of Everyday Life* (Edward Elgar, 2020) 18–0.

<sup>110</sup> Organisation for Economic Co-operation and Development (OECD), *Regulatory Enforcement and Inspections: OECD Best Practice Principles for Regulatory Policy* (2014) 14–16.

<sup>111</sup> John Braithwaite, *Restorative Justice and Responsive Regulation* (Oxford University Press, 2002) 29–31.

<sup>112</sup> John Braithwaite, 'Managing Taxation Compliance: The Evolution of the ATO Compliance Model' (Centre for Tax System Integrity, Australian National University, 2003).

<sup>113</sup> Administrative Review Council, *Automated Assistance in Administrative Decision Making* (Report No 46, November 2004); Justice Natalie Cuijpers Perry, 'Administrative Decision-Making in the 21st Century: Transparency and Review' (Speech, Australian Institute of Administrative Law Forum, 15 September 2014).

<sup>114</sup> Australian National Audit Office, *Administering Regulation: Achieving the Right Balance* (Audit Insights Report, 30 June 2014) 7–8.

<sup>115</sup> Lisa Burton Crawford, *The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink* (Federation Press, 2021) 45–47.

88

# 12. Contemporary Compliance Program Design

## 12.2 Contemporary Compliance Design Theories and Tools

Contemporary compliance design draws on a range of interdisciplinary theories and regulatory frameworks to support lawful, fair, and effective administration.

As part of its overall assessment of the TCF, the Review considered six foundational theories that underpin modern compliance systems commonly applied in government and regulatory contexts.

This list is not intended to be exhaustive, but rather to illustrate key principles examined earlier in more practical terms.

These theories formed the basis for assessing the relative maturity of the TCF and its alignment with contemporary compliance practice.

Additional theories and insights were sought more broadly through engagement.

Contemporary Compliance Design Theories and Tools:

| # | Key Concept                           | Description   |
|---|---------------------------------------|---|
| 1 | Responsive Regulation                 | Responsive regulation, developed by John Braithwaite, advocates for a tiered approach to compliance, beginning with persuasion and education, escalating only when non-compliance persists. The model is typically visualised as a regulatory pyramid, with advice and assistance at the base, and more coercive measures, such as sanctions or exclusion, at the apex. <sup>116</sup> This framework supports the proportional use of power and is widely applied in taxation, environmental regulation, and employment services where regulators seek to encourage voluntary compliance before resorting to deterrence. |
| 2 | Procedural Justice Theory             | Procedural justice theory, advanced by US scholar Tom Tyler, holds that individuals are more likely to comply with decisions when they perceive the process, rather than just the outcome, as fair, respectful, and impartial. <sup>117</sup> This theory has gained traction in digital service delivery and automated decision-making systems, where the perceived legitimacy of the system influences user behaviour. In welfare and employment compliance systems, procedural justice informs the need for clear communication, rights of appeal, and culturally safe practices.                                      |
| 3 | Behavioural Insights and Nudge Theory | Derived from behavioural economics, nudge theory promotes non-coercive interventions that influence decision-making through choice architecture. <sup>118</sup> Governments increasingly use nudges such as reminders, default settings, and social norms messaging to encourage timely tax submissions, engagement, or form compliance. Behavioural insights have been institutionalised in the Australian Public Service through bodies like the Behavioural Economics Team of the Australian Government (BETA), supporting compliance without punitive triggers.   |

Table 14: Contemporary Compliance Design Theories and Tools

<sup>116</sup> John Braithwaite, *Restorative Justice and Responsive Regulation* (Oxford University Press, 2002) 29–33.  
<sup>117</sup> Tom R Tyler, *Why People Obey the Law* (Princeton University Press, 2006).  
<sup>118</sup> Richard H Thaler and Cass R Sunstein, *Nudge: Improving Decisions about Health, Wealth, and Happiness* (Yale University Press, 2008).



# 12. Contemporary Compliance Program Design

## 12.2 Contemporary Compliance Design Theories and Tools (cont)

Contemporary Compliance Design Theories and Tools:

| # | Key Concept                              | Description  |
|---|--|--|
| 4 | Smart Regulation and Risk-Based Design   | Malcolm Sparrow's concept of 'regulatory craftsmanship' advocates for identifying and solving real regulatory problems rather than defaulting to blanket enforcement. <sup>119</sup> This aligns with risk-based regulation, in which compliance interventions are tiered based on the likelihood and impact of non-compliance.<br><br>Risk-informed models are evident in the Australian Taxation Office's Justified Trust approach and ASIC's conduct monitoring strategies, where regulators triage cases to prioritise systemic risk. <sup>120</sup>                 |
| 5 | Human-Centred and Co-Design Methods      | Contemporary compliance design increasingly incorporates human-centred design and co-design with service users, especially those from vulnerable populations, such as people with disability, culturally diverse communities, and First Nations people. This approach ensures that compliance models reflect users' lived experience and capability. Tools include empathy mapping, service blueprints, and participatory testing, aiming to build systems that are both effective and equitable.  |
| 6 | Systems Thinking and Adaptive Compliance | Compliance is no longer viewed as a static or linear process but as part of a complex service ecosystem. Systems thinking recognises that people, policy, technology, and operations interact dynamically. Adaptive compliance models therefore embed feedback loops, continuous learning, and rapid iteration, often drawing on digital metrics and frontline insights. <sup>121</sup> This is particularly important in large-scale programs such as social security and the NDIS, where individual outcomes depend on the responsiveness of the system to complexity. |

Table 14: Contemporary Compliance Design Theories and Tools

Taken together, these six theoretical and methodological foundations also offer a coherent framework for designing contemporary compliance models that are not only effective but also lawful, proportionate, and equitable.

By integrating behavioural, legal, and systemic insights, these approaches enable regulators to move beyond mechanistic rule enforcement toward adaptive, intelligence-led systems capable of recognising complexity, supporting capability, and reinforcing public trust.

As governments continue to digitise and scale compliance functions, fidelity to these principles is essential to ensure that regulatory systems remain both fit-for-purpose and aligned with public expectations and values.

In the process of maturing the TCF or developing alternative solutions, it is important to ensure that relevant theoretical frameworks are consciously integrated into the design process, with their attributes transparently reflected in the final system architecture and compliance model.

<sup>119</sup> Richard H Thaler and Cass R Sunstein, *Nudge: Improving Decisions about Health, Wealth, and Happiness* (Yale University Press, 2008).

<sup>120</sup> Malcolm K Sparrow, *The Regulatory Craft: Controlling Risks, Solving Problems, and Managing Compliance* (Brookings Institution Press, 2000).

<sup>121</sup> Australian Government, *Digital Service Standard* (2020). [https://www.digital.gov.au/sites/default/files/documents/2024-07/23-0210%20digital%20service%20standard%20FINAL\\_Acc%20r2\\_KC\\_UA.pdf](https://www.digital.gov.au/sites/default/files/documents/2024-07/23-0210%20digital%20service%20standard%20FINAL_Acc%20r2_KC_UA.pdf)[digital.gov.au+10digital.gov.au+10](https://www.digital.gov.au/sites/default/files/documents/2024-07/23-0210%20digital%20service%20standard%20FINAL_Acc%20r2_KC_UA.pdf)

90

# 12. Contemporary Compliance Program Design

## 12.3 Domestic Benchmarking

Contemporary compliance design has already been adopted across diverse areas of government and regulatory administration where securing cooperative behaviour,

protecting public resources and maintaining legal integrity are critical.

The following domains provide clear examples of its application:

Domestic Benchmarking:

| # | Benchmark  | Description   |
|---|--|---|
| 1 | Taxation: ATO's Justified Trust and Behavioural Risk Frameworks          | <p>The Australian Taxation Office (ATO) has led the adoption of contemporary, risk-based compliance design, particularly in its corporate and high-wealth individual strategies. The Justified Trust program aims to build confidence that taxpayers are paying the right amount of tax by using data analytics, cooperative engagement, and real-time behavioural assessment.<sup>122</sup></p> <p>The ATO categorises taxpayers by risk profile, tailoring its interventions accordingly, from 'help and support' for willing but struggling taxpayers, reserving enforcement and litigation for those deemed deliberately non-compliant.<sup>123</sup> This approach reflects Braithwaite's responsive regulation pyramid, enabling trust-building and deterrence simultaneously.</p>                  |
| 2 | Immigration and Border Protection: Immigration Status Resolution Program | <p>Contemporary compliance approaches in immigration involve tiered risk assessments, monitoring, and escalation pathways based on traveller behaviour, visa conditions, or sponsorship compliance. Programs like the Status Resolution Support Services (SRSS) integrate compliance enforcement with humanitarian case management, balancing enforcement with procedural fairness and welfare considerations.<sup>124</sup></p> <p>Digital tools are increasingly used to detect patterns of non-compliance, while responsive regulation ensures that sanctions such as visa cancellation and involuntary removal are applied only after procedural safeguards are observed. The challenge remains ensuring transparency and the avoidance of arbitrary decisions, especially in automated contexts.</p> |
| 3 | Environmental and Workplace Regulation: SafeWork NSW, ASIC.              | <p>In regulatory agencies such as SafeWork NSW, Environmental Protection Authorities (EPAs), and ASIC, contemporary compliance design is reflected in the use of compliance policy frameworks that promote education-first interventions, industry collaboration, and escalation only where deterrence is required.</p> <p>For instance, SafeWork uses a structured enforcement matrix that begins with guidance, support, and warnings, moving through improvement notices, fines, and prosecutions.<sup>125</sup> These regulators emphasise co-design with industry, evidence-based targeting, and capacity-building for regulated entities, especially SMEs.</p>  |

Table 15: Domestic Benchmarking of Contemporary Compliance Designs

<sup>122</sup> Australian Taxation Office, *Justified Trust Framework* (June 2024).

<sup>123</sup> John Braithwaite, 'Managing Taxation Compliance: The Evolution of the ATO Compliance Model' (Centre for Tax System Integrity, Australian National University, 2003).

<sup>124</sup> Department of Home Affairs, *Status Resolution Support Services Operational Procedures Manual* (Version 7, 1 March 2019).

<sup>125</sup> SafeWork NSW, *Our Approach to Work Health and Safety Regulation* (2018).

91

# 12. Contemporary Compliance Program Design

## 12.3 Domestic Benchmarking

Domestic Benchmarking (Cont.):

| # | Benchmark   | Description  |
|---|---|--|
| 4 | Social and Human Services: NDIS Quality and Safeguards Commission | <p>In the context of the NDIS, the Quality and Safeguards Commission uses contemporary compliance principles to regulate providers and safeguard participants. Its approach incorporates risk profiling, proportional enforcement responses, and real-time monitoring based on provider conduct and participant complaints.<sup>126</sup></p> <p>The Commission's design acknowledges that a compliance breach in a disability service setting may arise from capability gaps, not malicious intent, and seeks to blend regulation with provider development and system-wide improvement strategies.</p>   |
| 5 | Customs and Trade: Australian Border Force Trusted Trader Program | <p>The Australian Border Force's (ABF) Trusted Trader Program represents a contemporary compliance approach, reflecting a strategic shift away from traditional enforcement toward collaborative regulatory design. The program incentivises compliance by offering accredited businesses tangible benefits such as expedited customs processing, reduced regulatory interventions, and prioritised cargo clearances, contingent upon sustained demonstration of high compliance standards and transparency.<sup>127</sup></p> <p>This aligns with Ayres and Braithwaite's model of responsive regulation,<sup>128</sup> leveraging incentives to foster voluntary adherence and reserving coercive enforcement actions for more egregious or persistent breaches.<sup>129</sup> The program employs risk-based frameworks, advanced data analytics, and continuous assurance processes to maintain compliance oversight without unduly burdening compliant traders, epitomising contemporary regulatory practice focused on proactive risk management and cooperative engagement.<sup>130</sup></p> |
| 6 | Social and Human Services: DEWR Targeted Compliance Framework     | <p>The Targeted Compliance Framework (TCF) represents an attempt to implement a graduated and behavioural-based compliance model in social security administration. Its original concept seeks to distinguish between intentional and unintentional breaches of mutual obligation requirements and incorporate program mechanisms like demerit points, capability assessments, and reset periods to graduate responses to non-compliance.<sup>131</sup></p> <p>However, as has been experienced in many similar programs, the TCF's implementation also reveals the risks of poor system integration and inadequate safeguards, especially when vulnerable participants are subject to punitive measures without meaningful discretion or contextual review.<sup>132</sup> Ongoing reviews regarding the broader mutual obligations scheme have recommended stronger governance, data analytics to detect disproportionate impacts, and more responsive human-centred design.<sup>133</sup></p>  |

Table 15: Domestic Benchmarking of Contemporary Compliance Designs

<sup>126</sup> NDIS Quality and Safeguards Commission, *Compliance and Enforcement Policy* (2021).

<sup>127</sup> Australian Border Force, 'Australian Trusted Trader' (Web Page, 2024) <https://www.abf.gov.au/about-us/what-we-do/trusted-trader>.

<sup>128</sup> Ian Ayres and John Braithwaite, *Responsive Regulation: Transcending the Deregulation Debate* (Oxford University Press, 1992) 35–39.

<sup>129</sup> Christine Parker and Vibeke Lehmann Nielsen, *Explaining Compliance: Business Responses to Regulation* (Edward Elgar, 2011) 6–8.

<sup>130</sup> Robert Baldwin, Martin Cave and Martin Lodge, *Understanding Regulation: Theory, Strategy, and Practice* (Oxford University Press, 2nd ed, 2012) 259–263.

<sup>131</sup> Department of Education, Skills and Employment, *Targeted Compliance Framework Overview* (2018) 1–2.

<sup>132</sup> Commonwealth Ombudsman, *Centrelink's Automated Debt Raising and Recovery System* (Report No 3 of 2017, April 2017).

<sup>133</sup> Department of Employment and Workplace Relations, *Consultation Outcomes on Mutual Obligation Reform* (2024) <https://www.dewr.gov.au/about-department/resources/material-rebrrng-changes-mutual-obligation-requirements-considered-or-announced-202425-budget-dewr.gov.au+2dewr.gov.au+2dewr.gov.au+2>

# 12. Contemporary Compliance Program Design

## 12.4 International Benchmarking

International Benchmarking:

| # | Benchmark  | Description  |
|---|--|--|
| 1 | Social Services: New Zealand Investment Approach                             | New Zealand's Investment Approach represents a contemporary compliance framework using predictive analytics and actuarial models to proactively identify individuals at risk of long-term welfare dependency. It shifts the regulatory emphasis from reactive enforcement towards proactive intervention. Individuals are targeted with tailored, early-intervention support designed to mitigate long-term reliance on welfare, thus incentivising voluntary compliance through support rather than penalties. Compliance becomes embedded within a framework of cooperation and active engagement rather than strict sanctions, aligning with contemporary responsive and preventive regulation theories. <sup>134</sup> |
| 2 | Social Services: UK Government Universal Credit Conditionality and Sanctions | The UK's Universal Credit compliance approach integrates graduated conditionality, offering a structured, responsive compliance environment. Compliance expectations progressively intensify, with sanctions used selectively as a final measure after extensive support and warnings. This graduated approach reflects contemporary compliance theory by incentivising compliant behaviours through mutual obligations, tailored support, and escalated interventions, thus maintaining compliance integrity and protecting vulnerable participants from undue punitive actions. <sup>135</sup>   |
| 3 | Social Services: Netherlands' Participation Act (Participatiewet)            | The Netherlands' Participation Act employs contemporary compliance strategies emphasising tailored, individualised support and active participation agreements. Beneficiaries are required to engage proactively in activities aimed at social reintegration, such as employment training or community service, but within an incentivised, cooperative framework. Rather than relying heavily on sanctions, this compliance approach prioritises collaboration, negotiation, and mutual responsibility, consistent with responsive regulatory frameworks. <sup>136</sup>  |
| 4 | Social Services: Denmark's Active Labour Market Policy (Flexicurity Model)   | Denmark's welfare compliance framework, commonly known as "Flexicurity," balances flexibility in labour markets with security for workers. The model employs personalised activation strategies, combining generous welfare benefits with mandatory engagement in job training and employment support. Compliance is encouraged through cooperative, proactive engagement and financial incentives rather than punitive actions. This model aligns closely with responsive regulation by prioritising dialogue, negotiation, and incentives, reserving penalties as secondary measures for persistent non-compliance. <sup>137</sup>   |

Table 16: International Benchmarking of Contemporary Compliance Designs

<sup>134</sup> New Zealand Productivity Commission, Improving State Sector Productivity (Final Report, August 2018).  
<sup>135</sup> Torben M Andersen and Michael Svarer, 'Flexicurity: Labour Market Performance in Denmark' (2007) 53(3) CESifo Economic Studies 389, 395–401.  
<sup>136</sup> Peter Dwyer and Sharon Wright, 'Universal Credit, Ubiquitous Conditionality and its Implications for Social Citizenship' (2014) 22(1) Journal of Poverty and Social Justice 27, 28–31.  
<sup>137</sup> Rik van Berkel, 'The Decentralisation of Social Assistance in the Netherlands' in Minas Renate, van Berkel Rik and Catherine Needham (eds), Social Policy Review 29: Analysis and Debate in Social Policy (Policy Press, 2017) 97, 98–103.

# 12. Contemporary Compliance Program Design

## 12.4 International Benchmarking

International Benchmarking:

| Feature               | Australia:<br>Targeted Compliance Framework   | New Zealand:<br>Investment Approach <sup>138</sup>                            | Denmark:<br>Flexicurity Model <sup>139</sup>                        | Netherlands:<br>Participatiewet / Participation Act <sup>140</sup> | Sweden:<br>Arbetslinjen / Work-First Principle <sup>141</sup>                 |
|-----------------------|---|---|---|--|---|
| Model Type            | Automated, rules-based, sanction-driven   | Predictive, preventive, outcome-focused                                       | Incentive-based, cooperative  | Individualised obligations with discretion                         | Supportive activation with minimal sanctions                                  |
| Automation Use        | <b>High:</b> System-generated decisions and financial penalties, limited discretion | <b>Medium:</b> Used for data analytics and outcome modelling, not enforcement | <b>Low:</b> Supports administration, not core enforcement           | <b>Medium:</b> Automates case tracking, retains human oversight    | <b>Medium:</b> Automates admin functions, human-led compliance                |
| Risk-Based Targeting  | <b>Limited:</b> Blanket application of job search requirements and demerit points   | <b>Yes:</b> actuarial risk models guide investment in supports                | <b>Yes:</b> benefits tied to active engagement and profiling        | <b>Yes:</b> tailored to individual capacities and obligations      | <b>Yes:</b> supports adapted to readiness and risk                            |
| Human Discretion      | <b>Low:</b> Automation applies penalties automatically.                             | <b>High:</b> frontline decisions are data-informed                            | <b>High:</b> sanctions are rare and escalation requires case review | <b>High:</b> municipal discretion with social work engagement      | <b>High:</b> case managers play a central role in decisions                   |
| Responsive Regulation | <b>Weak:</b> Sanctions applied without meaningful escalation ladder or engagement   | <b>Strong:</b> early intervention and support replace coercion                | <b>Strong:</b> financial incentives and dialogue prioritised        | <b>Strong:</b> formal agreements balance rights and obligations    | <b>Strong:</b> collaborative planning and coaching precede compliance actions |
| Appeal Pathways       | Available but after penalty issued, often inaccessible or under-utilised            | Embedded into support structure, minimising need                              | Rarely utilised due to front-loaded engagement                      | Available and used when obligations are disputed                   | Available, but emphasis is on preventing breakdowns                           |

Table 17: Comparative Analysis of International Contemporary Compliance Design Models

<sup>138</sup> New Zealand Productivity Commission, Improving State Sector Productivity (Final Report, August 2018).

<sup>139</sup> Torben M. Andersen and Michael Syrer, 'Flexicurity: Labour Market Performance in Denmark' (2007) 53(3) CESifo Economic Studies 389, 395–401.

<sup>140</sup> Rik van Berkel, 'The Decentralisation of Social Assistance in the Netherlands' (2017) 29 Social Policy and Administration 98, 98–103.

<sup>141</sup> Tomas Berglund and Renate Minas, 'Rescaling of Welfare Policies in Sweden: Shifting Power Relations and New Governance Forms' (2019) 48(3) Journal of Social Policy 183, 185–190.

94



# APPENDICES

The following sections provide supplementary information and evidentiary support for the statements and observations outlined over the course of the Review.

# APPENDIX A:

## Key Risks and Contributing Factors

# A. Key Risks and Contributing Factors

## 7.1 Legislation, Policy and Program Delivery Traceability

**Key Risk:**

The TCF has diverged from its original intent and the limits of the enabling legislation, resulting in unlawful or ultra vires decisions and practices.

Risk Scale

Very Low

Low

Medium

High

Very High

Extreme

Overall Risk Rating

Participant

Technology

Department

|               |                      |
|---------------|----------------------|
| Tests Applied | T3, T7, T8, T10, T11 |
|---------------|----------------------|

### Contributing Factors

| ID     | Description  | Evidence   | Risk(s)                                |
|--------|--|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.                      | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6                         | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT2  | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters.   | MR02, MR05, MR07, MR15, ED17   | R01, R02, R08, R04, R05, R09, R10, R20 |
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.  | MR04, MR08, MR12, NEP  | R01, R02, R04, R06, R22                |
| CFNT4  | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention.  | MR01, MR02, MR05, MR12, ED6, ED23  | R01, R16, R22, R29                     |
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.               | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22                     |
| CFNT10 | There is limited documentation that details the Targeted Compliance Framework, the associated parameters, or that provides a view of the end-to-end process or customer experience journey/s, both separately from the system itself and how it operates in reality. | MR06, MR09, MR13, MR14, MR16, ED71, ED114                                  | R07, R08, R09, R28                     |
| CFNT12 | Change releases to the system are not tied to, or limited to, changes to legislation, policy or business rules.  | MR03, MR07, MR09, MR10, MR12, MR13, MR14, MR16, ED91                       | R01, R04, R05, R06, R09, R24           |
| CFNT13 | In most instances, there is no way of establishing when code, workflows or rules within the system have been modified or whether this modification is aligned with policy changes.   | MR02, MR07, MR09, MR12, MR13, NEP  | R01, R04, R09                          |

Table 18: 7.1 Legislation, Policy and Program Delivery Traceability - Contributing Factors



# A. Key Risks and Contributing Factors

## 7.1 Legislation, Policy and Program Delivery Traceability (Cont.)

### Contributing Factors

| ID     | Description   | Evidence                                  | Risk(s)                           |
|--------|---|---|-----------------------------------|
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.                 | MR05, MR15, ED6, ED20, ED25               | R01, R09, R13, R19, R29           |
| CFNT22 | There are misunderstandings and misalignment between policy, program and IT teams on the program, system, inherent limitations and operationalisation realities.  | MR06, MR09, MR10, MR11                    | R05, R07, R09, R15                |
| CFNT24 | There is no detailed documentation, mapping or system design that demonstrates the current state of the system, workflows or coding.  | MR02, MR06, MR07, MR13, ED22, ED26        | R07, R16                          |
| CFNT25 | Changes to the system are made in isolation, with limited documentary understanding of the ramifications, impacts or interrelationship of system elements.  | MR05, MR12, MR13, ED5, ED91               | R04, R10, R16, R25                |
| CFNT27 | The current system design implements business/policy rules in the same 'layer' as workarounds and rules designed to support technical system operation. More than 2/3 of business rules are system enabling as opposed to program specific.               | MR04, MR05, MR06, MR07, MR08, ED12, ED34  | R04, R16, R26                     |
| CFNT28 | Wholesale or bulk policy changes, specifically legislative and policy/program design, were made to the system and its base code in an unplanned, irregular manner.  | MR09, MR10, MR15, MR16, ED5, ED91         | R09, R10, R13, R16, R18           |
| CFNT31 | There is no current process to systematically review each case with a negative decision, or a program logic that identifies every negative decision.  | MR05, MR06, ED71                          | R01, R02, R19                     |
| CFNT35 | The duplication and complexity of participant pathways within the system reduces confidence that policy and program requirements are being consistently and equitably applied to participants.  | MR03, MR04, MR06, MR08, ED27, ED98, ED101 | R01, R02, R09, R12, R15, R19, R29 |
| CFNT36 | Operational knowledge is heavily reliant on institutional memory rather than formalised documentation, increasing the risk of operational disruptions when personnel changes occur.   | MR09, MR10, MR11                          | R07, R19, R25                     |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes. | MR03, MR05, MR08, ED26, ED101             | R01, R04, R13, R19, R29           |
| CFT5   | The system lacks a clear mechanism to trace a participant's journey, making it difficult to verify whether their current status is accurate and hindering effective issue resolution.   | MR18, MR23, MR25                          | R01, R17, R24                     |
| CFT6   | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.  | MR18, MR23, MR25                          | R07, R12, R17, R20, R21, R24      |

**Table 18:** 7.1 Legislation, Policy and Program Delivery Traceability - Contributing Factors

# A. Key Risks and Contributing Factors

## 7.1 Legislation, Policy and Program Delivery Traceability (Cont.)

### Contributing Factors

| ID    | Description   | Evidence  | Risk(s)                 |
|-------|---|---|-------------------------|
| CFT8  | There is insufficient documentation detailing component design, code structure, and business workflows, along with a lack of traceability from business requirements to system design, implemented code, and testing. This gap increases the risk that system changes will not align with DEWR's legislative and policy-driven requirements, making it difficult to ensure accountability, audit readiness, and system integrity. | ED91, ED92, ED108, MR18, MR19, MR21, ITD06, ITD07 | R03, R07, R08, R15, R25 |
| CFT9  | There is no centralised documentation linking business requirements to system design, code changes, and test cases, reducing traceability, accountability, and increasing the risk of non-compliance with policy obligations.   | MR18, MR19, MR21, ITD06, ITD07, ED91, ED92        | R01, R06, R07, R09, R25 |
| CFT14 | Insufficient visibility across service boundaries has resulted in compliance-related defects going undetected until production, increasing operational risks and undermining confidence in service reliability.   | MR19, MR24  | R01, R15, R18, R23, R27 |

**Table 18:** 7.1 Legislation, Policy and Program Delivery Traceability - Contributing Factors

# A. Key Risks and Contributing Factors

## 7.2 TCF Traceability

**Key Risk:**

The TCF and its operational processes do not align with legislative and policy requirements due to the absence of traceability, documentation, and governance. This misalignment may lead to unlawful or incorrect compliance actions being applied without the proper regulatory authority, which could expose the Department to legal, reputational, and participant risks.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                         |
|---------------|-------------------------|
| Tests Applied | T1, T3, T4, T7, T8, T10 |
|---------------|-------------------------|

### Contributing Factors

| ID     | Description  | Evidence   | Risk(s)                                |
|--------|--|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.                      | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6                         | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT4  | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention.  | MR01, MR02, MR05, MR12, ED6, ED23  | R01, R16, R22, R29                     |
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.               | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22                     |
| CFNT10 | There is limited documentation that details the Targeted Compliance Framework, the associated parameters, or that provides a view of the end-to-end process or customer experience journey/s, both separately from the system itself and how it operates in reality. | MR06, MR09, MR13, MR14, MR16, ED71, ED114                                  | R07, R08, R09, R28                     |
| CFNT12 | Change releases to the system are not tied to, or limited to, changes to legislation, policy or business rules.  | MR03, MR07, MR09, MR10, MR12, MR13, MR14, MR16, ED91                       | R01, R04, R05, R06, R09, R24           |
| CFNT13 | In most instances, there is no way of establishing when code, workflows or rules within the system have been modified or whether this modification is aligned with policy changes.   | MR02, MR07, MR09, MR12, MR13, NEP  | R01, R04, R09                          |
| CFNT15 | There are no controls or in-built safety measures that support the manual processing or intervention in cases processed on the system.   | MR05, MR16, ED6  | R01, R03, R19, R20, R21                |
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.                            | MR05, MR15, ED6, ED20, ED25  | R01, R09, R13, R19, R29                |

Table 19: 7.2 TCF Traceability - Contributing Factors



# A. Key Risks and Contributing Factors

## 7.2 TCF Traceability (Cont.)

### Contributing Factors

| ID     | Description  | Evidence                                 | Risk(s)                                     |
|--------|--|--|---|
| CFNT20 | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the Department to intervene in system processing of individual or select groups of cases. | MR01, MR04, MR16, ED6, ED26 ED101        | R04, R06, R12, R13, R15, R19, R21, R22, R29 |
| CFNT21 | There is no evidence of a reconciliation process between Services Australia and DEWR to ensure that statuses match across both systems. This lack of reconciliation poses a risk: a user's non-compliant status may differ between the two systems, potentially leading to incorrect payment issuance.             | ED35, ED38, ED99                         | R07, R09                                    |
| CFNT24 | There is no detailed documentation, mapping or system design that demonstrates the current state of the system, workflows or coding.   | MR02, MR06, MR07, MR13, ED22, ED26       | R07, R16                                    |
| CFNT27 | The current system design implements business/policy rules in the same 'layer' as workarounds and rules designed to support technical system operation. More than 2/3 of business rules are system enabling as opposed to program specific.  | MR04, MR05, MR06, MR07, MR08, ED12, ED34 | R04, R16, R26                               |
| CFNT31 | There is no current process to systematically review each case with a negative decision, or a program logic that identifies every negative decision.   | MR05, MR06, ED71                         | R01, R02, R19                               |
| CFNT32 | The Department has attempted to negate any requirement for manual case processing through increasingly complex coding and participant pathways within the system.  | MR01, MR03, MR05, MR06, MR07             | R08, R16, R19, R22                          |
| CFNT33 | Teams with varying degrees of responsibility for the design and delivery of the Targeted Compliance Framework and system, including delivery partners Service Australia, operate in isolation, further fragmenting program design, delivery and the sound administration of outcomes.                              | MR12, MR16, ED75 – ED102                 | R04, R16, R19, R22                          |
| CFNT36 | Operational knowledge is heavily reliant on institutional memory rather than formalised documentation, increasing the risk of operational disruptions when personnel changes occur.  | MR09, MR10, MR11                         | R07, R19, R25                               |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes.  | MR03, MR05, MR08, ED26, ED101            | R01, R04, R13, R19, R29                     |
| CFT5   | The system lacks a clear mechanism to trace a participant's journey, making it difficult to verify whether their current status is accurate and hindering effective issue resolution.  | MR18, MR23, MR25                         | R01, R17, R24                               |
| CFT7   | Support teams rely on manual checks and participant-provided information instead of system-driven insights, leading to a reactive approach that delays issue resolution and increases operational inefficiencies.  | MR18, MR23, MR25                         | R07, R19, R24                               |

**Table 19:** 7.2 TCF Traceability - Contributing Factors

# A. Key Risks and Contributing Factors

## 8.1 IT System Defects

**Key Risk:** The TCF IT system is increasingly susceptible to erroneous outcomes due to an overly complex and fragmented design, insufficient documentation, and inadequate quality assurance processes. This vulnerability is further exacerbated by an over-reliance on automation within the IT system, which has diminished essential human oversight in decision-making processes. Combined, there is a heightened risk to the IT system’s accuracy, operational stability, and compliance with legal and regulatory frameworks.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                         |
|---------------|-------------------------|
| Tests Applied | T1, T6, T7, T8, T9, T10 |
|---------------|-------------------------|

### Contributing Factors

| ID     | Description   | Evidence                                  | Risk(s)                      |
|--------|---|---|------------------------------|
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.   | MR04, MR08, MR12, NEP                     | R01, R02, R04, R06, R22      |
| CFNT5  | There is a significant volume of demerit-point or penalty reversals by the and/or the Department and Services Australia.  | MR09, ED13                                | R19                          |
| CFNT8  | There are informal indications that there is a higher instance of erroneous outcomes or other processing issues with participant cases that have higher-complexity markers.   | MR04, MR05, MR09, MR10 ED5, ED17          | R01, R02, R04, R06, R19, R29 |
| CFNT9  | Incremental and uncontrolled changes to base system code increase the delta between the original policy intent and system design, processes and the current reality of user experiences.  | MR05, MR13, MR16, ED22                    | R06, R10                     |
| CFNT10 | There is limited documentation that details the Targeted Compliance Framework, the associated parameters, or that provides a view of the end-to-end process or customer experience journey/s, both separately from the system itself and how it operates in reality.  | MR06, MR09, MR13, MR14, MR16, ED71, ED114 | R07, R08, R09, R28           |
| CFNT14 | There is no differentiation between code changes made to accommodate policy changes and those made to correct technical issues. E.g. Minor releases (system issues) vs major release (policy change).   | MR13, ED5                                 | R04, R06, R09                |
| CFNT15 | There are no controls or in-built safety measures that support the manual processing or intervention in cases processed on the system.  | MR05, MR16, ED6                           | R01, R03, R19, R20, R21      |
| CFNT18 | The system processes all cases in the same manner with no safeguards to prevent negative, automatic compliance actions against participants. For example, the system will progress someone to ‘Red’ and suspend payments even where that individual may have been placed into a specialist processing stream. | MR05, MR07, ED34, ED42                    | R01, R02, R11                |

Table 20: 8.1 IT System Defects - Contributing Factors

# A. Key Risks and Contributing Factors

## 8.1 IT System Defects (Cont.)

### Contributing Factors

| ID     | Description  | Evidence                                | Risk(s)                                     |
|--------|--|---|---|
| CFNT20 | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the Department to intervene in system processing of individual or select groups of cases. | MR01, MR04, MR16, ED6, ED26 ED101       | R04, R06, R12, R13, R15, R19, R21, R22, R29 |
| CFNT22 | There are misunderstandings and misalignment between policy, program and IT teams on the program, system, inherent limitations and operationalisation realities.   | MR06, MR09, MR10, MR11                  | R05, R07, R09, R15                          |
| CFNT24 | There is no detailed documentation, mapping or system design that demonstrates the current state of the system, workflows or coding.   | MR02, MR06, MR07, MR13, ED22, ED26      | R07, R16                                    |
| CFNT25 | Changes to the system are made in isolation, with limited documentary understanding of the ramifications, impacts or interrelationship of system elements.   | MR05, MR12, MR13, ED5, ED91             | R04, R10, R16, R25                          |
| CFNT28 | Wholesale or bulk policy changes, specifically legislative and policy/program design, were made to the system and its base code in an unplanned, irregular manner.   | MR09, MR10, MR15, MR16, ED5, ED91       | R09, R10, R13, R16, R18                     |
| CFNT34 | A disjointed approach to system design and coding has resulted in code, which is duplicative, repetitive and contradictory. In certain instances, participant pathways are unnecessarily duplicated and inconsistent.  | MR05, MR06, MR10, MR11, MR12, MR16, ED5 | R07, R16, R19                               |
| CFNT39 | Compliance actions, including penalties and payment suspensions, are automatically applied without sufficient safeguards to account for exceptional or complex participant circumstances.  | MR03, MR08, ED6, ED20                   | R01, R02, R13, R15, R19                     |
| CFT1   | Testing was not applied consistently with the documented process and departmental policy.  | ITD01, MR23, MR24                       | R10, R23                                    |
| CFT2   | The absence of a self-contained testing environment with a mocked Services Australia dependency prevents independent verification of the Compliance system, delaying defect detection and release timelines.   | MR23, MR24, ITD01                       | R08, R15, R22, R23                          |
| CFT3   | The current testing approach is heavily reliant on Inter-Agency and End to End testing, requiring extensive coordination across multiple teams, leading to prolonged testing cycles that extend defect resolution timelines to weeks or even months.   | ED5, ED91, MR23, MR24                   | R19, R23                                    |
| CFT4   | The Compliance Web API has insufficient unit and integration test coverage, with less than 50 percent test coverage, increasing the likelihood of undetected defects in critical workflows.  | ITD01                                   | R02, R23                                    |

Table 20: 8.1 IT System Defects - Contributing Factors

# A. Key Risks and Contributing Factors

## 8.1 IT System Defects (Cont.)

### Contributing Factors

| ID    | Description   | Evidence  | Risk(s)                      |
|-------|---|---|------------------------------|
| CFT6  | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.  | MR18, MR23, MR25                                  | R07, R12, R17, R20, R21, R24 |
| CFT7  | Support teams rely on manual checks and participant-provided information instead of system-driven insights, leading to a reactive approach that delays issue resolution and increases operational inefficiencies.   | MR18, MR23, MR25                                  | R07, R19, R24                |
| CFT8  | There is insufficient documentation detailing component design, code structure, and business workflows, along with a lack of traceability from business requirements to system design, implemented code, and testing. This gap increases the risk that system changes will not align with DEWR's legislative and policy-driven requirements, making it difficult to ensure accountability, audit readiness, and system integrity. | ED91, ED92, ED108, MR18, MR19, MR21, ITD06, ITD07 | R03, R07, R08, R15, R25      |
| CFT12 | The lack of automated quality controls, like static code analysis in the deployment pipeline, increases the likelihood of undetected defects, making the system more prone to errors and compliance failures.   | ITD01   | R10, R12, R21, R24, R26      |
| CFT14 | Insufficient visibility across service boundaries has resulted in compliance-related defects going undetected until production, increasing operational risks and undermining confidence in service reliability.   | MR19, MR24  | R01, R15, R18, R23, R27      |

Table 20: 8.1 IT System Defects - Contributing Factors

# A. Key Risks and Contributing Factors

## 8.2 Known and Unidentified Defects

Key Risk:

There is a risk that the base code of the IT system contains latent or unidentified defects, reducing its effectiveness as an integrity measure. Further, the increasing complexity and declining maintainability of the IT system's codebase intensify its susceptibility to errors arising from irregular modifications. This elevates the likelihood of unintended outcomes for participants, a risk further amplified by the absence of comprehensive documentation.

Risk Scale

Very Low

Low

Medium

High

Very High

Extreme

Overall Risk Rating

Participant

Technology

Department

|               |                 |
|---------------|-----------------|
| Tests Applied | T5, T6, T8, T10 |
|---------------|-----------------|

### Contributing Factors

| ID     | Description  | Evidence                                  | Risk(s)                      |
|--------|--|---|------------------------------|
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.  | MR04, MR08, MR12, NEP                     | R01, R02, R04, R06, R22      |
| CFNT5  | There is a significant volume of demerit-point or penalty reversals by the and/or the Department and Services Australia.   | MR09, ED13                                | R19                          |
| CFNT8  | There are informal indications that there is a higher instance of erroneous outcomes or other processing issues with participant cases that have higher-complexity markers.  | MR04, MR05, MR09, MR10 ED5, ED17          | R01, R02, R04, R06, R19, R29 |
| CFNT9  | Incremental and uncontrolled changes to base system code increase the delta between the original policy intent and system design, processes and the current reality of user experiences.   | MR05, MR13, MR16, ED22                    | R06, R10                     |
| CFNT10 | There is limited documentation that details the Targeted Compliance Framework, the associated parameters, or that provides a view of the end-to-end process or customer experience journey/s, both separately from the system itself and how it operates in reality. | MR06, MR09, MR13, MR14, MR16, ED71, ED114 | R07, R08, R09, R28           |
| CFNT14 | There is no differentiation between code changes made to accommodate policy changes and those made to correct technical issues. E.g. Minor releases (system issues) vs major release (policy change).  | MR13, ED5                                 | R04, R06, R09                |
| CFNT28 | Wholesale or bulk policy changes, specifically legislative and policy/program design, were made to the system and its base code in an unplanned, irregular manner.   | MR09, MR10, MR15, MR16, ED5, ED91         | R09, R10, R13, R16, R18      |
| CFNT34 | A disjointed approach to system design and coding has resulted in code, which is duplicative, repetitive and contradictory. In certain instances, participant pathways are unnecessarily duplicated and inconsistent.  | MR05, MR06, MR10, MR11, MR12, MR16, ED5   | R07, R16, R19                |
| CFNT39 | Compliance actions, including penalties and payment suspensions, are automatically applied without sufficient safeguards to account for exceptional or complex participant circumstances.  | MR03, MR08, ED6, ED20                     | R01, R02, R13, R15, R19      |

Table 21: 8.2 Known and Unknown Defects - Contributing Factors



# A. Key Risks and Contributing Factors

## 8.2 Known and Unidentified Defects (Cont.)

### Contributing Factors

| ID    | Description   | Evidence  | Risk(s)                      |
|-------|---|---|------------------------------|
| CFT2  | The absence of a self-contained testing environment with a mocked Services Australia dependency prevents independent verification of the Compliance system, delaying defect detection and release timelines.  | MR23, MR24, ITD01                                 | R08, R15, R22, R23           |
| CFT3  | The current testing approach is heavily reliant on Inter-Agency and End to End testing, requiring extensive coordination across multiple teams, leading to prolonged testing cycles that extend defect resolution timelines to weeks or even months.  | ED5, ED91, MR23, MR24                             | R19, R23                     |
| CFT4  | The Compliance Web API has insufficient unit and integration test coverage, with less than 50 percent test coverage, increasing the likelihood of undetected defects in critical workflows.   | ITD01   | R02, R23                     |
| CFT6  | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.  | MR18, MR23, MR25                                  | R07, R12, R17, R20, R21, R24 |
| CFT7  | Support teams rely on manual checks and participant-provided information instead of system-driven insights, leading to a reactive approach that delays issue resolution and increases operational inefficiencies.   | MR18, MR23, MR25                                  | R07, R19, R24                |
| CFT8  | There is insufficient documentation detailing component design, code structure, and business workflows, along with a lack of traceability from business requirements to system design, implemented code, and testing. This gap increases the risk that system changes will not align with DEWR's legislative and policy-driven requirements, making it difficult to ensure accountability, audit readiness, and system integrity. | ED91, ED92, ED108, MR18, MR19, MR21, ITD06, ITD07 | R03, R07, R08, R15, R25      |
| CFT12 | The lack of automated quality controls, like static code analysis in the deployment pipeline, increases the likelihood of undetected defects, making the system more prone to errors and compliance failures.   | ITD01   | R10, R12, R21, R24, R26      |
| CFT13 | The Compliance Domain Service relies on shared components maintained by other teams, increasing the risk that changes to these components may have unintended impacts, potentially disrupting compliance-related functionalities.   | MR23, MR24  | R05, R09, R27                |
| CFT14 | Insufficient visibility across service boundaries has resulted in compliance-related defects going undetected until production, increasing operational risks and undermining confidence in service reliability.   | MR19, MR24  | R01, R15, R18, R23, R27      |

**Table 21:** 8.2 Known and Unknown Defects - Contributing Factors

# A. Key Risks and Contributing Factors

## 8.3 Erroneous Automated Decision Making

**Key Risk:**

An over-reliance on automated decision-making processes and controls has reduced the IT system's alignment to legislation and policy and diminished the ability of the framework to support or respond to complex cases and individual participant circumstances.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                          |
|---------------|--------------------------|
| Tests Applied | T3, T6, T8, T9, T10, T13 |
|---------------|--------------------------|

### Contributing Factors

| ID     | Description  | Evidence                                  | Risk(s)                                     |
|--------|--|---|---|
| CFNT4  | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention.  | MR01, MR02, MR05, MR12, ED6, ED23         | R01, R16, R22, R29                          |
| CFNT10 | There is limited documentation that details the Targeted Compliance Framework, the associated parameters, or that provides a view of the end-to-end process or customer experience journey/s, both separately from the system itself and how it operates in reality.   | MR06, MR09, MR13, MR14, MR16, ED71, ED114 | R07, R08, R09, R28                          |
| CFNT15 | There are no controls or in-built safety measures that support the manual processing or intervention in cases processed on the system.   | MR05, MR16, ED6                           | R01, R03, R19, R20, R21                     |
| CFNT20 | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the Department to intervene in system processing of individual or select groups of cases. | MR01, MR04, MR16, ED6, ED26 ED101         | R04, R06, R12, R13, R15, R19, R21, R22, R29 |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes.  | MR03, MR05, MR08, ED26, ED101             | R01, R04, R13, R19, R29                     |

Table 22: 8.3 Erroneous Automated Decision Making - Contributing Factors

# A. Key Risks and Contributing Factors

## 8.4 Causes and Contributing Factors

**Key Risk:**

Inadequate initial design, testing, and documentation heavily contributed to early IT system defects. Continued unregulated changes, irregular patching, and hard-coded fixes have led to cumulative instability, undermining compliance functions and limiting the department’s ability to fully assess change impacts.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |              |
|---------------|--------------|
| Tests Applied | T1, T8, T10, |
|---------------|--------------|

Contributing Factors

| ID     | Description  | Evidence   | Risk(s)                                |
|--------|--|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.                      | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6                         | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT2  | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters.   | MR02, MR05, MR07, MR15, ED17   | R01, R02, R08, R04, R05, R09, R10, R20 |
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.  | MR04, MR08, MR12, NEP  | R01, R02, R04, R06, R22                |
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.               | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22                     |
| CFNT9  | Incremental and uncontrolled changes to base system code increase the delta between the original policy intent and system design, processes and the current reality of user experiences.   | MR05, MR13, MR16, ED22   | R06, R10                               |
| CFNT10 | There is limited documentation that details the Targeted Compliance Framework, the associated parameters, or that provides a view of the end-to-end process or customer experience journey/s, both separately from the system itself and how it operates in reality. | MR06, MR09, MR13, MR14, MR16, ED71, ED114                                  | R07, R08, R09, R28                     |
| CFNT11 | Most assurance is conducted reactively and relies on a process of reverse engineering the system to understand how particular participants or subsets of participants arrive at a particular outcome.  | MR02, MR06, MR12, MR16, E27  | R08, R11, R19, R20                     |
| CFNT15 | There are no controls or in-built safety measures that support the manual processing or intervention in cases processed on the system.   | MR05, MR16, ED6  | R01, R03, R19, R20, R21                |

Table 23: 8.4 Causes and Contributing Factors - Contributing Factors

# A. Key Risks and Contributing Factors

## 8.4 Causes and Contributing Factors (Cont.)

### Contributing Factors

| ID     | Description   | Evidence  | Risk(s)                      |
|--------|---|---|------------------------------|
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.   | MR05, MR15, ED6, ED20, ED25                       | R01, R09, R13, R19, R29      |
| CFNT23 | There is no common language or integrated approach to the policy and system development continuum.  | MR02, MR08, MR10, MR11, MR12, ED75-ED102          | R01, R04, R07                |
| CFNT24 | There is no detailed documentation, mapping or system design that demonstrates the current state of the system, workflows or coding.  | MR02, MR06, MR07, MR13, ED22, ED26                | R07, R16                     |
| CFNT25 | Changes to the system are made in isolation, with limited documentary understanding of the ramifications, impacts or interrelationship of system elements.  | MR05, MR12, MR13, ED5, ED91                       | R04, R10, R16, R25           |
| CFNT27 | The current system design implements business/policy rules in the same 'layer' as workarounds and rules designed to support technical system operation. More than 2/3 of business rules are system enabling as opposed to program specific.   | MR04, MR05, MR06, MR07, MR08, ED12, ED34          | R04, R16, R26                |
| CFNT29 | Existing business rules and coding were not removed and replaced but written over, rewritten and/or heavily modified to achieve the policy outcome.   | MR05, MR06, MR13                                  | R04, R09, R16, R26           |
| CFNT34 | A disjointed approach to system design and coding has resulted in code, which is duplicative, repetitive and contradictory. In certain instances, participant pathways are unnecessarily duplicated and inconsistent.   | MR05, MR06, MR10, MR11, MR12, MR16, ED5           | R07, R16, R19                |
| CFT2   | The absence of a self-contained testing environment with a mocked Services Australia dependency prevents independent verification of the Compliance system, delaying defect detection and release timelines.  | MR23, MR24, ITD01                                 | R08, R15, R22, R23           |
| CFT6   | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.  | MR18, MR23, MR25                                  | R07, R12, R17, R20, R21, R24 |
| CFT8   | There is insufficient documentation detailing component design, code structure, and business workflows, along with a lack of traceability from business requirements to system design, implemented code, and testing. This gap increases the risk that system changes will not align with DEWR's legislative and policy-driven requirements, making it difficult to ensure accountability, audit readiness, and system integrity. | ED91, ED92, ED108, MR18, MR19, MR21, ITD06, ITD07 | R03, R07, R08, R15, R25      |
| CFT9   | There is no centralised documentation linking business requirements to system design, code changes, and test cases, reducing traceability, accountability, and increasing the risk of non-compliance with policy obligations.   | MR18, MR19, MR21, ITD06, ITD07, ED91, ED92        | R01, R06, R07, R09, R25      |

**Table 23:** 8.4 Causes and Contributing Factors - Contributing Factors

# A. Key Risks and Contributing Factors

## 9.1 Fragmented and Reactive Assurance Environment

**Key Risk:**  
Existing assurance activities are fragmented and reactive, lacking a coordinated approach that systematically assesses IT system case determinations and their compliance with legislation and policy. Risk identification is largely issue-driven, and participant complaints are not consistently analysed for systemic trends, limiting the detection of systemic program failures and IT design flaws.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                         |
|---------------|-------------------------|
| Tests Applied | T1, T3, T4, T8, T9, T10 |
|---------------|-------------------------|

### Contributing Factors

| ID     | Description   | Evidence   | Risk(s)                                |
|--------|---|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.           | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6                         | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT5  | There is a significant volume of demerit-point or penalty reversals by the and/or the Department and Services Australia.  | MR09, ED13   | R19                                    |
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.    | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22                     |
| CFNT8  | There are informal indications that there is a higher instance of erroneous outcomes or other processing issues with participant cases that have higher-complexity markers.   | MR04, MR05, MR09, MR10 ED5, ED17   | R01, R02, R04, R06, R19, R29           |
| CFNT11 | Most assurance is conducted reactively and relies on a process of reverse engineering the system to understand how particular participants or subsets of participants arrive at a particular outcome.   | MR02, MR06, MR12, MR16, E27  | R08, R11, R19, R20                     |
| CFNT15 | There are no controls or in-built safety measures that support the manual processing or intervention in cases processed on the system.  | MR05, MR16, ED6  | R01, R03, R19, R20, R21                |
| CFNT35 | The duplication and complexity of participant pathways within the system reduces confidence that policy and program requirements are being consistently and equitably applied to participants.  | MR03, MR04, MR06, MR08, ED27, ED98, ED101                                  | R01, R02, R09, R12, R15, R19, R29      |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes. | MR03, MR05, MR08, ED26, ED101  | R01, R04, R13, R19, R29                |

Table 24 9.1 Fragmented and Reactive Assurance Environment - Contributing Factors

# A. Key Risks and Contributing Factors

## 9.1 Fragmented and Reactive Assurance Environment (Cont.)

### Contributing Factors

| ID    | Description   | Evidence         | Risk(s)       |
|-------|---|------------------|---------------|
| CFT7  | Support teams rely on manual checks and participant-provided information instead of system-driven insights, leading to a reactive approach that delays issue resolution and increases operational inefficiencies.                 | MR18, MR23, MR25 | R07, R19, R24 |
| CFT13 | The Compliance Domain Service relies on shared components maintained by other teams, increasing the risk that changes to these components may have unintended impacts, potentially disrupting compliance-related functionalities. | MR23, MR24       | R05, R09, R27 |

**Table 24:** 9.1 Fragmented and Reactive Assurance Environment - Contributing Factors



# A. Key Risks and Contributing Factors

## 9.2 Unbalanced Assurance Processes

|  |             |                     |     |        |      |           |         |
|--|-------------|---------------------|-----|--------|------|-----------|---------|
| <div>Key Risk:</div> <div>There is a material risk that deficiencies in system design and lack of risk-based assurance measures have led to the flawed disbursement of payments inconsistent with legislation and policy guidelines, undermining the integrity function of the system.</div> |             | Risk Scale          |     |        |      |           |         |
|  |             | Very Low            | Low | Medium | High | Very High | Extreme |
|  |             | Overall Risk Rating |     |        |      |           |         |
|  |             | Participant         |     |        |      |           |         |
|  |             | Technology          |     |        |      |           |         |
|  |             | Department          |     |        |      |           |         |
| Tests Applied  | T8, T9, T10 |                     |     |        |      |           |         |

### Contributing Factors

| ID     | Description   | Evidence   | Risk(s)                      |
|--------|---|--|------------------------------|
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.  | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22           |
| CFNT8  | There are informal indications that there is a higher instance of erroneous outcomes or other processing issues with participant cases that have higher-complexity markers.   | MR04, MR05, MR09, MR10 ED5, ED17   | R01, R02, R04, R06, R19, R29 |
| CFNT17 | Where employment service providers seek to lower mutual obligations legitimately, in recognition of exceptional or complex case circumstances, there is no system barrier to payment cancellation, suspension, penalty or demerit point.  | MR07, ED6, ED20  | R01, R19                     |
| CFNT18 | The system processes all cases in the same manner with no safeguards to prevent negative, automatic compliance actions against participants. For example, the system will progress someone to 'Red' and suspend payments even where that individual may have been placed into a specialist processing stream. | MR05, MR07, ED34, ED42   | R01, R02, R11                |

Table 25: 9.2 Unbalanced Assurance Processes - Contributing Factors

# A. Key Risks and Contributing Factors

## 9.3 Inadequate Governance and Oversight Mechanisms

Key Risk:

In the absence of robust governance, the automated TCF system risks becoming disconnected from its legal and policy basis, potentially leading to decisions that are procedurally flawed and misaligned to the original intent of the system. This subsequently increased the associated risk of administrative appeal or negative external scrutiny findings.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                      |
|---------------|----------------------|
| Tests Applied | T4, T8, T9, T10, T13 |
|---------------|----------------------|

### Contributing Factors

| ID     | Description  | Evidence   | Risk(s)                                |
|--------|--|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.                      | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6   | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT2  | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters.   | MR02, MR05, MR07, MR15, ED17                         | R01, R02, R08, R04, R05, R09, R10, R20 |
| CFNT9  | Incremental and uncontrolled changes to base system code increase the delta between the original policy intent and system design, processes and the current reality of user experiences.   | MR05, MR13, MR16, ED22                               | R06, R10                               |
| CFNT10 | There is limited documentation that details the Targeted Compliance Framework, the associated parameters, or that provides a view of the end-to-end process or customer experience journey/s, both separately from the system itself and how it operates in reality. | MR06, MR09, MR13, MR14, MR16, ED71, ED114            | R07, R08, R09, R28                     |
| CFNT12 | Change releases to the system are not tied to, or limited to, changes to legislation, policy or business rules.  | MR03, MR07, MR09, MR10, MR12, MR13, MR14, MR16, ED91 | R01, R04, R05, R06, R09, R24           |
| CFNT15 | There are no controls or in-built safety measures that support the manual processing or intervention in cases processed on the system.   | MR05, MR16, ED6                                      | R01, R03, R19, R20, R21                |
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.                            | MR05, MR15, ED6, ED20, ED25                          | R01, R09, R13, R19, R29                |
| CFNT24 | There is no detailed documentation, mapping or system design that demonstrates the current state of the system, workflows or coding.   | MR02, MR06, MR07, MR13, ED22, ED26                   | R07, R16                               |
| CFNT25 | Changes to the system are made in isolation, with limited documentary understanding of the ramifications, impacts or interrelationship of system elements.   | MR05, MR12, MR13, ED5, ED91                          | R04, R10, R16, R25                     |

Table 26: 9.3 Inadequate Governance and Oversight Mechanism - Contributing Factors

# A. Key Risks and Contributing Factors

## 9.3 Inadequate Governance and Oversight Mechanisms (Cont.)

### Contributing Factors

| ID     | Description   | Evidence                                | Risk(s)                 |
|--------|---|---|-------------------------|
| CFNT28 | Wholesale or bulk policy changes, specifically legislative and policy/program design, were made to the system and its base code in an unplanned, irregular manner.  | MR09, MR10, MR15, MR16, ED5, ED91       | R09, R10, R13, R16, R18 |
| CFNT31 | There is no current process to systematically review each case with a negative decision, or a program logic that identifies every negative decision.  | MR05, MR06, ED71                        | R01, R02, R19           |
| CFNT34 | A disjointed approach to system design and coding has resulted in code, which is duplicative, repetitive and contradictory. In certain instances, participant pathways are unnecessarily duplicated and inconsistent.   | MR05, MR06, MR10, MR11, MR12, MR16, ED5 | R07, R16, R19           |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes.   | MR03, MR05, MR08, ED26, ED101           | R01, R04, R13, R19, R29 |
| CFNT38 | There is limited visibility into participant activity, system status, and historical data, preventing proactive monitoring and issue resolution. This lack of traceability increases the risk that errors or process failures will go undetected, delaying support and compromising service delivery. | ED22, ED35                              | R09, R12, R15, R16      |
| CFT13  | The Compliance Domain Service relies on shared components maintained by other teams, increasing the risk that changes to these components may have unintended impacts, potentially disrupting compliance-related functionalities.   | MR23, MR24                              | R05, R09, R27           |

Table 26: 9.3 Inadequate Governance and Oversight Mechanisms - Contributing Factors

# A. Key Risks and Contributing Factors

## 9.4 Insufficient Legislative and Policy Traceability

**Key Risk:**

The absence of clear system traceability may impede the department’s ability to demonstrate that compliance outcomes align with legal and policy requirements. Furthermore, insufficient documentation undermines accountability and increases operational risk, as decisions and processes cannot be consistently tracked or verified.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                              |
|---------------|------------------------------|
| Tests Applied | T1, T2, T3, T4, T8, T10, T11 |
|---------------|------------------------------|

### Contributing Factors

| ID     | Description  | Evidence   | Risk(s)                                |
|--------|--|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.                      | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6                         | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT2  | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters.   | MR02, MR05, MR07, MR15, ED17   | R01, R02, R08, R04, R05, R09, R10, R20 |
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.  | MR04, MR08, MR12, NEP  | R01, R02, R04, R06, R22                |
| CFNT4  | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention.  | MR01, MR02, MR05, MR12, ED6, ED23  | R01, R16, R22, R29                     |
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.               | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22                     |
| CFNT10 | There is limited documentation that details the Targeted Compliance Framework, the associated parameters, or that provides a view of the end-to-end process or customer experience journey/s, both separately from the system itself and how it operates in reality. | MR06, MR09, MR13, MR14, MR16, ED71, ED114                                  | R07, R08, R09, R28                     |
| CFNT12 | Change releases to the system are not tied to, or limited to, changes to legislation, policy or business rules.  | MR03, MR07, MR09, MR10, MR12, MR13, MR14, MR16, ED91                       | R01, R04, R05, R06, R09, R24           |
| CFNT13 | In most instances, there is no way of establishing when code, workflows or rules within the system have been modified or whether this modification is aligned with policy changes.   | MR02, MR07, MR09, MR12, MR13, NEP  | R01, R04, R09                          |

Table 27: 9.4 Insufficient Legislative and Policy Traceability - Contributing Factors

# A. Key Risks and Contributing Factors

## 9.4 Insufficient Legislative and Policy Traceability (Cont.)

### Contributing Factors

| ID     | Description   | Evidence                                  | Risk(s)                           |
|--------|---|---|-----------------------------------|
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.                 | MR05, MR15, ED6, ED20, ED25               | R01, R09, R13, R19, R29           |
| CFNT22 | There are misunderstandings and misalignment between policy, program and IT teams on the program, system, inherent limitations and operationalisation realities.  | MR06, MR09, MR10, MR11                    | R05, R07, R09, R15                |
| CFNT24 | There is no detailed documentation, mapping or system design that demonstrates the current state of the system, workflows or coding.  | MR02, MR06, MR07, MR13, ED22, ED26        | R07, R16                          |
| CFNT25 | Changes to the system are made in isolation, with limited documentary understanding of the ramifications, impacts or interrelationship of system elements.  | MR05, MR12, MR13, ED5, ED91               | R04, R10, R16, R25                |
| CFNT31 | There is no current process to systematically review each case with a negative decision, or a program logic that identifies every negative decision.  | MR05, MR06, ED71                          | R01, R02, R19                     |
| CFNT35 | The duplication and complexity of participant pathways within the system reduces confidence that policy and program requirements are being consistently and equitably applied to participants.  | MR03, MR04, MR06, MR08, ED27, ED98, ED101 | R01, R02, R09, R12, R15, R19, R29 |
| CFNT36 | Operational knowledge is heavily reliant on institutional memory rather than formalised documentation, increasing the risk of operational disruptions when personnel changes occur.   | MR09, MR10, MR11                          | R07, R19, R25                     |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes. | MR03, MR05, MR08, ED26, ED101             | R01, R04, R13, R19, R29           |
| CFT13  | The Compliance Domain Service relies on shared components maintained by other teams, increasing the risk that changes to these components may have unintended impacts, potentially disrupting compliance-related functionalities.                         | MR23, MR24                                | R05, R09, R27                     |

**Table 27:** 9.4 Insufficient Legislative and Policy Traceability - Contributing Factors

# A. Key Risks and Contributing Factors

## 9.5 Impacts on Program Consistency, Equity and Fairness

Key Risk:

Fragmented governance and the lack of robust assurance mechanisms undermine the ability to maintain equity, proportionality, and fairness in public administration of the TCF. Further, with oversight distributed across disparate systems and departmental teams, determining accountability for ensuring just outcomes is arduous, increasing the risk of latent systemic issues and the inconsistent application of TCF rules.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                          |
|---------------|--------------------------|
| Tests Applied | T1, T2, T3, T4, T8, T10, |
|---------------|--------------------------|

### Contributing Factors

| ID     | Description   | Evidence   | Risk(s)                                |
|--------|---|--|--|
| CFNT2  | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters.  | MR02, MR05, MR07, MR15, ED17   | R01, R02, R08, R04, R05, R09, R10, R20 |
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.  | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22                     |
| CFNT8  | There are informal indications that there is a higher instance of erroneous outcomes or other processing issues with participant cases that have higher-complexity markers.   | MR04, MR05, MR09, MR10 ED5, ED17   | R01, R02, R04, R06, R19, R29           |
| CFNT11 | Most assurance is conducted reactively and relies on a process of reverse engineering the system to understand how particular participants or subsets of participants arrive at a particular outcome.   | MR02, MR06, MR12, MR16, E27  | R08, R11, R19, R20                     |
| CFNT18 | The system processes all cases in the same manner with no safeguards to prevent negative, automatic compliance actions against participants. For example, the system will progress someone to 'Red' and suspend payments even where that individual may have been placed into a specialist processing stream. | MR05, MR07, ED34, ED42   | R01, R02, R11                          |
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.   | MR05, MR15, ED6, ED20, ED25  | R01, R09, R13, R19, R29                |
| CFNT30 | Presently, payments or penalties are only restored or reversed following the conclusion of a review. This increases the risk that a participant will be negatively impacted and the severity of such impact.  | MR03   | R01, R09                               |
| CFNT31 | There is no current process to systematically review each case with a negative decision, or a program logic that identifies every negative decision.  | MR05, MR06, ED71   | R01, R02, R19                          |

Table 28: 9.5 Impacts on Program Consistency, Equity and Fairness - Contributing Factors



# A. Key Risks and Contributing Factors

## 9.5 Impacts on Program Consistency, Equity and Fairness (Cont.)

### Contributing Factors

| ID     | Description   | Evidence  | Risk(s)                           |
|--------|---|---|-----------------------------------|
| CFNT35 | The duplication and complexity of participant pathways within the system reduces confidence that policy and program requirements are being consistently and equitably applied to participants.  | MR03, MR04, MR06, MR08, ED27, ED98, ED101         | R01, R02, R09, R12, R15, R19, R29 |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes.   | MR03, MR05, MR08, ED26, ED101                     | R01, R04, R13, R19, R29           |
| CFT5   | The system lacks a clear mechanism to trace a participant's journey, making it difficult to verify whether their current status is accurate and hindering effective issue resolution.   | MR18, MR23, MR25                                  | R01, R17, R24                     |
| CFT8   | There is insufficient documentation detailing component design, code structure, and business workflows, along with a lack of traceability from business requirements to system design, implemented code, and testing. This gap increases the risk that system changes will not align with DEWR's legislative and policy-driven requirements, making it difficult to ensure accountability, audit readiness, and system integrity. | ED91, ED92, ED108, MR18, MR19, MR21, ITD06, ITD07 | R03, R07, R08, R15, R25           |
| CFT10  | Critical system knowledge remains siloed among individual team members, increasing operational risks, delaying issue resolution, raising maintenance costs, and making the system vulnerable when key personnel leave.  | MR18, MR19, MR21                                  | R04, R05, R07, R19, R25, R21      |
| CFT12  | The lack of automated quality controls, like static code analysis in the deployment pipeline, increases the likelihood of undetected defects, making the system more prone to errors and compliance failures.   | ITD01   | R10, R12, R21, R24, R26           |

**Table 28:** 9.5 Impacts on Program Consistency, Equity and Fairness - Contributing Factors

# A. Key Risks and Contributing Factors

## 10.1 Punitive Assumptions and Rigid Design

**Key Risk:**

The framework may inadvertently impose unfair penalties on participants due to the absence of integrated controls (on and off the IT system) that assess participant history, compliance behavior, or vulnerability indicators, potentially resulting in disproportionate compliance actions and erroneous case outcomes.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                      |
|---------------|----------------------|
| Tests Applied | T1, T5, T8, T10, T13 |
|---------------|----------------------|

### Contributing Factors

| ID     | Description   | Evidence   | Risk(s)                                |
|--------|---|--|--|
| CFNT2  | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters.  | MR02, MR05, MR07, MR15, ED17   | R01, R02, R08, R04, R05, R09, R10, R20 |
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.   | MR04, MR08, MR12, NEP  | R01, R02, R04, R06, R22                |
| CFNT4  | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention.   | MR01, MR02, MR05, MR12, ED6, ED23  | R01, R16, R22, R29                     |
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.  | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22                     |
| CFNT16 | The system will process cases end-to-end without intervention; whilst this mitigates any requirement for staff intervention, this also negates any opportunity for the Secretary or their delegate to exercise discretion.  | MR09, MR12, MR16   | R06, R11                               |
| CFNT17 | Where employment service providers seek to lower mutual obligations legitimately, in recognition of exceptional or complex case circumstances, there is no system barrier to payment cancellation, suspension, penalty or demerit point.  | MR07, ED6, ED20  | R01, R19                               |
| CFNT18 | The system processes all cases in the same manner with no safeguards to prevent negative, automatic compliance actions against participants. For example, the system will progress someone to 'Red' and suspend payments even where that individual may have been placed into a specialist processing stream. | MR05, MR07, ED34, ED42   | R01, R02, R11                          |
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.   | MR05, MR15, ED6, ED20, ED25  | R01, R09, R13, R19, R29                |

Table 29: 10.1 Punitive Assumptions and Rigid Design - Contributing Factors

# A. Key Risks and Contributing Factors

## 10.1 Punitive Assumptions and Rigid Design (Cont.)

### Contributing Factors

| ID     | Description  | Evidence                           | Risk(s)                                     |
|--------|--|------------------------------------|---|
| CFNT20 | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the Department to intervene in system processing of individual or select groups of cases. | MR01, MR04, MR16, ED6, ED26 ED101  | R04, R06, R12, R13, R15, R19, R21, R22, R29 |
| CFNT24 | There is no detailed documentation, mapping or system design that demonstrates the current state of the system, workflows or coding.   | MR02, MR06, MR07, MR13, ED22, ED26 | R07, R16                                    |
| CFNT25 | Changes to the system are made in isolation, with limited documentary understanding of the ramifications, impacts or interrelationship of system elements.   | MR05, MR12, MR13, ED5, ED91        | R04, R10, R16, R25                          |
| CFNT26 | The use of hard coding to implement program rules is not best practice, limits subsequent policy change, and is destabilising the system code.   | MR02, MR08, MR10, MR13, ED5, ED6   | R05, R07, R10, R25                          |
| CFNT28 | Wholesale or bulk policy changes, specifically legislative and policy/program design, were made to the system and its base code in an unplanned, irregular manner.   | MR09, MR10, MR15, MR16, ED5, ED91  | R09, R10, R13, R16, R18                     |
| CFNT30 | Presently, payments or penalties are only restored or reversed following the conclusion of a review. This increases the risk that a participant will be negatively impacted and the severity of such impact.   | MR03                               | R01, R09                                    |
| CFNT31 | There is no current process to systematically review each case with a negative decision, or a program logic that identifies every negative decision.   | MR05, MR06, ED71                   | R01, R02, R19                               |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes.  | MR03, MR05, MR08, ED26, ED101      | R01, R04, R13, R19, R29                     |
| CFT5   | The system lacks a clear mechanism to trace a participant's journey, making it difficult to verify whether their current status is accurate and hindering effective issue resolution.  | MR18, MR23, MR25                   | R01, R17, R24                               |
| CFT6   | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.   | MR18, MR23, MR25                   | R07, R12, R17, R20, R21, R24                |
| CFT11  | Business logic is spread across multiple areas, making it hard to track how changes impact critical workflows. Without adequate safeguards, the system has become difficult to maintain, adapt to business-driven changes, and ensure the reliable delivery of services.   | ITD01, MR18, MR19, MR22            | R02, R14, R19, R21, R26                     |

**Table 29:** 10.1 Punitive Assumptions and Rigid Design - Contributing Factors

# A. Key Risks and Contributing Factors

## 10.2 Absence of Tailored Pathways for Complex Cases

Key Risk:

The compliance model's rigid, automated framework overlooks the human and contextual complexities faced by participants, such as cognitive impairments, mental health issues, unstable housing, or limited digital access. This lack of flexibility heightens the risk of disproportionately penalising individuals who are engaged but for whom consistent compliance is inherently challenging.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                          |
|---------------|--------------------------|
| Tests Applied | T1, T6, T8, T9, T10, T13 |
|---------------|--------------------------|

### Contributing Factors

| ID     | Description  | Evidence   | Risk(s)                                |
|--------|--|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.                      | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6                         | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT2  | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters.   | MR02, MR05, MR07, MR15, ED17   | R01, R02, R08, R04, R05, R09, R10, R20 |
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.  | MR04, MR08, MR12, NEP  | R01, R02, R04, R06, R22                |
| CFNT4  | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention.  | MR01, MR02, MR05, MR12, ED6, ED23  | R01, R16, R22, R29                     |
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.               | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22                     |
| CFNT8  | There are informal indications that there is a higher instance of erroneous outcomes or other processing issues with participant cases that have higher-complexity markers.  | MR04, MR05, MR09, MR10 ED5, ED17   | R01, R02, R04, R06, R19, R29           |
| CFNT9  | Incremental and uncontrolled changes to base system code increase the delta between the original policy intent and system design, processes and the current reality of user experiences.   | MR05, MR13, MR16, ED22   | R06, R10                               |
| CFNT10 | There is limited documentation that details the Targeted Compliance Framework, the associated parameters, or that provides a view of the end-to-end process or customer experience journey/s, both separately from the system itself and how it operates in reality. | MR06, MR09, MR13, MR14, MR16, ED71, ED114                                  | R07, R08, R09, R28                     |
| CFNT15 | There are no controls or in-built safety measures that support the manual processing or intervention in cases processed on the system.   | MR05, MR16, ED6  | R01, R03, R19, R20, R21                |

Table 30: 10.2 Absence of Tailored Pathways for Complex Cases - Contributing Factors

# A. Key Risks and Contributing Factors

## 10.2 Absence of Tailored Pathways for Complex Cases (Cont.)

### Contributing Factors

| ID     | Description  | Evidence                           | Risk(s)                                     |
|--------|--|------------------------------------|---|
| CFNT16 | The system will process cases end-to-end without intervention; whilst this mitigates any requirement for staff intervention, this also negates any opportunity for the Secretary or their delegate to exercise discretion.   | MR09, MR12, MR16                   | R06, R11                                    |
| CFNT17 | Where employment service providers seek to lower mutual obligations legitimately, in recognition of exceptional or complex case circumstances, there is no system barrier to payment cancellation, suspension, penalty or demerit point.   | MR07, ED6, ED20                    | R01, R19                                    |
| CFNT18 | The system processes all cases in the same manner with no safeguards to prevent negative, automatic compliance actions against participants. For example, the system will progress someone to 'Red' and suspend payments even where that individual may have been placed into a specialist processing stream.      | MR05, MR07, ED34, ED42             | R01, R02, R11                               |
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.  | MR05, MR15, ED6, ED20, ED25        | R01, R09, R13, R19, R29                     |
| CFNT20 | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the Department to intervene in system processing of individual or select groups of cases. | MR01, MR04, MR16, ED6, ED26, ED101 | R04, R06, R12, R13, R15, R19, R21, R22, R29 |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes.  | MR03, MR05, MR08, ED26, ED101      | R01, R04, R13, R19, R29                     |
| CFNT39 | Compliance actions, including penalties and payment suspensions, are automatically applied without sufficient safeguards to account for exceptional or complex participant circumstances.  | MR03, MR08, ED6, ED20              | R01, R02, R13, R15, R19                     |
| CFT5   | The system lacks a clear mechanism to trace a participant's journey, making it difficult to verify whether their current status is accurate and hindering effective issue resolution.  | MR18, MR23, MR25                   | R01, R17, R24                               |
| CFT6   | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.   | MR18, MR23, MR25                   | R07, R12, R17, R20, R21, R24                |

**Table 30:** 10.2 Absence of Tailored Pathways for Complex Cases - Contributing Factors

# A. Key Risks and Contributing Factors

## 10.4 Inconsistent Application of Discretion Across Providers

**Key Risk:**

Inconsistent interpretation and application of the TCF’s compliance rules by employment service providers may result in unequal treatment of participants, increasing the likelihood of unfair case outcomes that ultimately reduce participant engagement and undermine public trust in the execution of the TCF.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |             |
|---------------|-------------|
| Tests Applied | T8, T9, T10 |
|---------------|-------------|

### Contributing Factors

| ID     | Description   | Evidence   | Risk(s)                      |
|--------|---|--|------------------------------|
| CFNT4  | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention.   | MR01, MR02, MR05, MR12, ED6, ED23  | R01, R16, R22, R29           |
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.  | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22           |
| CFNT8  | There are informal indications that there is a higher instance of erroneous outcomes or other processing issues with participant cases that have higher-complexity markers.   | MR04, MR05, MR09, MR10 ED5, ED17   | R01, R02, R04, R06, R19, R29 |
| CFNT15 | There are no controls or in-built safety measures that support the manual processing or intervention in cases processed on the system.  | MR05, MR16, ED6  | R01, R03, R19, R20, R21      |
| CFNT16 | The system will process cases end-to-end without intervention; whilst this mitigates any requirement for staff intervention, this also negates any opportunity for the Secretary or their delegate to exercise discretion.  | MR09, MR12, MR16   | R06, R11                     |
| CFNT17 | Where employment service providers seek to lower mutual obligations legitimately, in recognition of exceptional or complex case circumstances, there is no system barrier to payment cancellation, suspension, penalty or demerit point.  | MR07, ED6, ED20  | R01, R19                     |
| CFNT18 | The system processes all cases in the same manner with no safeguards to prevent negative, automatic compliance actions against participants. For example, the system will progress someone to ‘Red’ and suspend payments even where that individual may have been placed into a specialist processing stream. | MR05, MR07, ED34, ED42   | R01, R02, R11                |
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.   | MR05, MR15, ED6, ED20, ED25  | R01, R09, R13, R19, R29      |

Table 31: 10.4 Inconsistent Application of Discretion Across Providers - Contributing Factors



# A. Key Risks and Contributing Factors

## 10.4 Inconsistent Application of Discretion Across Providers (Cont.)

### Contributing Factors

| ID     | Description  | Evidence                                  | Risk(s)                                     |
|--------|--|---|---|
| CFNT20 | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the Department to intervene in system processing of individual or select groups of cases. | MR01, MR04, MR16, ED6, ED26 ED101         | R04, R06, R12, R13, R15, R19, R21, R22, R29 |
| CFNT30 | Presently, payments or penalties are only restored or reversed following the conclusion of a review. This increases the risk that a participant will be negatively impacted and the severity of such impact.   | MR03                                      | R01, R09                                    |
| CFNT31 | There is no current process to systematically review each case with a negative decision, or a program logic that identifies every negative decision.   | MR05, MR06, ED71                          | R01, R02, R19                               |
| CFNT33 | Teams with varying degrees of responsibility for the design and delivery of the Targeted Compliance Framework and system, including delivery partners Service Australia, operate in isolation, further fragmenting program design, delivery and the sound administration of outcomes.                              | MR12, MR16, ED75 – ED102                  | R04, R16, R19, R22                          |
| CFNT35 | The duplication and complexity of participant pathways within the system reduces confidence that policy and program requirements are being consistently and equitably applied to participants.   | MR03, MR04, MR06, MR08, ED27, ED98, ED101 | R01, R02, R09, R12, R15, R19, R29           |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes.  | MR03, MR05, MR08, ED26, ED101             | R01, R04, R13, R19, R29                     |
| CFNT39 | Compliance actions, including penalties and payment suspensions, are automatically applied without sufficient safeguards to account for exceptional or complex participant circumstances.  | MR03, MR08, ED6, ED20                     | R01, R02, R13, R15, R19                     |
| CFT5   | The system lacks a clear mechanism to trace a participant's journey, making it difficult to verify whether their current status is accurate and hindering effective issue resolution.  | MR18, MR23, MR25                          | R01, R17, R24                               |
| CFT6   | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.   | MR18, MR23, MR25                          | R07, R12, R17, R20, R21, R24                |

**Table 31: 10.4 Inconsistent Application of Discretion Across Providers - Contributing Factors**

# A. Key Risks and Contributing Factors

## 10.5 Lack of Responsive Regulatory Features

**Key Risk:**

The lack of system controls and flexible decision-making within the TCF results in a design that emphasises administrative enforcement over meaningful participant engagement. This rigid, punitive approach constrains the system’s capacity to appropriately address individual circumstances, thereby elevating the risk of systemic failure in achieving equitable and effective outcomes.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                         |
|---------------|-------------------------|
| Tests Applied | T5, T6, T8, T9,T10, T13 |
|---------------|-------------------------|

Contributing Factors

| ID     | Description  | Evidence   | Risk(s)                                     |
|--------|--|--|---|
| CFNT4  | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention.  | MR01, MR02, MR05, MR12, ED6, ED23  | R01, R16, R22, R29                          |
| CFNT5  | There is a significant volume of demerit-point or penalty reversals by the and/or the Department and Services Australia.   | MR09, ED13   | R19   |
| CFNT6  | Currently reported case processing exceptions are within acceptable tolerances for a system of this scale and caseload volume.   | ED34, ED91   | N/A   |
| CFNT7  | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently across the participant cohort, or to subsets of cohorts that share certain characteristics.   | MR02, MR03, MR11, MR12, MR13, MR16, ED75 – ED102, ED108-ED113, ED116-ED118 | R01, R08, R19, R22                          |
| CFNT8  | There are informal indications that there is a higher instance of erroneous outcomes or other processing issues with participant cases that have higher-complexity markers.  | MR04, MR05, MR09, MR10 ED5, ED17   | R01, R02, R04, R06, R19, R29                |
| CFNT11 | Most assurance is conducted reactively and relies on a process of reverse engineering the system to understand how particular participants or subsets of participants arrive at a particular outcome.  | MR02, MR06, MR12, MR16, E27  | R08, R11, R19, R20                          |
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.  | MR05, MR15, ED6, ED20, ED25  | R01, R09, R13, R19, R29                     |
| CFNT20 | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the Department to intervene in system processing of individual or select groups of cases. | MR01, MR04, MR16, ED6, ED26 ED101  | R04, R06, R12, R13, R15, R19, R21, R22, R29 |

Table 32: 10.5 Lack of Responsive Regulatory Features - Contributing Factors

# A. Key Risks and Contributing Factors

## 10.5 Lack of Responsive Regulatory Features (Cont.)

### Contributing Factors

| ID     | Description   | Evidence                                  | Risk(s)                           |
|--------|---|---|-----------------------------------|
| CFNT30 | Presently, payments or penalties are only restored or reversed following the conclusion of a review. This increases the risk that a participant will be negatively impacted and the severity of such impact.  | MR03                                      | R01, R09                          |
| CFNT31 | There is no current process to systematically review each case with a negative decision, or a program logic that identifies every negative decision.  | MR05, MR06, ED71                          | R01, R02, R19                     |
| CFNT35 | The duplication and complexity of participant pathways within the system reduces confidence that policy and program requirements are being consistently and equitably applied to participants.  | MR03, MR04, MR06, MR08, ED27, ED98, ED101 | R01, R02, R09, R12, R15, R19, R29 |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes. | MR03, MR05, MR08, ED26, ED101             | R01, R04, R13, R19, R29           |
| CFNT39 | Compliance actions, including penalties and payment suspensions, are automatically applied without sufficient safeguards to account for exceptional or complex participant circumstances.   | MR03, MR08, ED6, ED20                     | R01, R02, R13, R15, R19           |
| CFT5   | The system lacks a clear mechanism to trace a participant's journey, making it difficult to verify whether their current status is accurate and hindering effective issue resolution.   | MR18, MR23, MR25                          | R01, R17, R24                     |
| CFT6   | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.  | MR18, MR23, MR25                          | R07, R12, R17, R20, R21, R24      |

**Table 32:** 10.5 Lack of Responsive Regulatory Features - Contributing Factors

# A. Key Risks and Contributing Factors

## 11.1 Fundamental Design Flaws from Inception

**Key Risk:**

The near-total reliance on automated IT system processing and absence of effective safeguards to prevent or detect deviations from the correct application of TCF guidance and requirements increases the risk of participants being unfairly penalised or that the framework is failing as an integrity measure. This not only exposes individuals to potential harm but also undermines the lawful authority of the framework.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                     |
|---------------|---------------------|
| Tests Applied | T1, T3, T8, T9, T10 |
|---------------|---------------------|

Contributing Factors

| ID     | Description   | Evidence   | Risk(s)                                |
|--------|---|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority. | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6   | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT2  | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters.  | MR02, MR05, MR07, MR15, ED17                         | R01, R02, R08, R04, R05, R09, R10, R20 |
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.   | MR04, MR08, MR12, NEP                                | R01, R02, R04, R06, R22                |
| CFNT11 | Most assurance is conducted reactively and relies on a process of reverse engineering the system to understand how particular participants or subsets of participants arrive at a particular outcome.   | MR02, MR06, MR12, MR16, E27                          | R08, R11, R19, R20                     |
| CFNT12 | Change releases to the system are not tied to, or limited to, changes to legislation, policy or business rules.   | MR03, MR07, MR09, MR10, MR12, MR13, MR14, MR16, ED91 | R01, R04, R05, R06, R09, R24           |
| CFNT13 | In most instances, there is no way of establishing when code, workflows or rules within the system have been modified or whether this modification is aligned with policy changes.  | MR02, MR07, MR09, MR12, MR13, NEP                    | R01, R04, R09                          |
| CFNT14 | There is no differentiation between code changes made to accommodate policy changes and those made to correct technical issues. E.g. Minor releases (system issues) vs major release (policy change).   | MR13, ED5  | R04, R06, R09                          |
| CFNT15 | There are no controls or in-built safety measures that support the manual processing or intervention in cases processed on the system.  | MR05, MR16, ED6                                      | R01, R03, R19, R20, R21                |
| CFNT16 | The system will process cases end-to-end without intervention; whilst this mitigates any requirement for staff intervention, this also negates any opportunity for the Secretary or their delegate to exercise discretion.                      | MR09, MR12, MR16                                     | R06, R11                               |

Table 33: 11.1 Fundamental Design Flaws from Inception - Contributing Factors

# A. Key Risks and Contributing Factors

## 11.1 Fundamental Design Flaws from Inception (Cont.)

### Contributing Factors

| ID     | Description   | Evidence  | Risk(s)                                     |
|--------|---|---|---|
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.   | MR05, MR15, ED6, ED20, ED25                       | R01, R09, R13, R19, R29                     |
| CFNT20 | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the Department to intervene in system processing of individual or select groups of cases.  | MR01, MR04, MR16, ED6, ED26 ED101                 | R04, R06, R12, R13, R15, R19, R21, R22, R29 |
| CFNT26 | The use of hard coding to implement program rules is not best practice, limits subsequent policy change, and is destabilising the system code.  | MR02, MR08, MR10, MR13, ED5, ED6                  | R05, R07, R10, R25                          |
| CFNT27 | The current system design implements business/policy rules in the same 'layer' as workarounds and rules designed to support technical system operation. More than 2/3 of business rules are system enabling as opposed to program specific.   | MR04, MR05, MR06, MR07, MR08, ED12, ED34          | R04, R16, R26                               |
| CFNT29 | Existing business rules and coding were not removed and replaced but written over, rewritten and/or heavily modified to achieve the policy outcome.   | MR05, MR06, MR13                                  | R04, R09, R16, R26                          |
| CFNT32 | The Department has attempted to negate any requirement for manual case processing through increasingly complex coding and participant pathways within the system.   | MR01, MR03, MR05, MR06, MR07                      | R08, R16, R19, R22                          |
| CFNT39 | Compliance actions, including penalties and payment suspensions, are automatically applied without sufficient safeguards to account for exceptional or complex participant circumstances.   | MR03, MR08, ED6, ED20                             | R01, R02, R13, R15, R19                     |
| CFT5   | The system lacks a clear mechanism to trace a participant's journey, making it difficult to verify whether their current status is accurate and hindering effective issue resolution.   | MR18, MR23, MR25                                  | R01, R17, R24                               |
| CFT6   | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.  | MR18, MR23, MR25                                  | R07, R12, R17, R20, R21, R24                |
| CFT8   | There is insufficient documentation detailing component design, code structure, and business workflows, along with a lack of traceability from business requirements to system design, implemented code, and testing. This gap increases the risk that system changes will not align with DEWR's legislative and policy-driven requirements, making it difficult to ensure accountability, audit readiness, and system integrity. | ED91, ED92, ED108, MR18, MR19, MR21, ITD06, ITD07 | R03, R07, R08, R15, R25                     |

**Table 33:** 11.1 Fundamental Design Flaws from Inception - Contributing Factors

# A. Key Risks and Contributing Factors

## 11.2 Governance and Oversight Failures Permitted Risk to Accumulate

**Key Risk:** The department’s internal controls and oversight mechanisms have permitted the persistence of both technical and non-technical issues, leaving them undetected or unaddressed. Even where IT system defects are identified, they were frequently deprioritised if deemed to have no immediate impact on participants, allowing vulnerabilities to remain unremedied and compound with ongoing code modification and patching, undermining the overall integrity of the TCF IT system.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                 |
|---------------|-----------------|
| Tests Applied | T1, T8, T9, T10 |
|---------------|-----------------|

### Contributing Factors

| ID     | Description   | Evidence   | Risk(s)                                |
|--------|---|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority. | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6   | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT2  | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters.  | MR02, MR05, MR07, MR15, ED17                         | R01, R02, R08, R04, R05, R09, R10, R20 |
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.   | MR04, MR08, MR12, NEP                                | R01, R02, R04, R06, R22                |
| CFNT4  | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention.   | MR01, MR02, MR05, MR12, ED6, ED23                    | R01, R16, R22, R29                     |
| CFNT6  | Currently reported case processing exceptions are within acceptable tolerances for a system of this scale and caseload volume.  | ED34, ED91   | N/A                                    |
| CFNT12 | Change releases to the system are not tied to, or limited to, changes to legislation, policy or business rules.   | MR03, MR07, MR09, MR10, MR12, MR13, MR14, MR16, ED91 | R01, R04, R05, R06, R09, R24           |
| CFNT13 | In most instances, there is no way of establishing when code, workflows or rules within the system have been modified or whether this modification is aligned with policy changes.  | MR02, MR07, MR09, MR12, MR13, NEP                    | R01, R04, R09                          |
| CFNT22 | There are misunderstandings and misalignment between policy, program and IT teams on the program, system, inherent limitations and operationalisation realities.  | MR06, MR09, MR10, MR11                               | R05, R07, R09, R15                     |
| CFNT24 | There is no detailed documentation, mapping or system design that demonstrates the current state of the system, workflows or coding.  | MR02, MR06, MR07, MR13, ED22, ED26                   | R07, R16                               |

Table 34: 11.2 Governance and Oversight Failures Permitted Risk to Accumulate - Contributing Factors



# A. Key Risks and Contributing Factors

## 11.2 Governance and Oversight Failures Permitted Risk to Accumulate (Cont.)

### Contributing Factors

| ID     | Description   | Evidence  | Risk(s)                 |
|--------|---|---|-------------------------|
| CFNT33 | Teams with varying degrees of responsibility for the design and delivery of the Targeted Compliance Framework and system, including delivery partners Service Australia, operate in isolation, further fragmenting program design, delivery and the sound administration of outcomes.   | MR12, MR16, ED75 – ED102                          | R04, R16, R19, R22      |
| CFNT37 | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes.   | MR03, MR05, MR08, ED26, ED101                     | R01, R04, R13, R19, R29 |
| CFNT39 | Compliance actions, including penalties and payment suspensions, are automatically applied without sufficient safeguards to account for exceptional or complex participant circumstances.   | MR03, MR08, ED6, ED20                             | R01, R02, R13, R15, R19 |
| CFT8   | There is insufficient documentation detailing component design, code structure, and business workflows, along with a lack of traceability from business requirements to system design, implemented code, and testing. This gap increases the risk that system changes will not align with DEWR's legislative and policy-driven requirements, making it difficult to ensure accountability, audit readiness, and system integrity. | ED91, ED92, ED108, MR18, MR19, MR21, ITD06, ITD07 | R03, R07, R08, R15, R25 |
| CFT11  | Business logic is spread across multiple areas, making it hard to track how changes impact critical workflows. Without adequate safeguards, the system has become difficult to maintain, adapt to business-driven changes, and ensure the reliable delivery of services.  | ITD01, MR18, MR19, MR22                           | R02, R14, R19, R21, R26 |

**Table 35:** 11.2 Governance and Oversight Failures Permitted Risk to Accumulate - Contributing Factors

# A. Key Risks and Contributing Factors

## 11.3 Compliance Model Amplified Risk of Participant Harm

**Key Risk:**

The framework’s rigid design constrains its ability to identify and address legitimate barriers faced by participants, thereby increasing the likelihood of preventable harm. In the absence of mechanisms to accommodate individual circumstances, the TCF risks perpetuating disadvantage rather than fostering equitable participation.

Risk Scale

Very Low

Low

Medium

High

Very High

Extreme

Overall Risk Rating

|             |  |
|-------------|--|
| Participant |  |
| Technology  |  |
| Department  |  |

|               |                         |
|---------------|-------------------------|
| Tests Applied | T1, T4, T5, T8, T9, T10 |
|---------------|-------------------------|

### Contributing Factors

| ID     | Description   | Evidence   | Risk(s)                                |
|--------|---|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority. | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6   | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.   | MR04, MR08, MR12, NEP                                | R01, R02, R04, R06, R22                |
| CFNT4  | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention.   | MR01, MR02, MR05, MR12, ED6, ED23                    | R01, R16, R22, R29                     |
| CFNT12 | Change releases to the system are not tied to, or limited to, changes to legislation, policy or business rules.   | MR03, MR07, MR09, MR10, MR12, MR13, MR14, MR16, ED91 | R01, R04, R05, R06, R09, R24           |
| CFNT13 | In most instances, there is no way of establishing when code, workflows or rules within the system have been modified or whether this modification is aligned with policy changes.  | MR02, MR07, MR09, MR12, MR13, NEP                    | R01, R04, R09                          |
| CFNT14 | There is no differentiation between code changes made to accommodate policy changes and those made to correct technical issues. E.g. Minor releases (system issues) vs major release (policy change).   | MR13, ED5  | R04, R06, R09                          |
| CFNT16 | The system will process cases end-to-end without intervention; whilst this mitigates any requirement for staff intervention, this also negates any opportunity for the Secretary or their delegate to exercise discretion.                      | MR09, MR12, MR16                                     | R06, R11                               |
| CFNT17 | Where employment service providers seek to lower mutual obligations legitimately, in recognition of exceptional or complex case circumstances, there is no system barrier to payment cancellation, suspension, penalty or demerit point.        | MR07, ED6, ED20                                      | R01, R19                               |

Table 36: 11.3 Compliance Model Amplified Risk of Participant Harm - Contributing Factors

# A. Key Risks and Contributing Factors

## 11.3 Compliance Model Amplified Risk of Participant Harm (Cont.)

### Contributing Factors

| ID     | Description   | Evidence  | Risk(s)                                     |
|--------|---|---|---|
| CFNT18 | The system processes all cases in the same manner with no safeguards to prevent negative, automatic compliance actions against participants. For example, the system will progress someone to 'Red' and suspend payments even where that individual may have been placed into a specialist processing stream.   | MR05, MR07, ED34, ED42                            | R01, R02, R11                               |
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.   | MR05, MR15, ED6, ED20, ED25                       | R01, R09, R13, R19, R29                     |
| CFNT20 | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the Department to intervene in system processing of individual or select groups of cases.  | MR01, MR04, MR16, ED6, ED26 ED101                 | R04, R06, R12, R13, R15, R19, R21, R22, R29 |
| CFNT33 | Teams with varying degrees of responsibility for the design and delivery of the Targeted Compliance Framework and system, including delivery partners Service Australia, operate in isolation, further fragmenting program design, delivery and the sound administration of outcomes.   | MR12, MR16, ED75 – ED102                          | R04, R16, R19, R22                          |
| CFNT34 | A disjointed approach to system design and coding has resulted in code, which is duplicative, repetitive and contradictory. In certain instances, participant pathways are unnecessarily duplicated and inconsistent.   | MR05, MR06, MR10, MR11, MR12, MR16, ED5           | R07, R16, R19                               |
| CFNT35 | The duplication and complexity of participant pathways within the system reduces confidence that policy and program requirements are being consistently and equitably applied to participants.  | MR03, MR04, MR06, MR08, ED27, ED98, ED101         | R01, R02, R09, R12, R15, R19, R29           |
| CFNT36 | Operational knowledge is heavily reliant on institutional memory rather than formalised documentation, increasing the risk of operational disruptions when personnel changes occur.   | MR09, MR10, MR11                                  | R07, R19, R25                               |
| CFNT39 | Compliance actions, including penalties and payment suspensions, are automatically applied without sufficient safeguards to account for exceptional or complex participant circumstances.   | MR03, MR08, ED6, ED20                             | R01, R02, R13, R15, R19                     |
| CFT6   | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.  | MR18, MR23, MR25                                  | R07, R12, R17, R20, R21, R24                |
| CFT8   | There is insufficient documentation detailing component design, code structure, and business workflows, along with a lack of traceability from business requirements to system design, implemented code, and testing. This gap increases the risk that system changes will not align with DEWR's legislative and policy-driven requirements, making it difficult to ensure accountability, audit readiness, and system integrity. | ED91, ED92, ED108, MR18, MR19, MR21, ITD06, ITD07 | R03, R07, R08, R15, R25                     |

**Table 36:** 11.3 Compliance Model Amplified Risk of Participant Harm - Contributing Factors

# A. Key Risks and Contributing Factors

## 11.3 Compliance Model Amplified Risk of Participant Harm (Cont.)

### Contributing Factors

| ID    | Description  | Evidence                | Risk(s)                      |
|-------|--|-------------------------|------------------------------|
| CFT10 | Critical system knowledge remains siloed among individual team members, increasing operational risks, delaying issue resolution, raising maintenance costs, and making the system vulnerable when key personnel leave.   | MR18, MR19, MR21        | R04, R05, R07, R19, R25, R21 |
| CFT11 | Business logic is spread across multiple areas, making it hard to track how changes impact critical workflows. Without adequate safeguards, the system has become difficult to maintain, adapt to business-driven changes, and ensure the reliable delivery of services. | ITD01, MR18, MR19, MR22 | R02, R14, R19, R21, R26      |

**Table 36:** 11.3 Compliance Model Amplified Risk of Participant Harm - Contributing Factors

# A. Key Risks and Contributing Factors

## 11.4 Cumulative Effect: An Unsound Framework

**Key Risk:**

The lack of framework safeguards, effective oversight, and a robust legislative framework fosters an environment where compliance failures are not only probable but inevitable. In the absence of structural reform, such failures are likely to persist, undermining program integrity and exposing both participants and the Department to continued risk.

| Risk Scale          |     |        |      |           |         |
|---------------------|-----|--------|------|-----------|---------|
| Very Low            | Low | Medium | High | Very High | Extreme |
| Overall Risk Rating |     |        |      |           |         |
| Participant         |     |        |      |           |         |
| Technology          |     |        |      |           |         |
| Department          |     |        |      |           |         |

|               |                 |
|---------------|-----------------|
| Tests Applied | T1, T8, T9, T10 |
|---------------|-----------------|

Contributing Factors

| ID     | Description   | Evidence   | Risk(s)                                |
|--------|---|--|--|
| CFNT1  | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority. | MR02, MR05, MR06, MR07, MR10, MR13, MR16, ED1, ED6   | R01, R02, R03, R04, R06, R07, R09, R20 |
| CFNT2  | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters.  | MR02, MR05, MR07, MR15, ED17                         | R01, R02, R08, R04, R05, R09, R10, R20 |
| CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.   | MR04, MR08, MR12, NEP                                | R01, R02, R04, R06, R22                |
| CFNT9  | Incremental and uncontrolled changes to base system code increase the delta between the original policy intent and system design, processes and the current reality of user experiences.  | MR05, MR13, MR16, ED22                               | R06, R10                               |
| CFNT12 | Change releases to the system are not tied to, or limited to, changes to legislation, policy or business rules.   | MR03, MR07, MR09, MR10, MR12, MR13, MR14, MR16, ED91 | R01, R04, R05, R06, R09, R24           |
| CFNT13 | In most instances, there is no way of establishing when code, workflows or rules within the system have been modified or whether this modification is aligned with policy changes.  | MR02, MR07, MR09, MR12, MR13, NEP                    | R01, R04, R09                          |
| CFNT14 | There is no differentiation between code changes made to accommodate policy changes and those made to correct technical issues. E.g. Minor releases (system issues) vs major release (policy change).   | MR13, ED5  | R04, R06, R09                          |
| CFNT19 | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.       | MR05, MR15, ED6, ED20, ED25                          | R01, R09, R13, R19, R29                |

Table 37: 11.4 Cumulative Effect: An Unsound Framework - Contributing Factors

# A. Key Risks and Contributing Factors

## 11.4 Cumulative Effect: An Unsound Framework (Cont.)

### Contributing Factors

| ID     | Description   | Evidence  | Risk(s)                                     |
|--------|---|---|---|
| CFNT20 | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the Department to intervene in system processing of individual or select groups of cases.  | MR01, MR04, MR16, ED6, ED26 ED101                 | R04, R06, R12, R13, R15, R19, R21, R22, R29 |
| CFNT39 | Compliance actions, including penalties and payment suspensions, are automatically applied without sufficient safeguards to account for exceptional or complex participant circumstances.   | MR03, MR08, ED6, ED20                             | R01, R02, R13, R15, R19                     |
| CFT8   | There is insufficient documentation detailing component design, code structure, and business workflows, along with a lack of traceability from business requirements to system design, implemented code, and testing. This gap increases the risk that system changes will not align with DEWR's legislative and policy-driven requirements, making it difficult to ensure accountability, audit readiness, and system integrity. | ED91, ED92, ED108, MR18, MR19, MR21, ITD06, ITD07 | R03, R07, R08, R15, R25                     |
| CFT9   | There is no centralised documentation linking business requirements to system design, code changes, and test cases, reducing traceability, accountability, and increasing the risk of non-compliance with policy obligations.   | MR18, MR19, MR21, ITD06, ITD07, ED91, ED92        | R01, R06, R07, R09, R25                     |
| CFT12  | The lack of automated quality controls, like static code analysis in the deployment pipeline, increases the likelihood of undetected defects, making the system more prone to errors and compliance failures.   | ITD01   | R10, R12, R21, R24, R26                     |
| CFT13  | The Compliance Domain Service relies on shared components maintained by other teams, increasing the risk that changes to these components may have unintended impacts, potentially disrupting compliance-related functionalities.   | MR23, MR24  | R05, R09, R27                               |
| CFT14  | Insufficient visibility across service boundaries has resulted in compliance-related defects going undetected until production, increasing operational risks and undermining confidence in service reliability.   | MR19, MR24  | R01, R15, R18, R23, R27                     |

Table 37: 11.4 Cumulative Effect: An Unsound Framework - Contributing Factors



# APPENDIX B:

## NON-TECHNICAL DETAILED METHODOLOGY

## B. Detailed Methodology: Business Rule Analysis

In conducting Phase 3 of the Non-technical workstream, the Assessment of Policy and System Alignment, a 3-step approach was undertaken to analyse the Mutual Obligation Policies and TCF guidelines, to categorise collated business rules and concurrently map alignment confidence levels.

### Step 1: Mapping of Mutual Obligations Policy and TCF

As part of our business rule analysis, all current policies under Mutual Obligations were extracted and recorded in a workbook. These business rules were then categorised into two types: technical and non-technical. Technical business rules focus on system logic and supporting processes, while non-technical rules are related to legislation and policy (Refer to Step 2 below for further information). Based on this categorisation, the business rules were recorded in the workbook according to the following data points, which were subsequently documented in a detailed process map:

| Data Point                           | Definition  |
|--------------------------------------|---|
| Policy ID Ref. #                     | A unique reference ID for the overarching policy, extracted directly from the policy itself.      |
| Policy Title                         | The heading used to categorise the policy, extracted from the policy itself.                      |
| Process Flow Location                | A reference ID that links the policy to the developed process map, providing the overall context. |
| Process Flow Heading                 | A heading that connects the policy extract to the relevant process flow location heading.         |
| Visio Location ID                    | A sub-number assigned to the policy extract attached to the process flow location.                |
| Relevant Policy                      | An extract from the Mutual Obligations document, detailing the policy.                            |
| Does Policy Link to Legislation      | A dropdown (Yes/No) indicating whether the policy is linked to legislation.                       |
| Does Policy Reference Another Policy | A dropdown (Yes/No) indicating whether the policy references another policy.                      |
| Linking Policy                       | If applicable, the policy that links to the current policy is listed here.                        |

Table 38: B.1 Detailed Methodology: Mapping of Mutual Obligations Policy and TCF

### Step 2: Business rule categorisation

Business rules were gathered and analysed to assess traceability and accuracy about the guiding policy and legislation. This analysis also provided a comprehensive understanding of the current state of the business rules, as well as the overall approach to interpreting policy and translating it into the TCF and Mutual Obligations system.

The business rules were examined across four categories: Legislation, Policy, Supporting (Business Processes), and Supporting (System Logic). Below is a description of each category:

| Category Type                 | Definition  |
|-------------------------------|---|
| Legislation                   | When a business rule is mapped to a policy, it is elevated to the Legislation category if the Mutual Obligation policy is a direct result of a piece of legislation.  |
| Policy                        | Rules that clearly link and apply levels of interpretation to guiding Mutual Obligations and TCF policy.  |
| Supporting (Business Process) | Rules that align more with the business processes being supported by the system, like tracking or ensuring compliance, supporting workflows, or guiding actions within the business processes (such as creating reports, managing evidence, or ensuring the system reflects business requirements). |
| Supporting (System Logic)     | Rules that deal with the internal logic and operations of the system itself, such as validations, calculations, or how the system should behave based on certain conditions or inputs.  |

Table 39: B.1 Detailed Methodology: Business rule categorisation

## B. Detailed Methodology: Business Rule Analysis

In conducting the Assessment of Policy and System Alignment, a 3-step approach was undertaken to analyse the Mutual Obligation Policy and TCF guidelines, to categorise collated business rules and concurrently map alignment confidence levels.

| Step 2: Business rule categorisation |  |
|--------------------------------------|--|
| Business Rules Classifications       | Definition   |
| Fully Met                            | The business rule has a clear legislative or policy basis, is identifiable within the IT system code, and has been implemented as specified, with minimal gaps or deviations.  |
| Partially Met                        | The business rule is only partially implemented, does not fully reflect, or is not fully supported by legislation or policy. While certain elements are contained within system code, the rule may not operate as intended. Gaps, inconsistencies, or incomplete logic should be resolved to achieve full compliance and alignment with legislation and policy requirements. |
| Not Met                              | The business rule is not supported by legislation or policy, or cannot be identified within the IT system. Evidence is either absent or contradictory, indicating a need for corrective action to ensure alignment with legislation and policy intent.   |

Table 40: B Detailed Methodology: Business Rules Classifications

| Step 3: Business Rule Mapping   |   |
|---|---|
| The business rules were then mapped according to their compliance levels and traceability against the Mutual Obligation Policy, and the status of either Fully Met, Partially Met, or Not Met was assigned. |   |
| Policy ID Ref. #  | A unique reference ID for the overarching policy, extracted directly from the policy itself.      |
| Policy Title  | The heading used to categorise the policy, extracted from the policy itself.                      |
| Process Flow Location   | A reference ID that links the policy to the developed process map, providing the overall context. |
| Process Flow Heading  | A heading that connects the policy extract to the relevant process flow location heading.         |
| Visio Location ID   | A sub-number assigned to the policy extract attached to the process flow location.                |
| Relevant Policy   | An extract from the Mutual Obligations document, detailing the policy.                            |
| Does Policy Link to Legislation   | A dropdown (Yes/No) indicating whether the policy is linked to legislation.                       |
| Does Policy Reference Another Policy  | A dropdown (Yes/No) indicating whether the policy references another policy.                      |
| Linking Policy  | If applicable, the policy that links to the current policy is listed here.                        |

Table 41: B Detailed Methodology: Business Rule Mapping

## B. Detailed Methodology: Business Rule Analysis

In conducting the Assessment of Policy and System Alignment, a 3-step approach was undertaken to analyse the Mutual Obligation Policy and TCF guidelines, to categorise collated business rules and concurrently map alignment confidence levels.

### Step 4: Manual Business Rule Analysis

A manual mapping process was undertaken to compare legislative and policy requirements against documented business rules and compared them with IT system code. The absence of detailed documentation and direct traceability between business rules, system logic, and both current and superseded policy and legislation introduced a degree of subjectivity into this manual mapping process. While the Review undertook a comprehensive analysis of TCF business rules, it is important to acknowledge this subjectivity when interpreting the detailed examination and associated quantitative analysis of each rule.

368 business rules were collated and categorised into the following:

| Category Type                 | Mapping |               |     |
|-------------------------------|---------|---------------|-----|
| Legislation                   | 7       | Fully Met     | 6   |
|                               |         | Partially Met | 1   |
|                               |         | Not Met       | 0   |
| Policy                        | 33      | Fully Met     | 14  |
|                               |         | Partially Met | 14  |
|                               |         | Not Met       | 5   |
| Supporting (Business Process) | 191     | Fully Met     | 19  |
|                               |         | Partially Met | 154 |
|                               |         | Not Met       | 18  |
| Supporting (System Logic)     | 132     | Fully Met     | 41  |
|                               |         | Partially Met | 86  |
|                               |         | Not Met       | 5   |
| No Business Code Information  | 5       | N/A           |     |

**Table 42:** B Detailed Methodology: Business Rule Analysis

## B. Detailed Methodology: Policy and Legislative Analysis

In evaluating the compliance between the operational policy and the legislation, a two-step approach was undertaken to map and analyse their alignment. This process was designed to assess whether the operational policy and the legislation are consistent and compliant with one another, ensuring a high level of confidence in their mutual compliance.

### Step 1: Extraction and Mapping of Operational Policies to Legislation

As part of our compliance mapping of policy to legislation, the policies from the Social Security Guide (SSG) were extracted and recorded into a workbook based on the following data points:

| Data Point  | Definition   |
|---|--|
| Policy ID Ref. #  | A reference ID for the overarching policy, extracted directly from the SSG.                                  |
| Policy Title  | The heading used to categorise the policy, extracted from the SSG itself.                                    |
| Relevant Policy   | An extract from the SSG, detailing the policy.   |
| Does Policy Link to Legislation   | A dropdown (Yes/No) indicating whether the policy is linked to legislation.                                  |
| Linking Legislation Extracts  | Relevant sections or excerpts from the linking legislation, extracted from the SSG                           |
| Does the Legal SME Agree whether the Policy and Legislation are Compliant | A dropdown (Yes/The policy may not be compliant) indicating whether the policy and legislation are compliant |
| Legal SME Commentary/Analysis   | If applicable, the analysis provided by the Legal SME  |

Table 43: B Detailed Methodology: Extraction and Mapping of Operational Policies to Legislation

### Step 2: Social Security Guide Policy and Legislation Analysis

As part of our ongoing qualitative analysis, a Legal Subject Matter Expert (SME) was engaged to analyse the extracted SSG policy alongside its corresponding legislative requirements. The quantitative analysis will be included in the final report.

Below are the qualitative findings based on our analysis:

- Compliance with legislative requirements:** The majority of the policies align with the legislation, which reflects the core principles and requirements. However, there are instances where the policy only partially complies with the legislation, and in some cases, it does not fully consider all factors outlined in the legislation, leading to gaps in alignment.
- Terminology and legislative consistency:** The policy does not always use the exact wording from the legislation, creating potential ambiguity. For example, while the legislation requires the Secretary to pay at the earliest reasonable date, the policy uses the term “generally”, potentially leading to confusion. Additionally, the policy frequently substitutes “Delegate” for “The Secretary”, which may impact clarity and transparency regarding the defined roles and authority under the legislation. There are also instances where the policy includes provisions that conflict with the legislative intent or interpretations such as discrepancies in the application of payment timelines.
- Alignment with Enabling Provisions and legislative updates:** While enabling provisions are mentioned in the policy, there are gaps where the legislation has been updated, and those updates are not fully reflected in the policy. Specifically, recent changes to income management regimes and other legislative updates are not consistently incorporated into the policy. Additionally, some references in the policy do not align with the latest legislative updates, and there are areas where the policy goes beyond the legislative scope.
- Clarity in policy application:** Several sections of the policy are ambiguous or unclear, which can lead to misinterpretation. In some cases, the policy introduces additional requirements (e.g., record-keeping for payment nominees) that are not stipulated by the legislation, potentially overstepping the legal framework. The policy's language can be confusing in certain instances, and some policies may need to be reworded to ensure better alignment with the legislation and reduce confusion.

## B. Detailed Methodology: Market Scan

Deloitte undertook a global market scan to benchmark the status of the current IT system in relation to other equally complex programs or processes which are implemented through and rely heavily on large IT systems. Below is a breakdown of the methodology and the high-level findings.

### Step 1: Scoping the Market Scan

To support DEWR's future-state design, we conducted a comprehensive market scan of comparable systems and frameworks across government and adjacent sectors. This scan focused on four key scope areas:

- Risk-based compliance models
- Digital enablement
- Participant engagement strategies, and
- Automation.

Each example showcases a unique approach to managing large-scale programs dependent on complex IT systems and data-driven operations. The insights have been organised to highlight their relevance to DEWR, assess their maturity, and identify key lessons that could inform the uplift of the Targeted Compliance Framework (TCF) and broader system reforms against the below areas:

- Strategic alignment
- Operational efficiency
- Participant experience
- Technological enablement

### Step 2: Connecting to Our Global Market

The team connected with Deloitte Global industry leads to collate a series of better practice examples against the above scope areas. Below are the market scan findings:

#### Market Scan Example 1

|   |                 |  |
|---|-----------------|--|
| <i>Australia</i><br><i>State Revenue Agency</i> | Focus Area      | Risk and Compliance Operations   |
|   | Framework       | System and Methodology   |
|   | DEWR Relevance  | Opportunity to uplift DEWRs segmentation and automation methodologies  |
|   | Insight Summary | Risk-led framework modernising legacy systems, reducing manual effort  |
|   | Maturity        | Leading  |
|   | Description     | <p>An Australian State Revenue Agency is operating a major revenue collection program, providing a digital self-assessment system to users, generating over \$9.5B in annual transfer duty.</p> <p>The program and system is supported by an automated, behavioural segmentation, and proactive data analytics, which provide real-time flagging of non-compliance and differentiated treatment based on risk profiles, dramatically reducing manual processing and increasing revenue protection.</p> <p>The approach represents a shift from reactive enforcement to proactive risk-led compliance and can directly inform DEWR's efforts in building a modern, participant-focused risk and escalation model.</p> |

Table 44: B Detailed Methodology: Market Scan



## B. Detailed Methodology: Market Scan

### Market Scan Example 2

|  |                 |  |
|--|-----------------|--|
| <i>United Kingdom</i><br><i>Department for Work and Pensions</i> | Focus Area      | Escalation Protocols   |
|  | Framework       | Policy and Process Design  |
|  | DEWR Relevance  | Can inform TCF escalation pathways   |
|  | Insight Summary | Participant-centric compliance with integrated hardship reviews  |
|  | Maturity        | Developing   |
|  | Description     | <p>The UK Department for Work and Pensions (DWP) implements a multi-tiered escalation model for participants who fail to meet mutual obligations. The system emphasises fairness, with each stage of escalation incorporating clear communication, opportunities to re-engage, and the option for hardship reviews before sanctions are applied.</p> <p>Case managers are supported by a combination of structured digital tools and manual assessment guidelines. The digital tools prompt early interventions (e.g., reminders or workflow flags), while case managers apply discretion and empathy to assess individual circumstances and determine appropriate next steps. This integrated approach balances enforcement with empathy, maintaining participant engagement even through non-compliance.</p> <p>The DWP model provides DEWR with a blueprint for embedding both automated safeguards and human-centred judgement into the TCF, particularly to support vulnerable cohorts.</p> |

### Market Scan Example 3

|   |                 |  |
|---|-----------------|--|
| <i>Australia</i><br><i>Social Services Agency</i> | Focus Area      | Automated Participant Engagement   |
|   | Framework       | Digital Engagement Strategy  |
|   | DEWR Relevance  | Useful for early-stage participant engagement  |
|   | Insight Summary | Use of real-time reminders and prompts.  |
|   | Maturity        | Developing   |
|   | Description     | <p>A Social Services Agency has integrated ‘digital nudges’ as part of its broader strategy to improve service uptake and reduce compliance breaches. These nudges include automated SMS and email reminders about upcoming obligations, reporting deadlines, and document submissions.</p> <p>Built into systems and applicants, the nudges are timed to appear shortly before a participant is due to act, significantly reducing late reporting and follow-up workloads. The system uses basic segmentation (e.g. communication preferences, service history) to tailor message timing and content. This light-touch, cost-effective strategy supports behaviour change without the need for escalation and offers a scalable early intervention model for an appropriate compliance framework.</p> |

Table 44: B Detailed Methodology: Market Scan

## B. Detailed Methodology: Market Scan

### Market Scan Example 4

|   |                 |   |
|---|-----------------|---|
| <div>Australia</div> <div>Large Retail Wholesaler</div> | Focus Area      | Governance and Controls to Support Major IT Systems   |
|   | Framework       | Control Governance Framework  |
|   | DEWR Relevance  | Implementing robust governance and control frameworks will help mitigate compliance risks and ensure the system evolves to meet new requirements while maintaining the integrity of compliance processes  |
|   | Insight Summary | Adoption of a risk-led approach in managing compliance events will enhance operational efficiency and support better decision making across the TCF lifecycle   |
|   | Maturity        | Developing  |
|   | Description     | <p>The retailer's transformation involves transitioning from legacy systems to a more modern, cloud-based ERP system (Microsoft Dynamics 365), designed to enhance business processes through simplification and standardisation. The project has undergone a reset, aligning the process with a re-baselined plan for more controlled progress.</p> <p>The complexity and risks involved in the implementation of such a program demand robust governance mechanisms to ensure controls are fit for purpose and mitigate the risks effectively. The governance framework incorporates process and control testing to ensure that controls are appropriately designed and implemented for the new system.</p> |

### Market Scan Example 5

|   |                 |  |
|---|-----------------|--|
| <div>Australia</div> <div>Large Financial Institution</div> | Focus Area      | Incident management within an Information and Transfer System  |
|   | Framework       | Risk culture   |
|   | DEWR Relevance  | Implementing formalised documentation, policies and procedures that ensures clear accountabilities, decision making, prioritisation and escalation of issues.  |
|   | Insight Summary | Business practices, frameworks, and documentation were inadequately developed and implemented  |
|   | Maturity        | Developing   |
|   | Description     | <p>The major financial institution made a significant investment in an information and transfer system. However, over a three-year period, the system encountered multiple incidents, prompting a non-technical external review. This review focused on the operating framework, processes, roles and responsibilities, people and culture, and risk management.</p> <p>The findings revealed that key business practices, frameworks, and documentation were inadequately developed and implemented within the system. As a result, several root causes were identified, many of which could be linked to potential entry points for the incidents.</p> |

Table 44: B Detailed Methodology: Market Scan

# B. Detailed Methodology: Market Scan

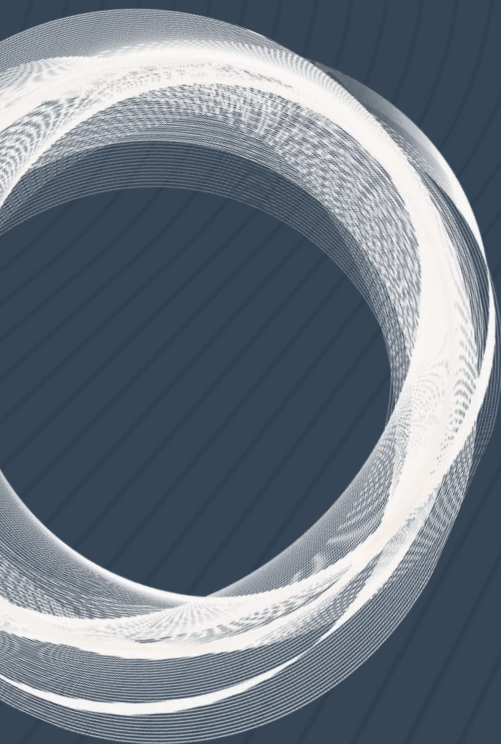
## Market Scan Example 6

|  |                 |  |
|--|-----------------|--|
| <div>Australia</div> <div>National Intelligence Community Agency</div> | Focus Area      | Modern Online Agency Transformation  |
|  | Framework       | Strategic Governance and SAFe Agile Methodology  |
|  | DEWR Relevance  | Implementing robust governance and assurance frameworks will help mitigate risks and ensure the program aligns with its strategic objectives while maintaining oversight across all phases of the transformation.  |
|  | Insight Summary | Adoption of a structured governance and compliance approach will drive strategic alignment, enhance decision-making, and ensure effective stakeholder engagement throughout the TCF lifecycle.   |
|  | Maturity        | Developing   |
|  | Description     | <p>The National Intelligence Community Agency is undergoing a four-year transformation program aimed at modernising its online services to increase user self-service opportunities and enhance operational efficiencies.</p> <p>A gap analysis was conducted across key areas such as governance, risk, compliance, stakeholder engagement, and financial management, identifying several opportunities for improvement. This led to the implementation of a comprehensive governance framework, which includes AML/CTF compliance and KYC procedures to mitigate risks and ensure regulatory compliance.</p> <p>This structured approach to governance and compliance ensures the program stays on track, addresses key challenges, and successfully achieves its business objectives while adhering to necessary regulatory requirements.</p> |

Table 44: B Detailed Methodology: Market Scan

# APPENDIX C:

## TECHNICAL DETAILED METHODOLOGY



# C. Detailed Methodology: Technical Review

This system review was conducted using a structured, risk-based approach to evaluate the system’s ability to support DEWR services in alignment with legislative and policy requirements. The assessment focused on four key dimensions:

- Code Quality and Maintainability
- Testing and Quality Assurance
- Documentation and Requirement Traceability
- Monitoring and Observability

Each of these dimensions is critical to ensuring system stability, compliance, and operational resilience. The approach consisted of four structured phases: Stakeholder Engagement and Scope Identification, Code Analysis and Data Collection, Risk Assessment and Findings Mapping, and Final Assurance and Reporting. Each phase systematically identified risks, analysed impacts, and assessed the system’s operational effectiveness.

## Phase 1: Stakeholder Engagement and Scoping

**Objective:**

Establish an understanding of the system landscape, key dependencies, and risk areas to define the scope of the assessment.

| Item  | Details   |
|---|---|
| Engagement with IT Teams and Key Stakeholders | Conducted initial meetings with IT specialists to understand system architecture, major dependencies, and areas of concern.   |
|   | Identified key participants for interviews to gain insights into system challenges and maintenance practices.   |
|   | Discussed existing architecture, code structure, quality controls, SDLC process and historical incidents of non-compliance or service disruptions.  |
| Defining Core Dimensions for Review           | Identified Code Quality and Maintainability, Testing and Quality Assurance, Documentation and Requirement Traceability, and Monitoring and Observability as key risk dimensions for assessment.                       |
| Assessment Scope Definition                   | Due to the system’s complexity, focused on reviewing the backend web API (Internal API), as it forms the core processing component.   |
|   | Scoped the Review to high-level code assessment and risk identification, given the limited access period. Excluded front-end functionality and external integration reviews, which were identified for future phases. |

Table 45: C Detailed Methodology: Stakeholder Engagement and Scoping

Note: Phase 2 is continued on the following page

# C. Detailed Methodology: Technical Review

## Phase 2: Code Analysis and Data Collection

**Objective:**  
Conduct analysis of the system through technical assessments and interviews to gather evidence of risks across the four dimensions

| Item   | Details   |
|--|---|
| Interviews and discussions with IT Specialist Teams      | Held discussions with IT SMEs to understand system behaviour, dependencies, and operational workflows.  |
|  | Gathered insights into the development, deployment, and support processes.  |
|  | Identified system limitations and areas requiring further analysis.   |
| Manual Codebase Review                                   | Analysed Compliance Internal API to assess architecture and structure, dependencies and maintainability (coding standards, documentation and separation of concerns).               |
| Manual Codebase Review                                   | Reviewed repository organisation, code readability, and modular design principles. Evaluated how the system handles version control, configuration management, and change tracking. |
| Testing Review   | Analysed the extent of unit test coverage across different components of the internal API.  |
|  | Evaluated the effectiveness of component and system tests in validating functional and non-functional requirements.   |
| System Logging and Monitoring Review                     | Reviewed the implementation of logging mechanisms within the Internal web API.  |
| Evaluation of Documentation and Requirement Traceability | Reviewed the presence and quality of system documentation, including API specifications, configuration details, and deployment guides.  |
|  | Assessed whether system changes can be mapped back to business and compliance requirements.   |
|  | Examined the clarity of documentation for onboarding and troubleshooting.   |

Table 46: C Detailed Methodology: Code Analysis and Data Collection

### Unit Test Coverage for Compliance Internal Service

| Project                   | Coverage Percentage | Uncovered Lines | Total Lines |
|---------------------------|---------------------|-----------------|-------------|
| Compliance.WebApi         | 49%                 | 2050            | 4193        |
| Compliance.Business       | 49%                 | 14893           | 29115       |
| Compliance.Repository     | 45%                 | 4266            | 7807        |
| Compliance.MessageHandler | 33%                 | 2143            | 3194        |
| Compliance.Model          | 52%                 | 4597            | 9624        |
| Compliance.Contract       | 13%                 | 11561           | 13302       |

Table 47: C Detailed Methodology: Unit Test Coverage for Compliance Internal Service



# C. Detailed Methodology: Technical Review

## Phase 3: Risk Assessment and Finding Mapping

**Objective:**  
Align assessment results with key observations, organise findings based on their impact, and prioritise risks to provide a structured evaluation of system assurance.

**Details:**  
The results from the codebase review, testing assessment, documentation analysis, and monitoring evaluation were systematically consolidated against the identified key dimensions - Code Quality and Maintainability, Testing and Quality Assurance, Documentation and Requirement Traceability, and Monitoring and Observability. Each identified issue was assessed for its contribution to overall system risk and operational resilience.

For example, the use of a legacy version of .NET was classified as a lower risk issue in the immediate term, as it does not directly compromise functionality or compliance. In contrast, insufficient documentation and lack of traceability to business rules were classified as higher risk, as they pose challenges for policy compliance, debugging, onboarding, and future system enhancements. Similarly, low test coverage was prioritised as a critical risk given its potential to allow defects into production, increasing service disruptions.

This structured approach enabled a risk-based prioritisation of findings, ensuring that critical system weaknesses impacting policy compliance, operational efficiency, and future scalability were given precedence in the final reporting and assurance recommendations.

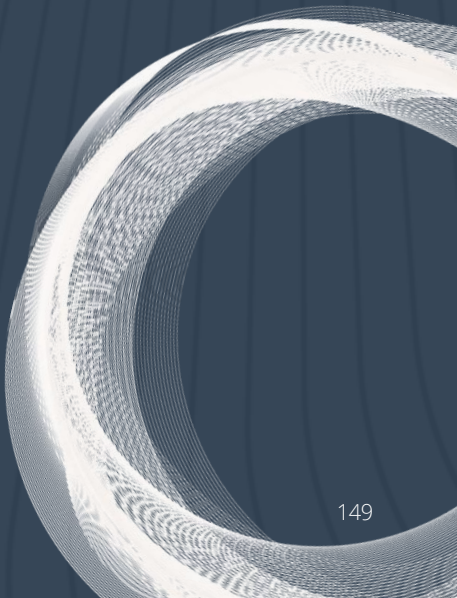
## Phase 4: Final Assurance Statement and Reporting

**Objective:**  
Consolidate findings into a structured report, along with non-technical findings.

**Details:**  
The prioritised risks and observations from Phase 3 were compiled into a formal assurance statement, highlighting key observations and their contributing factors.

# APPENDIX D:

## Technical Business Rule Mapping



# D. Technical Business Rule Mapping

The Review Team undertook a comprehensive mapping activity to assess the implementation status of over 350 business rules. The Review Team analysed the codebase and associated data layers, classifying each rule as Fully Met, Partially Met, or No Evidence. The output provides a consistent and scalable baseline to validate non-technical findings, identify implementation gaps, and inform further targeted analysis where needed.

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFCAA-0001 | When a job seeker reaches their fifth demerit and has a finalised Capability Interview, the system automatically creates a Capability Assessment with key details like the assessment date, the site requesting it, and its status marked as Requested.  | Partially Met      |
| BR-TFCAA-0002 | When a Capability Assessment outcome from Services Australia shows that the job seeker is capable, the system finalises all existing non-compliance records, closes the related re-engagement actions, and starts a penalty phase (Intensive Compliance Phase) beginning the next business day, lasting for 91 days.   | Partially Met      |
| BR-TFCAA-0003 | If a Capability Assessment is submitted to Services Australia, no new demerit points are added to the job seeker.  | Fully Met          |
| BR-TFCAA-0004 | Services Australia sends a TT267 transaction to deliver the outcome of a Capability Assessment to the system.  | Partially Met      |
| BR-TFCAI-0001 | The result of a Capability Interview follows this order: <ul style="list-style-type: none"><li>FWJP — Errors found in the Job Plan.</li><li>FJOB — Job seeker is not capable of meeting Job Plan requirements due to personal circumstances or capacity.</li><li>FDIS — Newly disclosed information affects the situation.</li><li>FCAP — Job seeker is fully capable of meeting their Job Plan requirements.</li></ul>  | Partially Met      |
| BR-TFCAI-0002 | A job seeker will be assessed as fully capable (FCAP) if all relevant suitability checks (e.g. hours appropriate, activity appropriate, transport available, aligned with local labour market and personal circumstances) are answered Yes, and certain exceptions (like special categories for young people, carers, or partially capable people) do not apply.   | No Evidence        |
| BR-TFCAI-0003 | If responses indicate issues like too many hours or unsuitable activities, the system concludes that there are errors in the Job Plan, which needs to be updated. The outcome is recorded as FWJP.   | Partially Met      |
| BR-TFCAI-0004 | If it's confirmed that the job seeker's personal situation means they cannot meet their Job Plan and no other higher-priority outcome applies, the result is set to FJOB.  | No Evidence        |
| BR-TFCAI-0005 | If no Job Plan errors exist but the job seeker reveals new relevant information that would have affected their ability to meet obligations, the system sets the outcome to FDIS (Newly Disclosed Information).   | Not Met            |
| BR-TFCAI-0006 | When a Capability Interview is first created in draft form, the system records key information: the interview ID, the related non-compliance series ID, re-engagement requirement ID, interview date, site code, status marked as Draft, the date/time, and the stream eligibility code.   | Partially Met      |
| BR-TFCAI-0007 | If a new Capability Interview is triggered and the job seeker had a previous Capability Interview with outcome Fully Capable (FCAP) in the last 60 days: <ul style="list-style-type: none"><li>Two new Re-Engagement Requirements are created — one recalculated based on updated hierarchy rules, and one marked Re-engagement Copied (TCRN.RECY).</li><li>A new Capability Interview record is created with outcome FCAP and status Finalised.</li><li>All related links (Job Plan Snapshot, Job Seeker Classification Instrument link, Job Capacity Assessment link) and previous questions/responses are copied to the new Capability Interview.</li></ul> | Partially Met      |
| BR-TFCAI-0008 | While a Capability Interview has the status Pending (PND), any demerit points triggered will be recorded as No Demerit, meaning the job seeker will not incur points.  | No Evidence        |
| BR-TFCAI-0009 | If a Capability Interview outcome is Error in Job Plan (FWJP) or Not Capable of Meeting Job Plan Requirements (FJOB), then any new Non-Compliance Event must be linked to the updated Job Plan Snapshot.   | Fully Met          |
| BR-TFCAI-0010 | When a Capability Interview outcome is FWJP or FJOB, all new Non-Compliance Events created afterwards will have no demerit points applied until a new Job Plan is agreed upon.   | Partially Met      |

Table 48: D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFCAL-0011 | If the Capability Interview Re-engagement is marked as No Longer Required or cannot be completed within two business days: <ul style="list-style-type: none"> <li>the re-engagement is finalised,</li> <li>the linked Non-Compliance Event is also finalised</li> </ul> The original Capability Interview remains open until it is finalised or the related demerit points are expired or removed — then the system finalises the interview automatically. | Partially Met      |
| BR-TFCAL-0012 | If a Capability Interview Re-engagement is marked as Not Met (RENM) or Rescheduled (RESC): <ul style="list-style-type: none"> <li>the Capability Interview is linked to a new Re-Engagement Requirement,</li> <li>the new re-engagement is marked as Required (RERE).</li> </ul>   | Partially Met      |
| BR-TFCAL-0013 | If the job seeker is found Not Capable (outcomes FWJP, FJOB, FJSC, or FDIS): <ul style="list-style-type: none"> <li>all Non-Compliance Events are marked Finalised,</li> <li>all Re-Engagement Requirements are marked Completed,</li> <li>all demerit points are Expired,</li> <li>the Non-Compliance Series is inactivated.</li> </ul>   | Fully Met          |
| BR-TFCAL-0014 | If the Capability Interview outcome is Fully Capable (FCAP): <ul style="list-style-type: none"> <li>the Re-Engagement Requirement is marked Completed,</li> <li>all linked Non-Compliance Events are finalised,</li> <li>the job seeker remains in the Warning Zone.</li> </ul>  | Partially Met      |
| BR-TFCAL-0015 | If the Capability Interview is in Draft or Pending status and the Job Seeker Classification Instrument (JSCI) status changes from Pending to Active, the active JSCI version is stored and linked to the Capability Interview.   | Fully Met          |
| BR-TFCAL-0016 | Only jobactive or Disability Employment Services Assessment (DESA/B) JSCI submissions will automatically finalise the Capability Interview with outcome FJSC.  | Not Met            |
| BR-TFCAL-0017 | If the Capability Interview is Draft or Pending and a JSCI update is received, the system checks whether the job seeker's eligibility has changed since the interview was created: <ul style="list-style-type: none"> <li>If unchanged, the outcome is Capable.</li> <li>If changed, the outcome is Not Capable (FJSC).</li> </ul>   | Fully Met          |
| BR-TFCAL-0018 | If the Capability Interview is Draft or Pending and the JSCI status is changed from Active to Pending because an Employment Services Assessment (ESAt)/Job Capacity Assessment (JCA) is required, the Capability Interview is finalised with outcome Newly Disclosed Information, with reason code ESAt.   | Fully Met          |
| BR-TFCAL-0019 | If demerit points that triggered a Capability Interview are removed or expired, making the interview unnecessary, the system must notify the Diary System so it can remove the interview from the job seeker's schedule.   | Fully Met          |
| BR-TFCAL-0020 | When finalising the Capability Interview, if the linked Re-engagement Appointment is not marked as Attended, the system sends a message to ensure it gets updated.   | Partially Met      |
| BR-TFCAL-0021 | When finalising the Capability Interview, the system captures and links a snapshot of the job seeker's Job Seeker Classification Instrument (JSCI), Employment Services Assessment (ESAt)/Job Capacity Assessment (JCA), and Job Plan to the interview record for audit and tracking.  | Fully Met          |
| BR-TFCAL-0022 | A Capability Interview cannot be submitted while there are unresolved Service Recommendations in the Capability Management Tool — these must be cleared first.   | No Evidence        |
| BR-TFCAL-0023 | When a Capability Interview is submitted, the system saves a snapshot of the job seeker's key Participation Profile characteristics, including whether they are a Principal Carer Parent, have Partial Capacity to Work, are an Early School Leaver, are of Mature Age, or have a Temporary Reduced Capacity to Work. This ensures that the interview can be reviewed later with the correct context.  | Fully Met          |
| BR-TFCNC-0001 | If a Non-Compliance Event recorded as No Result Entered (NRE) is later updated to Attended, the compliance action is finalised and a notification must be sent to Services Australia (DHS) so that the job seeker's income support payment can be restored promptly.   | Fully Met          |
| BR-TFNCE-0001 | A compliance action (such as recording a failure or a demerit) can only be created for job seekers who are officially registered with Services Australia.  | Not Met            |
| BR-TFNCE-0002 | A compliance action cannot be created if the job seeker's registration is inactive; only job seekers with an active registration can have new compliance events raised against them.   | Fully Met          |
| BR-TFNCE-0003 | If a site has closed but the job seeker still has a valid contract referral for that site, compliance actions can still be created. If the referral has expired, no new compliance actions are allowed.  | Fully Met          |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0004 | Compliance actions are allowed only if the job seeker's Requirements Qualification Band (RQB) indicates they are not in a Voluntary status or under Disability Support Pension Compulsory Participation — and they must not be flagged as RapidConnect Support.  | Not Met            |
| BR-TFNCE-0005 | A Job Plan must not include requirement types that are neither Commenced nor Pending; this prevents compliance actions from being created against invalid or inactive requirements.  | No Evidence        |
| BR-TFNCE-0006 | A compliance action can only be created if the incident date for the non-compliance is the same as or later than the contract referral date. Events cannot pre-date the referral.  | Fully Met          |
| BR-TFNCE-0007 | If the job seeker's Participation Profile shows they have a Reduced Activity Test or Temporary Reduced Work Capacity on the incident date, then no compliance action can be created — unless their assessed work capacity is more than 14 hours per week.  | Not Met            |
| BR-TFNCE-0008 | If the job seeker is a Principal Carer Parent and is flagged as fully meeting their mutual obligation requirements on the incident date, then no compliance actions can be created for that period.  | Fully Met          |
| BR-TFNCE-0009 | Compliance actions under the Targeted Compliance Framework (TCF) can only be created for approved contract types: <ul style="list-style-type: none"> <li>Disability Employment Services (DES A or B)</li> <li>Workforce Australia Services (PRO6)</li> <li>Workforce Australia Online (DIG6)</li> <li>jobactive (before it was retired in June 2022)</li> <li>ParentsNext (before it was made voluntary)</li> </ul>  | Partially Met      |
| BR-TFNCE-0010 | A non-compliance event can be created with an incident date in the past (backdating), but only within a limit set by business rules, depending on how the event was created (manually, automatically, or via batch processing). These limits ensure accuracy and fairness.   | Partially Met      |
| BR-TFNCE-0011 | If the job seeker is serving a penalty for a Second or Third Mutual Obligation Failure, they are considered not compellable — so no new compliance action can be created for them during the penalty period, except for Work Refusal or Unemployment Failure.  | Partially Met      |
| BR-TFNCE-0012 | If the job seeker has Partial Capacity to Work (15 hours or more) and is marked as fully meeting requirements on the incident date, then compliance actions must not be created for that time.   | Not Met            |
| BR-TFNCE-0013 | If the job seeker is in the Mature Age cohort (aged 55–59 or 60+) and is fully meeting participation requirements, no compliance actions can be created except for specific failures like Work Refusal or Unemployment Failure.  | Fully Met          |
| BR-TFNCE-0014 | If the job seeker is flagged as exempt from mutual obligation requirements on the incident date, the system must block any attempt to create a compliance action   | Fully Met          |
| BR-TFNCE-0015 | A compliance action is only valid if the incident date is on or after 1 July 2018, which is the legislative start date for the Targeted Compliance Framework.  | Fully Met          |
| BR-TFNCE-0016 | If replacing an existing No Result Entered (NRE) event, the usual backdating limits do not apply — replacement events must follow specific rules that override general backdating permissions.   | Fully Met          |
| BR-TFNCE-0017 | Job seekers in the Disability Support Pension (DSP) Under 35s cohort are excluded from the Targeted Compliance Framework — no compliance actions can be generated for these job seekers.   | Partially Met      |
| BR-TFNCE-0048 | When recording the result of a requirement, the system must prevent users from manually creating a Non-Compliance Event if an existing event of the same type and with the same notification already exists on that incident date.<br><br>Exception: This rule does not apply to No Contact Result Job Search (NCRJ), No Contact Result Self Job Search (NCSJ), No Contact Voluntary (NCVL), and No Contact Digital Monitoring (NCDM) because notification details are not captured for these event types. | Not Met            |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0049 | <p>When recording the result of a requirement, the system must not allow a manual Non-Compliance Event to be created if an event with the same job plan code already exists for that incident date.</p> <p>This applies to job interview events (NCJI, NCJM, NRJI, NRJM) and activity events (NCAA, NCAM, NRAA, NRAM).</p> <p>Exception: This rule does not apply to NCRJ, NCSJ, NCVL, or NCDM as these do not store job plan codes.</p>   | Partially Met      |
| BR-TFNCE-0050 | When creating or recording the result of a requirement, the system must check that the requirement type exists in the Requirement Type Application Data Warehouse (ADW) (identified as TCAR). If it does not exist, the job seeker is treated as not compellable and the system will return an error message.  | Partially Met      |
| BR-TFNCE-0051 | When recording the result of a requirement, if the job seeker already has an open Non-Compliance Event for a different organisation than the one processing the current requirement, then the system must treat the requirement as not compellable and block the compliance action.  | Partially Met      |
| BR-TFNCE-0052 | <p>When creating or recording the result of a requirement, if an Employment Services Assessment (ESAt) is pending or re-opened, then only a subset of compliance activities may proceed:</p> <ul style="list-style-type: none"> <li>• Provider appointments (PAPPT)</li> <li>• Job search (JSRCH)</li> <li>• Drug and Alcohol Rehabilitation (NV07) if linked to a valid activity (ACTEV, NCAA, NCAM, NRAA, NRAM)</li> <li>• Third party appointments (THRDP) or equivalent codes (NC3A, NC3M, NR3A, NR3M)</li> <li>• No other compliance actions are allowed while an ESAt is pending.</li> </ul> | Not Met            |
| BR-TFNCE-0055 | When creating or recording the result of a requirement, the system must check that the associated Job Plan has a status of either Approved or Superseded. If the Job Plan is Draft, Cancelled, or in any other status, the compliance action must not proceed.   | Not Met            |
| BR-TFNCE-0056 | When recording the result of a Job Search requirement, a Non-Compliance Incident for job search can only be created if the incident date is the last day of the job search period. If the date is before or after the defined period, the compliance action must be blocked.   | Partially Met      |
| BR-TFNCE-0057 | When recording the result of a requirement listed in the TCRA (approved requirement table), a compliance incident can only be created if the Job Plan activity is marked as compulsory for the job seeker on the incident date. If it is not compulsory, an error must be returned and no compliance action is allowed.  | Not Met            |
| BR-TFNCE-0058 | When recording the result of a requirement, the system must check that the incident date falls within the start and end dates of the related Job Plan Activity. If the incident date is outside this range, the compliance action must not be created.   | Not Met            |
| BR-TFNCE-0064 | When recording the result of a requirement, the system must not allow more than one job search or job referral Non-Compliance Incident for the same incident date — unless the new incident is a re-engagement event for a job search or job referral. This ensures duplicate incidents for the same obligation are avoided.   | Partially Met      |
| BR-TFNCE-0065 | <p>When recording the result of a requirement, the system must not allow more than one activity Non-Compliance Incident to be created for the same incident date and activity ID. Exceptions:</p> <ul style="list-style-type: none"> <li>• A second incident can be created if it is for activity attendance that has been set as a re-engagement.</li> <li>• A second incident can be created if the existing incident is a No Result Entered event.</li> </ul>   | Partially Met      |
| BR-TFNCE-0066 | <p>When recording the result of a requirement, the system must not allow more than one provider appointment Non-Compliance Incident to be created for the same incident date. Exceptions:</p> <ul style="list-style-type: none"> <li>• A second incident is allowed if it is for an appointment that has been set as a re-engagement.</li> <li>• A second incident is allowed if the existing incident is a No Result Entered event.</li> </ul>  | Fully Met          |

Table 48: D Detailed Methodology: Business Rule &amp; Policy Compliance Mapping



# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0067 | <p>When recording a Non-Compliance Event for a job seeker event, the system must not allow more than one Non-Compliance Incident to be created for the same job seeker event ID.</p> <p>Exception: A second incident is allowed only if the existing incident is a No Result Entered event.</p>   | Not Met            |
| BR-TFNCE-0100 | <p>When reporting non-compliance for failure to accept a Job Plan, the system must allow a compliance action to be created even if the Job Plan status is still Pending. This supports immediate compliance recording for job seekers refusing to accept a plan.</p>  | Partially Met      |
| BR-TFNCE-0116 | <p>If a job seeker is suspended from servicing with their provider, the system must block all compliance actions except for:</p> <ul style="list-style-type: none"><li>• Unemployment Failure, and</li><li>• Work Refusal Failure.</li></ul> <p>This applies when the provider tries to create a new requirement, record a result, or manually create a Non-Compliance Event.</p>   | Not Met            |
| BR-TFNCE-0119 | <p>If a job seeker has an existing Non-Compliance Event with a pending or confirmed demerit, and a new Employment Services Assessment (ESAt) or Job Capacity Assessment (JCA) is created with status Pending, then the system will update the demerit expiry to on hold (open-ended) while the assessment is outstanding.</p>   | Not Met            |
| BR-TFNCE-0120 | <p>If a job seeker has one or more ESAt/JCA assessments with status Pending, Reopened, or Returned, and a new Non-Compliance Event with a pending or confirmed demerit is created, then the demerit expiry date must be set to on hold (open-ended).</p> <p>Note: Assessments with latest status Unable to Complete are ignored for this rule.</p>  | Partially Met      |
| BR-TFNCE-0121 | <p>If a job seeker has one or more ESAt/JCA assessments with status Pending, Reopened, or Returned, then the Penalty Zone must be flagged as open-ended. This means the penalty phase cannot progress until the assessment is resolved.</p>   | Fully Met          |
| BR-TFNCE-0122 | <p>When an ESAt/JCA assessment's status is updated to Submitted or Unable to Complete for a job seeker with a pending or confirmed demerit, the expiry date for the demerit must be held on pause for the overlapping assessment period. Specifically, the pause covers:</p> <ul style="list-style-type: none"><li>• From the later of (the assessment's Pending status date or the incident date of the event),</li><li>• To the date when the assessment is Submitted.</li></ul> <p>Note: If the latest status is Unable to Complete, no additional period will be added to the expiry.</p> | Partially Met      |
| BR-TFNCE-0123 | <p>When a job seeker has one or more ESAt/JCA assessments with status Submitted or Finalised, and a new Non-Compliance Event is created, the system must hold the demerit expiry date for the overlapping period:</p> <ul style="list-style-type: none"><li>• From the later of (the assessment's Pending status date or the incident date of the event),</li><li>• To the assessment's Submitted date.</li></ul> <p>Note: Assessments with latest status Unable to Complete are not included.</p>  | Partially Met      |
| BR-TFNCE-0124 | <p>When a job seeker has one or more ESAt/JCA assessments with status Submitted or Finalised, the Penalty Zone must be flagged as on hold for the overlapping period, covering:</p> <ul style="list-style-type: none"><li>• From the later of (the assessment's Pending status date or the incident date of the event),</li><li>• To the assessment's Submitted date.</li></ul> <p>Note: Assessments with latest status Unable to Complete are excluded.</p>  | Partially Met      |
| BR-TFNCE-0144 | <p>A job referral is considered not compellable if the referral's due date falls on a weekend or public holiday. This means compliance actions for missing a job referral cannot be applied on these non-working days.</p>  | Fully Met          |
| BR-TFNCE-0145 | <p>A compliance action can only be created if there is no active compliance contingency in place that applies to the Targeted Compliance Framework (TCF) for the incident date or the current system date.</p> <p>A specific API is called to check for contingencies:</p> <p>If ApplysToTcf = true for the date range, the job seeker is not compellable and no compliance action can be created.</p>  | Not Met            |

Table 48: D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0146 | Under the Better Targeted Services for Refugees policy, any requirement booked after 1 January 2020 must treat refugees as not compellable for their first 365 days in Australia.<br>The system uses the REF activity or exemption to calculate this protected period.  | Fully Met          |
| BR-TFCPP-0001 | When a new job seeker starts with a Service Provider, they default to the Green Zone under the Targeted Compliance Framework (TCF) — with no warnings or penalties and no compliance history.<br><br>If a job seeker transfers to a new provider, any existing TCF compliance history must be finalised and Services Australia notified of the change.  | Fully Met          |
| BR-TFCPP-0002 | An authorised Department user (with the appropriate profile and listed in the TCAU table) can manually override the TCF zone to move a job seeker from the Penalty Zone back to the Green Zone when directed by the Job Seeker Compliance Operations Team.  | Partially Met      |
| BR-TFCPP-0003 | When a Capability Assessment outcome is Deemed Capable, the system will ensure the Penalty Zone expected end date is updated to Penalty Zone Start Date + 91 days, and this change must be communicated to Services Australia (DHS).  | Fully Met          |
| BR-TFCPP-0004 | If a job seeker is still in the Penalty Zone, but the expected end date has passed and a new Non-Compliance Event is created within 5 business days: <ul style="list-style-type: none"> <li>The event will be assigned to the Warning Zone instead.</li> <li>The Penalty Zone will be finalised immediately with its actual end date equal to the expected end date.</li> <li>Any linked demerits in that series will be expired.</li> <li>The Non-Compliance Event series will be marked inactive</li> </ul>   | Partially Met      |
| BR-TFCPP-0006 | If a demerit is removed while a job seeker is in the Warning or Penalty Zone, the system will: <ul style="list-style-type: none"> <li>Recalculate if the Capability Interview (CI) or Capability Assessment (CA) is still needed.</li> <li>If thresholds are no longer met, the CI/CA is marked No Longer Required (NLR).</li> <li>Related Re-engagement Requirements are updated to Re-engagement No Longer Required (RENA) with reason 'Demerit Removed (DEREM)'. </li> <li>Any unexpired Non-Compliance Events in that series are moved to a new active series.</li> <li>For Penalty Zones, the actual end date is set to the system date and a notification is sent to Services Australia.</li> </ul> | Partially Met      |
| BR-TFCPP-0007 | When a Penalty Zone ends due to a demerit being removed, the system will: <ul style="list-style-type: none"> <li>Finalise all Non-Compliance Reports (NR) that are still Draft or Awaiting Contact.</li> <li>Finalise any NR** with status Reason Confirmed.</li> <li>Update Re-engagement Required (RERE) to Re-engagement Not Required (RENR).</li> <li>Update Re-engagement Set (RESE) to Re-engagement No Longer Required (RENA).</li> <li>Send TT163 and TT164 transactions to Services Australia to confirm updates.</li> </ul>   | Partially Met      |
| BR-TFCPP-0008 | The system must notify Services Australia when a job seeker's TCF Zone changes in these situations: <ul style="list-style-type: none"> <li>A Capability Assessment result moves them from the Warning Zone to the Penalty Zone.</li> <li>A Penalty Zone ends and the job seeker returns to the Warning Zone.</li> <li>The expected end date of the Penalty Zone is extended.</li> </ul> Note: No notification is needed for minor internal zone changes where no DHS action is required.  | Fully Met          |
| BR-TFDEM-0001 | If a Capability Interview or Capability Assessment determines that a job seeker is not capable of meeting requirements: <ul style="list-style-type: none"> <li>Further Non-Compliance Events can still be created but will be labelled 'No Demerit (NODM)' and accrue zero points until a new Job Plan is finalised.</li> <li>The effective date for this rule is one business day after receiving the outcome notification (TT267) from DHS.</li> </ul>  | Fully Met          |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-DMTWG-0001 | <p>If a Non-Compliance Event (NCE) is created for an event that is not an initial appointment, initial Job Plan, or a fast-track failure, the system will:</p> <ul style="list-style-type: none"> <li>Auto-finalise the NCE with reason 'Warning exemption event'.</li> <li>Set its demerit status to 'No Demerit'.</li> <li>Add the job seeker to the WarningNotEligibleJobSeeker table to prevent repeat exemptions.</li> </ul>                    | Partially Met      |
| BR-TFESE-0001 | <p>If an exemption is received from Services Australia that overlaps with the incident date of a Non-Compliance Demerit (status confirmed, expired, or pending):</p> <ul style="list-style-type: none"> <li>The demerit status will be updated to 'Removed',</li> <li>And the reason will be set to 'Exemption (EXM)'.</li> </ul>  | Fully Met          |
| BR-TFESE-0002 | <p>If a job seeker is suspended from servicing, no new compliance actions can be created except for:</p> <ul style="list-style-type: none"> <li>Unemployment Failure, and</li> <li>Work Refusal.</li> <li>Any other attempt to create or result a requirement must treat the job seeker as not compellable.</li> </ul>   | Partially Met      |
| BR-TFESE-0003 | <p>When a job seeker is transferred to a new provider or exited from the program, any active Non-Compliance actions must be finalised with the reason 'Exit/Transfer from Service (EXITT)'. This applies when:</p> <ul style="list-style-type: none"> <li>Placement Status is TRN or similar, and</li> <li>Contract Referral Status is EXT.</li> </ul>   | No Evidence        |
| BR-TFESE-0004 | <p>When a job seeker is transferred to another provider or exited, any demerits in their current active Non-Compliance Series are handled as follows:</p> <ul style="list-style-type: none"> <li>Demerits with status Pending are removed.</li> <li>Demerits with status Confirmed are retained and carry forward with the job seeker to the new provider or stay on record after exit.</li> </ul>   | Fully Met          |
| BR-TFESE-0005 | <p>If a job seeker has outstanding Re-Engagement Requirements at the time of a transfer or exit:</p> <ul style="list-style-type: none"> <li>A status of Re-Engagement Required (RERE) must be updated to Re-Engagement Not Required (RENR).</li> <li>A status of Re-Engagement Set (RESE) must be updated to Re-Engagement No Longer Required (RENA).</li> </ul> <p>In both cases, the reason code used is 'Exit/Transfer from Service (EXITT)'.</p> | Partially Met      |
| BR-TFESE-0006 | <p>If a job seeker is transferred to a new site within the same contract, any pending Capability Interview (CI) or Capability Assessment (CA) remains active and is not cancelled. The new provider must continue managing it.</p>   | Not Met            |
| BR-TFESE-0007 | <p>When an exemption is granted by Services Australia (DHS):</p> <ul style="list-style-type: none"> <li>If an existing demerit's incident date falls within the exemption period, the demerit is removed with reason 'Exemption (EXM)'.</li> <li>If there is at least one Confirmed demerit not covered by the exemption, the expiry dates for all remaining valid demerits are recalculated.</li> </ul>   | Fully Met          |
| BR-TFESE-0008 | <p>If a job seeker is suspended from servicing, any active Non-Compliance Action must be finalised immediately. No further compliance processing continues during suspension.</p>  | Partially Met      |
| BR-TFESE-0009 | <p>When a job seeker is suspended:</p> <ul style="list-style-type: none"> <li>Demerits with status Pending are removed, with the removal reason 'Suspension (SUS)'.</li> <li>Demerits with status Confirmed are retained in the record.</li> </ul>   | Partially Met      |
| BR-TFESE-0010 | <p>If a job seeker is suspended, any related Re-Engagement Requirements must be closed:</p> <ul style="list-style-type: none"> <li>Re-Engagement Required (RERE) becomes Re-Engagement Not Required (RENR).</li> <li>Re-Engagement Set (RESE) becomes Re-Engagement No Longer Required (RENA).</li> </ul> <p>Both use the reason 'Exemption/Suspension (EXSUS)'.</p>   | Partially Met      |
| BR-TFESE-0011 | <p>If a job seeker is referred to a different contract type that also uses the Targeted Compliance Framework (TCF), both the old and new contracts must use the same version of the Capability Interview (CI). If the CI versions do not match, a contributing demerit must be removed and the CI requirement cancelled before the new contract can take over the job seeker.</p>  | No Evidence        |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFESE-0012 | If a job seeker moves between sites within the same organisation and contract, their active Non-Compliance Actions are not finalised. They stay in place and continue as normal.  | Not Met            |
| BR-TFCTF-0002 | When a suspension is confirmed, the system records the date and time it was sent to Services Australia: <ul style="list-style-type: none"> <li>0 means not sent yet,</li> <li>1 means sent successfully,</li> <li>A negative number means sending attempts failed and must be retried.</li> </ul>   | Partially Met      |
| BR-TFRER-0015 | Each compliance event type is mapped to a default re-engagement type using system code tables: <ul style="list-style-type: none"> <li>The TCER table maps Event Types (TCET) to Re-Engagement Types (TCRT) to ensure consistent re-engagement behaviour.</li> </ul>   | Not Met            |
| BR-TFRER-0016 | In the Warning Zone, every compliance event type is assigned a specific demerit point value. This mapping uses the TCED code table, which links Event Types (TCET) to Demerit Values (TCDV).  | Fully Met          |
| BR-TFRER-0017 | The threshold for when a Capability Interview (CI) or Capability Assessment (CA) is required is defined in the TCFC code table. This threshold sets the number of active demerit points needed to trigger a CI or CA while the job seeker is in the Warning Zone.   | Not Met            |
| BR-TFRER-0018 | Re-engagement types are prioritised using a hierarchy: <ul style="list-style-type: none"> <li>The TCRH code table maps Re-Engagement Types (TCRT) to Hierarchy Levels (TCHR).</li> <li>The higher the hierarchy level, the lower the priority.</li> <li>Some re-engagement types share the same level, so the system may offer users a choice (e.g., choosing between an Activity (DIA) or an Appointment (APP)).</li> </ul>  | Fully Met          |
| BR-TFRER-0002 | If an exemption is granted for a job seeker with a compliance event in status Draft, Awaiting Contact, or Reason Confirmed: <ul style="list-style-type: none"> <li>The compliance event is finalised automatically.</li> <li>Re-Engagement Required (RERE) is updated to Re-Engagement Not Required (RENR).</li> <li>Re-Engagement Set (RESE) is updated to Re-Engagement No Longer Required (RENA).</li> <li>The reason code used is 'EXSUS'.</li> </ul>                               | Fully Met          |
| BR-TFRER-0012 | When a job seeker is transitioning between two organisations and has concurrent contract referrals, each organisation can only create and edit the Re-Engagement Requirements that they themselves created. No cross-editing between providers is permitted during this overlap.  | Not Met            |
| BR-TFRER-0005 | If a job seeker is transferred to a different Service Provider, any pending or active Capability Interview (CI) or Capability Assessment (CA) is not cancelled or finalised. The receiving provider must continue managing it in line with the compliance process.  | Not Met            |
| BR-TFRER-0009 | When a job seeker is transferred to a different organisation: <ul style="list-style-type: none"> <li>Any active Re-Engagement Requirement must be updated to 'Not Required (RENR)' or 'No Longer Required (RENA)', and</li> <li>All linked compliance events must be finalised.</li> </ul> The system ensures no redundant re-engagement remains open after the transfer.   | Fully Met          |
| BR-TFRER-0013 | When an event is awaiting contact, confirming one or more such events can create a Re-Engagement Requirement with status 'Re-Engagement Required (RERE)' and type = NULL at first. As multiple events get confirmed in the same discussion, they link to this re-engagement. Once the last event is confirmed, the system calculates the correct re-engagement type using the hierarchy, or allows the user to choose if multiple valid options exist (e.g., Activity and Appointment). | Partially Met      |
| BR-TFRER-0014 | If a confirmed event pushes the job seeker's demerit points to meet the Capability Interview (CI) threshold (e.g., 3 points as of 30/06/2018), the system updates the Re-Engagement Requirement to status RERE with type CI. If an existing RERE with type NULL exists, its type is changed to CI once the threshold is met.  | Fully Met          |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFRER-0019 | For specific event types, the system can automatically set a Re-Engagement during event creation when the demerit can be auto-confirmed, for example: <ul style="list-style-type: none"> <li>Job Plan failure (NCJP) in the Warning Zone if the Job Plan was sent online.</li> <li>Job Search failure (NCJU) in the Warning Zone.</li> <li>In these auto-confirm cases, the appropriate re-engagement type (SJP for Job Plan, JSE for Job Search) is auto-set without user intervention, and the excuse code 'Acceptable Reason Not Identified (ARNI)' is assigned.</li> <li>A CI or CA is not triggered by these auto-confirmed demerits.</li> </ul> | Partially Met      |
| BR-TFRER-0020 | RESE status is set automatically when a booking is confirmed through the Diary via Service Bus messages: <ul style="list-style-type: none"> <li>APP for regular provider appointments and Capability Interviews.</li> <li>DIA for one-off activities or scheduled activities.</li> <li>Messages like SBX22, SBX35, and SBX21 trigger this automated update to link the appointment to the compliance record.</li> </ul>   | Fully Met          |
| BR-TFRER-0021 | On the Compliance PRE page, after running the Re-Engagement Hierarchy, the user can click 'Set Re-Engagement' to create an RESE for certain re-engagement types: <ul style="list-style-type: none"> <li>SJP for Job Plan if the event cannot auto-confirm the demerit.</li> <li>JSE for Job Search in the same condition.</li> <li>AFJ for Job Referral, where the user may pick among several referral options.</li> </ul>   | Partially Met      |
| BR-TFRER-0022 | When Services Australia (DHS) sends a TT263 transaction, the system finalises the linked Re-Engagement and events if the status is: <ul style="list-style-type: none"> <li>Rejected (EXREV) for Job Plan or Job Referral, or</li> <li>Finalised by DHS (EXFIN).</li> </ul> These reason codes exist in the TCXR table but are system-only codes not exposed in UI drop-down lists.  | Not Met            |
| BR-TFRER-0023 | An overnight batch process (B#CMPREN) checks for RERE Re-Engagements where the provider has confirmed events (status ERC) but no booking confirmation has been received via Service Bus. The batch finalises such Re-Engagements and assigns the reason 'NRSBP' (No Requirement Set by Provider).   | Partially Met      |
| BR-TFRER-0024 | A Re-Engagement with status RERE can be manually updated to Not Required (RENR) in the UI, but only if at least one valid reason exists in TCXR and is mapped for that event type in TCEX. If no reason is mapped, the UI hides the option to finalise it as RENR. Finalising it also finalises all linked events.  | No Evidence        |
| BR-TFRER-0025 | Valid RENR reason codes are defined in the TCXR table. These are mapped to allowable event types using the TCEX relationship table, ensuring that the system offers valid reasons for each context.   | Fully Met          |
| BR-TFRER-0006 | A Service Provider must re-engage the job seeker within two business days (Today + 2 business days). This ensures timely follow-up on compliance events.  | No Evidence        |
| BR-TFRER-0001 | If a Service Provider cannot book a re-engagement within the two-day window due to their status changing to TCRN/RE2D, then: <ul style="list-style-type: none"> <li>The Compliance action is finalised.</li> <li>Any related Payment Suspension is lifted automatically to avoid penalising the job seeker for provider limitations.</li> </ul>   | Partially Met      |
| BR-TFRER-0036 | When a Re-Engagement is rescheduled: <ul style="list-style-type: none"> <li>The original Re-Engagement is updated to 'Rescheduled (RESC)'.</li> <li>A new Re-Engagement is created with status 'Set (RESE)'.</li> <li>All linked events from the old Re-Engagement are linked to the new one.</li> <li>A Re-Engagement can only be rescheduled once, tracked using an AlreadyRescheduledFlag in the database.</li> </ul> Note: Actual rescheduling is handled by the Diary/Job Seeker Calendar system.  | Fully Met          |
| BR-TFRER-0026 | A Diary Appointment (APP) or Activity (DIA) re-engagement requirement is automatically marked as Completed (RECO) and all linked compliance events are marked Finalised (FIN) when: <ul style="list-style-type: none"> <li>The related appointment is marked Attended (ATT) in the Service Bus SBX10 message AssessReengagementRequirement - Appointment</li> <li>The related activity or job seeker event is marked Attended (ATT) in the Service Bus SBX11 message AssessReengagementRequirement - Activity</li> </ul>  | Partially Met      |
| BR-TFRER-0027 | A re-engagement of type SJP (Job Plan) is marked as Completed (RECO) and all linked events are Finalised (FIN) when the job plan is signed — triggered by the JobPlanStatusChanged Service Bus message.   | No Evidence        |

Table 48: D Detailed Methodology: Business Rule &amp; Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFRER-0028 | <p>A Job Search (JSE) re-engagement is marked as Completed (RECO) and linked events as Finalised (FIN) when any of these happen:</p> <ul style="list-style-type: none"> <li>The provider records enough valid job search efforts in the RESE Job Search Panel.</li> <li>The job seeker submits fewer efforts than required, but the provider answers 'YES' to "Has the job seeker now met their re-engagement requirement?"</li> <li>The job seeker independently submits enough valid job searches through Australian JobSearch (AJS) to meet the required total.</li> </ul>  | Fully Met          |
| BR-TFRER-0029 | <p>A Job Referral (AFJ) re-engagement is marked as Completed (RECO) and all linked events as Finalised (FIN) when the user selects "Yes — the job seeker has met their re-engagement requirement" on the RESE Job Referral panel.</p>  | Not Met            |
| BR-TFRER-0038 | <p>If Services Australia (DHS) sends a TT263 transaction with:</p> <ul style="list-style-type: none"> <li>Job Plan Rejected (EXREV)</li> <li>Job Referral Rejected (EXREV)</li> <li>Finalised by DHS (EXFIN) then the re-engagement and all linked events must be finalised. (Note: EXREV and EXFIN are system-only reason codes in TCNL; they are not user-selectable in drop-downs.)</li> </ul>  | Partially Met      |
| BR-TFRER-0033 | <p>Any RESE (Set) re-engagement can be manually marked 'No Longer Required to Re-engage' (RENA) by the provider in the UI if they choose 'Compliance is now inappropriate' and select an allowed reason code from the bottom of the Re-engagement panel. The system filters the list to only reasons mapped for that event type using TCNL and TCEL. All linked events are also finalised.</p>   | Partially Met      |
| BR-TFRER-0031 | <p>A Job Search (JSE) re-engagement is marked RENA and linked events finalised when the provider selects a reason that removes the demerit at first contact. Allowed reason codes come from TCNL and are mapped to Job Search in TCEL.</p>   | Not Met            |
| BR-TFRER-0032 | <p>A Job Referral (AFJ) re-engagement is marked RENA and linked events finalised when the user selects: "No — job seeker is not able/required to meet re-engagement requirement anymore" on the RESE Job Referral panel. Valid reason codes come from TCNL, mapped to Job Referral using TCEL.</p>   | No Evidence        |
| BR-TFRER-0010 | <p>When a job seeker is suspended from servicing, any active Service Provider Re-engagement Requirement must be updated to 'No Longer Required to Re-engage (RENA)' and all linked events must be finalised.</p>   | No Evidence        |
| BR-TFRER-0011 | <p>When a job seeker is exited from the system:</p> <ul style="list-style-type: none"> <li>Re-Engagement Required (RERE) is changed to RENR;</li> <li>Re-Engagement Set (RESE) is changed to RENA with reason Exit/Transfer from services (EXITT);</li> <li>Events with status Draft, Awaiting Contact, or Reason Confirmed are finalised;</li> <li>Pending demerits are removed;</li> <li>Confirmed demerits are retained unchanged.</li> </ul>   | Fully Met          |
| BR-TFRER-0035 | <p>If a job seeker does not attend a re-engagement requirement of type:</p> <ul style="list-style-type: none"> <li>Appointment (APP)</li> <li>Capability Interview (CI)</li> <li>Diary Activity (DIA) the pre-existing re-engagement is marked 'Not Met (RENM)' and all linked events remain at Reason Confirmed (ERC) status so they can be linked to a new re-engagement.</li> <li>Rescheduling is managed by the Job Seeker Calendar via the Diary team.</li> </ul>   | No Evidence        |
| BR-TFWRU-0009 | <p>Work Refusal and Unemployment Failure events must be sent to Services Australia (SA/DHS) for investigation:</p> <ul style="list-style-type: none"> <li>For Work Refusal (NCRJ, NCSJ):</li> <li>If 'In Contact', the system sends 'Excuse Not Accepted' so SA can investigate without payment suspension.</li> <li>If 'Not in Contact', SA suspends payment until the job seeker makes contact; once the excuse is provided, MQ163 sends the update so SA can investigate.</li> <li>For Unemployment Failure (NCVL, NCDM):</li> <li>Sent for investigation only after the job seeker provides an 'Excuse Not Accepted'.</li> <li>These failures do not suspend payment automatically.</li> <li>The system must not finalise the event until the result is entered or the event times out.</li> </ul> | No Evidence        |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping



# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFWRU-0010 | When a Failure to Accept Suitable Job (NCRJ) incident is created, it is handled as a standard non-compliance event but does not use a separate specific code in ADW. Processing depends on whether the provider is in contact with the job seeker (see next rules).  | Partially Met      |
| BR-TFWRU-0005 | When a compellable job seeker refuses a suitable job and the provider is in contact: <ul style="list-style-type: none"> <li>The provider records the 'Job Seeker Refuses to Accept Suitable Job (NCRJ)' incident.</li> <li>The system immediately sets the event status to Finalised.</li> </ul>   | Partially Met      |
| BR-TFWRU-0006 | For NCRJ when the provider is in contact, the provider must record detailed information including: <ul style="list-style-type: none"> <li>Job offer details: dates offered/declined, who made the offer, how it was found.</li> <li>Job details: position, description, employer name, contact, phone, suitability checks (travel time, pay, conditions, industry).</li> <li>Transport and commute time (with validation: max 90 mins general; max 60 mins for Principal Carer Parents). Additional suitability info: financial test, legal compliance.</li> <li>Non-compliance history: has this happened before?</li> <li>Provider contact details.</li> <li>System derives created date, user ID, provider site, contract type, placement type, and expiry (incident date + 10 business days).</li> </ul> | Partially Met      |
| BR-TFWRU-0007 | If the job seeker is not in contact when refusing a suitable job: <ul style="list-style-type: none"> <li>The provider records 'Job Seeker Refuses to Accept Suitable Job (NCRJ)'.</li> <li>The system sets event status to Awaiting Job Seeker Contact.</li> </ul>   | Fully Met          |
| BR-TFWRU-0008 | For NCRJ when not in contact, the same comprehensive fields must be completed except 'Contact with job seeker' is set to 'N'. All other fields mirror the in-contact version: job details, employer details, travel, suitability checks, transport, pay test, provider details, derived system values, expiry date, and evidence.  | Partially Met      |
| BR-TFWRU-0015 | Failure to Commence Suitable Job (NCSJ) NO CODE  | Fully Met          |
| BR-TFWRU-0011 | When a compellable job seeker refuses to commence a suitable job and the provider is in contact: <ul style="list-style-type: none"> <li>The provider records 'Job Seeker Refuses to Commence Suitable Job (NCSJ)'.</li> <li>The system sets the event status to Finalised.</li> </ul>  | No Evidence        |
| BR-TFWRU-0012 | For NCSJ when in contact, the provider must complete: <ul style="list-style-type: none"> <li>Who notified start date, how notified, how job found.</li> <li>Job details: position, description, employer name, contact, phone.</li> <li>Suitability: travel time validation (max 90 mins, or 60 mins for PCP), pay/legal test, transport details.</li> <li>Did job seeker inform they wouldn't start? Reason given? Why reason is not accepted?</li> <li>Non-compliance history: failed to commence before?</li> <li>Provider details: contact, phone, email.</li> <li>System derives: created date, user ID, provider site, contract type, placement type, expiry (incident date + 10 business days).</li> </ul>  | Partially Met      |
| BR-TFWRU-0013 | When the provider is not in contact and the job seeker refuses to commence a suitable job: <ul style="list-style-type: none"> <li>The provider records 'Job Seeker Refuses to Commence Suitable Job (NCSJ)'.</li> <li>The event status is set to Awaiting Job Seeker Contact.</li> </ul>   | Partially Met      |
| BR-TFWRU-0014 | For NCSJ when not in contact, the provider must complete all the same details as the in-contact version, except 'Contact with job seeker' is 'N'. All job suitability checks, employer details, transport, pay and conditions, travel time validation, provider contact, and derived system fields must be filled correctly.   | Partially Met      |
| BR-TFWRU-0020 | Voluntarily Left Suitable Job (NCVL) NO CODE   | Not Met            |
| BR-TFWRU-0016 | When a compellable job seeker has voluntarily left suitable employment and the provider is in contact: <ul style="list-style-type: none"> <li>The provider selects 'Voluntarily Left Suitable Job (NCVL)'.</li> <li>On submission, the system validates, creates the event, sets status to Finalised, and submits it to Services Australia as 'Under Investigation'.</li> </ul>  | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFWRU-0017 | For NCVL when in contact, the provider must complete: <ul style="list-style-type: none"> <li>Non-compliance: was the job seeker contacted? Did they inform beforehand? Why was the reason not accepted? Have they left suitable work before? Relocation assistance?</li> <li>Employment details: when failure confirmed, job start and end dates, how they learned the job was left, job info, employer details, transport and commute validation, pay/legal tests.</li> <li>System auto-fills: provider site, stream, service type, created date. Provider must confirm contact name, phone, whether extra evidence is available.</li> <li>Optional: non-compliance comments, employer comments, attach evidence.</li> </ul> | Fully Met          |
| BR-TFWRU-0018 | When a compellable job seeker has voluntarily left suitable work and the provider is not in contact: <ul style="list-style-type: none"> <li>The provider records Voluntarily Left Suitable Job (NCVL).</li> <li>On submission, the system validates, creates the event, sets status to Awaiting Job Seeker Contact, and submits it to Services Australia</li> </ul>   | Partially Met      |
| BR-TFWRU-0019 | For NCVL when not in contact, the provider must complete: <ul style="list-style-type: none"> <li>Non-compliance: 'Are you speaking to the job seeker?' (No), did they inform beforehand, have they left suitable work before, relocation assistance.</li> <li>Employment: failure confirmation date, start and end dates, how they found out the job was left, job and employer info, suitability checks, transport and commute validation, pay/legal compliance.</li> <li>System auto-fills: provider site, stream, service type, created date.</li> <li>Provider must confirm contact name, phone, whether extra evidence is available.</li> <li>Optional: other comments, attach evidence, employer comments.</li> </ul>   | Fully Met          |
| BR-TFWRU-0025 | Dismissed for Misconduct (NCDM) NO CODE   | Partially Met      |
| BR-TFWRU-0021 | When a job seeker who is compellable has been dismissed from employment for misconduct and the provider is in contact with them, the provider must create a non-compliance event for "Dismissed for Misconduct (NCDM)" with the relevant incident date. Once submitted, the system validates this data, sets the event status to 'Finalised', and sends it to Services Australia for investigation.   | Partially Met      |
| BR-TFWRU-0022 | When recording an NCDM where the provider is in contact with the job seeker, the provider must complete all required fields: <ul style="list-style-type: none"> <li>Confirmation of contact</li> <li>Reason employer gave (dropdown TCER)</li> <li>Reason job seeker gave (dropdown)</li> <li>Previous misconduct flag (Yes/No)</li> <li>Relocation assistance flag</li> <li>Employment details: dates, position, employer info, transport/travel time, pay &amp; conditions checks, and legal suitability.</li> <li>System will pre-fill some details (site, stream, created date).</li> <li>Provider must confirm contact details and optionally attach evidence.</li> </ul>  | Partially Met      |
| BR-TFWRU-0023 | If the job seeker has been dismissed for misconduct but the provider is not in contact, the provider must still create an NCDM record. The system validates it and sets the status to 'Awaiting Contact' before sending it to Services Australia.   | Partially Met      |
| BR-TFWRU-0024 | If not in contact, the provider must still complete mandatory fields for NCDM: <ul style="list-style-type: none"> <li>Confirm "not in contact"</li> <li>Employer's reason for dismissal</li> <li>Job seeker's reason (if known)</li> <li>Previous misconduct flag</li> <li>Relocation assistance flag</li> <li>Employment and suitability details: job dates, role, employer info, transport, pay &amp; conditions</li> <li>System pre-fills some details and requires confirmation of contact name/phone.</li> <li>Additional free text or evidence is optional.</li> </ul>  | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFCFN-0023 | <p>A PBAS (Payment Suspension) notification is triggered for events like NCMR or NRMR when:</p> <ul style="list-style-type: none"> <li>• Status = 'Awaiting Contact' (WAT)</li> <li>• Or status = 'Reason Confirmed' (ERC) + excuse code = ARNI</li> <li>• And if the event is subject to a resolution time, it must be expired before suspension.</li> <li>• Notification goes via email, SMS, letter or inbox based on available channels.</li> </ul>  | Partially Met      |
| BR-TFCFN-0004 | <ul style="list-style-type: none"> <li>• When a compliance notification must be sent, the system picks the best communication channel based on the job seeker's contact preferences:               <ul style="list-style-type: none"> <li>• If the job seeker has both valid email &amp; mobile, use their preferred channel. If no preference, default to SMS.</li> <li>• If they have only email or mobile, use what is available.</li> <li>• If the job seeker is marked sensitive, always send by letter (LTR).</li> <li>• If the job seeker's preferred method is letter (LTR) or virtual mailbox (VBL), always send by letter.</li> <li>• If the letter channel conditions are met while status is 'Waiting Contact' (WAT) or a resolution period passes, the system shows the "Print Notification" or "Print Payment Suspension Notification" on-screen, and clicking it sets the channel to letter.</li> </ul> </li> </ul> | Fully Met          |
| BR-TFCFN-0009 | <p>The Deemed Date is the official date from which payment consequences may apply:</p> <ul style="list-style-type: none"> <li>• It is set to current system date at event creation when notifications are by email/SMS.</li> <li>• If not set initially, it is set when the provider prints a notification letter, or when they contact the job seeker and confirm the reason.</li> <li>• If the letter is printed first (sets deemed date 6 days ahead) but contact happens sooner, the deemed date is updated to the contact date and the channel switches to virtual mailbox (VBL).</li> <li>• Every change to deemed date triggers an update to DHS via the TT163 message.</li> </ul>  | Fully Met          |
| BR-TFCFN-0008 | <p>When the notification is prepared for a non-compliance event, the system must log what type of re-engagement the job seeker is being notified about. This is calculated by:</p> <ul style="list-style-type: none"> <li>• Counting all existing confirmed demerits.</li> <li>• Adding any pending demerits for open events.</li> <li>• Adding any new demerit that would result if a DNAI outcome (Did Not Attend Interview) is confirmed on a No-Reason-Entered type event.</li> </ul>  | Fully Met          |
| BR-TFCFN-0013 | <p>If a job seeker misses a diary appointment, a 3rd-party arranged appointment, an activity, or a job interview and the event is not created from an NRE (No Reason Entered), then:</p> <ul style="list-style-type: none"> <li>• If event status is 'Waiting Contact' (WAT)</li> <li>• The system triggers notification using NTMS template TCF100 to inform the job seeker about possible payment suspension.</li> <li>• Channels used: email, letter, SMS.</li> </ul>   | Fully Met          |
| BR-TFCFN-0014 | <p>For misconduct related to diary appointments, activities, 3rd-party sessions, or job interviews:</p> <ul style="list-style-type: none"> <li>• If the event status is 'Waiting Contact' (WAT)</li> <li>• The system triggers notification using NTMS template TCF101 to inform the job seeker of the compliance action.</li> <li>• Channels used: email, letter, SMS.</li> </ul>   | Partially Met      |
| BR-TFCFN-0015 | <p>When a job referral non-compliance occurs (e.g. refusal or no-show) and event status is 'Waiting Contact' (WAT):</p> <ul style="list-style-type: none"> <li>• The system sends a suspension notification using NTMS template TCF140.</li> <li>• Channels: email, letter, SMS.</li> </ul>  | Partially Met      |
| BR-TFCFN-0016 | <ul style="list-style-type: none"> <li>• For job plan breaches:               <ul style="list-style-type: none"> <li>• If 'ThinkTime' is set, NTMS template TCF121 is used.</li> <li>• If 'ThinkTime' is not set, NTMS template TCF120 is used.</li> <li>• Triggered when event status is 'Waiting Contact' (WAT) or 'Reason Confirmed' (ERC) with ARNI.</li> <li>• Channels: email, inbox, letter, SMS.</li> </ul> </li> </ul>  | Fully Met          |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFCFN-0017 | When a job seeker has not met job search requirements: <ul style="list-style-type: none"> <li>Depending on whether it's about Quantity or Quality, and whether CI/CA apply, NTMS templates TCF131, TCF132, TCF134, TCF136, TCF137, TCF138 are used.</li> <li>Triggers: 'Waiting Contact' (WAT) or 'Reason Confirmed' (ERC) + ARNI.</li> </ul>  | Partially Met      |
| BR-TFCFN-0018 | If a job seeker refuses to accept or commence suitable employment (event types NCRJ or NCSJ) and the event status is 'Waiting Contact' (WAT), the system automatically triggers a Work Refusal notification to the job seeker. <ul style="list-style-type: none"> <li>Channels Used: Email (EML), Letter (LTR), SMSIf the job seeker's Job Search (JSE) or Job Plan (SJP) requirement is met automatically through the Australian Job Search (AJS) portal:</li> <li>For Job Search (JSE): use TCF135.</li> <li>For Job Plan (SJP): use TCF190.</li> <li>Triggered when the re-engagement status is 'Set' (RESE) and excuse code is 'ARNI'.</li> <li>Either the job plan gets signed or the required job search efforts are submitted.</li> </ul> | Partially Met      |
| BR-TFCFN-0019 | When a service provider sets a re-engagement on the Compliance PRE page for: <ul style="list-style-type: none"> <li>a Job Plan,</li> <li>a Job Referral,</li> <li>or Job Search (since 30/06/18),</li> <li>the system sets JobSeekerNotifiedFlag to true once the provider completes the notification script with the job seeker.</li> </ul>   | Partially Met      |
| BR-TFCFN-0010 | When a provider reviews a Job Search re-engagement: <ul style="list-style-type: none"> <li>If no Capability Interview (CI) or Capability Assessment (CA) is expected,</li> <li>Status is 'Set' (RESE) and excuse code is 'ARNI',</li> <li>The required number of job search efforts is not met,</li> <li>The provider rejects the excuse and marks re-engagement as not met,</li> <li>AND clicks 'Submit Details',</li> <li>the system sends a notification: TCF731 for Quantity, TCF732 for Quality.</li> </ul>   | Not Met            |
| BR-TFCFN-0020 | When setting a Job Referral re-engagement (type AFJ): <ul style="list-style-type: none"> <li>No CI/CA expected,</li> <li>Re-engagement status = RESE,</li> <li>Provider clicks 'Set Re-engagement', the system sends a notification using TCF740.</li> </ul>   | Partially Met      |
| BR-TFCFN-0021 | <ul style="list-style-type: none"> <li>For a Job Plan re-engagement (type SJP):               <ul style="list-style-type: none"> <li>No CI/CA expected,</li> <li>Re-engagement status = RESE,</li> <li>JobSeekerNotifiedFlag is still false, then TCF720 is sent when the provider sets the re-engagement.</li> </ul> </li> </ul>  | Fully Met          |
| BR-TFCFN-0022 | A service provider cannot create a non-compliance event on the "Create Compliance" screen unless they have passed the required compliance quiz. If not, a message appears: "User must complete quiz to enter result."  | No Evidence        |
| BR-TFNCE-0043 | A provider must pass the general Compliance Quiz before performing any compliance actions (creating, updating or resolving non-compliance events).   | No Evidence        |
| BR-TFNCE-0141 | A provider must pass the Capability Interview Quiz to perform Capability Interviews for job seekers.   | No Evidence        |
| BR-TFNCE-0142 | <ul style="list-style-type: none"> <li>If a provider tries to add a non-compliance event for a job seeker who is not compellable for that event on the incident date:               <ul style="list-style-type: none"> <li>The event will not be created.</li> <li>The system will warn the provider that the job seeker is not compellable.</li> </ul> </li> </ul>  | No Evidence        |
| BR-TFNCE-0044 | If a provider tries to create a non-compliance event for a job seeker who is not compellable on the incident date, the system must block creation of that event and display a warning.   | Fully Met          |
| BR-TFNCE-0046 | When a job seeker cannot self-record attendance for an activity that is not applicable, the system must ensure: <ul style="list-style-type: none"> <li>The job plan does not include activity code PA03.</li> <li>A 'no result entered' incident is not created.</li> </ul>  | No Evidence        |
| BR-TFNCE-0211 | If a compliance event type has been disabled (indicator set to 'No' in the TCF), then no new events of that type should be created.  | Partially Met      |
| BR-TFNCE-0212 | Any compliance event that was created before the switch-off of the event type remains valid and active for the job seeker, even if the indicator is now 'No'.  | Not Met            |

Table 48: D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0213 | If a provider tries to create a new event after the switch-off date, with an incident date before the switch, the system must reject it.  | No Evidence        |
| BR-TFNCE-0059 | A Notification can be attached as evidence for compliance only if: <ul style="list-style-type: none"> <li>It is not archived.</li> <li>Its creation date is within 12 weeks before the incident date.</li> <li>It was not sent to a nominee.</li> </ul>   | Partially Met      |
| BR-TFNCE-0146 | If the job seeker is in the Warning Zone and the provider selects a Not Accepted reason for a non-compliance event, the system shows a confirmation message: <ul style="list-style-type: none"> <li>"You have recorded the reason &lt;reason&gt;. This will confirm the demerit. Do you want to continue?"</li> </ul>   | Fully Met          |
| BR-TFNCE-0147 | If the job seeker is in the Penalty Zone and the provider selects a Not Accepted reason for a non-compliance report, the system shows: <ul style="list-style-type: none"> <li>"You have recorded the reason &lt;reason&gt;. This will update the Non-Compliance Report. Do you want to continue?"</li> </ul>  | Not Met            |
| BR-TFNCE-0148 | In the Warning Zone, if the provider selects an Accepted reason, the system shows: <ul style="list-style-type: none"> <li>"You have recorded the reason &lt;reason&gt;. This will remove the demerit. Do you want to continue?"</li> </ul>  | Partially Met      |
| BR-TFNCE-0149 | In the Penalty Zone, if the provider selects an Accepted reason for a non-compliance report, the system shows: <ul style="list-style-type: none"> <li>"You have recorded the reason &lt;reason&gt;. This will update and close the Non-Compliance Report. Do you want to continue?"</li> </ul>  | Not Met            |
| BR-TFNCE-0200 | If a provider records Did Not Attend Valid (DNAV) for a No Result Entered (NRE) incident (for an Activity, 3rd Party appointment, Job Interview, or One-Off requirement): <ul style="list-style-type: none"> <li>The NRE incident is finalised.</li> <li>The non-compliance event is finalised (FIN).</li> <li>The demerit status is updated to Removed (REMO).</li> </ul>  | Partially Met      |
| BR-TFNCE-0201 | When DNAV is recorded for an NRE incident: <ul style="list-style-type: none"> <li>The NRE incident is finalised.</li> <li>Any linked re-engagement is updated to Not Met (RENM).</li> <li>A new Failure to Attend event (NCAA, NC3A, NCJI) is created with copied details from the original NRE.</li> <li>Relevant teams are notified.</li> <li>Services Australia is notified that the new event replaces the NRE.</li> <li>A new incident (NCAA/NC3A/NCJI) is created to maintain payment suspension.</li> <li>All linked evidence is transferred.</li> <li>The demerit status is Removed.</li> <li>The new incident status is Reason Confirmed.</li> </ul> | Partially Met      |
| BR-TFNCE-0202 | For Penalty Zone, when DNAV is recorded: <ul style="list-style-type: none"> <li>The NRE incident is finalised.</li> <li>The non-compliance event is finalised (FIN).</li> <li>The demerit status is set to Removed (REMO).</li> </ul>   | Fully Met          |
| BR-TFNCE-0203 | When DNAV is recorded for an NRE in the Penalty Zone: <ul style="list-style-type: none"> <li>The NRE incident is finalised.</li> <li>Linked re-engagement status becomes Not Met (RENM).</li> <li>A new Failure to Attend (NR3A, NR3A, NRCJI) is created with copied details.</li> <li>Activity/Diary is notified.</li> <li>Services Australia is notified.</li> <li>New incident ensures payment suspension is maintained.</li> <li>Evidence is transferred.</li> <li>The new incident status is Reason Confirmed.</li> <li>The penalty status is Under Investigation.</li> </ul>  | Partially Met      |
| BR-TFNCE-0214 | When Services Australia accepts a non-compliance event, a Generic Compliance Recurring Reminder (PAYSUS) is set up with: <ul style="list-style-type: none"> <li>Reminders 2 and 4 days after creation.</li> <li>Any existing reminder is cancelled and replaced with new active dates.</li> </ul>   | Partially Met      |
| BR-TFNCE-0215 | Every night, for job seekers with an active recurring reminder: <ul style="list-style-type: none"> <li>The system sends a Notification Required message.</li> <li>The latest due RecurringNotificationDate is marked Complete.</li> <li>Any prior dates are marked Cancelled.</li> </ul>  | Partially Met      |

Table 48: D Detailed Methodology: Business Rule &amp; Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0216 | When a non-compliance event moves to Finalised, and no other events are Awaiting Contact or Reason Confirmed: <ul style="list-style-type: none"> <li>The active Generic Compliance Recurring Reminder (PAYSUS) is Closed.</li> </ul>   | Partially Met      |
| BR-TFNCE-0217 | When the Contingency Batch runs: <ul style="list-style-type: none"> <li>Any active PAYSUS is Closed.</li> <li>All related RecurringNotificationDates are Cancelled.</li> </ul>   | Partially Met      |
| BR-TFNCE-0218 | When the Unset Re-engagements Batch runs and there are no remaining events with Awaiting Contact or Reason Confirmed: <ul style="list-style-type: none"> <li>The active PAYSUS is Closed.</li> <li>All associated dates are Cancelled.</li> </ul>  | Fully Met          |
| BR-TFNCE-0219 | <ul style="list-style-type: none"> <li>For non-sensitive job seekers:               <ul style="list-style-type: none"> <li>Notification is sent to their preferred channel (email or mobile).</li> <li>If both are available but no preference is set, SMS is used.</li> </ul> </li> </ul>   | Fully Met          |
| BR-TFNCE-0038 | When a job seeker becomes not compellable, the system: <ul style="list-style-type: none"> <li>Marks the compliance as invalid.</li> <li>Sends a message to the relevant area: Diary, Activity, Job Plan, Job Search, or Job Referral.</li> </ul>   | Partially Met      |
| BR-TFNCE-0039 | If the provider was not in contact with the job seeker: <ul style="list-style-type: none"> <li>The incident is submitted to Services Australia.</li> <li>Services Australia validates and accepts the incident.</li> <li>A confirmation is returned.</li> <li>The event status is updated to "Waiting for contact".</li> </ul>   | Partially Met      |
| BR-TFNCE-0040 | If the provider was in contact with the job seeker: <ul style="list-style-type: none"> <li>The incident is sent to Services Australia.</li> <li>Services Australia validates and accepts it.</li> <li>A confirmation is returned.</li> <li>The event status is updated to "Reason confirmed".</li> <li>A re-engagement requirement is created with status 'Required', or linked to an existing requirement with status 'Set'.</li> </ul> | Partially Met      |
| BR-TFNCE-0220 | A result must be entered for every eligible Appointment or Activity on the same day it occurs. <ul style="list-style-type: none"> <li>A nightly batch checks for any missing results.</li> <li>If missing, it creates a No Result Entered (NRE) Non-Compliance Event so the provider can enter the attendance outcome.</li> </ul>  | Fully Met          |
| BR-TFNCE-0221 | An active NRE event remains open until the provider enters the actual result. <ul style="list-style-type: none"> <li>If the result is not entered by the resolution deadline, payment may be suspended (immediately for urgent events).</li> </ul>   | Fully Met          |
| BR-TFNCE-0222 | If the result is updated to DNAI (Did Not Attend Invalid), an NRE replacement event is created for re-engagement. <ul style="list-style-type: none"> <li>If updated to Attended or DNAV (Valid), the NRE event is finalised and any suspension is lifted.</li> <li>Misconduct cannot be recorded for past dates; it must be entered on the same day.</li> </ul>  | Partially Met      |
| BR-TFNCE-0061 | A Department user cannot create new compliance events. <ul style="list-style-type: none"> <li>They can update an NRE or DNA to Attended (ATT) or DNAV, but cannot update it to DNAI.</li> </ul>  | Fully Met          |
| BR-TFNCE-0062 | When updating attendance: <ul style="list-style-type: none"> <li>If the original was NRE → valid options: ATT, DNAV, or DNAI.</li> <li>If the original was DNA → valid options: DNAV or DNAI.</li> <li>Cannot reverse DNA to ATT.</li> </ul>   | Not Met            |
| BR-TFNCE-0063 | When an NRE or DNA is updated to DNAI, payment suspension continues. <ul style="list-style-type: none"> <li>If a replacement event is created, it inherits the same suspension status as the original.</li> </ul>  | Fully Met          |
| BR-TFNCE-0223 | A new non-compliance event cannot be created if an identical event (same type, date, and not cancelled) already exists.  | Partially Met      |
| BR-TFNCE-0153 | The incident date cannot be backdated to before the job seeker's Penalty Zone Start Date (ICP Start Date).   | Not Met            |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping



# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0154 | If the incident date is before the Penalty Zone Start Date → record it as a Non-Compliance Demerit Event (NCXX).  | Partially Met      |
|               | If the date is on or after the Penalty Zone Start Date → record it as a Non-Compliance Report (NRXX).   |                    |
| BR-TFNCE-0155 | If a new Demerit is created and the most recent series is 'Moved to ICP' or 'Active', link it to that series.<br><br>Otherwise, start a new Active series.<br><br>If before Penalty Zone Start Date, link it to the last valid series.  | Fully Met          |
| BR-TFNCE-0071 | A Jobseeker Requirement can only be added as evidence if: <ul style="list-style-type: none"> <li>• Its result is not: Cancelled, Created In Error, Rescheduled, or No Longer Required.</li> <li>• Its appointment date is within 3 months of the incident date</li> </ul>   | Partially Met      |
| BR-TFNCE-0072 | The following can be attached to a Non-Compliance Event as evidence: <ul style="list-style-type: none"> <li>• Diary Appointments</li> <li>• Job Plan Activities</li> <li>• Job Plan Assistance</li> <li>• Activity Placements</li> <li>• Vacancy Referrals</li> <li>• Job Seeker Comments</li> <li>• Notifications</li> </ul>   | Partially Met      |
| BR-TFNCE-0073 | A Vacancy Referral can be used as evidence for a non-compliance event only if: <ul style="list-style-type: none"> <li>• It has a result of:</li> <li>• P (Placement Confirmed)</li> <li>• AT (AEC Training)</li> <li>• HP (Harvest Labor Placement)</li> <li>• ETS (Expected to Start)</li> <li>• FTR (Failed to Report)</li> <li>• OR no result (blank)</li> <li>• AND was current as of the incident date.</li> </ul> | Not Met            |
| BR-TFNCE-0074 | A maximum of 3 instances of the same evidence type can exist in each Participation Report, including any default evidence automatically added.  | Not Met            |
| BR-TFNCE-0075 | A Job Plan Activity can be attached as evidence only if it existed in an Approved or Superseded Job Plan that was current on the incident date.   | Partially Met      |
| BR-TFNCE-0076 | A Job Plan Assistance item can be used as evidence only if it existed in an Approved or Superseded Job Plan that was current on the incident date.  | Not Met            |
| BR-TFNCE-0077 | A Diary Appointment can be used as evidence only if: <ul style="list-style-type: none"> <li>• Its result is not: Cancelled, Created In Error, Rescheduled, or No Longer Required.</li> <li>• AND its appointment date is within 3 months of the incident date.</li> </ul>   | Not Met            |
| BR-TFNCE-0078 | An Activity Placement can be used as evidence only if: <ul style="list-style-type: none"> <li>• Its status is: Did Not Start (DNS), Expected to Start (ETS), or Placement Confirmed (P).</li> <li>• AND its Start Date is on/before the incident date.</li> <li>• AND its End Date is on/after the incident date (or no end date).</li> </ul>   | Not Met            |
| BR-TFNCE-0079 | A Notification can be attached as evidence only if its creation date is within 7 months before the Participation Report incident date.  | Not Met            |
| BR-TFNCE-0080 | The system allows these notification types to be added as evidence if they exist: <ul style="list-style-type: none"> <li>• Diary, Email, Phone/Face-to-Face, Appointment Slip, DES Letters, JSA Letters, RJCP Letters, Activity Management Notifications, and more (full list matches code values).</li> </ul>  | Partially Met      |
| BR-TFNCE-0081 | Evidence can be added to a non-compliance event only when its status is: <ul style="list-style-type: none"> <li>• Draft (DRA), or</li> <li>• Waiting for Contact (WAT).</li> <li>• Evidence cannot be added to auto-reports for job seekers who are in contact.</li> </ul>  | Not Met            |
| BR-TFNCE-0082 | Default evidence (added automatically when creating the event) cannot be removed by the user.   | Not Met            |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0161 | When a Points-Based Quality Failure event is processed manually: <ul style="list-style-type: none"> <li>Standard questions/responses appear by default and are read-only.</li> <li>Responses outline what was unsatisfactory and what the job seeker must do to meet requirements.</li> <li>First vs. subsequent failures and enhanced participants follow defined text templates.</li> </ul>   | Not Met            |
| BR-TFNCE-0162 | When a Points-Based Failure event (NCMR/NRMR) is created (batch or manual): <ul style="list-style-type: none"> <li>The sub type PBAS is included in the JSActivation service bus message and is stored in compliance.noncompliancееvent.eventsubtypеcode.</li> </ul>  | Partially Met      |
| BR-TFNCE-0163 | NCMR is used for a Points-Based Failure event in the Warning Zone.<br><br>NRMR is used for a Points-Based Failure event in the Penalty Zone.  | Partially Met      |
| BR-TFNCE-0164 | When batch B#NESAPP runs: <ul style="list-style-type: none"> <li>Points Period Reporting is marked unsatisfactory.</li> <li>A NCMR/NRMR event is created.</li> <li>The system logs a JSActivation Service Bus event with full context (job seeker, provider, plan, points details).</li> <li>Statuses update, questions/responses are recorded, and demerit counts reflect the Warning Zone rules.</li> <li>If the 3rd or 5th demerit is triggered, extra conditions apply (e.g., Re-engagement type CI or CA).</li> </ul>                                  | Partially Met      |
| BR-TFNCE-0165 | When a Service Provider updates Points Period Reporting to unsatisfactory manually: <ul style="list-style-type: none"> <li>They can create NCMR/NRMR manually.</li> <li>The JSActivation Service Bus event includes full context.</li> <li>Questions/responses can be entered.</li> <li>Event, re-engagement, and demerit statuses follow strict rules for single vs. multiple events and statuses (Reason Confirmed or Waiting for Contact).</li> </ul>  | Fully Met          |
| BR-TFNCE-0166 | A Points-Based Failure Non-Compliance Event (NCMR/NRMR) can be created by: <ul style="list-style-type: none"> <li>The batch process (automated).</li> <li>The manual process (by the provider on the Points Period Reporting screen).</li> </ul>  | Partially Met      |
| BR-TFNCE-0167 | To create a Points-Based Failure Non-Compliance Event (NCMR/NRMR): <ul style="list-style-type: none"> <li>The job seeker must be a NEST participant (Digital First or Plus).</li> <li>Must be compellable.</li> <li>Must have an approved Job Plan with PA09 activity, which generates the Points Period Reporting.</li> </ul>  | Not Met            |
| BR-TFNCE-0168 | When a Points-Based Quantity Failure is processed (batch): <ul style="list-style-type: none"> <li>For the first demerit:               <ul style="list-style-type: none"> <li>Q: What was unsatisfactory? → A: Did not meet the required points.</li> <li>Q: What should the job seeker do? → A: Understand requirements and make up points.</li> </ul> </li> <li>For subsequent failures or enhanced participants:               <ul style="list-style-type: none"> <li>Same questions, same standard answers, displayed read-only.</li> </ul> </li> </ul> | Partially Met      |
| BR-TFNCE-0169 | The system will set the Re-engagement Type to Light Touch (LTM) with status Set when: <ul style="list-style-type: none"> <li>There are no existing Points-Based Failure Non-Compliance Events (NCMR/NRMR).</li> <li>All other non-compliance events are confirmed and linked.</li> <li>There is no Capability Interview (CI) or Capability Assessment (CA) re-engagement type with Required/Set status.</li> <li>The very first Points-Based Failure Non-Compliance Event is created and its demerit is confirmed (by batch or manually).</li> </ul>        | Fully Met          |
| BR-TFNCE-0170 | The system will set the Re-engagement Type to Points Based (PBS) with status Set when: <ul style="list-style-type: none"> <li>There are existing Points-Based Failure Non-Compliance Events (NCMR/NRMR).</li> <li>All other non-compliance events are confirmed and linked.</li> <li>There is no Capability Interview (CI) or Capability Assessment (CA) re-engagement type with Required/Set status.</li> <li>A subsequent Points-Based Failure Non-Compliance Event is created.</li> </ul>  | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0171 | <p>The system will set the Re-engagement Type to Sign Job Plan (SJP) with status Set when:</p> <ul style="list-style-type: none"> <li>• Either:</li> <li>• There are no previous Points-Based Failure Non-Compliance Events,</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• There are existing Points-Based Failure Non-Compliance Events,</li> <li>• And all other events are confirmed and linked.</li> <li>• And there is no CI or CA re-engagement type with Required/Set status.</li> <li>• And there is a Failure to Sign Job Plan event (NCJP) with status Reason Confirmed or Awaiting Job Seeker Contact.</li> <li>• And the Points-Based Failure Non-Compliance Event is created and demerit-confirmed (first or subsequent).</li> </ul> | No Evidence        |
| BR-TFNCE-0318 | <p>When there are no prior Points-Based Failure Non-Compliance Events:</p> <ul style="list-style-type: none"> <li>• And all other events are confirmed and linked.</li> <li>• And there is no CI or CA re-engagement type with Required/Set status.</li> <li>• And there is a Failure to Sign Job Plan event (NCJP) with status Reason Confirmed or Awaiting Job Seeker Contact.</li> <li>• And the first Points-Based Failure Non-Compliance Event is created and demerit-confirmed, → Then the system sets the Re-engagement Type to Sign Job Plan (SJP) with status Set.</li> </ul>  | Partially Met      |
| BR-TFNCE-0319 | <p>When there are previous Points-Based Failure Non-Compliance Events:</p> <ul style="list-style-type: none"> <li>• And all other events are confirmed and linked.</li> <li>• And there is no CI or CA re-engagement type with Required/Set status.</li> <li>• And there is a Failure to Sign Job Plan event (NCJP) with status Reason Confirmed or Awaiting Job Seeker Contact.</li> <li>• And a subsequent Points-Based Failure Non-Compliance Event is created and demerit-confirmed, → Then the system sets the Re-engagement Type to Sign Job Plan (SJP) with status Set.</li> </ul>   | No Evidence        |
| BR-TFNCE-0172 | <p>If the job seeker is in Enhanced Services:</p> <ul style="list-style-type: none"> <li>• And there are no prior Points-Based Failure Non-Compliance Events (NCRM/NRMR).</li> <li>• And all other events are confirmed and linked.</li> <li>• And there is no CI or CA re-engagement type with Required/Set status.</li> <li>• And the first Points-Based Failure Non-Compliance Event is created and demerit-confirmed, → Then the system sets the Re-engagement Type to Submit Point-Based Re-engagement (PBS) with status Set.</li> </ul>   | No Evidence        |
| BR-TFNCE-0173 | <p>When a Points-Based Failure Non-Compliance Event (NCRM/NRMR) is created with status 'Awaiting Job Seeker Contact', and the provider confirms it on the Provider Re-engagement screen:</p> <ul style="list-style-type: none"> <li>• If the Re-engagement Type is Light Touch (LTM), it is sent to Services Australia in a TT164 message.</li> <li>• If the Re-engagement Type is Points Based (PBS), it is sent to Services Australia in a TT164 message.</li> </ul>  | No Evidence        |
| BR-TFNCE-0175 | <p>For a sensitive job seeker, when a Points-Based Failure Non-Compliance Event (NCRM/NRMR) is created:</p> <ul style="list-style-type: none"> <li>• If the event has status Reason Confirmed.</li> <li>• And the Job Seeker Excuse Code is 'Acceptable Reason Not Identified (ARNI)'.</li> </ul> <p>And the job seeker has no mobile or email on record OR is marked as sensitive. → THEN, when Services Australia validates the event, the system sends the suspension notification using the Inbox (INB) method.</p>   | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0176 | <p>To send a Suspension Notification by Email or SMS for a Points-Based Failure event:</p> <ul style="list-style-type: none"> <li>The event must be NCMR with subtype PBAS.</li> <li>It must have status 'Awaiting Job Seeker Contact' or 'Reason Confirmed'.</li> <li>The Job Seeker Excuse Code must be ARNI.</li> <li>The job seeker must have mobile or email and not be sensitive.</li> <li>After Services Australia accepts the event, the system:</li> <li>Checks Points Period qualitative flags and banked points.</li> <li>Determines the notification template (TCF150 for quantity only, TCF155 for quality/flags).</li> <li>Chooses channel: SMS or Email.</li> <li>Records the notification channel, type code, Deemed Date, and stores the details as evidence.</li> </ul>   | Partially Met      |
| BR-TFNCE-0177 | <p>When the re-engagement for a Points-Based Failure is marked Met (Complete):</p> <ul style="list-style-type: none"> <li>If the Re-engagement Type is Points Based (PBS) or Light Touch (LTM),<br/>→ THEN a JSActivation Service Bus Event named AssessReengagementRequirement is published with: <ul style="list-style-type: none"> <li>ReEngagementRequirementId</li> <li>ReEngagementType</li> <li>RequirementType</li> </ul> </li> </ul>   | Not Met            |
| BR-TFNCE-0178 | <p>A ReengagementRequirementChanged Service Bus Event is triggered with header:</p> <ul style="list-style-type: none"> <li>BusinessArea: Activation</li> <li>type: RE</li> <li>JobSeekerID</li> </ul> <p>This happens when:</p> <ul style="list-style-type: none"> <li>A PBS Re-engagement is created or updated with status Set.</li> <li>A PBS Re-engagement is updated to status Complete or Re-engagement Not Applicable, either due to: <ul style="list-style-type: none"> <li>Points being submitted,</li> <li>A compliance action closing it,</li> <li>A contingency batch removing it,</li> <li>Or FinaliseUnsetReEngagementRequirements batch cleaning up multiple events.</li> </ul> </li> </ul>  | Fully Met          |
| BR-TFNCE-0179 | <p>When a Capability Interview is conducted for a job seeker:</p> <ul style="list-style-type: none"> <li>If their Job Plan includes the PA09 activity,<br/>→ THEN the interview content must include the Points Requirements details.</li> </ul>  | Not Met            |
| BR-TFNCE-0180 | <p>The Capability Interview report can be printed only when its status is Finalised. It must be available in two formats: PDF and HTML.</p> <p>Departmental users, Service Providers, and DHS users have access to view and print it.</p> <p>The report format includes:</p> <ul style="list-style-type: none"> <li>Job Plan Discussed</li> <li>Identified Circumstances</li> <li>Non-Compliance Events that Contributed</li> <li>Question Responses</li> <li>It must display the Points Requirements questions and responses: Job Plan Pre-Interview, Mutual Obligation Requirement, Non-Compliance Question, Genuineness of Job Search, Further Job Seeker Support, Disclosure of Circumstances.</li> <li>The phrase 'or the Points target' must be shown wherever 'Job Search' appears for a Points-Based Capability Interview.</li> </ul> | No Evidence        |
| BR-TFNCE-0181 | <p>In the Disclosure of Circumstances section, the question must ask:</p> <ul style="list-style-type: none"> <li>"Based on your discussion with the job seeker about their Mutual Obligation Requirements, reasons for non-compliance and any impacting personal circumstances, do any of the job seeker's Job Plan requirements need to be updated? And/or if PA09 present, does the job seeker's Points target require tailoring?"</li> <li>Additional follow-up options for what needs updating must be presented.</li> </ul>  | Not Met            |

Table 48: D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0182 | In the Further Job Seeker Support section, the question must ask:<br>“Do you need to update the job seeker’s Job Seeker Classification Instrument?”   | Partially Met      |
| BR-TFNCE-0183 | The Capability Interview must include specific headings for the Genuineness of Job Search: <ul style="list-style-type: none"><li>• Part 1 of 3</li><li>• Part 2 of 3 — must include question: “Job seeker is focused on addressing barriers to employment over the next 3 months.</li><li>• Part 3 of 3 — must continue the same context.</li></ul>   | Partially Met      |
| BR-TFNCE-0184 | If the job seeker has PA09 in the Job Plan, the interview must include questions to confirm if the Points target is appropriate.<br><br>It must list specific conditions where a job seeker does not have a Points requirement (e.g., Early School Leaver in full-time training, Principal Carer Parent meeting requirements through other activities, etc.).<br><br>If both PA09 and Work for the Dole (WE12) are marked compulsory and the job seeker reports earnings, the system must show a note that Work for the Dole and PA09 cannot be both compulsory. The Job Plan must be renegotiated. | Partially Met      |
| BR-TFNCE-0185 | If the job seeker says they have strategies to gain employment but fails to enter at least one selected strategy, the system must block submission and show an error for each missing strategy: <ul style="list-style-type: none"><li>• E.g., “Apply for more jobs is required because the job seeker has strategies in place to gain employment is equal to True.”</li><li>• Similar errors must appear for each listed strategy option (update resume, practice interviews, broaden search, training, volunteering, etc.).</li></ul>  | Not Met            |
| BR-TFNCE-0186 | If required Mutual Obligation questions are not entered/saved, the interview cannot be submitted.<br><br>The system must show “Mutual Obligation Requirements - Field is mandatory” multiple times to match the number of required fields.<br><br>If the question “Why is this the case?” for lack of awareness is not answered, the same error message must appear for each possible reason option.  | Partially Met      |
| BR-TFNCE-0187 | If the Pre-Interview Job Plan Check questions are not filled in, the system must prevent submission and display specific mandatory errors for each missing answer: <ul style="list-style-type: none"><li>• “Pre Interview Check - field is mandatory”</li><li>• “Points Requirement - field is mandatory”</li><li>• This covers appropriateness based on stream, local labour market, personal circumstances, and any expired or irrelevant Job Plan items.</li></ul>   | Partially Met      |
| BR-TFNCE-0188 | In the Mutual Obligation section, the interview must display: <ul style="list-style-type: none"><li>• “Points Requirement – knows the Points target; understands requirement, is able to plan, manage and record; and knows when Points requirement is due.”</li><li>• “Job seeker is unable to find information on the jobactive website to explain Points requirements.”</li><li>• These must be saved with the specified question IDs in Compliance.QuestionResponse.</li></ul>  | Not Met            |
| BR-TFNCE-0189 | In the Non-Compliance section, the interview must allow users to select one or more reasons related to attitudes or perceptions: <ul style="list-style-type: none"><li>• “Too many job searches required”</li><li>• “Thinks Points target is set too high”</li><li>• “Too many things required”</li><li>• These must be selectable as multi-value options and saved in Compliance.QuestionResponse.</li></ul>   | Partially Met      |
| BR-TFNCE-0190 | On the Compliance History screen, when a job seeker has a Points-Based Failure non-compliance event (EventSubTypeCode = PBAS), the column must display the sub type’s long description.<br><br>This uses the ADW tables TCSE to link the event type (TCET) and the sub type list (TCSB).  | Partially Met      |

Table 48: D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0191 | On the Compliance Search screen: <ul style="list-style-type: none"> <li>If a user selects "Failure to meet points demerit" (NCRM), the result shows only NCRM with sub type PBAS.</li> <li>If they select "Failure to meet points report" (NRM), the result shows NRM with sub type PBAS.</li> <li>If they select these plus other event types, the results show all selected events, using the ADW tables TCSU, TCSC, and TCSB to ensure correct sub type matching.</li> </ul>          | Not Met            |
| BR-TFNCE-0192 | Departmental users, Service Providers, and Services Australia users can print and view the PBAS Non-Compliance Event report. The report must be available in PDF and HTML. It can be printed for any event status (from ADW TCSD). The report format must include: <ul style="list-style-type: none"> <li>Common Fields</li> <li>Fields specific to each event type</li> <li>Possible evidence list (based on event type and available evidence)</li> <li>Question responses.</li> </ul> | Partially Met      |
| BR-TFNCE-0193 | For PBAS events (NCRM/NRM) with status Awaiting Job Seeker Contact (TSCD/WAT): <ul style="list-style-type: none"> <li>The Acceptable Reasons list must be shown to Service Providers and Departmental Users.</li> <li>The list is derived by mapping TCGA (where sub code = Y) and TCSR linked to TCSB and TCFR.</li> </ul>  | No Evidence        |
| BR-TFNCE-0194 | For PBAS events (NCRM/NRM) with status Awaiting Job Seeker Contact (TSCD/WAT): <ul style="list-style-type: none"> <li>The Provider Error Reasons list must be shown to Service Providers and Departmental Users.</li> <li>The list is derived from TCXE mapped to TCSB and TCRR.</li> </ul>  | Partially Met      |
| BR-TFNCE-0195 | For PBAS events (NCRM/NRM) with status Reason Confirmed (TSCD/ERC) and re-engagement type LTM or PBS (TCRT) with status Set (TCRN/RESE): <ul style="list-style-type: none"> <li>The Re-engagement No Longer Required Reasons list must be shown to Service Providers and Departmental Users.</li> <li>The list is derived from TCXL mapped to TCSB and TCNL.</li> </ul>  | Fully Met          |
| BR-TFNCE-0196 | For PBAS events (NCRM/NRM) with status Reason Confirmed (TSCD/ERC) and re-engagement type LTM or PBS (TCRT) with status Re-engagement Required (TCRN/RESE): <ul style="list-style-type: none"> <li>The Re-engagement Not Required Reasons list must be shown to Service Providers and Departmental Users.</li> <li>The list is derived from TCXX mapped to TCSB and TCXR.</li> </ul>   | Partially Met      |
| BR-TFNCE-0197 | If a Points-Based Failure event (NCRM) is created with re-engagement type CI or CA, and the user confirms the demerit with a valid reason that removes the demerit: <ul style="list-style-type: none"> <li>The re-engagement type must be updated according to the hierarchy:</li> <li>First PBAS event → LTM.</li> <li>Subsequent PBAS events → PBS.</li> </ul>   | Fully Met          |
| BR-TFNCE-0277 | When a Work Refusal or Unemployment Failure event (types NCRJ, NCSJ, NCVL, NCDM) is triggered, the compliance system automatically creates the non-compliance event, finalises it immediately, and sends it to Services Australia for investigation. No demerit is applied and no re-engagement requirement is created.  | Partially Met      |
| BR-TFNCE-0225 | When a provider is not in contact with a compellable job seeker and records a 'Did Not Attend Invalid (DNAI)' result for a 3rd party appointment, Diary informs the Compliance system. The Compliance system then creates a '3rd Party Appointment Failure to Attend Demerit' event (NCPA), links the appointment info, sends it to Services Australia for validation, and sets the demerit status to pending.   | Partially Met      |
| BR-TFNCE-0226 | When a job seeker is no longer compellable following a DNAI result for failing to attend a 3rd party appointment, the compliance action becomes invalid. A message is sent to Diary to notify the provider.  | Partially Met      |
| BR-TFNCE-0227 | When a provider is in contact with a compellable job seeker and records a 'Misconduct (MISC)' result with required misconduct details for a 3rd party appointment, Diary informs the Compliance system. The system creates a 'Misconduct at 3rd Party Appointment' event (NC3M), links the appointment, sends it to Services Australia for validation, and sets the event status to Reason Confirmed.  | Partially Met      |
| BR-TFNCE-0228 | When a provider is not in contact with a compellable job seeker and records a 'Misconduct (MISC)' result for a 3rd party appointment, the Compliance system creates a 'Misconduct at 3rd Party Appointment' event (NC3M), links the appointment, sends it to Services Australia for validation, and sets the event status to Reason Confirmed.   | Partially Met      |

Table 48: D Detailed Methodology: Business Rule & Policy Compliance Mapping



# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0229 | When Diary advises that a job seeker is no longer compellable after a Misconduct (MISC) result is recorded for a 3rd party provider appointment, the Compliance System does not create a Non-Compliance Report and instead returns "Job Seeker not Compellable" to Diary with the Incident ID. Diary displays this to the service provider.   | Not Met            |
| BR-TFNCE-0102 | If a compellable job seeker's attendance at a Job Seeker Event has not been recorded by end of day, Diary's nightly batch creates a NRE incident and sends it to Compliance. On receipt: <ul style="list-style-type: none"> <li>The NC3S Non-Compliance Event status is set to "Awaiting Contact".</li> <li>The Job Seeker Event is linked to the Non-Compliance Event.</li> <li>Related Notifications and the Job Plan Code are also linked.</li> </ul>  | Partially Met      |
| BR-TFNCE-0148 | When a provider uses the TCF Create Compliance page and selects Third Party Appointment Failure to Attend or Misconduct at Third Party Appointment, and provides an incident date and job plan activity: <ul style="list-style-type: none"> <li>The system checks for existing provider appointments for Transition to Work or Jobactive (if ParentsNext).</li> <li>If found, it shows relevant site-created notifications in a drop-down.</li> <li>If none are found, the notification list is empty and the provider cannot proceed.</li> </ul>       | Partially Met      |
| BR-TFNCE-0230 | When a provider is in contact with a compellable job seeker who did not attend a 3rd party appointment and the reason is not accepted: <ul style="list-style-type: none"> <li>The system creates a 3rd Party Appointment Failure to Attend Demerit (NC3A).</li> <li>The Non-Compliance Event status is set to Reason Confirmed.</li> <li>The Demerit Status is set to Confirmed with a count of 1.</li> <li>The Job Plan Item is linked to the event, if it exists.</li> </ul>  | Partially Met      |
| BR-TFNCE-0231 | When a provider is not in contact with a compellable job seeker who did not attend a 3rd party appointment: <ul style="list-style-type: none"> <li>The system creates a 3rd Party Appointment Failure to Attend Demerit (NC3A).</li> <li>The Non-Compliance Event status is Awaiting Contact.</li> <li>The Demerit Status is Confirmed with a count of 1.</li> <li>A notification is created.</li> <li>The Job Plan Item is linked to the event, if it exists.</li> </ul>   | Partially Met      |
| BR-TFNCE-0232 | When a provider is in contact with a compellable job seeker who behaved inappropriately at a 3rd party appointment and the reason is not accepted: <ul style="list-style-type: none"> <li>The system creates a Misconduct at 3rd Party Appointment (NC3M).</li> <li>The Non-Compliance Event status is Reason Confirmed.</li> <li>The Demerit Status is Confirmed with a count of 1.</li> <li>A notification is linked.</li> <li>The Job Plan Item is linked to the event, if it exists.</li> </ul>   | Partially Met      |
| BR-TFNCE-0233 | When a provider is not in contact with a compellable job seeker who misbehaved at a 3rd party appointment: <ul style="list-style-type: none"> <li>The system creates a Misconduct at 3rd Party Appointment (NC3M).</li> <li>Non-Compliance Event status: Awaiting Contact.</li> <li>Demerit Status: Confirmed, count of 1.</li> <li>Notification is linked.</li> <li>Job Plan Item is linked if it exists.</li> </ul>   | Partially Met      |
| BR-TFNCE-0234 | When a provider is in contact with a compellable job seeker who did not attend and activity and records DNAl: <ul style="list-style-type: none"> <li>The system creates an Activity Failure to Attend (NCAA).</li> <li>Incident status: Draft initially.</li> <li>Links Activity, Job Plan Item, and Notification.</li> <li>Creates a Demerit with status Pending, count 1.</li> <li>When confirmation is received from Services Australia.</li> <li>Event status updates to Reason Confirmed.</li> <li>Demerit status updates to Confirmed.</li> </ul> | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0235 | <p>When a provider is not in contact with a compellable job seeker who did not attend an activity and records DNAI:</p> <ul style="list-style-type: none"> <li>The system creates an Activity Failure to Attend (NCAA).</li> <li>Incident status: Draft initially.</li> <li>Links Activity and Notification.</li> <li>Creates a Demerit with status Pending, count .</li> <li>When confirmation is received from Services Australia:</li> <li>Event status updates to Awaiting Job Seeker Contact.</li> <li>Demerit status remains Pending.</li> </ul> | Fully Met          |
| BR-TFNCE-0236 | <p>When a provider is in contact with a compellable job seeker who misbehaved at an activity and records MISC + reason:</p> <ul style="list-style-type: none"> <li>The system creates Misconduct at Activity (NCAM).</li> <li>Incident status: Draft initially.</li> <li>Activity diary requirement is linked.</li> <li>After DHS confirms:</li> <li>Event status: Reason Confirmed.</li> <li>Demerit status: Confirmed.</li> </ul>  | Fully Met          |
| BR-TFNCE-0237 | <p>When a provider is not in contact with a compellable job seeker who misbehaved at an activity and records MISC + reason:</p> <ul style="list-style-type: none"> <li>The system creates Misconduct at Activity (NCAM).</li> <li>Incident status: Draft initially.</li> <li>Activity diary requirement is linked.</li> <li>After DHS confirms:</li> <li>Event status: Awaiting Job Seeker Contact.</li> <li>Demerit status: Pending.</li> </ul>   | Partially Met      |
| BR-TFNCE-0045 | <p>When the NRE Activity batch runs for a compellable job seeker with no recorded attendance:</p> <ul style="list-style-type: none"> <li>The system creates Activity Result Confirmation Required NRE/DNA (NCAS).</li> <li>Incident status: Draft.</li> <li>Activity diary requirement is linked.</li> </ul>   | Partially Met      |
| BR-TFNCE-0238 | <p>When a provider is in contact and manually submits Activity Failure to Attend on the Compliance screen:</p> <ul style="list-style-type: none"> <li>The system creates Activity Failure to Attend (NCAA).</li> <li>Non-Compliance Event Status: Reason Confirmed.</li> <li>Demerit Status: Confirmed, count 1.</li> <li>Job Plan Item is linked.</li> </ul>  | Partially Met      |
| BR-TFNCE-0239 | <p>When a provider is not in contact and manually submits Activity Failure to Attend on the Compliance screen:</p> <ul style="list-style-type: none"> <li>The system creates Activity Failure to Attend (NCAA).</li> <li>Non-Compliance Event Status: Awaiting Job Seeker Contact.</li> <li>Demerit Status: Pending, count 1.</li> <li>Job Plan Item is linked.</li> </ul>   | Partially Met      |
| BR-TFNCE-0240 | <p>On the Create Compliance screen:</p> <ul style="list-style-type: none"> <li>When Activity Failure to Attend or Misconduct (NCAA, NCAM, NRAA, NRAM) is selected and an incident date entered:</li> <li>If the job seeker has a Free Text activity marked compulsory in their Job Plan on that date, it shows as the only option.</li> <li>If not, no activity options appear.</li> </ul>   | Not Met            |
| BR-TFNCE-0241 | <p>When a provider selects 'Activity Fail to Attend' or 'Misconduct' (NCAA, NCAM, NRAA, NRAM) on the Create Compliance screen and enters an incident date, the system asks if the Free Text activity includes the required information for a formal notification.</p> <p>If the answer is Yes, no other notification must be attached.</p> <p>If the answer is No, it becomes mandatory to select an additional notification.</p>  | Not Met            |
| BR-TFNCE-0242 | <ul style="list-style-type: none"> <li>When a Service Provider is in contact with a compellable job seeker who has committed misconduct at an activity and submits it via the Compliance screen:</li> <li>The system creates a 'Misconduct at Activity' (NCAM) event.</li> <li>The Non-Compliance Event Status is 'Reason Confirmed'.</li> <li>The Demerit Status is 'Confirmed' with a count of 1.</li> <li>The system links the Activity and the Job Plan Item to the event.</li> </ul>  | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0243 | <p>When a Service Provider is not in contact with a compellable job seeker who misconducted at an activity and submits it on the Compliance screen:</p> <ul style="list-style-type: none"><li>• The system creates a 'Misconduct at Activity' (NCAM) event.</li><li>• The Non-Compliance Event Status is 'Awaiting Job Seeker Contact'.</li><li>• The Demerit Status is 'Pending' with a count of 1.</li><li>• The system links the Activity and the Job Plan Item to the event.</li></ul>  | Partially Met      |
| BR-TFNCE-0244 | <p>When the provider selects an 'Activity Fail to Attend' or 'Misconduct' event (NCAA, NCAM, NRAA, NRAM) on the Create Compliance screen and enters an incident date:</p> <ul style="list-style-type: none"><li>• If the job seeker has a Free Text activity as a compulsory requirement in their Job Plan for that date, it displays as the only available option.</li><li>• If not, no options are shown.</li></ul>   | Partially Met      |
| BR-TFNCE-0245 | <ul style="list-style-type: none"><li>• When a provider selects an 'Activity Fail to Attend' or 'Misconduct' event (NCAA, NCAM, NRAA, NRAM) on the Create Compliance screen and enters an incident date:<ul style="list-style-type: none"><li>• The system displays a question asking the provider to confirm if the Free Text activity includes all details for a formal notification.</li><li>• If confirmed Yes, no extra notification is needed.</li><li>• If No, selecting a notification becomes mandatory.</li></ul></li></ul>   | Partially Met      |
| BR-TFNCE-0145 | <p>When a provider selects 'Activity Failure to Attend' or 'Misconduct at Activity' on the Create Compliance page, chooses an incident date and Job Plan, and answers 'No' to "Does the Free Text Job Plan code contain all required details?":</p> <ul style="list-style-type: none"><li>• The system checks if an 'ADTL - Activity Details' notification was sent in the past 12 weeks.</li><li>• If found, it appears in the notification drop-down.</li><li>• If not found, the drop-down is empty and the provider cannot proceed.</li></ul>   | Not Met            |
| BR-TFNCE-0246 | <p>If a Non-Compliance Event has status 'Awaiting' (WAT) or 'Reason Confirmed' (ERC):</p> <ul style="list-style-type: none"><li>• If the provider updates it to indicate the job seeker has provided an acceptable valid reason,</li><li>• The event is finalised and no demerit is accrued.</li></ul>  | Partially Met      |
| BR-TFNCE-0247 | <p>If a provider has confirmed an event and marked an invalid reason, the provider may still manually remove the demerit for up to 6 months from the date the demerit was confirmed.</p>  | Partially Met      |
| BR-TFNCE-0033 | <p>If an exemption or preclusion is received for a job seeker:</p> <ul style="list-style-type: none"><li>• If its start date is on or before 181 days plus 5 business days from the earliest event date in the active demerit series,</li><li>• AND the series has pending or confirmed demerits,</li><li>• THEN the system extends the event expiry by the length of the exemption/preclusion period.</li></ul>  | Fully Met          |
| BR-TFNCE-0034 | <p>When creating a new Non Compliance Demerit event for a job seeker who has an existing 'Active' Non Compliance Event series, if any event in that active series has an incident date older than 181 days, then:</p> <ul style="list-style-type: none"><li>• The demerit status for those expired events is updated to 'Expired'.</li><li>• The status of the existing series is updated to 'Inactive'.</li><li>• A new 'Active' Non Compliance Event series is created.</li><li>• The new event is linked to this new series.</li><li>• Any other events within 181 days are linked to this new series.</li></ul> | Partially Met      |
| BR-TFNCE-0035 | <p>When creating a new Non Compliance Demerit for a job seeker who has an 'Active' series, if all existing events in that series have incident dates within or equal to 181 days, then:</p> <ul style="list-style-type: none"><li>• The new demerit is simply added to the current active series — no new series is created.</li></ul>  | Not Met            |
| BR-TFNCE-0036 | <p>When a new Non Compliance Demerit is created for a job seeker who has no other demerit in status 'Pending' or 'Confirmed':</p> <ul style="list-style-type: none"><li>• The system creates a new demerit series with status 'Active' to contain that event.</li></ul>   | Fully Met          |

Table 48: D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0068 | The '181 days' expiry period for Non Compliance Demerits is defined as: <ul style="list-style-type: none"> <li>• A total of calendar days,</li> <li>• Excluding any days where the job seeker has a Work Refusal or Unemployment Failure preclusion period (4 weeks),</li> <li>• Excluding days when the payment is cancelled during the Intensive Compliance Phase,</li> <li>• Excluding days when the job seeker has any exemptions,</li> <li>• Excluding periods when an Employment Services Assessment (ESAt) is pending.</li> </ul>                                      | Partially Met      |
| BR-TFNCE-0248 | The 5-business-day rule for grace periods means: <ul style="list-style-type: none"> <li>• If an exemption or preclusion is received within this 5-day grace period, it is checked against all active demerits to see if their expiry must change.</li> <li>• If a new demerit is received within the 5-day grace period, it will be included in the existing series only if its incident date is before the series expiry not counting the grace period.</li> </ul>   | Partially Met      |
| BR-TFNCE-0249 | When a service provider is in contact with a compellable job seeker and records a 'Did Not Attend Invalid' (DNAI) result for a Job Interview: <ul style="list-style-type: none"> <li>• The Diary system sends a message to Compliance.</li> <li>• The Compliance system creates a 'Job Interview Failure to Attend' (NCJI) event.</li> <li>• Event Status is set to 'Reason Confirmed'.</li> <li>• Demerit Status is 'Confirmed' with a value of 3.</li> <li>• The Job Interview info, Job Plan Activity, and Notification are linked to the Non-Compliance Event.</li> </ul> | Partially Met      |
| BR-TFNCE-0250 | When a service provider is not in contact with a compellable job seeker and records a 'Did Not Attend Invalid' (DNAI) result for a Job Interview, the Diary system sends a message to Compliance. Once received: <ul style="list-style-type: none"> <li>• A 'Job Interview Failure to Attend' (NCJI) Non-Compliance Event is created.</li> <li>• Event Status: 'Awaiting Contact'.</li> <li>• Demerit Status: 'Pending', with a value of 3.</li> <li>• The Job Interview info, Job Plan Activity, and Notification are all linked to the Non-Compliance Event.</li> </ul>     | Partially Met      |
| BR-TFNCE-0251 | If a job seeker fails to attend a job interview and, after recording DNAI, is determined to be no longer compellable, then: <ul style="list-style-type: none"> <li>• Compliance does not create a valid non-compliance report.</li> <li>• A message is sent back to Diary to display this result to the Service Provider.</li> </ul>  | Partially Met      |
| BR-TFNCE-0252 | When a provider is in contact with a compellable job seeker and records a Misconduct (MISC) result with type and reason not accepted for a Job Interview, Diary sends this to Compliance. Once received: <ul style="list-style-type: none"> <li>• A 'Misconduct at Job Interview Demerit' (NCJM) Non-Compliance Event is created.</li> <li>• Event Status: 'Reason Confirmed'.</li> <li>• Demerit Status: 'Confirmed', with a value of 3.</li> <li>• The Job Interview, Job Plan Activity, and Notification are linked to the Non-Compliance Event.</li> </ul>                | Partially Met      |
| BR-TFNCE-0253 | When a provider is not in contact with a compellable job seeker and records a Misconduct (MISC) result with type for a Job Interview, Diary sends this to Compliance. Once received: <ul style="list-style-type: none"> <li>• A 'Misconduct at Job Interview Demerit' (NCJM) Non-Compliance Event is created.</li> <li>• Event Status: 'Awaiting Contact'.</li> <li>• Demerit Status: 'Pending', with a value of 3.</li> <li>• The Job Interview, Job Plan Item, and Notification are linked to the Non-Compliance Event.</li> </ul>  | Fully Met          |
| BR-TFNCE-0254 | If, after a Misconduct (MISC) is recorded against a Job Interview, Diary tells Compliance the job seeker is no longer compellable, then: <ul style="list-style-type: none"> <li>• Compliance does not create a Non-Compliance Report.</li> <li>• Compliance returns a 'Job Seeker not Compellable' message to Diary, including the Incident ID.</li> </ul>  | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0101 | <p>If a compellable job seeker's attendance at a Job Seeker Event is not recorded by end of day, the NRE batch creates an incident and sends it to Compliance. Once received:</p> <ul style="list-style-type: none"> <li>• An NCPS Non-Compliance Event is created.</li> <li>• Status: 'Awaiting Contact'.</li> <li>• The Job Seeker Event, Notifications, and Job Plan Code are linked to the Non-Compliance Event.</li> </ul>  | Partially Met      |
| BR-TFNCE-0160 | <p>When creating a Job Plan (NCJP) or Job Search (NCJU) Non-Compliance Event, and the notified re-engagement type is determined to be CI or CA, but the job seeker is not in contact:</p> <ul style="list-style-type: none"> <li>• The demerit is not auto confirmed — it is set to Pending.</li> <li>• The Non-Compliance Event status is set to 'Awaiting Contact'.</li> <li>• The Job Seeker Excuse remains blank.</li> </ul>   | Fully Met          |
| BR-TFNCE-0255 | <p>When the Job Plan batch runs for a compellable job seeker who has an online Job Plan but has not signed it and is in the Warning Zone:</p> <ul style="list-style-type: none"> <li>• Compliance creates a 'Job Plan Not Signed' (NCJP) incident.</li> <li>• The incident starts in Draft.</li> <li>• The incident is accepted by Services Australia.</li> <li>• Compliance is auto confirmed and Re-engagement is set.</li> <li>• The incident status updates to 'Reason Confirmed'.</li> <li>• A Demerit is created with status 'Confirmed' and a count of 1.</li> </ul>                              | Partially Met      |
| BR-TFNCE-0256 | <ul style="list-style-type: none"> <li>• When the Job Plan batch runs for a compellable job seeker who has not signed the Job Plan, has accepted Think Time (2 full business days), and is in the Warning Zone: <ul style="list-style-type: none"> <li>• Compliance creates a 'Job Plan Not Signed' (NCJP) incident.</li> <li>• The incident starts in Draft.</li> <li>• The incident is accepted by Services Australia.</li> <li>• The incident status updates to 'Awaiting Contact'.</li> <li>• A Demerit is created with status 'Pending' and a count of 1.</li> </ul> </li> </ul>                    | Partially Met      |
| BR-TFNCE-0257 | <p>When a provider is in contact with a compellable job seeker who has not signed the Job Plan, has declined Think Time, and is in the Warning Zone:</p> <ul style="list-style-type: none"> <li>• Compliance creates a 'Job Plan Not Signed' (NCJP) incident.</li> <li>• The incident starts in Draft.</li> <li>• A Demerit is created with status 'Confirmed' and a count of 1.</li> <li>• The incident is accepted by Services Australia.</li> <li>• The incident status updates to 'Reason Confirmed'.</li> <li>• The demerit status is 'Confirmed'.</li> <li>• Re-engagement is auto set.</li> </ul> | Fully Met          |
| BR-TFNCE-0258 | <p>When a provider is in contact with a compellable job seeker, has Job Plan activity PA04, is in the Warning Zone, and records 'Failure to Act' on the Job Referral page:</p> <ul style="list-style-type: none"> <li>• Compliance creates a 'Failure to Act on Job Referral' (NCJR) incident.</li> <li>• The incident is accepted by Services Australia.</li> <li>• The incident status updates to 'Reason Confirmed'.</li> <li>• A Demerit is created with status 'Confirmed' and a count of 3.</li> </ul>   | Not Met            |
| BR-TFNCE-0259 | <p>When a provider is not in contact with a compellable job seeker, has Job Plan activity PA04, is in the Warning Zone, and records 'Failure to Act' on the Job Referral page:</p> <ul style="list-style-type: none"> <li>• Compliance creates a 'Failure to Act on Job Referral' (NCJR) incident.</li> <li>• The incident is accepted by Services Australia.</li> <li>• The incident status updates to 'Awaiting Contact'.</li> <li>• A Demerit is created with status 'Pending' and a count of 3.</li> </ul>   | Partially Met      |
| BR-TFNCE-0084 | NCJU NO CODE   | Partially Met      |
| BR-TFNCE-0260 | <p>When the Job Search batch runs for a compellable job seeker with an 'Unsatisfactory' job search result, is in the Warning Zone, and the provider is not in contact:</p> <ul style="list-style-type: none"> <li>• Compliance creates a 'Job Search Unsatisfactory Effort' (NCJU) incident.</li> <li>• The incident is accepted by Services Australia.</li> <li>• Compliance is auto confirmed and Re-engagement is set.</li> <li>• The incident status updates to 'Reason Confirmed'.</li> <li>• A Demerit is created with status 'Confirmed' and a count of 1.</li> </ul>                             | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

## D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0261 | When the Job Search batch runs for a compellable job seeker who has an 'Unsatisfactory' result for job search reporting, is in the Warning Zone, and the provider is in contact: <ul style="list-style-type: none"> <li>• A 'Job Search Unsatisfactory Effort' (NCJU) incident will be created.</li> <li>• The incident is accepted by Services Australia.</li> <li>• Compliance is auto confirmed and Re-engagement is set.</li> <li>• The incident status updates to 'Reason Confirmed'.</li> <li>• A Demerit is created with status 'Confirmed' and a count of 1.</li> </ul>  | Partially Met      |
| BR-TFNCE-0263 | When the Job Search batch runs for a compellable job seeker who has an 'Unsatisfactory' result for job search reporting, is in the Warning Zone, and the provider is not in contact: <ul style="list-style-type: none"> <li>• A 'Job Search Unsatisfactory Effort' (NCJU) incident will be created.</li> <li>• The incident will have Draft status initially.</li> <li>• The incident is accepted by Services Australia.</li> <li>• Compliance is auto confirmed and Re-engagement is set.</li> <li>• The incident status updates to 'Reason Confirmed'.</li> <li>• A Demerit is created with status 'Confirmed' and a count of 1.</li> </ul>                              | Partially Met      |
| BR-TFNCE-0152 | If a provider tries to raise another Unsatisfactory Job Search Compliance while the job seeker has an existing unsatisfactory job search incident (NCJU or NRJU) that is not finalised: <ul style="list-style-type: none"> <li>• The system returns an error message:</li> <li>• "Compliance cannot be raised while an existing Job Search Unsatisfactory incident is outstanding."</li> </ul>   | Not Met            |
| BR-TFNCE-0156 | When a Job Plan (NCJP) or Job Search (NCJU) Non Compliance Event is being created with a notified re-engagement type of CI or CA, and the job seeker is not in contact: <ul style="list-style-type: none"> <li>• The demerit will not be auto set; it will be set to Pending.</li> <li>• The Non Compliance Event will be set to 'Awaiting Contact'.</li> <li>• The Job Seeker Excuse will be left blank.</li> </ul>   | Fully Met          |
| BR-TFNCE-0157 | When a Job Search Failure is created due to quality: <ul style="list-style-type: none"> <li>• The stored response for 'What does the job seeker need to do to satisfactorily meet their requirements?' is:</li> <li>• "Applying for jobs in different fields/industries."</li> <li>• "Applying for jobs using a variety of methods."</li> <li>• "Improve the quality of job search efforts."</li> </ul>  | Partially Met      |
| BR-TFNCE-0158 | When a Job Search Failure is created due to quality, the stored response for 'What was unsatisfactory about the Job Search efforts?' will be based on specific flags: <ul style="list-style-type: none"> <li>• Did not apply for jobs in a diverse range of fields/industries as required.</li> <li>• Did not tailor efforts to industry/type of job.</li> <li>• Did not use a variety of methods as required.</li> </ul>  | Partially Met      |
| BR-TFNCE-0159 | When a Job Search Failure is created due to quantity: <ul style="list-style-type: none"> <li>• The response for 'What was unsatisfactory about the Job Search efforts?' will be:</li> <li>• "Did not complete the required number of efforts."</li> <li>• The response for 'What does the job seeker need to do to satisfactorily meet their requirements?' will be:</li> <li>• "Submit the required number of job search effort."</li> </ul>  | Partially Met      |
| BR-TFNCE-0107 | When a Job Seeker has an outstanding Compliance Interview or Assessment (CI or CA): <ul style="list-style-type: none"> <li>• The Job Seeker may still attend activities and could trigger a TCF Event.</li> <li>• The Non-Compliance Event requires the Service Provider to handle it normally (reason not accepted, etc).</li> <li>• However, the Demerit is not counted and is given the status 'No Demerit'.</li> <li>• The event still progresses through normal states ('Awaiting Contact', 'Reason Confirmed', 'Finalised', etc).</li> <li>• A 'No Demerit' cannot be converted back to a normal demerit.</li> <li>• This applies to multiple TCF Events.</li> </ul> | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping



# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0264 | <p>When the provider is in contact with a compellable job seeker who did not attend a one-off activity and records a DNAL:</p> <ul style="list-style-type: none"><li>• The system creates an 'Activity Failure to Attend' (NCAA) incident in the Warning Zone.</li><li>• The incident has Draft Status.</li><li>• The Job Seeker Event is linked to the Non-Compliance Event.</li><li>• The Job Plan Item is linked to the Non-Compliance Event.</li><li>• The Notification is linked to the Non-Compliance Event.</li><li>• A Demerit is created with status 'Confirmed' and count of 1 if in the Warning Zone.</li></ul>   | Fully Met          |
| BR-TFNCE-0265 | <p>When the provider is not in contact with a compellable job seeker who did not attend a one-off activity and records a DNAL:</p> <ul style="list-style-type: none"><li>• The system creates an 'Activity Failure to Attend' (NCAA) incident in the Warning Zone.</li><li>• The incident has Draft Status.</li><li>• The Job Seeker Event is linked to the Non-Compliance Event.</li><li>• The Job Plan Item is linked to the Non-Compliance Event.</li><li>• The Notification is linked to the Non-Compliance Event.</li><li>• A Demerit is created with status 'Pending' and count of 1 if in the Warning Zone.</li></ul> | Fully Met          |
| BR-TFNCE-0266 | <p>If the provider is in contact and an 'Activity Failure to Attend' (NCAA) event has been submitted:</p> <ul style="list-style-type: none"><li>• Services Australia validates the event.</li><li>• Services Australia accepts the event.</li><li>• A confirmation message is received from Services Australia.</li><li>• The event status updates to 'Reason Confirmed'.</li><li>• The demerit status updates to 'Confirmed'.</li><li>• If in the Financial Penalty Zone, an External Outcome (Services Australia Investigation) is created with status 'Under Investigation'.</li></ul>                                    | Partially Met      |
| BR-TFNCE-0267 | <p>If the provider is not in contact and an 'Activity Failure to Attend' (NCAA) event has been submitted:</p> <ul style="list-style-type: none"><li>• Services Australia validates the event.</li><li>• Services Australia accepts the event.</li><li>• A confirmation message is received from Services Australia.</li><li>• The event status updates to 'Awaiting Contact'.</li></ul>  | Partially Met      |
| BR-TFNCE-0268 | <p>When the provider is in contact with a compellable job seeker who misconducts during a one-off activity and records a MISC:</p> <ul style="list-style-type: none"><li>• The system creates a 'Misconduct at Activity' (NCAM) incident in the Warning Zone.</li><li>• The incident has Draft Status.</li><li>• The Job Seeker Event is linked to the Non-Compliance Event.</li><li>• The Job Plan Item is linked to the Non-Compliance Event.</li><li>• The Notification is linked to the Non-Compliance Event.</li><li>• A Demerit is created with status 'Confirmed' and count of 1 if in the Warning Zone.</li></ul>    | Partially Met      |
| BR-TFNCE-0269 | <p>When the provider is not in contact with a compellable job seeker who misconducts during a one-off activity and records a MISC:</p> <ul style="list-style-type: none"><li>• The system creates a 'Misconduct at Activity' (NCAM) incident in the Warning Zone.</li><li>• The incident has Draft Status.</li><li>• The Job Seeker Event is linked to the Non-Compliance Event.</li><li>• The Job Plan Item is linked to the Non-Compliance Event.</li><li>• The Notification is linked to the Non-Compliance Event.</li><li>• A Demerit is created with status 'Pending' and count of 1 if in the Warning Zone.</li></ul>  | Partially Met      |

Table 48: D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0270 | <p>If the provider is in contact and a 'Misconduct at Activity' (NCAM) Non Compliance Event is submitted:</p> <ul style="list-style-type: none"> <li>• Services Australia validates the event.</li> <li>• Services Australia accepts the event.</li> <li>• A confirmation message is received from Services Australia.</li> <li>• The event status updates to 'Reason Confirmed'.</li> <li>• The demerit status updates to 'Confirmed'.</li> <li>• If in the Financial Penalty Zone, an External Outcome (Services Australia Investigation) is created with status 'Under Investigation'.</li> </ul>  | Not Met            |
| BR-TFNCE-0271 | <ul style="list-style-type: none"> <li>• When a 'Misconduct at Activity' (NCAM) Non Compliance Event is submitted and the provider is not in contact with the job seeker:               <ul style="list-style-type: none"> <li>• Services Australia will validate the event.</li> <li>• Services Australia will accept the event.</li> <li>• A confirmation message is received from Services Australia.</li> <li>• The event status is updated to 'Awaiting Contact'.</li> </ul> </li> </ul>   | Partially Met      |
| BR-TFNCE-0274 | <p>When a DNAI is recorded for a provider appointment and the provider was in contact:</p> <ul style="list-style-type: none"> <li>• The system creates a 'Provider Appointment Failure to Attend' (NCPA) Non Compliance Event.               <ul style="list-style-type: none"> <li>• The Provider Appointment is linked.</li> <li>• The Notification for the appointment is linked.</li> <li>• The Demerit count = 1.</li> <li>• Linked Job Seeker Question and Response from Diary.</li> <li>• Services Australia accepts the Non Compliance Demerit.</li> <li>• The event status is updated to 'Reason Confirmed'.</li> <li>• The demerit status is updated to 'Confirmed'.</li> </ul> </li> </ul> | Partially Met      |
| BR-TFNCE-0275 | <p>When a DNAI is recorded for a provider appointment and the provider was not in contact:</p> <ul style="list-style-type: none"> <li>• The system creates a 'Provider Appointment Failure to Attend' (NCPA) Non Compliance Event.               <ul style="list-style-type: none"> <li>• The Provider Appointment is linked.</li> <li>• The Notification is linked.</li> <li>• The Demerit count = 1.</li> <li>• The Non Compliance Demerit is sent to Services Australia for validation.</li> <li>• Services Australia accepts it.</li> <li>• The event status is updated to 'Awaiting Contact'.</li> <li>• The demerit status is updated to 'Pending'.</li> </ul> </li> </ul>                      | Partially Met      |
| BR-TFNCE-0272 | <p>When the provider is in contact and a Misconduct (MISC) result is recorded for a provider appointment:</p> <ul style="list-style-type: none"> <li>• The system creates a 'Misconduct at Provider Appointment' (NCPM) Non Compliance Event.</li> <li>• The Provider Appointment is linked.</li> <li>• The Notification is linked.</li> <li>• A Demerit is created with status 'Pending' and count of 1.</li> <li>• The Non Compliance Demerit is sent to Services Australia for validation.</li> <li>• Services Australia accepts it.</li> <li>• The event status is updated to 'Reason Confirmed'.</li> <li>• The demerit status is updated to 'Confirmed'.</li> </ul>                             | Partially Met      |
| BR-TFNCE-0273 | <p>When the provider is not in contact and a Misconduct (MISC) result is recorded for a provider appointment:</p> <ul style="list-style-type: none"> <li>• The system creates a 'Misconduct at Provider Appointment' (NCPM) Non Compliance Event.</li> <li>• The Provider Appointment is linked</li> <li>• A Demerit is created with status 'Pending' and count of 1.</li> <li>• The Non Compliance Demerit is sent to Services Australia for validation.</li> <li>• Services Australia accepts it.</li> <li>• The event status is updated to 'Awaiting Contact'.</li> <li>• The demerit status is updated to 'Pending'.</li> </ul>   | Fully Met          |
| BR-TFNCE-0276 | <p>When an NCPM or NCPA Demerit is sent to Services Australia and accepted:</p> <ul style="list-style-type: none"> <li>• This triggers Payment Suspension by Services Australia.</li> </ul>   | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| NO CODE       | When a job seeker triggers a TCF Incident in the Penalty Zone: <ul style="list-style-type: none"> <li>• A Non Compliance Report is created.</li> <li>• DHS validation is required.</li> <li>• The Report is sent to DHS for investigation.</li> <li>• The Report can be system-generated (auto) or manually created by a Service Provider.</li> <li>• Additional Questions &amp; Responses are required and are event-specific.</li> </ul>   | Partially Met      |
| BR-TFNCE-0279 | When the provider is not in contact and a DNAI is recorded for a 3rd Party Appointment: <ul style="list-style-type: none"> <li>• The system creates a '3rd Party Appointment Failure to Attend' (NR3A) Non Compliance Event.</li> <li>• The 3rd Party Appointment is linked.</li> <li>• The Non Compliance Report is sent to Services Australia for validation.</li> <li>• The Report Status is 'Awaiting Contact'.</li> </ul>   | Partially Met      |
| BR-TFNCE-0280 | If a job seeker fails to attend a 3rd party appointment and is later marked as no longer compellable after the DNAI is recorded: <ul style="list-style-type: none"> <li>• The Compliance is not valid.</li> <li>• A message is sent to Diary.</li> <li>• Diary displays this to the Service Provider.</li> </ul>   | Partially Met      |
| BR-TFNCE-0281 | When a provider is in contact and records a Misconduct (MISC) result for a 3rd party appointment: <ul style="list-style-type: none"> <li>• Diary sends a message to the Compliance System.</li> <li>• The Compliance System creates a 'Misconduct at 3rd Party Provider Appointment' (NR3M) Non-Compliance Event.</li> <li>• The 3rd Party Appointment info is linked.</li> <li>• A Non-Compliance Report is sent to Services Australia for validation.</li> <li>• The event status is set to 'Reason Confirmed'.</li> </ul>     | Fully Met          |
| BR-TFNCE-0282 | When a provider is not in contact and records a Misconduct (MISC) result for a 3rd party appointment: <ul style="list-style-type: none"> <li>• Diary sends a message to the Compliance System.</li> <li>• The Compliance System creates a 'Misconduct at 3rd Party Provider Appointment' (NR3M) Non-Compliance Event.</li> <li>• The 3rd Party Appointment info is linked.</li> <li>• A Non-Compliance Report is sent to Services Australia for validation.</li> <li>• The event status is set to 'Awaiting Contact'.</li> </ul> | Fully Met          |
| BR-TFNCE-0283 | When Diary advises that a job seeker is not compellable after a Misconduct (MISC) is recorded for a 3rd party appointment: <ul style="list-style-type: none"> <li>• The Compliance System does not create a Non-Compliance Report.</li> <li>• It returns 'Job Seeker not Compellable' to Diary with the Incident ID.</li> <li>• Diary displays this to the Service Provider.</li> </ul>  | Partially Met      |
| BR-TFNCE-0127 | If a 3rd party appointment for a compellable job seeker has no attendance recorded by end of day: <ul style="list-style-type: none"> <li>• An NRE incident is sent to Compliance by Diary when the NRE batch runs.</li> <li>• The Compliance System sets the NR3S Non Compliance Event status to 'Awaiting Contact'.</li> <li>• It links the Job Seeker Event info.</li> <li>• It links any Notifications.</li> <li>• It links the Job Plan Code.</li> </ul>   | Partially Met      |
| BR-TFNCE-0284 | If a provider is in contact and manually records a 3rd Party Appointment Failure to Attend on the Add Compliance screen: <ul style="list-style-type: none"> <li>• The Compliance System creates a '3rd Party Appointment Failure to Attend Demerit (NR3A)'.</li> <li>• The Non Compliance Event status is set to 'Reason Confirmed'.</li> <li>• The Job Plan Item is linked if it exists.</li> </ul>   | Partially Met      |
| BR-TFNCE-0285 | If a provider is not in contact and manually records a 3rd Party Appointment Failure to Attend on the Add Compliance screen: <ul style="list-style-type: none"> <li>• The Compliance System creates a '3rd Party Appointment Failure to Attend Demerit (NR3A)'.</li> <li>• The Non Compliance Event status is set to 'Awaiting Contact'.</li> <li>• A Notification is linked.</li> <li>• The Job Plan Item is linked if it exists.</li> </ul>  | Partially Met      |

Table 48: D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0286 | <p>If a provider is in contact and manually records a Misconduct at a 3rd Party Appointment on the Add Compliance screen:</p> <ul style="list-style-type: none"> <li>• The Compliance System creates a 'Misconduct at 3rd Party Appointment' (NR3M).</li> <li>• The Non Compliance Event status is set to 'Reason Confirmed'.</li> <li>• The Penalty Status is set to 'Under Investigation'.</li> <li>• A Notification is linked.</li> <li>• The Job Plan Item is linked if it exists.</li> </ul>  | Partially Met      |
| BR-TFNCE-0287 | <p>If a provider is not in contact with a compellable job seeker who behaved inappropriately at a 3rd Party Appointment and enters this via Add Compliance:</p> <ul style="list-style-type: none"> <li>• The Compliance System creates 'Misconduct at 3rd Party Appointment' (NR3M).</li> <li>• The Non-Compliance Event status is set to 'Awaiting Contact'.</li> <li>• A Notification is linked.</li> <li>• The Job Plan Item is linked if it exists.</li> </ul>   | Partially Met      |
| BR-TFNCE-0147 | <p>When a provider selects 'Third Party Appointment Failure to Attend' or 'Misconduct at Third Party Appointment' on the Create Compliance screen, with incident date and job plan:</p> <ul style="list-style-type: none"> <li>• The system checks if the job seeker has a Transition to Work or Jobactive (ParentsNext) provider appointment.</li> <li>• If such an appointment exists, the system shows the linked notifications in the drop-down.</li> <li>• If no appointment is found, the drop-down is empty and the provider cannot proceed.</li> </ul> | Not Met            |
| BR-TFNCE-0288 | <p>If a provider is in contact with a compellable job seeker who did not attend an activity and records a DNAI:</p> <ul style="list-style-type: none"> <li>• The Compliance System creates an 'Activity Failure to Attend' (NRAA) incident.</li> <li>• The incident has Draft status.</li> <li>• Links the Activity, Job Plan Item, and Notification.</li> <li>• Receives confirmation from Services Australia.</li> <li>• Event status updates to 'Reason Confirmed'.</li> <li>• Penalty status set to 'Under Investigation'</li> </ul>                       | Partially Met      |
| BR-TFNCE-0289 | <p>If a provider is not in contact with a compellable job seeker who did not attend an activity and records a DNAI:</p> <ul style="list-style-type: none"> <li>• The Compliance System creates an 'Activity Failure to Attend' (NRAA) incident.</li> <li>• The incident has Draft status.</li> <li>• Links the Activity and Notification.</li> <li>• Receives confirmation from Services Australia.</li> <li>• Event status updates to 'Awaiting Job Seeker Contact'.</li> </ul>   | Partially Met      |
| BR-TFNCE-0290 | <p>If a provider is in contact with a compellable job seeker who behaved inappropriately at an activity and records a MISC with a reason:</p> <ul style="list-style-type: none"> <li>• The Compliance System creates a 'Misconduct at Activity' (NRAM) incident.</li> <li>• Links the activity diary requirement.</li> <li>• Receives confirmation from Services Australia.</li> <li>• Event status updates to 'Reason Confirmed'.</li> <li>• Penalty status set to 'Under Investigation'.</li> </ul>  | Partially Met      |
| BR-TFNCE-0291 | <p>If a provider is not in contact with a compellable job seeker who behaved inappropriately at an activity and records a MISC with a reason:</p> <ul style="list-style-type: none"> <li>• The Compliance System creates a 'Misconduct at Activity' (NRAM) incident.</li> <li>• Links the activity diary requirement.</li> <li>• Receives confirmation from Services Australia.</li> <li>• Event status updates to 'Awaiting Job Seeker Contact'.</li> </ul>   | Partially Met      |
| BR-TFNCE-0133 | <p>When the NRE Activity batch finds that a compellable job seeker's attendance has not been recorded:</p> <ul style="list-style-type: none"> <li>• The Compliance System creates an 'Activity result confirmation required NRE/DNA' (NRAS) incident.</li> <li>• The incident has Draft status.</li> <li>• Links the activity diary requirement.</li> </ul>  | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0292 | <p>If a Service Provider is in contact with a compellable job seeker who did not attend an activity and submits an 'Activity Failure to Attend':</p> <ul style="list-style-type: none"> <li>The Compliance System creates an 'Activity Failure to Attend' (NRAA).</li> <li>The Non-Compliance Event status is 'Reason Confirmed'.</li> <li>The Job Plan Item is linked.</li> <li>Confirmation is received from Services Australia.</li> <li>Penalty status set to 'Under Investigation'.</li> <li>The event remains 'Reason Confirmed'.</li> </ul>   | Partially Met      |
| BR-TFNCE-0293 | <p>If a Service Provider is not in contact with a compellable job seeker who did not attend an activity and submits an 'Activity Failure to Attend' for the activity on the Compliance screen:</p> <ul style="list-style-type: none"> <li>The Compliance System creates 'Activity Failure to Attend' (NRAA).</li> <li>The Non-Compliance Event status is 'Awaiting Job Seeker Contact'.</li> <li>The Job Plan Item is linked.</li> <li>A message is received from Services Australia to confirm acceptance.</li> <li>The event status stays 'Awaiting Job Seeker Contact'</li> </ul>                             | Partially Met      |
| BR-TFNCE-0294 | <ul style="list-style-type: none"> <li>When a provider selects 'Activity fail to attend' or 'Misconduct' from the Event Type drop-down (NCAA, NCAM, NRAA, NRAM) on the Create Compliance screen and enters an incident date: <ul style="list-style-type: none"> <li>The job plan activity question will be displayed.</li> <li>If the job seeker has a Free Text activity as a compulsory item in their Job Plan on that date, it shows as the only option.</li> <li>If not, no options are displayed.</li> </ul> </li> </ul>  | Partially Met      |
| BR-TFNCE-0295 | <p>When a provider selects 'Activity fail to attend' or 'Misconduct' from the Event Type drop-down (NCAA, NCAM, NRAA, NRAM) on the Create Compliance screen and enters an incident date:</p> <ul style="list-style-type: none"> <li>The system asks the provider to confirm whether the Free Text activity includes all required details for formal notification.</li> <li>If it does, no additional notification needs to be attached.</li> <li>If not, attaching a notification becomes mandatory.</li> </ul>  | Not Met            |
| BR-TFNCE-0296 | <p>If a Service Provider is in contact with a compellable job seeker who misconducts at an activity, and submits 'Misconduct at Activity' on the Compliance screen:</p> <ul style="list-style-type: none"> <li>The Compliance System creates 'Misconduct at Activity' (NRAM).</li> <li>The Non-Compliance Event Status is 'Reason Confirmed'.</li> <li>The Activity and Job Plan Item are linked.</li> <li>A message is received from Services Australia to confirm acceptance.</li> <li>The event status updates to 'Reason Confirmed'.</li> <li>The penalty status is set to 'Under Investigation'.</li> </ul> | Partially Met      |
| BR-TFNCE-0297 | <p>If a Service Provider is not in contact with a compellable job seeker who misconducts at an activity and submits 'Misconduct at Activity' on the Compliance screen:</p> <ul style="list-style-type: none"> <li>The Compliance System creates 'Misconduct at Activity' (NRAM).</li> <li>The Non-Compliance Event Status is 'Awaiting Job Seeker Contact'.</li> <li>The Activity and Job Plan Item are linked.</li> <li>A message is received from Services Australia to confirm acceptance.</li> <li>The event status stays 'Awaiting Job Seeker Contact'.</li> </ul>  | Fully Met          |
| BR-TFNCE-0298 | <p>When a provider selects 'Activity fail to attend' or 'Misconduct' from the Event Type drop-down (NCAA, NCAM, NRAA, NRAM) on the Create Compliance screen and enters an incident date:</p> <ul style="list-style-type: none"> <li>The job plan question will display.</li> <li>If the job seeker has Free Text as a compulsory Job Plan item on that date, it shows as the only option.</li> <li>If not, no option appears.</li> </ul>   | Not Met            |
| BR-TFNCE-0299 | <p>When a provider selects 'Activity fail to attend' or 'Misconduct' from the Event Type drop-down (NCAA, NCAM, NRAA, NRAM) on the Create Compliance screen and enters an incident date:</p> <ul style="list-style-type: none"> <li>The system prompts the provider to confirm whether the Free Text activity includes all required formal notification info.</li> <li>If it does, no other notification is needed.</li> <li>If not, selecting a notification is required.</li> </ul>  | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule   | Compliance Mapping |
|---------------|---|--------------------|
| BR-TFNCE-0146 | <p>When 'Activity Failure to Attend' or 'Misconduct at Activity' is selected on the TCF Create Compliance page (manual):</p> <ul style="list-style-type: none"> <li>After entering the incident date and job plan, if the provider selects 'No' to the question about whether the Free Text Job Plan code includes all required details (type, dates, times, address) or a separate notification exists</li> <li>The system checks if an 'ADTL — Activity Details' notification was sent within the past 12 weeks.</li> <li>If found, it displays in the notifications drop-down.</li> <li>If not found, no notification is shown and the provider cannot continue.</li> </ul>                              | Fully Met          |
| BR-TFNCE-0300 | <p>When the service provider is in contact with a compellable job seeker and a Did Not Attend Invalid (DNAI) result is entered for a Job Interview, Diary sends a message to the Compliance system. In response:</p> <ul style="list-style-type: none"> <li>The Compliance system creates a 'Job Interview Failure to Attend' (NRJI) Non-Compliance Event.</li> <li>It links the Job Interview data from Diary.</li> <li>It links the Job Plan Activity.</li> <li>It links the Notification.</li> <li>A message is received from Services Australia confirming acceptance.</li> <li>The event status updates to 'Reason Confirmed'.</li> <li>The penalty status is set to 'Under Investigation'.</li> </ul> | Partially Met      |
| BR-TFNCE-0302 | <p>When the service provider is in contact with a compellable job seeker, and a Misconduct (MISC) result, misconduct type, and 'Reason Not Accepted' are entered for a Job Interview, Diary notifies the Compliance system. Then:</p> <ul style="list-style-type: none"> <li>The Compliance system creates a 'Misconduct at Job Interview' (NRJM) Non-Compliance Event.</li> <li>It links the Job Interview info.</li> <li>It links the Job Plan Activity.</li> <li>It links the Notification.</li> <li>Services Australia confirms acceptance.</li> <li>The event status is 'Reason Confirmed'.</li> <li>The penalty status is 'Under Investigation'.</li> </ul>   | Partially Met      |
| BR-TFNCE-0303 | <p>When the service provider is not in contact with a compellable job seeker, and a Misconduct (MISC) result and misconduct type are entered for a Job Interview, Diary notifies the Compliance system. Then:</p> <ul style="list-style-type: none"> <li>The Compliance system creates a 'Misconduct at Job Interview' (NRJM).</li> <li>It links the Job Interview info.</li> <li>It links the Job Plan Activity.</li> <li>It links the Notification.</li> <li>Services Australia confirms acceptance.</li> <li>The event status is 'Awaiting Job Seeker Contact'.</li> </ul>   | Partially Met      |
| BR-TFNCE-0138 | <p>If a compellable job seeker's Job Interview attendance is not recorded by end of day, the NRE batch creates an incident and sends it to the Compliance system. Then:</p> <ul style="list-style-type: none"> <li>The Compliance system sets the NRIS Non-Compliance Event status to 'Awaiting Contact'.</li> <li>It links the Job Seeker Event data.</li> <li>It links the Notifications.</li> <li>It links the Job Plan Code.</li> </ul>   | Partially Met      |
| BR-TFNCE-0110 | <p>When the Job Plan batch creates a compliance request for a compellable job seeker who hasn't signed their job plan in the financial penalty zone:</p> <ul style="list-style-type: none"> <li>The Compliance system creates a 'Job Plan not signed' (NRJP) incident.</li> <li>The incident has Draft status.</li> <li>The incident is accepted by Services Australia.</li> <li>The incident status updates to 'Awaiting Contact'.</li> </ul>  | Partially Met      |
| BR-TFNCE-0304 | <p>When the Job Plan batch creates a compliance request for a compellable job seeker in the financial penalty zone who hasn't signed and accepted Think Time (2 full business days):</p> <ul style="list-style-type: none"> <li>The Compliance system creates a 'Job Plan not signed' (NRJP) incident.</li> <li>The incident has Draft status.</li> <li>The incident is accepted by DHS.</li> <li>The incident status updates to 'Awaiting Contact'.</li> </ul>   | Partially Met      |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping



# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0305 | <p>If a provider is in contact with a compellable job seeker in the financial penalty zone who hasn't signed their job plan and declines Think Time:</p> <ul style="list-style-type: none"> <li>The Compliance system creates a 'Job Plan not signed' (NRJP) incident.</li> <li>The incident has Draft status.</li> <li>The incident is accepted by Services Australia.</li> <li>The incident status updates to 'Reason Confirmed'.</li> <li>The External Outcome is set to 'Under Investigation'</li> </ul>                               | Fully Met          |
| BR-TFNCE-0115 | <p>If a provider is in contact with a compellable job seeker with job plan activity code PA04 in the financial penalty zone, and records 'Failure to Act' on the Job Referral page:</p> <ul style="list-style-type: none"> <li>A 'Failure to Act on Job Referral' (NRJR) incident is created.</li> <li>It is accepted by Services Australia.</li> <li>The incident status updates to 'Reason Confirmed'.</li> <li>The report status is 'Under Investigation'.</li> </ul>   | Partially Met      |
| BR-TFNCE-0306 | <p>If the provider is not in contact with a compellable job seeker and records 'Failure to Act' on the Job Referral page for a job seeker with Job Plan activity code PA04 in the financial penalty zone:</p> <ul style="list-style-type: none"> <li>A 'Failure to Act on Job Referral' [NRJR] incident is created.</li> <li>The incident is accepted by Services Australia.</li> <li>The incident status is updated to 'Awaiting Contact'.</li> </ul>   | Partially Met      |
| BR-TFNCE-0085 | <p>When the Job Search Batch runs and creates a compliance request for a compellable job seeker who has an unsatisfactory job search result and is in the financial penalty zone, and the provider is not in contact:</p> <ul style="list-style-type: none"> <li>A 'Job Search Unsatisfactory Effort' [NRJU] incident is created.</li> <li>It is accepted by Services Australia.</li> <li>The incident status is updated to 'Awaiting Contact'.</li> </ul>   | Partially Met      |
| BR-TFNCE-0308 | <p>If a compellable job seeker has an unsatisfactory job search result and is in the financial penalty zone, and the provider is in contact:</p> <ul style="list-style-type: none"> <li>A 'Job Search Unsatisfactory Effort' [NRJU] incident is created.</li> <li>It is accepted by Services Australia.</li> <li>The incident status is 'Reason Confirmed'.</li> <li>The report status is 'Under Investigation'.</li> </ul>  | Partially Met      |
| BR-TFNCE-0309 | <p>If a compellable job seeker has an unsatisfactory job search result, is in the financial penalty zone, and the provider is not in contact:</p> <ul style="list-style-type: none"> <li>A 'Job Search Unsatisfactory Effort' [NRJU] incident is created.</li> <li>The report status is Draft.</li> <li>It is accepted by Services Australia.</li> <li>The incident status is updated to 'Awaiting Contact'.</li> </ul>  | Partially Met      |
| BR-TFNCE-0089 | <p>If a compellable job seeker misses a one-off activity requirement and the provider is in contact, when a DNAI is recorded:</p> <ul style="list-style-type: none"> <li>The Compliance system creates an 'Activity Failure to Attend' [NRAA] incident in the Financial Penalty Zone.</li> <li>The incident status is Draft.</li> <li>Links: Job Seeker Event, Job Plan Item, and Notification.</li> <li>If in Warning Zone, a penalty investigation is created with status 'Under Investigation' and count 1.</li> </ul>                  | Partially Met      |
| BR-TFNCE-0313 | <p>If a compellable job seeker misses a one-off activity requirement and the provider is not in contact, when a DNAI is recorded:</p> <ul style="list-style-type: none"> <li>The Compliance system creates an 'Activity Failure to Attend' [NRAA] incident in the Financial Penalty Zone.</li> <li>The incident status is Draft.</li> <li>Links: Job Seeker Event, Job Plan Item, and Notification.</li> <li>If in Warning Zone, a penalty investigation is created with status 'Under Investigation' and count 1.</li> </ul>              | Partially Met      |
| BR-TFNCE-0314 | <p>If an 'Activity Failure to Attend' [NRAA] Non-Compliance Event is created and the provider is in contact, when it is submitted to Services Australia</p> <ul style="list-style-type: none"> <li>Services Australia validates and accepts it.</li> <li>A confirmation message is received.</li> <li>The event status is updated to 'Reason Confirmed'.</li> <li>The demerit status is Confirmed.</li> <li>If in the Financial Penalty Zone, an External Outcome (Investigation) is created with status 'Under Investigation'.</li> </ul> | Fully Met          |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0315 | If an 'Activity Failure to Attend' [NRAA] Non-Compliance Event is created and the provider is not in contact, when it is submitted to Services Australia: <ul style="list-style-type: none"> <li>Services Australia validates and accepts it.</li> <li>A confirmation message is received.</li> <li>The event status is updated to 'Awaiting Contact'.</li> </ul>  | Partially Met      |
| BR-TFNCE-0088 | If a compellable job seeker did not attend their one-off activity requirement and the provider is in contact, when the provider records a MISC: <ul style="list-style-type: none"> <li>The system creates a 'Misconduct at Activity' [NRAM] incident in the Financial Penalty Zone.</li> <li>The incident has Draft Status.</li> <li>Links: Job Seeker Event, Job Plan Item, Notification.</li> <li>If in Warning Zone, a Demerit is created with status 'Pending', count 1</li> </ul> | No Evidence        |
| BR-TFNCE-0310 | If a compellable job seeker did not attend their one-off activity requirement and the provider is not in contact, when the provider records a MISC: <ul style="list-style-type: none"> <li>Creates 'Misconduct at Activity' [NRAM] in Financial Penalty Zone.</li> <li>Status: Draft.</li> <li>Links: Job Seeker Event, Job Plan Item, Notification.</li> <li>If Warning Zone, creates Demerit with 'Pending', count 1.</li> </ul>   | Partially Met      |
| BR-TFNCE-0311 | If NRAM event created, provider is in contact, and submitted to Services Australia: <ul style="list-style-type: none"> <li>SA validates &amp; accepts.</li> <li>Confirmation received.</li> <li>Status updated to 'Reason Confirmed'.</li> <li>Demerit status is 'Confirmed'.</li> <li>If Financial Penalty Zone, creates External Outcome (Investigation) with 'Under Investigation'.</li> </ul>  | Not Met            |
| BR-TFNCE-0312 | <ul style="list-style-type: none"> <li>If NRAM event created, provider is NOT in contact, and submitted:               <ul style="list-style-type: none"> <li>SA validates &amp; accepts.</li> <li>Confirmation received.</li> <li>Status updated to 'Awaiting Contact'.</li> </ul> </li> </ul>  | Not Met            |
| BR-TFNCE-0139 | If a DNAI result is recorded for a provider appointment, provider is in contact: <ul style="list-style-type: none"> <li>Creates 'Provider Appointment Failure to Attend' (NRPA).</li> <li>Links: Provider Appointment, Notification, Job Seeker Q&amp;A.</li> <li>Demerit count = 1.</li> <li>SA accepts the demerit.</li> <li>Status updated to 'Reason Confirmed'.</li> <li>Penalty status: 'Under Investigation'.</li> </ul>  | No Evidence        |
| BR-TFNCE-0140 | If a MISC result is recorded for a provider appointment, provider is in contact: <ul style="list-style-type: none"> <li>Creates 'Misconduct at Provider Appointment' (NRPM).</li> <li>Links: Provider Appointment, Notification.</li> <li>Sends Non-Compliance Demerit to DHS for validation.</li> <li>SA accepts.</li> <li>Status: 'Reason Confirmed'.</li> <li>Penalty: 'Under Investigation'.</li> </ul>  | No Evidence        |
| BR-TFNCE-0316 | If a MISC result is recorded for a provider appointment, provider is NOT in contact: <ul style="list-style-type: none"> <li>Creates 'Misconduct at Provider Appointment' (NRPM).</li> <li>Links: Provider Appointment.</li> <li>Sends Non-Compliance Demerit to SA.</li> <li>SA accepts.</li> <li>Status: 'Awaiting Contact'.</li> </ul>   | Fully Met          |
| BR-TFNCE-0317 | If a DNAI result is recorded for a provider appointment, provider is NOT in contact: <ul style="list-style-type: none"> <li>Creates 'Provider Appointment Failure to Attend' (NRPA).</li> <li>Links: Provider Appointment, Notification.</li> <li>Demerit count = 1.</li> <li>Sends Non-Compliance Demerit to SA.</li> <li>SA accepts.</li> <li>Status: 'Awaiting Contact'.</li> </ul>   | Fully Met          |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

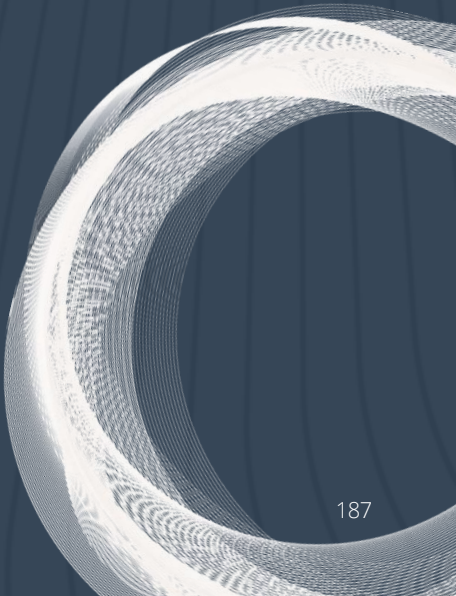
# D. Technical Business Rule Mapping

| BR REF #      | Business Rule  | Compliance Mapping |
|---------------|--|--------------------|
| BR-TFNCE-0024 | <p>A Non-Compliance Event cannot be recorded if a job seeker has no agreed Job Plan, TCF is passed, AND none of these exist:</p> <ul style="list-style-type: none"> <li>• No result for Activity (NCAS)</li> <li>• No result for Interview (NCIS)</li> <li>• No result for 3rd Party (NC3S)</li> <li>• Failure to act on referral (NCJR)</li> <li>• Failure to submit job search (NCJF).</li> </ul>  | No Evidence        |
| BR-TFNCE-0025 | <p>A Non-Compliance Event with NO Demerit can be recorded if a job seeker has no agreed Job Plan, TCF is passed, AND one of these applies:</p> <ul style="list-style-type: none"> <li>• Failed provider appointment (NCPA)</li> <li>• Misconduct at provider appointment (NCPM)</li> <li>• Failed activity (NCAA)</li> <li>• Misconduct at activity (NCAM)</li> <li>• Unsatisfactory job search (NCJU)</li> <li>• Failed 3rd party appointment (NC3A)</li> <li>• Misconduct at 3rd party appointment (NC3M)</li> <li>• Failed job interview (NCJI)</li> <li>• Misconduct at job interview (NCJM).</li> </ul> | Partially Met      |
| BR-TFNCE-0083 | System must finalise an Unemployment Failure incident (NCVL or NCDM) if its status is 'Awaiting Contact' for 20 business days.   | Not Met            |
| BR-TFNCE-0118 | System must finalise a Work Refusal Failure incident (NCVL or NCDM) if its status is 'Awaiting Contact' for 10 business days.  | Not Met            |

**Table 48:** D Detailed Methodology: Business Rule & Policy Compliance Mapping

# APPENDIX E:

## DOCUMENT AND STAKEHOLDER LIST



# E. Meeting & Stakeholder List

To support the integrity of the review process, records are maintained of meeting participants and interview minutes; however, the anonymity of individuals who have participated in the Review is preserved.

## Meeting ID

| ID   | Description          | Stakeholder Role       | Date Held  | ID   | Description          | Stakeholder Role | Date Held  |
|------|----------------------|------------------------|------------|--|----------------------|------------------|------------|
| MR01 | Meeting Reference 1  | Executive              | 21/01/2025 | MR14   | Meeting Reference 14 | Executive        | 05/02/2025 |
| MR02 | Meeting Reference 2  | Executive              | 22/01/2025 | MR15   | Meeting Reference 15 | Director         | 10/02/2025 |
| MR03 | Meeting Reference 3  | DSO Stakeholder        | 22/01/2025 | MR16   | Meeting Reference 16 | IT BA            | 11/02/2025 |
| MR04 | Meeting Reference 4  | Executive              | 28/01/2025 | MR17 – 25 are meetings held between Deloitte and the various technical staff. Meeting sentiment and key findings have been documented. |                      |                  |            |
| MR05 | Meeting Reference 5  | Compliance Executives  | 28/01/2025 | MR 17  | Meeting Reference 17 | IT Team          | 10/2/2025  |
| MR06 | Meeting Reference 6  | IT Team                | 29/01/2025 | MR 18  | Meeting Reference 18 | IT Team          | 11/2/2025  |
| MR07 | Meeting Reference 7  | IT Stakeholder         | 29/01/2025 | MR 19  | Meeting Reference 19 | IT Stakeholder   | 13/02/25   |
| MR08 | Meeting Reference 8  | Executive              | 30/01/2025 | MR 20  | Meeting Reference 20 | IT Team          | 14/02/25   |
| MR09 | Meeting Reference 9  | Executive              | 30/01/2025 | MR 21  | Meeting Reference 21 | IT Stakeholder   | 18/02/25   |
| MR10 | Meeting Reference 10 | PMO                    | 30/01/2025 | MR 22  | Meeting Reference 22 | IT Team          | 20/02/25   |
| MR11 | Meeting Reference 11 | Compliance Executive   | 31/01/2025 | MR 23  | Meeting Reference 23 | IT Stakeholder   | 20/02/25   |
| MR12 | Meeting Reference 12 | Compliance Stakeholder | 03/02/2025 | MR 24  | Meeting Reference 24 | IT Team          | 24/02/25   |
| MR13 | Meeting Reference 13 | IT BA                  | 03/02/2025 | MR 25  | Meeting Reference 25 | IT Stakeholder   | 24/02/25   |

Table 49: E Meeting & Stakeholder List

## E. Document List

For the purposes of the assurance statement and the final report, stakeholder names and associated reference IDs have been stored offline to maintain anonymity.

| Doc Ref | Scope Area             | Document Title  |
|---------|------------------------|---|
| ED1     | Policy and Legislation | Law vs lore - mutual obligations and compliance - December 2024.docx              |
| ED2     | Policy and Legislation | Mutual Obligations Policy Factsheet.docx  |
| ED3     | Policy and Legislation | Social Security Guide and links.docx  |
| ED4     | Policy and Legislation | Targeted Compliance Framework.docx  |
| ED5     | IT                     | 051 224 - TCF Bugs .xlsx  |
| ED6     | IT                     | 171 22024 - Automated decisions related to mutual obligations and compliance.docx |
| ED7     | IT                     | Capability Assessment v2_20241205.docx  |
| ED8     | IT                     | Capability Interview v2_20241205.docx   |
| ED9     | IT                     | Closing an NC event v2_20241205.docx  |
| ED10    | IT                     | Compellability v2_20241205.docx   |
| ED11    | IT                     | Compliance BPM - LevelID.pdf  |
| ED12    | IT                     | Compliance Zones v2_20241205.docx   |
| ED13    | IT                     | Demerits v2_20241205.docx   |
| ED14    | IT                     | Exemption Suspension and Transfer Exit v2_20241205.docx                           |
| ED15    | IT                     | Interaction with Services Australia v2_20241205.docx                              |
| ED16    | IT                     | Non-Compliance Event v2_20241205.docx   |
| ED17    | IT                     | PBAS Team - IT Issues .xlsx   |
| ED18    | IT                     | Re-engagement v2_20241205.docx  |
| ED19    | IT                     | TCF Notification v2_20241205.docx   |
| ED20    | IT                     | Work Refusal Unemployment Failure v2_20241205.docx                                |
| ED21    | Business Process Maps  | 20220901 Light touch process V2 (003).pptx  |
| ED22    | Business Process Maps  | AUTO non-compliance timeline - Points Failure.pdf                                 |
| ED23    | Business Process Maps  | Job seeker contact points - auto non-compliance V2.pdf                            |
| ED24    | Business Process Maps  | Job seeker contact points - manual non-compliance V2.pdf                          |
| ED25    | Business Process Maps  | Participant-DSCC actions - auto triggered non-compliance.pdf                      |
| ED26    | Business Process Maps  | Participant-DSCC actions - manually reported non-compliance.pdf                   |
| ED27    | Business Process Maps  | Participant-DSCC actions - non-compliance process chart - Extend Restime.vsd      |
| ED28    | Deeds and guidelines   | Capability Assessments Guidelines.pdf   |
| ED29    | Deeds and guidelines   | Capability-Interviews-Guidelines.pdf  |
| ED30    | Deeds and guidelines   | DES-Managing-and-Monitoring-Mutual-Obligations-Guideline.pdf                      |
| ED31    | Deeds and guidelines   | grant-agreement-2018-2025-updated-direction-No-17.pdf                             |
| ED32    | Deeds and guidelines   | Job-Plan-Scheduling-MOR-Guidelines.pdf  |
| ED33    | Deeds and guidelines   | Part-B-Workforce-Australia-Services Guidelines.pdf                                |
| ED34    | Deeds and guidelines   | Targeted Compliance Framework Guidelines.pdf                                      |
| ED35    | Deeds and guidelines   | Targeted Compliance Framework Reference Guide updated 25_10_2024 (1).pdf          |
| ED36    | Deeds and guidelines   | Targeted-Compliance-Work-Refusal-and-Unemployment-Failures-Guidelines.pdf         |
| ED37    | Deeds and guidelines   | WAS-Deed-of-Standing-Offer-2022-2028-inc-GDV-No4.pdf                              |
| ED38    | Deeds and guidelines   | WFA-Part-A-Universal-Guidelines.pdf   |
| ED39    | Supporting Resources   | CI Best Practice Guide Workforce Australia Providers V3(3).pdf                    |
| ED40    | Supporting Resources   | Guide to Job Referral Tasks V1.2.pdf  |
| ED41    | Supporting Resources   | Non-Compliance reporting that triggers Resolution Time - updated 25_10_2024.pdf   |
| ED42    | Supporting Resources   | Provider action Creation confirmation Demerits Suspensions 25_10_2024.pdf         |
| ED43    | Supporting Resources   | Re-Engagement Requirements Matrix V1 .pdf   |
| ED44    | Supporting Resources   | Suitable Work Fact Sheet V1.pdf   |
| ED45    | Supporting Resources   | Workforce Australia Online Handbook.docx  |
| ED46    | Task Cards             | WFA_Compliance_Capability Interviews.docx   |
| ED47    | Task Cards             | WFA_Compliance_Capability Management Tool (CMT).docx                              |
| ED48    | Task Cards             | WFA_Compliance_Creating a Job Referral Task.docx                                  |
| ED49    | Task Cards             | WFA_Compliance_Manually removing a Demerit.docx                                   |
| ED50    | Task Cards             | WFA_Compliance_Printing Non-Compliance Notifications.docx                         |
| ED51    | Task Cards             | WFA_Compliance_Recording Job Referral Assessment task results.docx                |
| ED52    | Task Cards             | WFA_Compliance_Recording Provider Administrative Errors.docx                      |

Table 50: E Document List



# E. Document List

For the purposes of the assurance statement and the final report, stakeholder names and associated reference IDs have been stored offline to maintain anonymity.

| Doc Ref | Scope Area                           | Document Title   |
|---------|--------------------------------------|--|
| ED53    | Task Cards                           | WFA_Compliance_Recording Valid-Invalid Reason and Re-Engagement Options for a 1st Points Failure.docx    |
| ED54    | Task Cards                           | WFA_Compliance_Recording Valid-Invalid Reason and re-engagement options for a Points Failure.docx        |
| ED55    | Task Cards                           | WFA_Compliance_Recording Valid-Invalid Reason for a Job Plan failure.docx                                |
| ED56    | Task Cards                           | WFA_Compliance_Reporting Non-Compliance when a Participant Refuses to Agree to the Job Plan.docx         |
| ED57    | Task Cards                           | WFA_Compliance_Reporting Unemployment Failures (Participant Dismissed From a Job Due to Misconduct).docx |
| ED58    | Task Cards                           | WFA_Compliance_Reporting Unemployment Failures (Participant Voluntarily Leaves a Suitable Job).docx      |
| ED59    | Task Cards                           | WFA_Compliance_Reporting Work Refusal Failures - Failed to commence job.docx                             |
| ED60    | Eligibility, Referrals and Transfers | Eligibility Referral and Transfers.pptx  |
| ED61    | Eligibility, Referrals and Transfers | Senate Estimates Eligibility - fact sheet Attachment A - Eligibility table (1).docx                      |
| ED62    | Eligibility, Referrals and Transfers | Senate Estimates Eligibility - fact sheet.docx   |
| ED63    | Fully Meeting                        | Better Recognising Individuals Circumstances - Provider FAQs - DEC24.docx                                |
| ED64    | Fully Meeting                        | Better-Targeting-Employment-Services-FAQs - SEP24.docx   |
| ED65    | Fully Meeting                        | BRIC4MO Journey v0.4 06 Nov.pptx   |
| ED66    | Fully Meeting                        | BTES Journey - All SA Edits FINAL.pptx   |
| ED67    | Fully Meeting                        | CDP provider journey maps.pptx   |
| ED68    | Fully Meeting                        | DES CDP scenario.pptx  |
| ED69    | Fully Meeting                        | Drug and Alcohol treatment fact sheet for providers.pdf  |
| ED70    | Fully Meeting                        | EC24-003322 - Attachment_A.docx (1).pdf  |
| ED71    | Fully Meeting                        | EC24-003322-AS Factsheet - Mutual Obligation Requirements and Centrelink-Managed Individuals.pdf         |
| ED72    | Fully Meeting                        | KB0016077 - Adding a volunteer period.pdf  |
| ED73    | Fully Meeting                        | KB001609 - Recording Participants as Fully Meeting Mutual Obligations.pdf                                |
| ED74    | PBAS, Job Plans, Job Search          | 20221215 - PBAS Pro Rata rules - KW.docx   |
| ED75    | PBAS, Job Plans, Job Search          | Flexible Activation PBAS Draft 11012024.docx   |
| ED76    | PBAS, Job Plans, Job Search          | PBAS Reporting requirements 10012024.docx  |
| ED77    | PBAS, Job Plans, Job Search          | Reporting-Activities-in-PBAS-factsheet.pdf   |
| ED78    | PBAS, Job Plans, Job Search          | Reporting-tasks-in-PBAS-factsheet.pdf  |
| ED79    | TCF Business Rules - pre review      | 2 Business Days Delay v1_20240722.docx   |
| ED80    | TCF Business Rules - pre review      | Capability Assessment v1_20240722.docx   |
| ED81    | TCF Business Rules - pre review      | Capability Interview v1_20240722.docx  |
| ED82    | TCF Business Rules - pre review      | Closing an NC event v1_20240722.docx   |
| ED83    | TCF Business Rules - pre review      | Compellability v1_20240722.docx  |
| ED84    | TCF Business Rules - pre review      | Compliance Zones v1_20240722.docx  |
| ED85    | TCF Business Rules - pre review      | Demerits v1_20240722.docx  |
| ED86    | TCF Business Rules - pre review      | Exemption Suspension and Transfer Exit v1_20240722.docx  |
| ED87    | TCF Business Rules - pre review      | Interaction with DHS v1_20240722.docx  |
| ED88    | TCF Business Rules - pre review      | Re-engagement v1_20240722.docx   |
| ED89    | TCF Business Rules - pre review      | TCF Notification v1_20240722.docx  |
| ED90    | TCF Business Rules - pre review      | Work Refusal Unemployment Failure v1_20240722.docx   |
| ED91    | TCF Business Rules - revised         | BR Review.xlsx   |
| ED92    | TCF Business Rules - revised         | Capability Assessment v2_20241205.docx   |
| ED93    | TCF Business Rules - revised         | Capability Interview v2_20241205.docx  |
| ED94    | TCF Business Rules - revised         | Closing an NC event v2_20241205.docx   |

Table 50: E Document List

# E. Document List

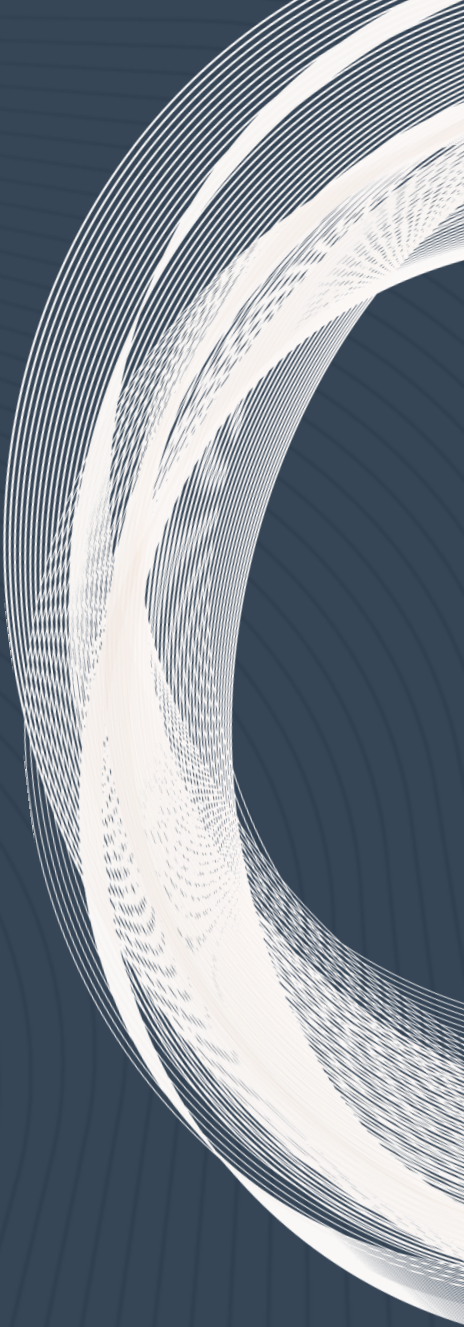
For the purposes of the assurance statement and the final report, stakeholder names and associated reference IDs have been stored offline to maintain anonymity.

| Doc Ref | Scope Area                   | Document Title  |
|---------|------------------------------|---|
| ED95    | TCF Business Rules - revised | Compellability v2_20241205.docx   |
| ED96    | TCF Business Rules - revised | Compliance Zones v2_20241205.docx   |
| ED97    | TCF Business Rules - revised | Demerits v2_20241205.docx   |
| ED98    | TCF Business Rules - revised | Exemption Suspension and Transfer Exit v2_20241205.docx                                 |
| ED99    | TCF Business Rules - revised | Interaction with Services Australia v2_20241205.docx                                    |
| ED100   | TCF Business Rules - revised | Non Compliance Event v2_20241205.docx   |
| ED101   | TCF Business Rules - revised | Re-engagement v2_20241205.docx  |
| ED102   | TCF Business Rules - revised | TCF Notification v2_20241205.docx   |
| ED103   | TCF Business Rules - revised | Work Refusal Unemployment Failure v2_20241205.docx                                      |
| ED104   | General                      | Mutual obligations and compliance basis, and decision points.                           |
| ED105   | Policy and Legislation       | Mutual Obligations Policy   |
| ED106   | Policy and Legislation       | The Targeted Compliance Framework   |
| ED107   | General                      | Automated Decisions Related to Mutual Obligations and Compliance                        |
| ED108   | General                      | Capability Assessment «BDO» – Business Rules  |
| ED109   | General                      | Capability Interview «BDO» – Business Rules   |
| ED110   | General                      | Closing an NC Event «BDO» – Business Rules  |
| ED111   | General                      | Compellability «BDO» – Business Rules   |
| ED112   | General                      | Compliance Zones «BDO» – Business Rules   |
| ED113   | General                      | Demerits «BDO» – Business Rules   |
| ED114   | General                      | Exemption/Suspension & Transfer/Exit «BDO»  |
| ED115   | General                      | Interaction with Services Australia «BDO»   |
| ED116   | General                      | Re-Engagement «BDO» – Business Rules  |
| ED117   | General                      | TCF Notification «BDO» – Business Rules   |
| ED118   | General                      | Work Refusal/Unemployment Failure «BDO» – Business Rules                                |
| ED119   | General                      | TCF Data for Workforce Australia and ParentsNext Jul-Sep 2024 1.xlsx                    |
| ED120   | General                      | Secretary's opening statement   |
| ED121   | General                      | Snapshot of Demerit Outcomes  |
| ED122   | General                      | TCF Public Data – October to December 2024  |
| ED123   | General                      | TCF Public Data – January to March 2024   |
| ITD01   | Repo                         | EMPL/Main/Api/Compliance  |
| ITD02   | Repo                         | EMPL/Main/BackgroundProcess/Compliance  |
| ITD03   | Repo                         | pcms-module-activity-and-job-placement-api  |
| ITD04   | Repo                         | Vue-bridge  |
| ITD05   | Repo                         | EMPL/Main/Web/Zeus/Zeus.Complete/Site/Areas/JobSeeker/Controllers/Compliance            |
| ITD06   | Link                         | Compliance Confluence Doco  |
| ITD07   | Link                         | Workforce Australia Digital Platform Documentation - Sharepoint                         |
| ITD08   | Document                     | Logical Base Architecture.pdf   |
| ITD09   | Document                     | Compliance 5.docx   |
| ITD10   | Document                     | DSES Brach Test Strategy.pdf  |
| ITD11   | Document                     | Test Summary Report – TCF Releases - Everest  |
| NEP     | No Evidence Provided         | No evidence / documentation was provided to either substantiate or refute our findings. |

Table 50: E Document List

# APPENDIX F:

## RISK ASSESSMENT



# F. Risk Assessment: Methodology

## Risk Assessment: Contributing Factors

Deloitte conducted a risk assessment against emerging contributing factors, focusing on three key themes and five scope areas:

Themes:

- 1. **Department:** the impact on the Department, focusing on legislative, liability and reputation damage.
- 2. **Participant:** the impact to Jobseekers, focusing on negative impact or detriment.
- 3. **Technology:** the impact on system functionality and resilience, focusing on operational disruptions, security breaches, and the risk of non-compliant or defective systems affecting service delivery

Scope Areas:

- 1. Compliance
- 2. Financial
- 3. Human Resource
- 4. Operational
- 5. Reputation

## Risk Matrix

The ratings below correspond to the Probability and Impact of a risk. Each risk was evaluated with a Probability score ranging from 1 to 5 and an Impact score from 1 to 5 to determine the overall risk rating.

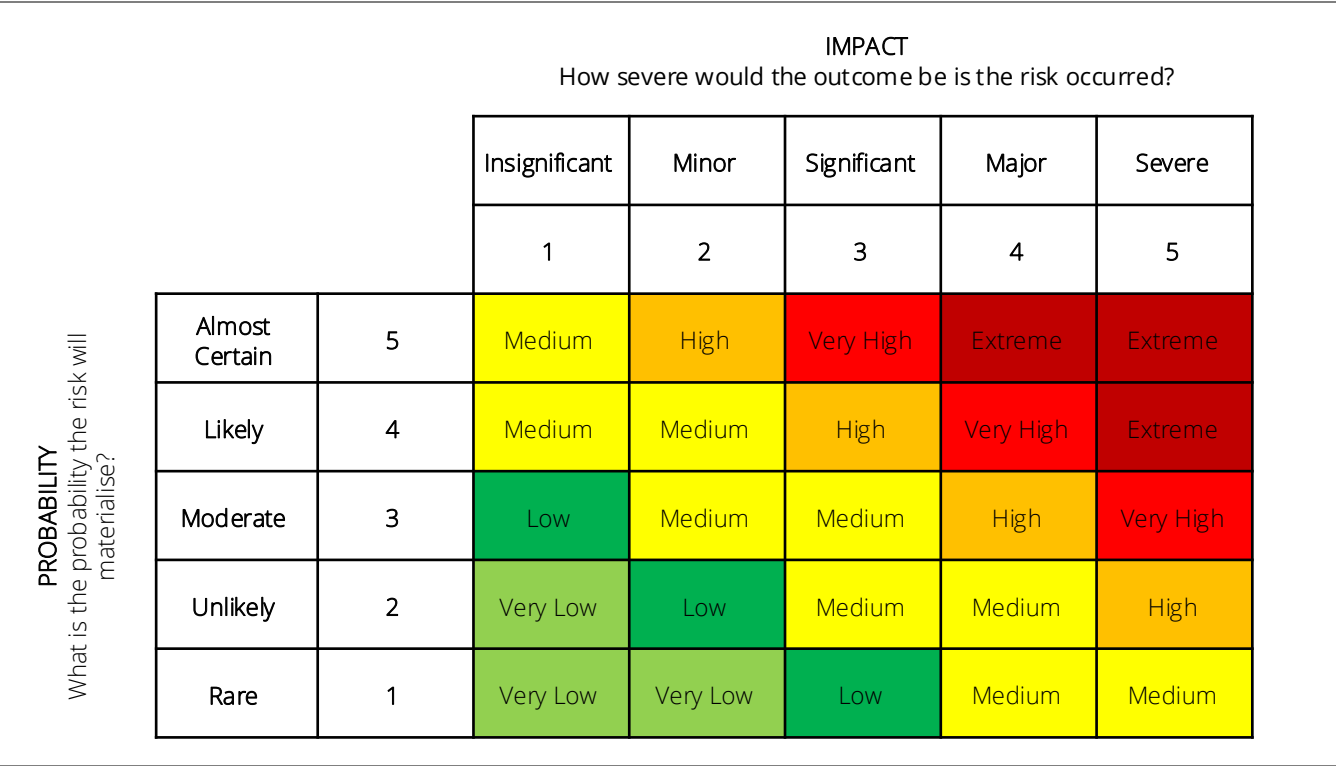


Figure 5: F Risk Assessment: Methodology – Risk Matrix

# F. Risk Assessment: Methodology

## Risk Definitions

The probability of risk remained consistent across the three risk themes; however, each theme was assigned specific definitions regarding its impact. See below:

### PROBABILITY: ALL THEMES

|                |  |
|----------------|--|
| Rare           | The event is highly improbable, occurring in only exceptional circumstances.         |
| Unlikely       | The event is not expected to happen under normal circumstances but remains possible. |
| Moderate       | The event has a reasonable chance of occurring.                                      |
| Likely         | The event is expected to occur in many cases based on trends or past occurrences.    |
| Almost Certain | The event is highly probable and expected to occur in most or all cases.             |

Table 51: F Risk Assessment: Definition

## Risk Definitions by Theme

### IMPACT: DEPARTMENT

|               |   |
|---------------|---|
| Insignificant | The Department experiences no disruption in operations, and any changes are routine or administrative with no effect on service delivery or efficiency.   |
| Minor         | The Department encounters slight inefficiencies or minor administrative burdens, but overall functionality and service delivery remain stable with minimal adjustments needed.  |
| Significant   | The Department experiences notable operational challenges, such as increased workload, resource strain, or process inefficiencies, which may also lead to significant reputational damage. Adjustments and additional support are required to maintain service standards. |
| Major         | The Department faces serious operational difficulties, including staff shortages, budget constraints, or systemic inefficiencies that significantly hinder service delivery. Immediate intervention is necessary to restore stability.                                    |
| Severe        | The Department experiences a critical failure that results in either a significant security breach or severe reputational harm. This may include data leaks, fraud, or public scandals that undermine trust and require urgent remediation to prevent long-term damage.   |

Table 52 F Risk Assessment: Definition by themes

### IMPACT: PARTICIPANT

|               |  |
|---------------|--|
| Insignificant | The participant experiences no noticeable change in their well-being, financial stability, or access to support services. Any issues encountered are easily resolved without external intervention.  |
| Minor         | The participant experiences a slight inconvenience or temporary difficulty in accessing services, but their overall well-being remains stable. Any negative effects are short-term and manageable with minimal assistance.   |
| Significant   | The participant faces notable challenges in accessing necessary welfare support, leading to moderate financial, emotional, or social difficulties. Intervention or additional assistance is required to prevent further hardship.  |
| Major         | The participant experiences serious disruptions in their ability to access welfare services, resulting in financial distress, housing instability, or significant emotional strain. Immediate and substantial intervention is needed to mitigate long-term negative effects. |
| Severe        | The participant is critically affected by system failures or barriers, leading to extreme financial hardship, homelessness, or severe emotional and physical distress. Urgent intervention and systemic change are required to prevent catastrophic consequences.            |

Table 52: F Risk Assessment: Definition by themes

## F. Risk Assessment: Methodology

| IMPACT: TECHNOLOGY |  |
|--------------------|--|
| Insignificant      | The technology functions as expected with no disruptions or issues. Any updates or changes are seamless and do not affect users or service delivery.   |
| Minor              | The technology experiences small issues, such as temporary slowdowns or minor bugs, but these do not significantly hinder functionality or user experience. Quick fixes are available.   |
| Significant        | The technology encounters moderate disruptions, such as recurring errors, performance issues, or compatibility concerns. Users may experience delays or inefficiencies, requiring targeted fixes or upgrades.  |
| Major              | The technology faces critical failures, leading to service interruptions, data loss, or security vulnerabilities. Users are significantly affected, and urgent technical intervention is required to restore functionality.  |
| Severe             | The system's logic flaws lead to consistent program delivery failures, with participants being wrongly excluded, misclassified, or delayed in receiving services. This results in inefficiencies, increased costs, and significant risks to the budget, requiring immediate system improvements to prevent further financial and operational damage. |

**Table 52:** F Risk Assessment: Definition by themes



# F. Risk Assessment: Findings

## Overall Findings

The team identified and 29 risks based on technical and non-technical contributing factors, and key observations. Below is a quantitative breakdown of the Risk themes vs scope areas:

| Scope Area     | Theme      |             |            |
|----------------|------------|-------------|------------|
|                | Department | Participant | Technology |
| Compliance     | 4          | 0           | 0          |
| Financial      | 6          | 0           | 0          |
| Human Resource | 1          | 1           | 1          |
| Operational    | 4          | 0           | 7          |
| Reputation     | 3          | 1           | 1          |

Table 53: F Risk Assessment: Scope Area Findings

Below is a breakdown of the risks per rating:

| Very Low | Low | Medium | High | Very High | Extreme |
|----------|-----|--------|------|-----------|---------|
| 0        | 0   | 4      | 16   | 5         | 4       |

Table 54: F Risk Assessment: Findings breakdown

## Assessment

Contributing Factors were assessed against the three risk themes. Below are the findings from the detailed risk assessment which should be read in conjunction with the Detailed Findings section. are findings, which are linked to the above Detailed Findings section:

| ID  | Theme | Scope      | Description   | Rating |
|-----|-------|------------|---|--------|
| R01 | D     | Reputation | If the Department is found to have been operating policies and systems without sound legislative and policy authority, through external scrutiny, audits, or other processes, it may result in reputational damage and a decline in public confidence.        |        |
| R02 | D     | Financial  | Inconsistent application of penalties with legislative authority could lead to reputational damage, civil litigation or administrative appeals, and/or financial liability, posing significant risks to the Department.                                       |        |
| R03 | D     | Financial  | The need to remediate current policies, procedures, and systems to fully align with legislative and policy authority could exceed available budget appropriations, potentially resulting in significant negative impacts on the Department's budget position. |        |

Table 55: F Risk Assessment: Findings

| Key         |            |            |          |     |        |      |           |         |
|-------------|------------|------------|----------|-----|--------|------|-----------|---------|
| Participant | Department | Technology | Very Low | Low | Medium | High | Very High | Extreme |
| P           | D          | T          |          |     |        |      |           |         |

## F. Risk Assessment: Findings

Contributing Factors were assessed against the three risk themes. Below are the findings from the detailed risk assessment which should be read in conjunction with the Detailed Findings section.

| ID  | Theme | Scope          | Description  | Rating |
|-----|-------|----------------|--|--------|
| R04 | D     | Operational    | Rigid system design and outdated internal processes for planning and implementing system changes prevent the Department from adapting to policy changes, leading to incorrect processing outcomes, participant harm, and breaches of legislative or policy requirements.   |        |
| R05 | D     | Financial      | Current system management practices, inconsistent with industry best practices, are labour and cost-intensive to administer, leading to poor system design and increased administrative overhead in participant-facing interactions. This creates unnecessary cost implications for the department.  |        |
| R06 | D     | Financial      | If the Department is found to have been operating policies and systems without sound legislative and policy authority, it could incur significant financial penalties, including claims for compensation.  |        |
| R07 | D     | Human Resource | The lack of comprehensive program documentation, including end-to-end processes, exposes the Department to disruptions in business continuity and knowledge management, with individuals becoming single points of failure in the program's administration.  |        |
| R08 | D     | Compliance     | Poorly documented and understood program processes, combined with system complexity, lead to inconsistencies in processing, case management, and decision-making, resulting in errors in case reporting, legislative and policy non-compliance, and unequal treatment of participants.   |        |
| R09 | D     | Operational    | Existing documentation does not provide sufficient traceability between legislation, policy, internal practices, system design and implementation, decision-making and in turn, participant outcomes. This creates a further risk that the program is not operating within the bounds of legislative and policy authority.                                   |        |
| R10 | T     | Reputation     | Irregular system code changes, insufficient testing, and inadequate security measures increase the department's risk of IT defects, cyberattacks, and data breaches, compromising system security and exposing sensitive data to leaks or tampering.   |        |
| R11 | D     | Financial      | If the Department is found to have implemented or operated programs and systems in a manner beyond its legislative and policy authority, this could result in financial liabilities for the Commonwealth, as represented by the department, in the form of compensation, reimbursement and other penalties.  |        |
| R12 | P     | Reputation     | The current ambiguity in internal processes and the complexity of IT systems can lead to case processing delays, service errors, and inconsistent participant experiences. These issues may result in reduced participant satisfaction and detrimental outcomes, negatively impacting the reputation and public confidence in the government and department. |        |

Table 55: F Risk Assessment: Findings

| Key         |            |            |          |     |        |      |           |         |
|-------------|------------|------------|----------|-----|--------|------|-----------|---------|
| Participant | Department | Technology | Very Low | Low | Medium | High | Very High | Extreme |
| P           | D          | T          |          |     |        |      |           |         |

## F. Risk Assessment: Findings

Contributing Factors were assessed against the three risk themes. Below are the findings from the detailed risk assessment which should be read in conjunction with the Detailed Findings section.

| ID  | Theme | Scope          | Description   | Rating |
|-----|-------|----------------|---|--------|
| R13 | R     | Reputation     | A presumption to entirely automate case management and processing, including complex and high-needs cases, reduces the department's ability to appropriately apply legislative provisions that support better outcomes for both the Commonwealth and the participants themselves. This will increase the risk that participants, advocates, and other social interest groups will seek to challenge the department's decision-making process, appropriateness of interpretation and application of the legislation, and equitable participant outcomes. |        |
| R14 | F     | Financial      | Inconsistencies in the management and reconciliation of participant case compliance status between DEWR and Services Australia systems may result in payment defects or discrepancies (missed payment / delayed) being undetected or unresolved.  |        |
| R15 | R     | Reputation     | Misalignment of understanding and interpretation of policy into the system, coupled with system changes being made without consultation with policy areas may result in decreased participant satisfaction with individual user journeys and experience with program outcomes.  |        |
| R16 | O     | Operational    | The lack of detailed system configuration and design documentation raises the risk of processing errors, case resolution issues, and the introduction of code defects, compromising system integrity and reducing reliability.  |        |
| R17 | T     | Operational    | Current system assurance practices are insufficient to independently verify case assessments and outcomes, undermining the integrity of program delivery. This increases the risk of system outages and the department's inability to meet its legislative obligations.   |        |
| R18 | D     | Operational    | The absence of a clear system code hierarchy, combined with frequent system and code modifications for policy changes or enhancements, could lead to high maintenance costs and increased resource demand to sustain the system. Additionally, it contributes to the Department's overall technical debt in executing the TCF and Mutual Obligations.   |        |
| R19 | T     | Human Resource | The current re-engagement process relies heavily on manual verification and participant-reported information by BAU and Support teams, which could lead to slower response times and reduced operational and service delivery efficiency.   |        |
| R20 | D     | Compliance     | There is a risk that system instability, non-functionality, or outages could prevent the Department from fulfilling its legislative obligation to operate the Targeted Compliance Framework.  |        |
| R21 | D     | Compliance     | The absence of a business continuity response or alternate delivery method for the Targeted Compliance Framework and its associated legislated obligations could leave the Department vulnerable if the IT system is critically flawed, experiences outages, or is suspended.   |        |
| R22 | D     | Compliance     | The Targeted Compliance Framework is a key control measure supporting the integrity and financial sustainability of Australia's social service and welfare programs. A suspension, partial suspension, or failure of the TCF IT system would undermine program integrity and negatively impact the Commonwealth's budget position.  |        |

Table 55: F Risk Assessment: Findings

| Key         |            |            |          |     |        |      |           |         |
|-------------|------------|------------|----------|-----|--------|------|-----------|---------|
| Participant | Department | Technology | Very Low | Low | Medium | High | Very High | Extreme |
| P           | D          | T          |          |     |        |      |           |         |

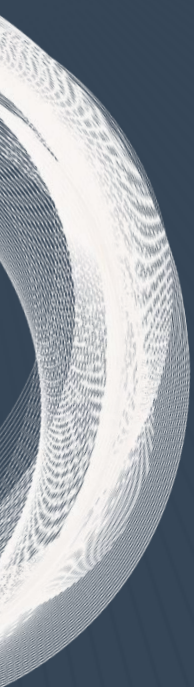
## F. Risk Assessment: Findings

Contributing Factors were assessed against the three risk themes. Below are the findings from the detailed risk assessment which should be read in conjunction with the Detailed Findings section.

| ID  | Theme | Scope          | Description  | Rating |
|-----|-------|----------------|--|--------|
| R23 | T     | Operational    | The current testing approach lacks sufficient early-stage validation, with minimal unit and integration test coverage and no self-contained test environments. This over-reliance on inter-agency and end-to-end testing delays defect detection increases remediation efforts, and heightens the risk of deploying non-compliant or defective code into production.                       |        |
| R24 | T     | Operational    | The absence of real-time monitoring, participant journey traceability, and system-driven insights for support teams limits proactive issue detection and resolution. This reactive environment increases the risk of participant harm, prolonged outages, and undetected non-compliance with policy and legislative requirements.  |        |
| R25 | T     | Operational    | Gaps in technical and business documentation, coupled with siloed system knowledge and a lack of traceability between business requirements, code, and test cases, reduce system transparency. This undermines auditability, maintainability, and accountability, increasing the risk of policy misalignment and non-compliance.   |        |
| R26 | T     | Operational    | Fragmented business logic across system layers and the absence of automated quality controls in the CI/CD pipeline heighten the risk of introducing defects during change implementation. This technical complexity increases the likelihood of processing errors, compliance failures, and inefficient policy change delivery.  |        |
| R27 | T     | Operational    | Reliance on shared external components and limited visibility across service boundaries introduces hidden interdependencies. These architectural limitations reduce system resilience, increase change management risk, and allow critical compliance-related defects to go undetected until production.   |        |
| R28 | D     | Operational    | The Targeted Compliance Framework represents a specific control measure that supports the integrity and financial sustainability of Australia's social service and welfare programs. A suspension, part suspension or failure of the Targeted Compliance Framework IT system would compromise the program's integrity and have a detrimental impact on the Commonwealth's budget position. |        |
| R29 | P     | Human Resource | If participants are unfairly penalised or subject to inequitable outcomes, there is an increased risk to departmental and provider staff morale, mental health and work, and health and safety, as evidenced by the Royal Commission into the Robodebt Scheme.   |        |

Table 55: F Risk Assessment: Findings

| Key         |            |            |          |     |        |      |           |         |
|-------------|------------|------------|----------|-----|--------|------|-----------|---------|
| Participant | Department | Technology | Very Low | Low | Medium | High | Very High | Extreme |
| P           | D          | T          |          |     |        |      |           |         |



# APPENDIX G:

## TESTING IDs

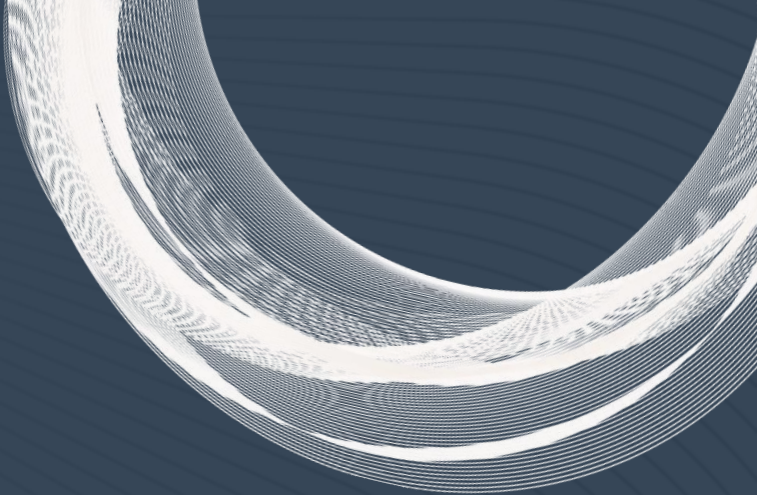
# G. Testing IDs

Throughout the engagement, key observations, contributing factors, and evidence were collected through a series of internal activities and testing. Below is a reference table outlining the various tests conducted, which are tied to key observations in the Detailed Findings.

| Testing ID |  |
|------------|--|
| ID         | Description  |
| T1         | Mapping of Mutual Obligations Policy and TCF             |
| T2         | Business Rules Categorisation                            |
| T3         | Business Rules Mapping                                   |
| T4         | Business Rule Analysis                                   |
| T5         | Manual Codebase Review                                   |
| T6         | Testing Review   |
| T7         | System Logging and Monitoring Review                     |
| T8         | Evaluation of Documentation and Requirement Traceability |
| T9         | Meeting ID   |
| T10        | Documents Reviewed                                       |
| T11        | Legislative Analysis                                     |
| T12        | Market Scan  |
| T13        | Risk Assessment  |

Table 56: G Testing IDs





# APPENDIX H:

## GLOSSARY & REFERENCE LIST

# H. Glossary

This glossary defines key terms used throughout the Statement of Assurance to support a consistent understanding of the Targeted Compliance Framework (TCF), its supporting systems, and related legislative and policy concepts.

## Glossary

| Term                 | Description  |
|----------------------|--|
| TCF                  | The Targeted Compliance Framework (TCF) is a compliance system introduced by the Department to manage mutual obligation requirements for Workforce Australia and Disability Employment Services participants, aiming to address persistent or wilful non-compliance through a structured escalation model. |
| Participant          | An individual receiving employment services or income support who is subject to mutual obligation requirements.  |
| Compliance           | The act of meeting obligations or requirements set out under policy, legislation, or program rules — in this context, relating to participation in employment services and activities.   |
| IT System            | The IT platform that operationalises the TCF by automating compliance processes, including business rule execution, participant status changes, and benefit determination outcomes.  |
| System               | The end-to-end operationalisation of the Targeted Compliance Framework.  |
| Assurance            | A process or set of practices aimed at providing confidence that the system and processes are functioning in line with legislative, policy, and operational expectations.  |
| Legislation          | Statutory instruments, such as the Social Security Act or Administration Act, govern the obligations, entitlements, and compliance processes for employment services participants.   |
| Policy               | Departmental rules, guidelines, or procedures are developed to implement legislative intent and govern how services and obligations are delivered and assessed.  |
| Mutual Obligation    | Requirements that participants must meet (e.g., attending appointments, job searching) to receive ongoing income support, as defined under social security law and related policy.   |
| Governance           | The frameworks and processes used to oversee, monitor, and manage the performance and compliance of programs and systems like the TCF.   |
| Business Rule        | A coded logic or decision point within the system that triggers specific outcomes (e.g., assigning demerit points) based on participant actions or inactions.  |
| Delegate             | A departmental officer or authorised decision-maker empowered to act on behalf of the Secretary under relevant legislation.  |
| Warning Zone         | A TCF compliance category for participants who have accumulated between 1 to 5 demerit points within six months, requiring them to demonstrate full compliance to return to the Green Zone.  |
| Penalty Zone         | Persistent and wilful non-compliance after the first applied penalty, not by virtue of being in the penalty zone and leading to payment suspensions or reductions.   |
| Green Zone           | The default compliance status under the TCF indicates a participant is meeting their mutual obligation requirements.   |
| Debt                 | Compliance-related errors don't result in overpayment. Any debts incurred due to system processing would only occur in Services Australia's IT systems.  |
| Benefit Cancellation | The termination of a participant's income support payment due to continued non-compliance under the TCF.   |
| Demerit Point        | A point assigned to a participant when they miss a requirement without valid reason; accumulation of demerit points can lead to progression through the compliance zones.  |
| Reconnection         | A process where a participant re-engages with their provider or obligations after non-compliance.  |

Table 57: H Glossary

# H. Glossary

This glossary defines key terms used throughout the Statement of Assurance to support a consistent understanding of the Targeted Compliance Framework (TCF), its supporting systems, and related legislative and policy concepts.

Glossary

| Term                      | Description  |
|---------------------------|--|
| Suspension                | The temporary halting of a participant’s payment due to a failure to meet obligations, pending re-engagement or resolution.  |
| Administration Act        | Refers to <i>Social Security (Administration) Act 1999</i> (Cth), the primary legislation that sets out eligibility, entitlements, and obligations for income support payments as well as the legislative basis for the TCF.   |
| Social Security Act       | Refers to <i>Social Security (Administration) Act 1999</i> (Cth), the primary legislation that sets out eligibility, entitlements, and obligations for income support payments as well as the legislative basis for the TCF.   |
| Braithwaite's Methodology | A regulatory approach that underpins the TCF, based on responsive regulation and restorative justice principles. It promotes proportional responses to non-compliance, starting with support and escalating only when necessary, to encourage voluntary compliance and fair treatment of participants. |

Table 57: H Glossary

# H. Reference List

Throughout the assurance statement, there is reference to a range of sources, supporting the analysis of the Targeted Compliance Framework (TCF) and its related systems, policies, and legislative concepts.

Reference List

| ID   | Page(s) Found | Description  |
|------|---------------|--|
| 1-2  | 6             | <sup>1</sup> Senate Education and Employment References Committee, <i>Jobactive: Failing Those It Is Intended to Serve</i> (Report, February 2019) <a href="https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/JobActive2018/Report">https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/JobActive2018/Report</a> .   |
| 3    | 6             | <sup>3</sup> <i>Social Security (Administration) Act 1999 (Cth)</i> pt 3 div 3AA; <i>Social Security (Administration) (Non-Compliance) Determination 2018 (No 1) (Cth)</i> .   |
| 4    | 6             | <sup>4</sup> Department of Employment and Workplace Relations, <i>Statement of Work – Statement of Assurance on the Operations of the Targeted Compliance Framework</i> (ESE24/1263, 28 November 2024) (copy on file with author).   |
| 5    | 7             | <sup>5</sup> Department of Employment and Workplace Relations (Cth), <i>Secretary's Opening Statement</i> (26 February 2025) <a href="https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement">https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement</a> .   |
| 6    | 7             | <sup>6</sup> See as examples, <i>Social Security (Administration) (Non-Compliance) Determination 2018 (No 1) (Cth)</i> ; Department of Social Services (Cth), <i>Social Security Guide</i> (Version 1.329, 12 May 2025) <a href="https://guides.dss.gov.au/social-security-guide">https://guides.dss.gov.au/social-security-guide</a> .  |
| 7    | 8             | <sup>7</sup> See as examples, ED75, ED76.  |
| 8    | 9             | <sup>8</sup> Department of Employment and Workplace Relations (Cth), <i>Secretary's Opening Statement</i> (26 February 2025) <a href="https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement">https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement</a> .   |
| 9-10 | 10            | <sup>9</sup> Department of Finance (Cth), <i>Risk Management Toolkit: Embedding Risk Management</i> (Web Page, 2023) <a href="https://www.finance.gov.au/government/comcover/risk-services/management/risk-management-toolkit/element-1-embedding-risk-management">https://www.finance.gov.au/government/comcover/risk-services/management/risk-management-toolkit/element-1-embedding-risk-management</a> ; Institute of Internal Auditors, <i>The IIA's Three Lines Model: An Update of the Three Lines of Defense</i> (Position Paper, July 2020) <a href="https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf">https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf</a> . |
| 11   | 11            | <sup>11</sup> Commonwealth Ombudsman, <i>How to Make a Complaint</i> (Web Page, 2024) <a href="https://www.ombudsman.gov.au/complaints/how-to-make-a-complaint">https://www.ombudsman.gov.au/complaints/how-to-make-a-complaint</a> ; Administrative Review Tribunal, <i>Centrelink</i> (Web Page) <a href="https://www.art.gov.au/applying-review/centrelink">https://www.art.gov.au/applying-review/centrelink</a> .   |
| 12   | 12            | <sup>12</sup> <i>Social Security (Administration) Act 1999 (Cth)</i> .   |
| 13   | 12            | <sup>13</sup> John Braithwaite, <i>Restorative Justice and Responsive Regulation</i> (Oxford University Press, 2002) 29–31.  |
| 14   | 12            | <sup>14</sup> Carolyn Adams, 'Choice, Responsibility and the Regulation of Behaviour: Lessons from the Social Security System' (2012) 35(2) <i>University of New South Wales Law Journal</i> 417, 426–8.   |
| 15   | 13            | <sup>15</sup> Department of Employment and Workplace Relations (Cth), <i>Secretary's Opening Statement</i> (26 February 2025) <a href="https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement">https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement</a> .  |
| 16   | 13            | <sup>16</sup> Ian Ayres and John Braithwaite, <i>Responsive Regulation: Transcending the Deregulation Debate</i> (Oxford University Press, 1992) 35–40.  |
| 17   | 13            | <sup>17</sup> Senate Education and Employment References Committee, <i>Jobactive: Failing Those It Is Intended to Serve</i> (Report, February 2019) <a href="https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/JobActive2018/Report">https://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/JobActive2018/Report</a> .  |

Table 58: H Reference List

## H. Reference List

Throughout the assurance statement, there is reference to a range of sources, supporting the analysis of the Targeted Compliance Framework (TCF) and its related systems, policies, and legislative concepts.

### Reference List

| ID    | Page(s) Found | Description   |
|-------|---------------|---|
| 18    | 13            | <sup>18</sup> Department of Employment and Workplace Relations, Workforce Australia Caseload Time Series - October 2022 to April 2025 (Report, 17 April 2025) <a href="https://www.dewr.gov.au/employment-services-data/resources/workforce-australia-caseload-time-series-october-2022-april-2025">https://www.dewr.gov.au/employment-services-data/resources/workforce-australia-caseload-time-series-october-2022-april-2025</a> .                         |
| 19    | 13            | <sup>19</sup> Department of Employment and Workplace Relations (Cth), <i>Secretary's Opening Statement - Assuring the Integrity of the Targeted Compliance Framework</i> (Web Page, 26 February 2025) <a href="https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement">https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement</a> . |
| 20    | 13            | <sup>20</sup> Michael A Vasarhelyi and Miklos A Alles, 'The "Now" Economy and the Need for Continuous Assurance and Reporting' (2008) 22(2) <i>International Journal of Accounting Information Systems</i> 1, 3–4.  |
| 21-23 | 26            | <sup>21</sup> Terry Carney, 'Automating Compliance and Administrative Justice in Australia's Welfare State' (2024) 31(1) <i>Journal of Social Security Law</i> 32, 32–48.   |
| 24-28 | 27            | <sup>24</sup> Terry Carney, 'Automating Compliance and Administrative Justice in Australia's Welfare State' (2024) 31(1) <i>Journal of Social Security Law</i> 32, 32–48.   |
| 29    | 31            | <sup>29</sup> Sarah Ball, Michael McGann, Jenny M Lewis, Mark Considine, Siobhan O'Sullivan and Phuc Nguyen, <i>Digital Governance of Welfare to Work: Industry Report on Interviews with International Experts</i> (University of Melbourne, 2022) 15-17.  |
| 30    | 34            | <sup>30</sup> Scarlett Wilcock, <i>Policing Welfare Fraud: The Government of Welfare Fraud and Non-Compliance</i> (Routledge, 2024) 85–89.  |
| 31-32 | 35            | <sup>31</sup> Terry Carney, 'Automating Compliance and Administrative Justice in Australia's Welfare State' (2024) 31(1) <i>Journal of Social Security Law</i> 32, 32–48.   |
| 33    | 39            | <sup>33</sup> <i>Social Security (Administration) Act 1999 (Cth)</i> s 42UC–42UO  |
| 34    | 39            | <sup>34</sup> <i>Unemployment and Sickness Benefits Act 1944</i> s15(c)(iii)  |
| 35    | 39            | <sup>35</sup> Peter Whiteford, 'Mutual Obligation and the Social Security System' (2003) 58(2) <i>Australian Journal of Social Issues</i> 127, 129; Department of Social Services (Cth), Guide to Social Security Law, 3.11 Mutual Obligations, (Web Page, 3 June 2024) <a href="https://guides.dss.gov.au/social-security-guide/3/11/5">https://guides.dss.gov.au/social-security-guide/3/11/5</a> .   |
| 36    | 39            | <sup>36</sup> Department of Social Services (Cth), Guide to Social Security Law, 3.11.5 Exemptions, (Web Page, 3 June 2024) <a href="https://guides.dss.gov.au/social-security-guide/3/11/5">https://guides.dss.gov.au/social-security-guide/3/11/5</a> .   |
| 37    | 39            | <sup>37</sup> Department of Education, Skills and Employment, <i>Targeted Compliance Framework Overview</i> (2018) 2–3.   |
| 38    | 41            | <sup>38</sup> John Braithwaite, <i>Regulatory Capitalism: How It Works, Ideas for Making It Work Better</i> (Edward Elgar, 2008) 96–102.  |
| 39    | 41            | <sup>39</sup> Senate Community Affairs References Committee, <i>Jobactive: Failing Those It Is Intended to Serve</i> (Report, February 2019) 24–26.   |
| 40    | 41            | <sup>40</sup> Department of Social Services, <i>Mutual Obligation Requirements and the Targeted Compliance Framework</i> (Factsheet, 2020).   |
| 41-44 | 42            | <sup>41</sup> Department of Employment and Workplace Relations (Cth), <i>Targeted Compliance Framework Public Data: October-December 2024, 2025</i> , <a href="https://www.dewr.gov.au/employment-services-data/resources/pbas-public-data-report-1-october-31-december-2024">https://www.dewr.gov.au/employment-services-data/resources/pbas-public-data-report-1-october-31-december-2024</a> .   |
| 45    | 42            | <sup>45</sup> Australian Council of Social Service, <i>Analysis of Targeted Compliance Framework Data Q1 2024</i> (Briefing Note, July 2024) <a href="https://www.acoss.org.au/wp-content/uploads/2024/07/TCF-Report-Jan-Mar-2024.pdf">https://www.acoss.org.au/wp-content/uploads/2024/07/TCF-Report-Jan-Mar-2024.pdf</a> .  |

Table 58: H Reference List

## H. Reference List

Throughout the assurance statement, there is reference to a range of sources, supporting the analysis of the Targeted Compliance Framework (TCF) and its related systems, policies, and legislative concepts.

Reference List

| ID | Page(s) Found | Description   |
|----|---------------|---|
| 46 | 42            | <sup>46</sup> Ian Ayres and John Braithwaite, <i>Responsive Regulation: Transcending the Deregulation Debate</i> (Oxford University Press, 1992) 35–40.   |
| 47 | 45            | <sup>47</sup> Department of Employment and Workplace Relations (Cth), <i>Targeted Compliance Framework Public Data: October – December 2024</i> , 2025, <a href="https://www.dewr.gov.au/employment-services-data/resources/pbas-public-data-report-1-october-31-december-2024">https://www.dewr.gov.au/employment-services-data/resources/pbas-public-data-report-1-october-31-december-2024</a> . |
| 48 | 52            | <sup>48</sup> Lisa Burton Crawford, <i>The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink</i> (Federation Press, 2021) 47–9.  |
| 49 | 52            | <sup>49</sup> Terry Carney, 'The New Digital Future for Welfare: Debts Without Legal Proofs or Moral Authority?' (2018) No 1 <i>UNSW Law Journal Forum</i> .  |
| 50 | 52            | <sup>50</sup> <a href="#"><i>Minister for Immigration and Citizenship v SZMDS</i></a> (2010) 240 CLR 611, 626 [25] (Gummow ACJ and Kiefel JJ).  |
| 51 | 52            | <sup>51</sup> Administrative Review Council, <i>Automated Assistance in Administrative Decision Making</i> (Report No 46, November 2004); Justice Natalie Cujes Perry, 'Administrative Decision-Making in the 21st Century: Transparency and Review' (Speech, <i>Australian Institute of Administrative Law Forum</i> , 15 September 2014).   |
| 52 | 52            | <sup>52</sup> Commonwealth Ombudsman, <a href="#"><i>Centrelink's Automated Debt Raising and Recovery System</i></a> (Report No 3 of 2017, April 2017) 6–8.   |
| 53 | 52            | <sup>53</sup> Australian National Audit Office, <a href="#"><i>Administering Regulation: Achieving the Right Balance</i></a> (Audit Insights Report, 30 June 2014) 7–9.   |
| 54 | 52            | <sup>54</sup> Office of the Auditor-General Victoria, <i>Managing Support and Safety Hubs</i> (Report No 2019-20:15, 27 May 2020).  |
| 55 | 53            | <sup>55</sup> Lisa Burton Crawford, <i>The Rule of Law and Administrative Discretion</i> (Federation Press, 2021) 112–115.  |
| 56 | 54            | <sup>56</sup> <a href="#"><i>Social Security (Administration) Act 1999</i></a> (Cth).   |
| 57 | 58            | <sup>57</sup> <i>Amato v Commonwealth of Australia</i> [2021] FCA 1019, [47] – [50] (Davies JJ).  |
| 58 | 58            | <sup>58</sup> Administrative Review Council, <i>Automated Assistance in Administrative Decision Making</i> (Report No 46, November 2004); Justice Natalie Cujes Perry, 'Administrative Decision-Making in the 21st Century: Transparency and Review' (Speech, <i>Australian Institute of Administrative Law Forum</i> , 15 September 2014).   |
| 59 | 58            | <sup>59</sup> Lisa Burton Crawford, <i>The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink</i> (Federation Press, 2021) 112–15.  |
| 60 | 59            | <sup>60</sup> Department of Employment and Workplace Relations (Cth), <i>Secretary's Opening Statement</i> (26 February 2025) <a href="https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement">https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement</a> .               |
| 61 | 59            | <sup>61</sup> Department of Employment and Workplace Relations (Cth), <i>Targeted Compliance Framework Public Data: January-March 2024</i> , 2025, <a href="https://www.dewr.gov.au/employment-services-data/resources/tcf-public-data-january-march-2024">https://www.dewr.gov.au/employment-services-data/resources/tcf-public-data-january-march-2024</a> .                                      |
| 62 | 59            | <sup>62</sup> Panko, Raymond. (2008). Thinking is Bad: Implications of Human Error Research for Spreadsheet Research and Practice; Csernoch, Maria & Hannusch, Carolin & Piroska, Biro. (2024). <i>Modification of Erroneous and Correct Digital Texts</i> . Entropy. 26. 1015. 10.3390/e26121015.  |
| 63 | 60            | <sup>63</sup> Department of Employment and Workplace Relations (Cth), <i>Secretary's Opening Statement</i> (26 February 2025) <a href="https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement">https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework/announcements/secretarys-opening-statement</a> .               |

Table 58: H Reference List



## H. Reference List

Throughout the assurance statement, there is reference to a range of sources, supporting the analysis of the Targeted Compliance Framework (TCF) and its related systems, policies, and legislative concepts.

### Reference List

| ID | Page(s) Found | Description  |
|----|---------------|--|
| 64 | 61            | <sup>64</sup> <u><i>Social Security Legislation Amendment (Streamlined Participation Requirements and Other Measures) Act 2022</i> (Cth).</u>  |
| 65 | 61            | <sup>65</sup> <u><i>Social Security Legislation Amendment (Technical Changes) Act 2025</i> (Cth).</u>  |
| 66 | 66            | <sup>66</sup> Björn Regnell et al, 'Exploratory Case Study on Release Planning in a Market-Driven Software Company' (2001) <i>Journal of Systems and Software</i> 66(1) 37, 39–40.   |
| 67 | 67            | <sup>67</sup> Department of Finance (Cth), <i>Commonwealth Risk Management Policy</i> (Policy Document, July 2014) <a href="https://www.finance.gov.au/government/comcover/commonwealth-risk-management-framework">https://www.finance.gov.au/government/comcover/commonwealth-risk-management-framework</a> .                 |
| 68 | 67            | <sup>68</sup> Kieron O'Hara, <i>The Meaning of Transparency</i> (2009) 31(1) <i>Government Information Quarterly</i> 30, 34–36; Danielle Keats Citron, <i>Technological Due Process</i> (2008) 85(6) <i>Washington University Law Review</i> 1249, 1260–2.   |
| 69 | 67            | <sup>69</sup> Australian National Audit Office, <i>Administering Regulation: Achieving the Right Balance</i> (Audit Insights Report, 30 June 2014) 6–7; Terry Carney, 'The Automation of Legal Reasoning in Welfare: A Critique of Centrelink's Robodebt System' (2018) 44(2) <i>Monash University Law Review</i> 286, 289–91. |
| 70 | 67            | <sup>70</sup> Office of the Auditor-General Victoria, <i>Managing Support and Safety Hubs</i> (Report No 2019-20:15, 27 May 2020).   |
| 71 | 67            | <sup>71</sup> Karen Yeung, 'Algorithmic Regulation: A Critical Interrogation' (2018) 12(4) <i>Regulation &amp; Governance</i> 505, 510–13.   |
| 72 | 68            | <sup>72</sup> John Braithwaite, <i>Restorative Justice and Responsive Regulation</i> (Oxford University Press, 2002) 29–32.  |
| 73 | 68            | <sup>73</sup> Mireille Hildebrandt, 'Algorithmic Regulation and the Rule of Law' (2018) 376 <i>Philosophical Transactions of the Royal Society A: Mathematical, Physical and Engineering Sciences</i> 1, 3–4.  |
| 74 | 68            | <sup>74</sup> Australian Law Reform Commission, <i>Traditional Rights and Freedoms—Encroachments by Commonwealth Laws</i> (ALRC Report No 129, December 2015) 149–54.  |
| 75 | 72            | <sup>75</sup> Terry Carney, <i>The New Digital Future for Welfare: Debts Without Legal Proofs or Moral Authority?</i> (2018) No 1 <i>UNSW Law Journal Forum</i> .  |
| 76 | 72            | <sup>76</sup> Australian National Audit Office, <i>Administering Regulation: Achieving the Right Balance</i> (Audit Insights Report, 30 June 2014) 5–7.  |
| 77 | 72            | <sup>77</sup> Roger Brownsword, 'Regulating for an Ethical Life: Responsibility, Respect and Techno-Regulation' (2020) 6(1) <i>Law, Technology and Humans</i> 1, 4–6.  |
| 78 | 72            | <sup>78</sup> Karen Yeung, 'A Study of the Implications of Advanced Digital Technologies (Including AI Systems) for the Concept of Responsibility within a Human Rights Framework' (Council of Europe Report, 2020) 18–21.   |
| 79 | 72            | <sup>79</sup> Commonwealth Ombudsman, <i>Centrelink's Automated Debt Raising and Recovery System</i> (Report No 3 of 2017, April 2017) 7–9.  |
| 80 | 72            | <sup>80</sup> Australian Law Reform Commission, <i>Traditional Rights and Freedoms—Encroachments by Commonwealth Laws</i> (ALRC Report No 129, December 2015) 151–3.   |
| 81 | 72            | <sup>81</sup> Mireille Hildebrandt, 'Algorithmic Regulation and the Rule of Law' (2018) 376 <i>Philosophical Transactions of the Royal Society A: Mathematical, Physical and Engineering Sciences</i> 1, 3–4.  |
| 82 | 73            | <sup>82</sup> Lisa Burton Crawford, <i>The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink</i> (Federation Press, 2021) 45–6.   |

# H. Reference List

Throughout the assurance statement, there is reference to a range of sources, supporting the analysis of the Targeted Compliance Framework (TCF) and its related systems, policies, and legislative concepts.

## Reference List

| ID  | Page(s) Found | Description   |
|-----|---------------|---|
| 83  | 73            | <sup>83</sup> Australian Law Reform Commission, <u>Traditional Rights and Freedoms—Encroachments by Commonwealth Laws</u> (ALRC Report No 129, December 2015) 143–5.  |
| 84  | 73            | <sup>84</sup> Australian National Audit Office, <u>Administering Regulation: Achieving the Right Balance</u> (Audit Insights Report, 30 June 2014) 8–9.   |
| 85  | 73            | <sup>85</sup> Commonwealth Ombudsman, <u>Centrelink's Automated Debt Raising and Recovery System</u> (Report No 3 of 2017, April 2017) 6–7.   |
| 86  | 73            | <sup>86</sup> Terry Carney, 'The New Digital Future for Welfare: Debts Without Legal Proofs or Moral Authority?' (2018) No 1 <i>UNSW Law Journal Forum</i> .  |
| 87  | 73            | <sup>87</sup> Danielle Keats Citron, 'Technological Due Process' (2008) 85(6) <i>Washington University Law Review</i> 1249, 1275–6.   |
| 88  | 74            | <sup>88</sup> Office of the Auditor-General Victoria, <u>Managing Support and Safety Hubs</u> (Report No 2019-20:15, 27 May 2020).  |
| 89  | 75            | <sup>89</sup> Lisa Burton Crawford, <i>The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink</i> (Federation Press, 2021) 122–5.   |
| 90  | 75            | <sup>90</sup> Australian National Audit Office, <u>Administering Regulation: Achieving the Right Balance</u> (Audit Insights Report, 30 June 2014) 5–7.   |
| 91  | 75            | <sup>91</sup> Australian Human Rights Commission, <u>Human Rights and Technology Final Report</u> (2021) 77–8.  |
| 92  | 75            | <sup>92</sup> Terry Carney, 'The New Digital Future for Welfare: Debts Without Legal Proofs or Moral Authority?' (2018) No 1 <i>UNSW Law Journal Forum</i> .  |
| 93  | 75            | <sup>93</sup> Office of the Auditor-General Victoria, <u>Managing Support and Safety Hubs</u> (Report No 2019-20:15, 27 May 2020).  |
| 94  | 75            | <sup>94</sup> Australian Law Reform Commission, <u>Traditional Rights and Freedoms—Encroachments by Commonwealth Laws</u> (ALRC Report No 129, December 2015) 151–3.  |
| 95  | 78            | <sup>95</sup> Australian National Audit Office, <u>Administering Regulation: Achieving the Right Balance</u> (Audit Insights Report, 30 June 2014) 4–6.   |
| 96  | 78            | <sup>96</sup> Organisation for Economic Co-operation and Development (OECD), <u>Being an Independent Regulator</u> (OECD Best Practice Principles for Regulatory Policy, 2016) 28–30.   |
| 97  | 78            | <sup>97</sup> Office of the Auditor-General Victoria, <u>Managing Support and Safety Hubs</u> (Report No 2019-20:15, 27 May 2020).  |
| 98  | 78            | <sup>98</sup> Terry Carney, 'The New Digital Future for Welfare: Debts Without Legal Proofs or Moral Authority?' (2018) No 1 <i>UNSW Law Journal Forum</i> .  |
| 99  | 78            | <sup>99</sup> John Braithwaite, <u>Restorative Justice and Responsive Regulation</u> (Oxford University Press, 2002) 29–31.   |
| 100 | 78            | <sup>100</sup> Commonwealth Ombudsman, <u>Centrelink's Automated Debt Raising and Recovery System</u> (Report No 3 of 2017, April 2017) 6–8.  |
| 101 | 78            | <sup>101</sup> Lisa Burton Crawford, <i>The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink</i> (Federation Press, 2021) 112–14.   |
| 102 | 80            | <sup>102</sup> Senator the Hon Amanda Vanstone, <u>Launch of the Personal Support Programme</u> (Media Release, 27 June 2002); Daniel Perkins, <u>Making it Work: Promoting Participation of Job Seekers with Multiple Barriers through the Personal Support Programme</u> (Brotherhood of St Laurence, December 2007). |

Table 58: H Reference List

# H. Reference List

Throughout the assurance statement, there is reference to a range of sources, supporting the analysis of the Targeted Compliance Framework (TCF) and its related systems, policies, and legislative concepts.

Reference List

| ID  | Page(s) Found | Description   |
|-----|---------------|---|
| 103 | 80            | <sup>103</sup> Department of Employment and Workplace Relations (Cth), <i>Targeted Compliance Framework Overview</i> (Web Page, 2023) <a href="https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework">https://www.dewr.gov.au/assuring-integrity-targeted-compliance-framework</a> .   |
| 104 | 80            | <sup>104</sup> Ian Ayres and John Braithwaite, <i>Responsive Regulation: Transcending the Deregulation Debate</i> (Oxford University Press, 1992) 35–39.  |
| 105 | 80            | <sup>105</sup> Peter Davidson, Is Job Services Australia Made to Measure for Disadvantaged Jobseekers? (ACOSS Paper No 180, Australian Council of Social Service, August 2011).   |
| 106 | 80            | <sup>106</sup> Australian Council of Social Service (ACOSS), <i>Welfare Conditionality and the TCF</i> (Policy Brief, 2021) 2–3 (copy on file with author).   |
| 107 | 80            | <sup>107</sup> <i>Social Security (Administration) Act 1999</i> (Cth) s 42AF(2)(d).   |
| 108 | 80            | <sup>108</sup> Christine Parker and Vibeke Lehmann Nielsen, <i>Explaining Compliance: Business Responses to Regulation</i> (Edward Elgar, 2011) 6–9.  |
| 109 | 88            | <sup>109</sup> Valerie Braithwaite, <i>Responsive Regulation and the Governance of Everyday Life</i> (Edward Elgar, 2020) 18–0.   |
| 110 | 88            | <sup>110</sup> Organisation for Economic Co-operation and Development (OECD), <i>Regulatory Enforcement and Inspections: OECD Best Practice Principles for Regulatory Policy</i> (2014) 14–16.  |
| 111 | 88            | <sup>111</sup> John Braithwaite, <i>Restorative Justice and Responsive Regulation</i> (Oxford University Press, 2002) 29–31.  |
| 112 | 88            | <sup>112</sup> John Braithwaite, 'Managing Taxation Compliance: The Evolution of the ATO Compliance Model' (Centre for Tax System Integrity, Australian National University, 2003).   |
| 113 | 88            | <sup>113</sup> Administrative Review Council, <i>Automated Assistance in Administrative Decision Making</i> (Report No 46, November 2004); Justice Natalie Cujes Perry, 'Administrative Decision-Making in the 21st Century: Transparency and Review' (Speech, <i>Australian Institute of Administrative Law Forum</i> , 15 September 2014).  |
| 114 | 88            | <sup>114</sup> Australian National Audit Office, <i>Administering Regulation: Achieving the Right Balance</i> (Audit Insights Report, 30 June 2014 7–8).  |
| 115 | 88            | <sup>115</sup> Lisa Burton Crawford, <i>The Rule of Law and Administrative Justice in the Welfare State: A Study of Centrelink</i> (Federation Press, 2021) 45–47.  |
| 116 | 89            | <sup>116</sup> John Braithwaite, <i>Restorative Justice and Responsive Regulation</i> (Oxford University Press, 2002) 29–33.  |
| 117 | 89            | <sup>117</sup> Tom R Tyler, <i>Why People Obey the Law</i> (Princeton University Press, 2006).  |
| 118 | 89            | <sup>118</sup> Richard H Thaler and Cass R Sunstein, <i>Nudge: Improving Decisions about Health, Wealth, and Happiness</i> (Yale University Press, 2008).   |
| 119 | 90            | <sup>119</sup> Richard H Thaler and Cass R Sunstein, <i>Nudge: Improving Decisions about Health, Wealth, and Happiness</i> (Yale University Press, 2008).   |
| 120 | 90            | <sup>120</sup> Malcolm K Sparrow, <i>The Regulatory Craft: Controlling Risks, Solving Problems, and Managing Compliance</i> (Brookings Institution Press, 2000).  |
| 121 | 90            | <sup>121</sup> Australian Government, <i>Digital Service Standard</i> (2020) <a href="https://www.digital.gov.au/sites/default/files/documents/2024-07/23-0210%20digital%20service%20standard%20FINAL_Acc%20r2_KC_UA.pdf">https://www.digital.gov.au/sites/default/files/documents/2024-07/23-0210%20digital%20service%20standard%20FINAL_Acc%20r2_KC_UA.pdf</a> digital.gov.au+10digital.gov.au+10dta.gov.au+10. |

Table 58: H Reference List

# H. Reference List

Throughout the assurance statement, there is reference to a range of sources, supporting the analysis of the Targeted Compliance Framework (TCF) and its related systems, policies, and legislative concepts.

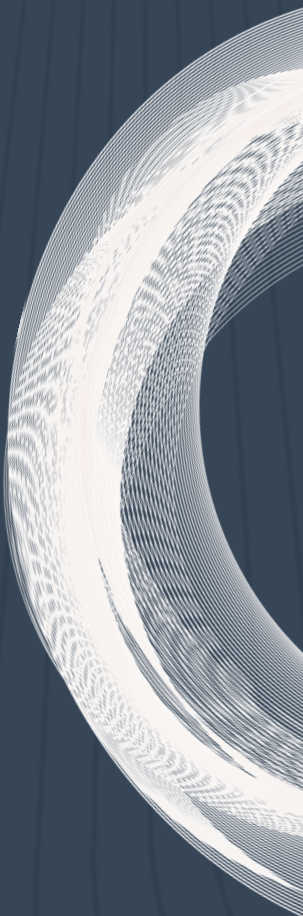
Reference List

| ID  | Page(s) Found | Description  |
|-----|---------------|--|
| 122 | 91            | <sup>122</sup> Australian Taxation Office, <i>Justified Trust Framework</i> (June 2024).   |
| 123 | 91            | <sup>123</sup> John Braithwaite, 'Managing Taxation Compliance: The Evolution of the ATO Compliance Model' (Centre for Tax System Integrity, Australian National University, 2003).  |
| 124 | 91            | <sup>124</sup> Department of Home Affairs, <i>Status Resolution Support Services Operational Procedures Manual</i> (Version 7, 1 March 2019).  |
| 125 | 91            | <sup>125</sup> SafeWork NSW, <i>Our Approach to Work Health and Safety Regulation</i> (2018).  |
| 126 | 92            | <sup>126</sup> NDIS Quality and Safeguards Commission, <i>Compliance and Enforcement Policy</i> (2021).  |
| 127 | 92            | <sup>127</sup> Australian Border Force, 'Australian Trusted Trader' (Web Page, 2024) <a href="https://www.abf.gov.au/about-us/what-we-do/trustedtrader">https://www.abf.gov.au/about-us/what-we-do/trustedtrader</a> .   |
| 128 | 92            | <sup>128</sup> Ian Ayres and John Braithwaite, <i>Responsive Regulation: Transcending the Deregulation Debate</i> (Oxford University Press, 1992) 35–39.   |
| 129 | 92            | <sup>129</sup> Christine Parker and Vibeke Lehmann Nielsen, <i>Explaining Compliance: Business Responses to Regulation</i> (Edward Elgar, 2011) 6–8.   |
| 130 | 92            | <sup>130</sup> Robert Baldwin, Martin Cave and Martin Lodge, <i>Understanding Regulation: Theory, Strategy, and Practice</i> (Oxford University Press, 2nd ed, 2012) 259–263.  |
| 131 | 92            | <sup>131</sup> Department of Education, Skills and Employment, <i>Targeted Compliance Framework Overview</i> (2018) 1–2.   |
| 132 | 92            | <sup>132</sup> Commonwealth Ombudsman, <i>Centrelink's Automated Debt Raising and Recovery System</i> (Report No 3 of 2017, April 2017).   |
| 133 | 92            | <sup>133</sup> Department of Employment and Workplace Relations, <i>Consultation Outcomes on Mutual Obligation Reform</i> (2024) <a href="https://www.dewr.gov.au/about-department/resources/material-relating-changes-mutual-obligation-requirements-considered-or-announced-202425-budgetdewr.gov.au+2dewr.gov.au+2dewr.gov.au+2">https://www.dewr.gov.au/about-department/resources/material-relating-changes-mutual-obligation-requirements-considered-or-announced-202425-budgetdewr.gov.au+2dewr.gov.au+2dewr.gov.au+2</a> . |
| 134 | 93            | <sup>134</sup> Zealand Productivity Commission, <i>Improving State Sector Productivity</i> (Final Report, August 2018).  |
| 135 | 93            | <sup>135</sup> Torben M Andersen and Michael Svarer, 'Flexicurity: Labour Market Performance in Denmark' (2007) 53(3) <i>CESifo Economic Studies</i> 389, 395–401.   |
| 136 | 93            | <sup>136</sup> Peter Dwyer and Sharon Wright, 'Universal Credit, Ubiquitous Conditionality and its Implications for Social Citizenship' (2014) 22(1) <i>Journal of Poverty and Social Justice</i> 27, 28–31.   |
| 137 | 93            | <sup>137</sup> Rik van Berkel, 'The Decentralisation of Social Assistance in the Netherlands' in Minas Renate, van Berkel Rik and Catherine Needham (eds), <i>Social Policy Review 29: Analysis and Debate in Social Policy</i> (Policy Press, 2017) 97, 98–103  |
| 138 | 94            | <sup>138</sup> Zealand Productivity Commission, <i>Improving State Sector Productivity</i> (Final Report, August 2018).  |
| 139 | 94            | <sup>139</sup> Torben M Andersen and Michael Svarer, 'Flexicurity: Labour Market Performance in Denmark' (2007) 53(3) <i>CESifo Economic Studies</i> 389, 395–401.   |
| 140 | 94            | <sup>140</sup> Rik van Berkel, 'The Decentralisation of Social Assistance in the Netherlands' (2017) 29 <i>Social Policy and Administration</i> 98, 98–103.  |
| 141 | 94            | <sup>141</sup> Tomas Berglund and Renate Minas, 'Rescaling of Welfare Policies in Sweden: Shifting Power Relations and New Governance Forms' (2019) 48(3) <i>Journal of Social Policy</i> 183, 185–190   |

Table 58: H Reference List

# APPENDIX I:

## EXPANDED EVIDENCE



# I. Expanded Evidence

Contributing Factors

| ID       | Description   |  |
|----------|---|--|
| CFNT1    | There is no authoritative documentation that demonstrates each system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority. |  |
| Evidence | MR02  | <ul style="list-style-type: none"><li>• SOPs and procedures are not there.</li><li>• There is an overreliance on the system will cater for every circumstance. We are trying to draw out what a second or third tier of resolution may look like for people who have a complex case.</li><li>• Over time, from the system, you may find increased complexity where people have tried to build in additional contingency creating outcomes that might double back on itself, leading to bizarre case decisions. We have one 'lever' that we pull, observation is accurate.</li><li>• We have an overreliance on IT systems to deal with complex situations and an IT system that has so many competing business rules that deal with 90% of standard cases.</li><li>• Because of the addition of business rules and complexity in the system through patch fixes, making minor changes now has implications for other parts of the system. Any small change takes a lot of time and money to resolve, and the Department has not taken note of how different business rules interact with each other.</li><li>• There are not 350 effective rules, some are only designed to keep the system going.</li><li>• None has a total picture and there has been a case of loss of organisation knowledge, this has developed an overreliance on the IT system logic itself.</li></ul> |
|          | MR05  | <ul style="list-style-type: none"><li>• The system generally does what it needs to do. It has many layers and fixes from policies, etc. When issues are identified, they become more complex when you tailor them. Under TCF, providers were given the capability to make decisions. It was built in a way to remove discretion. I suggested that those routine cases can be catered to a little better through information sharing between Service Australia, providers, and the Department itself.</li></ul>   |
|          | MR06  | <ul style="list-style-type: none"><li>• It is becoming increasingly difficult to translate 'simple requirements' into the IT solution. Artefacts that have been developed make it difficult to understand what should be going on holistically, making it hard to deliver information to end-users and say how the system should be working. From a technical standpoint, there is nothing documented around the specific ordering within the business rules that follow through to implementation.</li><li>• Things are not documented clearly, there is a question to be answered for this.</li><li>• There is no single thing that we can point to for the build and test logic of how we would expect the business rules to flow.</li><li>• How do we know what is being asked for? There is no single view of what Program logic looks like that you can interpret and engage with in a meaningful way.</li><li>• We feel as though the Department is looking at the system itself as a source of truth, without the end-to-end knowledge of how cases are processed. There is no understanding of how the system has iteratively evolved and how the system relates to policy is the crux of the issue.</li></ul>  |
|          | MR07  | <ul style="list-style-type: none"><li>• The system has ticked along and there has been no strategic overview or attempt to fix changes to problems. There is no consideration of what is the evidence used to drive changes. There is also a gap in the reporting we do and how it translates to policy.</li><li>• We have heard there is an overreliance on the system and there is a disconnect between the legislative intent and the policy translated into the system. This may lead to outcomes that are not compliant with policy and legislation.</li></ul>  |
|          | MR10  | <ul style="list-style-type: none"><li>• There are few people who understand the system in its entirety. The complexity spans DEWR and Services Australia. No one in DEWR or Services Australia has a complete understanding. We handle TCF, while Services Australia manages payments, leaving no single person able to answer questions for every scenario.</li><li>• In terms of system design and business rules, the system has been around for a long time. Decision-making and politics have influenced it. A lot of tech and logic has been built in since then. There has been no major policy review since then, only minor changes. The current system does not reflect its original design from years ago. The tech team needs to understand how the system should work (business rules). The end-to-end flow is fragmented, even though certain teams work together none of them know the entire process and involvement end-to-end.</li></ul>   |
|          | MR13  | <ul style="list-style-type: none"><li>• The communication and change process could be improved, making updates more visible and better documented; Agreed.</li></ul>   |
|          | MR16  | <ul style="list-style-type: none"><li>• Planned work related to compliance issues is typically managed under specific projects. However, ad-hoc changes are often made quickly to address urgent issues. This isn't the optimal way of implementing changes. There are no clear process maps for these different scenarios. We don't have an easy-to-follow process map, and there's no end-to-end (e2e) process map showing what a user might experience.</li></ul>   |
|          | ED1   | Outlines the high-level scope and parties impacted by 'mutual obligations' and the summary of the decision maker (Legislation, Minister, Secretary etc.). No system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.  |
|          | ED6   | Outlines the automated decisions related to mutual obligations and compliance for users. However, does not state the system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.  |

Table 59: I Expanded Evidence



# I. Expanded Evidence

## Contributing Factors

| ID       | Description  |  |
|----------|--|--|
| CFNT2    | Incremental and irregular changes to the base system code have increased the divergence between policy and legislative intent and the current system workflows, business rules and operating parameters. |  |
| Evidence | MR02   | <ul style="list-style-type: none"><li>We are trying to draw out what a second or third tier of resolution may look like for people who have a complex case. Over time, from the system, you may find increased complexity where people have tried to build in additional contingency creating outcomes that might double back on itself, leading to bizarre case decisions.</li><li>Because of the addition of business rules and complexity in the system through patch fixes, making minor changes now has implications for other parts of the system. Any small change takes a lot of time and money to resolve, and the Department has not taken note of how different business rules interact with each other.</li></ul>  |
|          | MR05   | <ul style="list-style-type: none"><li>There are concerns from people across the Department that indicate there is too heavy a reliance on the IT system to handle everything. Most changes and edits are made to the system, but there is no comprehensive consideration; Yes, I agree.</li><li>Are the changes hard-coded into the system? That has definitely been the case historically. A lot of the work we are doing now involves major changes and appropriate consideration. We are now moving in that direction.</li><li>The system generally does what it needs to do. It has many layers and fixes from policies, etc. When issues are identified, they become more complex when you tailor it. Under TCF, providers were given the capability to make decisions. It was built in a way to remove discretion. My biggest concern is, yes, it works, but I feel like those routine cases can be catered to a little better through information sharing between Service Australia, providers, and us. Having a holistic view would help.</li><li>When we do identify an issue, the way it is raised and fixed is important. Good governance delays in fixes are frustrating.</li><li>Hypothetical situation, let's say the government announces changes to mutual obligations. Is there a program logic from a policy point of view that defines gateways for mutual obligations, separate from what the system does? If there is an NPP change, is it more about amending the system, or do you define a program management layer/milestones, or is it about modifying the system in specific ways, i.e., hard-coding each of those changes?; It's a blend of both. Ideally, policy would engage us.</li></ul> |
|          | MR07   | <ul style="list-style-type: none"><li>The system has ticked along and there has been no strategic overview or attempt to fix changes to problems. There is no consideration of what is the evidence used to drive changes. There is also a gap in the reporting we do and how it translates to policy.</li><li>We had an example of a live case last year, the interpretation of policy was different, rendering the requirement incorrect, but it was implemented in the system. A lot of time IT gets labelled as the problem.</li></ul>   |
|          | MR15   | <ul style="list-style-type: none"><li>Does the system, as it's implemented, assume the worst-case scenario?; Yes, it assumes the worst. There are assumptions built into the system about how the policy is implemented, which then reinforce the settings. It creates a very complex environment.</li></ul>   |
|          | ED17   | This document serves as a comprehensive issues log, detailing each item with corresponding DevOps ID, description, workarounds, knowledge base references, next steps, priority, severity, and targeted fix release dates. It is a well-structured and thoroughly developed resource that also includes key dashboards and a clear record of resolved bugs and issues, ensuring full visibility into ongoing and completed work. However, through our analysis, there is limited evidence documented to suggest that the business rules are aligned with the policy.   |
|          | CFNT3  | Limited controls exist to ensure that system modifications are consistently validated against legislative requirements, increasing the likelihood of unintended legal and compliance risks.  |
| Evidence | MR04   | <ul style="list-style-type: none"><li>My biggest takeaway is how many bugs there are in the system and the existing number of workarounds implemented just to make the program function to achieve its objective. It seems to be a business-as-usual activity. The team is carrying out manual processes daily as the system is not doing what it should be. Some bugs are lower down on the list and never get resolved as they don't directly impact people's payout. I get the impression that the system has undergone urgent change after urgent change, continually patching up holes.</li></ul>   |
|          | MR08   | <ul style="list-style-type: none"><li>This is one of the things that surprised me, we try to make the system handle everything, including exception processes. Writing business rules for all scenarios is impossible. Intentional processes and digital solutions can solve most problems, but there should be an exception process for unique cases where people can intervene and resolve issues. We've relied too heavily on IT for everything. Sometimes, the answer lies in better policy design, manual processes, or training.</li><li>Do you think the control settings are right?; I think it's a policy issue. The system reflects policy posture, and different governments have different approaches, often more hard-nosed. TCF is tricky due to its varying philosophies. Perhaps we should have been more aware of policy adjustments. What do we do? What's TCF about? Getting people back to work?</li></ul>   |
|          | MR12   | <ul style="list-style-type: none"><li>Changes are often implemented in isolation, rather than being holistically planned.</li></ul>  |
|          | NEP  | No evidence / documentation was provided to either substantiate or refute our findings.  |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description   |  |
|----------|---|--|
| CFNT4    | Key decision points defined by policy or legislation have been omitted, or are largely or fully automated, and do not permit decision-maker discretion or intervention. |  |
| Evidence | MR01  | <ul style="list-style-type: none"><li>The government should be able to make policy decisions, and the Department should be able to operationalise those decisions. It appears that the desire for flexibility was not considered from the start.</li></ul>   |
|          | MR02  | <ul style="list-style-type: none"><li>We need to be aware of people's barriers. There is a limit to how much you can program into the system and how to deal with the volume of people. We are looking carefully at the outcomes of Robodebt, noting there must always be human elements of decision-making versus case-volume size. This is based on the Department's appetite for assurance thresholds.</li><li>We have one 'lever' that we pull, observation is accurate. We have an overreliance on IT systems to deal with complex situations and an IT system that has so many competing business rules that deal with 90% of standard cases.</li><li>Robodebt is what kicked this (Project) off. When looking at risk management strategies, we need to consider impact and consequence simultaneously. You can't have a system that relies purely on human input.</li></ul>  |
|          | MR05  | <ul style="list-style-type: none"><li>How do we incorporate discretionary decision-making into the system? There are 9,000 non-compliance decisions across Workforce Australia every day. Around half of these decisions are automated. So, how do we make a discretionary decision?; We have a dual-step process. Initially, it is automated. We send a response that says if you cannot achieve that, you can reach out to your provider, etc.</li><li>Is there any human interaction if they don't contact anyone (following on from a ruling on non-compliance)?; If they don't talk to anyone, their payment is suspended; If they don't respond after that, their payments are cancelled after 28 days. As people find jobs and disengage, they disappear and are not going to turn up to provider performance meetings.</li><li>The system was built in a way to remove discretion. My biggest concern is, yes, it works, but I feel like those routine cases can be catered to a little better through information sharing between Service Australia, providers, and us.</li></ul> |
|          | MR12  | <ul style="list-style-type: none"><li>The scale of IT systems is so large that no single team fully understands all interactions between different policy, legislation, and system frameworks. The way changes are applied is inconsistent, as some processes are automated, while others require manual intervention. Because of this, some changes may not be implemented correctly.</li><li>It is unclear if the system itself makes all decisions or if it's more of a hybrid process. The problem isn't just reliance on the system, but rather the amalgamation of multiple systems and human decision-making throughout the process. Many decisions involve human discretion, which is not consistently applied across different staff members. The guidelines for providers, Services Australia and compliance teams, are often complex and lengthy. Many staff do not fully follow the guidelines when making decisions, leading to inconsistencies in decision-making.</li></ul>   |
|          | ED6   | Outlines the automated decisions related to mutual obligations and compliance for users. However, through our analysis, there is limited evidence documented to suggest that the business rules are aligned with the policy.   |
|          | ED23  | This document illustrates automated non-compliance processes, potentially identifying decision points that have been automated instead of allowing decision-maker oversight.   |
| CFNT5    | There is a significant volume of demerit-point or penalty reversals by the and/or the Department and Services Australia.  |  |
| Evidence | ED121   | The image displays the Expired, Removed and Confirmed status of demerits since the TCF's inception.  |
| CFNT6    | Currently reported case processing exceptions are within acceptable tolerances for a system of this scale and caseload volume.  |  |
| Evidence | ED34  | Document outlining updated mutual obligations failures from December 2024.   |
|          | ED91  | Document is a Business Rules Review document with action items and proposed requirements. The 'EA Progress' is underdeveloped. However, through our analysis, there is limited evidence documented to suggest that the business rules are aligned with the policy.   |

Table 59: I Expanded Evidence

# I. Expanded Evidence

## Contributing Factors

| ID       | Description  |  |
|----------|--|--|
| CFNT7    | There is limited ability to provide real-time assurance, based on available evidence, that policy intent or specific business rules are being consistently applied across the participant cohort, or to subsets of cohorts that share certain characteristics. |  |
| Evidence | MR02   | <ul style="list-style-type: none"> <li>• We need to be aware of people's barriers. There is a limit to how much you can program into the system and how to deal with the volume of people. We are looking carefully at the outcomes of Robodebt, noting there must always be human elements of decision-making versus case-volume size. This is based on the Department's appetite for assurance thresholds.</li> <li>• We have one 'lever' that we pull, observation is accurate. We have an overreliance on IT systems to deal with complex situations and an IT system that has so many competing business rules that deal with 90% of standard cases.</li> </ul>   |
|          | MR03   | <ul style="list-style-type: none"> <li>• There is also an issue of translation from Legislation to Policy. The process of translating drafted legislation into policy, then into a program lens, and finally into business rules is intricate. We review the prepared packs and engage with the relevant team if anything is unclear. The best approach is to have an IT system that ensures consistency with business rules, maintaining rigour above the line.</li> </ul>  |
|          | MR11   | <ul style="list-style-type: none"> <li>• When I started, we were asked to implement changes reactively rather than proactively, without sufficient time to deliver, increasing the technical debt accumulated over time. With each release, we incur more technical debt.</li> </ul>   |
|          | MR12   | <ul style="list-style-type: none"> <li>• Every budget cycle introduces changes, affecting both users and service providers. Providers struggle to keep up with the frequent updates, as changes happen rapidly and are not always well-communicated. Changes are implemented quickly, often with limited staffing and resources, leading to incomplete assessments of broader impacts.</li> <li>• The scale of IT systems is so large that no single team fully understands all interactions between different policy, legislation, and system frameworks. The way changes are applied is inconsistent, as some processes are automated, while others require manual intervention. Because of this, some changes may not be implemented correctly.</li> <li>• It is unclear if the system itself makes all decisions or if it's more of a hybrid process. The problem isn't just reliance on the system, but rather the amalgamation of multiple systems and human decision-making throughout the process. Many decisions involve human discretion, which is not consistently applied across different staff members. The guidelines for providers, Services Australia and compliance teams, are often complex and lengthy. Many staff do not fully follow the guidelines when making decisions, leading to inconsistencies in decision-making.</li> <li>• Many processes end up requiring manual interventions to compensate for these gaps. Providers are responsible for knowing the rules for each program and activity, but this has resulted in inconsistent treatment of people and cases.</li> </ul> |
|          | MR13   | <ul style="list-style-type: none"> <li>• It (the system) was functioning well initially, but there have been many changes coming from the Minister's office. New iterations of the logic have resulted in significant changes to the original intent. The current Minister and government's intent plays a major role in determining how the system operates.</li> <li>• There are many different scenarios to make a specific job fall into a particular category, but due to incorrect coding, the system routes them incorrectly and has become increasingly individualised, introducing additional inconsistencies in behaviour.</li> </ul>  |
|          | MR16   | <ul style="list-style-type: none"> <li>• We don't have an easy-to-follow process map, and there's no end-to-end (e2e) process map showing what a user might experience.</li> </ul>   |
|          | ED75 – ED102, ED108-ED113, ED116-ED118   | All documents outline different business regarding different parts of the TCF. However, through our analysis, there is limited evidence documented to suggest that the business rules outlined in these documents are aligned with the policy.   |
| CFNT8    | There are informal indications that there is a higher instance of erroneous outcomes or other processing issues with participant cases that have higher-complexity markers.  |  |
| Evidence | MR04   | <ul style="list-style-type: none"> <li>• Given there are around 1.1 million users on the system, there is less benefit in trying to cater to niche or particular circumstances, given we won't have the ability to cater to each one of them individually. We should have the ability to put people into boxes and determine that anybody who falls outside of the rules can cater to separately.</li> <li>• The system can't cater for all these different instances; Do you have any thoughts on characterising people based on those needs? Developing different lines of resolution?; There have been thoughts put to us on how the system might triage people according to their unique set of circumstances, how can we apply system-based controls etc. Regarding flexibility, I feel the most benefit is from the ability to change parameters within the system e.g. In October of last year, the business days of not meeting mutual obligation requirements were increased from 2 to 5 business days. This took a while, months to fix where they had to go and change code everywhere it had 2 business days to 5 business days. So, can we change a variable, and it changes that variable everywhere? If the system is simple and pulls variables from one area, then we can change things like this in a much easier way.</li> </ul>  |
|          | MR05   | <ul style="list-style-type: none"> <li>• Are issues with the system on an individual case-by-case basis or are there cohorts?; Both. Sometimes one record looks odd, and we notice a process that doesn't work as expected. There are instances with known system issues that may impact a large number of people. We know that certain issues apply to a large group of people, especially with activity requirement issues.</li> </ul>   |
|          | MR09   | <ul style="list-style-type: none"> <li>• We have also observed, for example, that Indigenous providers are far harsher for indigenous people than non-indigenous providers, we see these different ways of handling people from different providers.</li> </ul>  |
|          | MR10   | <ul style="list-style-type: none"> <li>• How do you deal with people from all those edge case examples?; I agree that edge cases are the main issues and cause us problems.</li> </ul>   |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description  |   |
|----------|--|---|
| CFNT8    | CFNT8 Continued.   |   |
| Evidence | MR16   | <ul style="list-style-type: none"><li>In cases where manual intervention is required, such as complicated cases or when people are unable to meet requirements, they can get stuck in certain dead ends within the system.</li></ul>  |
|          | ED5  | This document outlines the TCF bugs that have been recorded along with their severity, title, state and date created. The last TCF bug recorded was on 28/11/2024 and there is no documentation on how they review and resolve bugs/issues.   |
|          | ED17   | This document serves as a comprehensive issues log, detailing each item with corresponding DevOps ID, description, workarounds, knowledge base references, next steps, priority, severity, and targeted fix release dates. It is a well-structured and thoroughly developed resource that also includes key dashboards and a clear record of resolved bugs and issues, ensuring full visibility into ongoing and completed work.  |
| CFNT9    | Incremental and uncontrolled changes to the base system code increase the delta between the original policy intent and system design, processes and the current reality of user experiences.   |   |
| Evidence | MR05   | <ul style="list-style-type: none"><li>Are issues with the system on an individual case-by-case basis or are there cohorts?; Both. Sometimes one record looks odd, and we notice a process that doesn't work as expected. There are instances with known system issues that may impact a large number of people. We know that certain issues apply to a large group of people, especially with activity requirement issues.</li><li>Are the changes hard-coded into the system?; That has definitely been the case historically. A lot of the work we are doing now involves major changes and appropriate consideration. We are now moving in that direction.</li></ul>   |
|          | MR13   | <ul style="list-style-type: none"><li>It was functioning well initially, but there have been many changes coming from the Minister's office. New iterations of the logic have resulted in significant changes to the original intent. The current Minister and government's intent plays a major role in determining how the system operates.</li><li>Some recent changes have deviated significantly from the original codebase. Specific use case scenarios are used to finalise changes, but when a new change comes six months later, it has to be applied in multiple places within the system. Every time a change is made, we must ensure it is properly managed across all affected areas. Looking ahead six years from now, if this pattern continues, the system will become even more difficult to maintain.</li></ul> |
|          | MR16   | <ul style="list-style-type: none"><li>Currently, changes are made on an ad-hoc basis and are very complex to implement within the existing system. While some elements of the process are reactive, the overall issue is that the system is so intricate that it becomes extremely challenging to make timely and coordinated changes.</li></ul>  |
|          | ED22   | Documentation outlines the auto-compliance and point failure against a participant, this includes business rule notifications and steps involved in managing missed requirements and payment hold scenarios. However, through our analysis, there is limited evidence documented to suggest that the business rules are aligned with the policy.  |
|          | There is limited documentation that details the Targeted Compliance Framework, the associated parameters, or that provides a view of the end-to-end process or customer experience journey/s, both separately from the system itself and of the system itself and how it operates. |   |
| Evidence | MR06   | <ul style="list-style-type: none"><li>It is becoming increasingly difficult to translate 'simple requirements' into the IT solution. Artefacts that have been developed make it difficult to understand what should be going on holistically, making it hard to deliver information to end-users and say how the system should be working.</li><li>From a technical standpoint, there is nothing documented around the specific ordering within the business rules that follow through to implementation.</li><li>How do we know what is being asked for? There is no single view of what Program logic looks like that you can interpret and engage with in a meaningful way.</li></ul>  |
|          | MR09   | <ul style="list-style-type: none"><li>We don't know which parts of the system are unlinked, causing unknown dependencies that lead to issues. We lack the capacity to show how the system is built, preventing us from reaching the desired end state quickly. No one has a complete picture, and everyone has slightly different views. I can't get past that. We don't know our starting point to make improvements.</li><li>Patches are applied to clean up these issues, but they aren't included in testing, nor are the changes documented clearly. This murkiness needs to be clarified. Tailoring examples (less vs. more mutual obligations) show we are making micro changes in the system.</li></ul>   |
|          | MR13   | <ul style="list-style-type: none"><li>From a process perspective, staff turnover makes it difficult for new team members to understand past changes and how they were implemented. From a technical perspective, incorporating low-level system changes is challenging due to the interdependencies within the code. Developers do not always document or communicate these technical changes effectively, making it harder for others to pick them up later.</li><li>The communication and change process could be improved, making updates more visible and better documented; Agreed.</li></ul>  |
|          | MR14   | <ul style="list-style-type: none"><li>Looking ahead, there is an expressed desire to adopt a holistic view of TCF, and the ministers are quite vocal about this intention.</li><li>In cases where a user is non-compliant and hasn't met the final requirements, the responsibility falls on the provider to measure the situation and tailor the obligations for each user accordingly. Providers are expected to adapt their approach for each individual case, ensuring that the process reflects the user's unique circumstances.</li></ul>   |
|          | MR16   | <ul style="list-style-type: none"><li>Planned work related to compliance issues is typically managed under specific projects. However, ad-hoc changes are often made quickly to address urgent issues. This isn't the optimal way of implementing changes. There are no clear process maps for these different scenarios. We don't have an easy-to-follow process map, and there's no end-to-end (e2e) process map showing what a user might experience.</li></ul>  |
|          | ED71   | Document only outlines the Mutual obligation requirements and highlights the managed cohorts and people who fully meet requirements. Does not mention the associated parameters and does not provide an end-to-end process or customer experience journey.  |
|          | ED114  | This document outlines business rules for exemptions, suspensions, and job seeker transfers/exits within the Targeted Compliance Framework (TCF). It defines the conditions under which compliance actions are halted or finalised, ensuring fair treatment for job seekers who receive exemptions or change providers. However, through our analysis, there is limited evidence documented to suggest that the business rules are aligned with the policy.   |

Table 59: I Expanded Evidence

# I. Expanded Evidence

## Contributing Factors

| ID       | Description   |   |
|----------|---|---|
| CFNT11   | Most assurance is conducted reactively and relies on a process of reverse engineering the system to understand how particular participants or subsets of participants arrive at a particular outcome. |   |
| Evidence | MR02  | <ul style="list-style-type: none"> <li>• We have one 'lever' that we pull, observation is accurate. We have an overreliance on IT systems to deal with complex situations and an IT system that has so many competing business rules that deal with 90% of standard cases.</li> <li>• Because of the addition of business rules and complexity in the system through patch fixes, making minor changes now has implications for other parts of the system. Any small change takes a lot of time and money to resolve, and the Department has not taken note of how different business rules interact with each other.</li> </ul>  |
|          | MR06  | <ul style="list-style-type: none"> <li>• From an assurance perspective, current practices are reactive based on unique user journeys. Existing processes heavily rely on reverse engineering existing system logic to include each case.; The system does cater for 'vanilla' job seeker cases. When a vulnerable or complex case is processed through the business rules, it can land in a gap and become an exception. We look to which business rules have not allowed for the individual case to fall into a specific bucket and apply manual fixes/patches to the logic.</li> </ul>  |
|          | MR12  | <ul style="list-style-type: none"> <li>• The system relies on older technology, making quick changes difficult. There is a pattern of constant iterative changes, often driven by budget cycles.</li> <li>• Every budget cycle introduces changes, affecting both users and service providers. Providers struggle to keep up with the frequent updates, as changes happen rapidly and are not always well-communicated</li> </ul>   |
|          | MR16  | <ul style="list-style-type: none"> <li>• If something goes wrong, it would be identified through the system. There's limited intervention with the system itself. If an issue occurs, it usually has to be resolved with a data fix or manual intervention. The system doesn't automatically require a change unless something breaks down.</li> <li>• Issues are raised by the business or by application support. Once an issue is identified, it goes through DevOps, where it is tracked and analysed. The necessary adjustments are then raised to the development team.</li> </ul>  |
|          | ED27  | The document outlines the auto-triggered and manually reported compliance processes, including the actions of the participant and DSCC.   |
| CFNT12   | Change releases to the system are not tied to, or limited to, changes to legislation, policy or business rules.   |   |
| Evidence | MR03  | <ul style="list-style-type: none"> <li>• There is also a lot of complexity within the 350 business rules. The Department are introducing band-aid fixes without considering the overall picture, attempting to change a few things without a holistic approach. Job seekers regularly navigate this complex system.</li> <li>• There is also an issue of translation from Legislation to Policy. The process of translating drafted legislation into policy, then into a program lens, and finally into business rules is intricate.</li> </ul>   |
|          | MR07  | <ul style="list-style-type: none"> <li>• My observations are, there is no thought around what the policy looks like, broadly speaking. Initially, when this was implemented, it was a pilot kind of measure but since then it hasn't changed substantially.</li> <li>• There is no consideration of what is the evidence used to drive changes. There is also a gap in the reporting we do and how it translates to policy.</li> </ul>  |
|          | MR09  | <ul style="list-style-type: none"> <li>• Patches are applied to clean up these issues, but they aren't included in testing, nor are the changes documented clearly. This murkiness needs to be clarified. Tailoring examples (less vs. more mutual obligations) show we are making micro changes in the system.</li> <li>• Robodebt has also impacted the Department, and the interpretation of legislation has changed. The current processes look at legislation, and how it is translated to policy and then there are business requirements that follow and are implemented into the system. The system itself needs to be traceable back to legislation.</li> <li>• The challenge is that as policy changes, we need to seek NPP funding each time we make those adjustments. This requires significant resources and time. There is an unrealistic expectation that we can quickly and seamlessly implement these changes.</li> </ul> |
|          | MR10  | <ul style="list-style-type: none"> <li>• In terms of system design and business rules, the system has been around for a long time. Decision-making and politics have influenced it. A lot of tech and logic have been built into the system since then. There has been no major policy review since then, only minor changes. The current system does not reflect its original design from years ago.</li> </ul>  |
|          | MR12  | <ul style="list-style-type: none"> <li>• Every budget cycle introduces changes, affecting both users and service providers. Providers struggle to keep up with the frequent updates, as changes happen rapidly and are not always well-communicated. Changes are implemented quickly, often with limited staffing and resources, leading to incomplete assessments of broader impacts. The high level of interconnectivity between social security and compliance systems makes it difficult to manage changes without disrupting other parts of the system. There are many moving parts, making ongoing updates and system stability a challenge.</li> <li>• Manual workarounds are heavily relied upon. Every time there is a policy change or implementation process, there is almost always something forgotten.</li> </ul>   |
|          | MR13  | <ul style="list-style-type: none"> <li>• It was functioning well initially, but there have been many changes coming from the Minister's office. New iterations of the IT system have resulted in significant changes to the original intent. The current Minister and government's intent plays a major role in determining how the system operates.</li> <li>• A major challenge is the underlying codebase, which contains a lot of replicated code. Each change requires updating multiple layers of code. For example, if we want the system to behave in a specific way for a scenario, we have to copy and apply the change across multiple places due to past replication. Over the years, this has become increasingly difficult to manage, especially in ensuring that changes apply correctly across all system layers.</li> <li>• Some recent changes have deviated significantly from the original codebase.</li> </ul>         |
|          | MR14  | <ul style="list-style-type: none"> <li>• Looking ahead, there is an expressed desire to adopt a holistic view of TCF, and the Ministers are quite vocal about this intention. However, at present, the approach is not fully holistic. Currently, changes are made on an ad hoc basis and are very complex to implement within the existing system.</li> </ul>  |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description   |   |
|----------|---|---|
| CFNT12   | CFNT12 Continued  |   |
| Evidence | MR16  | <ul style="list-style-type: none"><li>Planned work related to compliance issues is typically managed under specific projects. However, ad-hoc changes are often made quickly to address urgent issues. This isn't the optimal way of implementing changes. There are no clear process maps for these different scenarios. We don't have an easy-to-follow process map, and there's no end-to-end (e2e) process map showing what a user might experience.</li></ul>  |
|          | ED91  | Document is a Business Rules Review document with action items and proposed requirements. The 'EA Progress' is underdeveloped. However, through our analysis, there is limited evidence documented to suggest that the business rules are aligned with the policy.  |
| CFNT13   | In most instances, there is no way of establishing when code, workflows or rules within the system have been modified or whether this modification is aligned with policy changes.                    |   |
| Evidence | MR02  | <ul style="list-style-type: none"><li>Because of the addition of business rules and complexity in the system through patch fixes, making minor changes now has implications for other parts of the system. Any small change takes a lot of time and money to resolve, and the Department has not taken note of how different business rules interact with each other.</li></ul>   |
|          | MR07  | <ul style="list-style-type: none"><li>My observations are, there is no thought around what the policy looks like, broadly speaking. Initially, when this was implemented, it was a pilot kind of measure but since then it hasn't changed substantially.</li><li>There is no consideration of what is the evidence used to drive changes. There is also a gap in the reporting we do and how it translates to policy.</li></ul>   |
|          | MR09  | <ul style="list-style-type: none"><li>Patches are applied to clean up issues, but they aren't included in testing, nor are the changes documented clearly. This murkiness needs to be clarified.</li></ul>  |
|          | MR12  | <ul style="list-style-type: none"><li>Changes are implemented quickly, often with limited staffing and resources, leading to incomplete assessments of broader impacts. The high level of interconnectivity between social security and compliance systems makes it difficult to manage changes without disrupting other parts of the system. There are many moving parts, making ongoing updates and system stability a challenge.</li><li>Changes are often implemented in isolation, rather than being holistically planned.</li><li>When making or requesting changes, there is often a lack of full understanding of how different systems interact. Communication errors between departments occur because no one has a complete understanding of all system interdependencies.</li><li>The way changes are applied is inconsistent, as some processes are automated, while others require manual intervention. Because of this, some changes may not be implemented correctly.</li></ul> |
|          | MR13  | <ul style="list-style-type: none"><li>A major challenge is the underlying codebase, which contains a lot of replicated code. Each change requires updating multiple layers of code. For example, if we want the system to behave in a specific way for a scenario, we have to copy and apply the change across multiple places due to past replication. Over the years, this has become increasingly difficult to manage, especially in ensuring that changes apply correctly across all system layers.</li><li>From a technical perspective, incorporating low-level system changes is challenging due to the interdependencies within the code. Developers do not always document or communicate these technical changes effectively, making it harder for others to pick them up later.</li></ul>  |
|          | NEP   | No evidence / documentation was provided to either substantiate or refute our findings.   |
| CFNT14   | There is no differentiation between code changes made to accommodate policy changes and those made to correct technical issues. E.g. Minor releases (system issues) vs major release (policy change). |   |
| Evidence | MR13  | <ul style="list-style-type: none"><li>Are challenges more related to process inefficiencies or system limitations?; Both. From a process perspective, staff turnover makes it difficult for new team members to understand past changes and how they were implemented. From a technical perspective, incorporating low-level system changes is challenging due to the interdependencies within the code. Developers do not always document or communicate these technical changes effectively, making it harder for others to pick them up later.</li></ul>   |
|          | ED5   | This document outlines the TCF bugs that have been recorded along with their severity, title, state and date created. The last TCF bug recorded was on 28/11/2024 and there is no documentation on how they review and resolve bugs/issues and how they are related to policy changes.  |

Table 59: I Expanded Evidence



# I. Expanded Evidence

## Contributing Factors

| ID       | Description   |   |
|----------|---|---|
| CFNT15   | There are no controls or in-built safety measures that support the manual processing or intervention in cases processed on the system.  |   |
| Evidence | MR05  | <ul style="list-style-type: none"> <li>How do we incorporate discretionary decision-making into the system? There are 9,000 non-compliance decisions across Workforce Australia every day. Around half of these decisions are automated. So, how do we make a discretionary decision? We have a dual-step process; Initially, it is automated. We send a response that says if you could not achieve that, you can reach out to your provider, etc.</li> </ul>  |
|          | MR16  | <ul style="list-style-type: none"> <li>If something goes wrong, it would be identified through the system. There's limited intervention with the system itself. If a n issue occurs, it usually has to be resolved with a data fix or manual intervention. The system doesn't automatically require a change unless something breaks down.</li> </ul>   |
|          | ED6   | Outlines the automated decisions related to mutual obligations and compliance for users. However, does not state the system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.   |
| CFNT16   | The system will process cases end-to-end without intervention; whilst this mitigates any requirement for staff intervention, this also negates any opportunity for the Secretary or their delegate to exercise discretion.  |   |
| Evidence | MR09  | <ul style="list-style-type: none"> <li>How do we incorporate discretionary decision-making into the system? There are 9,000 non-compliance decisions across Workforce Australia every day. Around half of these decisions are automated. So, how do we make a discretionary decision? We have a dual-step process; Initially, it is automated. We send a response that says if you could not achieve that, you can reach out to your provider, etc.</li> <li>The system generally does what it needs to do. It has many layers and fixes from policies, etc. When issues are identified, it becomes more complex when you tailor it. Under TCF, providers were given the capability to make decisions. It was built in a way to remove discretion.</li> </ul> |
|          | MR12  | <ul style="list-style-type: none"> <li>It is unclear if the system itself makes all decisions or if it's more of a hybrid process. The problem isn't just reliance on the system, but rather the amalgamation of multiple systems and human decision-making throughout the process. Many decisions involve human discretion, which is not consistently applied across different staff members.</li> </ul>   |
|          | MR16  | <ul style="list-style-type: none"> <li>If something goes wrong, it would be identified through the system. There's limited intervention with the system itself. If a n issue occurs, it usually has to be resolved with a data fix or manual intervention. The system doesn't automatically require a change unless something breaks down.</li> </ul>   |
| CFNT17   | Where employment service providers seek to lower mutual obligations legitimately, in recognition of exceptional or complex case circumstances, there is no system barrier to payment cancellation, suspension, penalty or demerit point   |   |
| Evidence | MR07  | <ul style="list-style-type: none"> <li>We had an example of a live case last year, the interpretation of the policy was different, rendering the requirement incorrect, but it was implemented in the system. A lot of time IT gets labelled as the problem.</li> </ul>   |
|          | ED6   | Outlines the automated decisions related to mutual obligations and compliance for users. However, does not state the system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.   |
|          | ED20  | This document outlines the work refusal/unemployment business rule. However, through our analysis, there is limited evidence documented to suggest that the business rules are aligned with the policy.   |
| CFNT18   | The system processes all cases in the same manner with no safeguards to prevent negative, automatic compliance actions against participants. For example, the system will progress someone to 'Red' and suspend payments even where that individual may have been placed into a specialist processing stream. |   |
| Evidence | MR05  | <ul style="list-style-type: none"> <li>How do we incorporate discretionary decision-making into the system? There are 9,000 non-compliance decisions across Workforce Australia every day. Around half of these decisions are automated. So, how do we make a discretionary decision? If they don't talk to anyone, their payment is suspended; If they don't respond after that, their payments are cancelled after 28 days. As people find jobs and disengage, they disappear and are not going to turn up to provider performance meetings.</li> </ul>   |
|          | MR07  | <ul style="list-style-type: none"> <li>What are the assurances that demonstrate traceability back to decisions made? And the second point is who is the design authority that says we have considered it. The onus comes back to IT, where does that risk sit? What is the basis of how you make sure someone's payment isn't suspended incorrectly?; The onus comes back to IT. What is the basis of how you make sure someone's payment isn't suspended incorrectly?; A lot of time IT gets labelled as the problem.</li> </ul>   |
|          | ED34  | This document outlines the Targeted Compliance Framework: Mutual Obligation Failure Guidelines.   |
|          | ED42  | This document outlines the actions the provider could take upon the mutual obligation failures from a participant.  |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description  |   |
|----------|--|---|
| CFNT19   | The automation or omission of legislated decision points which would ordinarily provide appropriate controls to prevent unfair treatment of participants, or treatment of their cases is inconsistent with policy and legislative intent.  |   |
| Evidence | MR05   | <ul style="list-style-type: none"><li>How do we incorporate discretionary decision-making into the system? There are 9,000 non-compliance decisions across Workforce Australia every day. Around half of these decisions are automated. So, how do we make a discretionary decision?</li></ul>  |
|          | MR15   | <ul style="list-style-type: none"><li>The TCF is a process that wasn't designed with fairness in mind. It's not user-centred, and the development wasn't part of the initial design. It seems like something was hastily put together to meet a deadline, without demonstrating natural justice. It applies compliance and fairness poorly.</li><li>Setting aside legal considerations, the TCF fundamentally lacks the power and resources necessary for those who need them. It penalises people without addressing the disparities in power and resources. If the function of the TCF is to penalise people, then it's fulfilling its role, but that's not the intention of a fair system.</li></ul> |
|          | ED6  | Outlines the automated decisions related to mutual obligations and compliance for users. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.  |
|          | ED20   | This document outlines the work refusal/unemployment business rule. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.   |
|          | ED25   | This document is the IT system automatically triggered compliance process map: This process occurs when participants do not meet their points target by the end of the points reporting period, participants did not agree to their job plan online before think time expired and/or participant did not record their attendance at an activity, third party appointment or job interview that was scheduled in their calendar.   |
| CFNT20   | Manual and in-person decision-making and intervention have been entirely omitted from the overall IT system design, including in critical workflows and at key decision points. At present, there is limited ability for the department to intervene in system processing of individual or select groups of cases. |   |
| Evidence | MR01   | <ul style="list-style-type: none"><li>This system is only one step removed from AI, raising the ethical question of when the system should be allowed to say 'yes' or 'no.' The application of an ethical decision-making process needs to be considered in this context. We must ensure that the system takes this into account and can demonstrate how it arrives at its decisions. Additionally, we need to address how the system caters to exceptions and behaviours that do not fit within standard parameters.</li></ul>   |
|          | MR04   | <ul style="list-style-type: none"><li>Human decision-making is a feature of compliance systems, and we should have transparency between Services Australia systems so that they can see the same information, so that the same case decisions are made. Adding to this provider, have 3rd party software and we don't see that either.</li></ul>  |
|          | MR16   | <ul style="list-style-type: none"><li>The system should allow for changes and adjustable workflows. However, I can't speak for the business side, so I'm not sure what they mean by flexibility. This system is 7-8 years old, and making changes to the existing system could be quite challenging.</li></ul>  |
|          | ED6  | Outlines the automated decisions related to mutual obligations and compliance for users. However, does not state the system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.   |
|          | ED26   | Business process map outlining the TCF manually triggering compliance process.  |
|          | ED101  | Business rule document outlining a participant's re-engagement. However, there are some business rules that acts as controls and/or in-built safety measures that support manual processing or intervention for cases processed within the system.  |
| CFNT21   | There is no evidence of a reconciliation process between Services Australia and DEWR to ensure that statuses match across both systems. This lack of reconciliation poses a risk: a user's non-compliant status may differ between the two systems, potentially leading to incorrect payment issuance.             |   |
| Evidence | ED35   | This document gives further reference to the TCF and the particular warning zones that participants may find themselves in if they do not meet their Mutual obligation requirements. Information around recording and reporting as well as responsibilities is also spelt out in this document.   |
|          | ED38   | Workforce Australia Services Universal guidelines outlining operational requirements, records management instructions, privacy, external systems assurance framework and servicing participants with challenging behaviours.  |
|          | ED99   | This document outlines the business rules associated with communicating and interacting with Services Australia.  |
| CFNT22   | There are misunderstandings and misalignment between policy, program and IT teams on the program, system, inherent limitations and operationalisation realities.   |   |
| Evidence | MR06   | <ul style="list-style-type: none"><li>The business and tech teams both work on this and there is not always alignment between the two teams.</li></ul>  |
|          | MR09   | <ul style="list-style-type: none"><li>Junior IT staff work collaboratively, but there are silos in terms of their objectives.</li></ul>   |
|          | MR10   | <ul style="list-style-type: none"><li>The challenge lies in having many teams running this. For example, the legal team handles legislation, the policy team and the business team, the IT team, and the Project Manager. The end-to-end flow is fragmented, even though certain teams work together none of them know the entire process and involvement end-to-end.</li></ul>   |

Table 59: I Expanded Evidence

# I. Expanded Evidence

## Contributing Factors

| ID       | Description  |  |
|----------|--|--|
| CFNT22   | CFNT22 Continued   |  |
| Evidence | MR11   | <ul style="list-style-type: none"> <li>Without a comprehensive end-to-end process, certain team members resist changes because they lack confidence about what else (in the system) might break.. There is significant connectivity with other areas of DEWR, making interactions complex and siloed. This interconnectedness complicates testing and achieving 100% code coverage is difficult.</li> <li>We then receive directives from the business to operationalise suggestions. Collaboration between IT, business, and policy has improved, but this has sometimes led to confusion or a lack of understanding of the entire system. IT and business often find policy directives complex, wondering if they have been considered holistically. Maintenance becomes easier, but resolving issues requires sifting through extensive information.</li> </ul>   |
| CFNT23   | There is no common language or integrated approach to the policy and system development continuum. |  |
| Evidence | MR02   | <ul style="list-style-type: none"> <li>There is additional work to do ahead of major policy change. If we can't, as a Department, explain the system, how do we expect Jobseekers to use it.</li> </ul>  |
|          | MR08   | <ul style="list-style-type: none"> <li>The translation from policy to system has been poor, leading to gaps and misunderstandings.</li> <li>We try to make the system handle everything, including exception processes but writing business rules for all scenarios is impossible. Developing intentional processes and digital solutions can solve most problems, but there should be an exception process for unique cases where people can intervene and resolve issues.</li> <li>We've relied too heavily on IT for everything. Sometimes, the answer lies in better policy design, manual processes, or training.</li> <li>We lack nuance in our approach.</li> <li>Most people want to do the right thing. With the right support, they will succeed. Some people face bigger barriers and need more support, which we should provide. Conversely, some people aim to exploit the system, and our design to handle them impacts everyone</li> <li>We focus on projects not products, we need to focus more on product thinking. We haven't invested in TCF since it was first implemented, we have made band-aid fixes but haven't thought about the health of the platform as a whole.</li> </ul>   |
|          | MR10   | <ul style="list-style-type: none"> <li>There are few people who understand the system in its entirety. The complexity spans DEWR and Services Australia. No one in DEWR or Services Australia has a complete understanding. We handle TCF, while Services Australia manages payments, leaving no single person able to answer questions for every scenario.</li> <li>In terms of system design and business rules, the system has been around for a long time. Decision-making and politics have influenced it. A lot of tech and logic have been built since then. There has been no major policy review since then, only minor changes. The current system does not reflect its original design from years ago. The challenge lies in having many teams running this. For example, the Legal team handles legislation, the Policy team and the Business team, the IT team, and the Project Manager. The end-to-end flow is fragmented, even though certain teams work together none of them know the entire process and involvement end-to-end.</li> <li>Initially, foundational work was done with the expectation of additional funding, so best practices for code build were not followed. There have been significant improvements in standard codes, configurable fields, and low-code, and no-code solutions. In my technology career, this thinking has evolved, but since this system was built in-house, it hasn't kept pace. We rely on outdated practices without sufficient funding, while the workload has increased significantly. Although interactions were compliant at the time, things have changed. The team can modernise the system with gradual changes and adequate funding.</li> </ul> |
|          | MR11   | <ul style="list-style-type: none"> <li>Without a comprehensive end-to-end process, certain team members resist changes because they lack confidence about what else (in the system) might break..</li> <li>Collaboration between IT, business, and policy has improved, but this has sometimes led to confusion or a lack of understanding of the entire system.</li> <li>There is significant connectivity with other areas of DEWR, making interactions complex and siloed. This interconnectedness complicates testing and achieving 100% code coverage is difficult.</li> <li>IT and business often find policy directives complex, wondering if they have been considered holistically.</li> <li>It becomes complex when dealing with vulnerable participants and various scenarios. Ensuring that policy and business cater to these edge cases could be improved</li> </ul>   |
|          | MR12   | <ul style="list-style-type: none"> <li>When making or requesting changes, there is often a lack of full understanding of how different systems interact. Communication errors between departments occur because no one has a complete understanding of all system interdependencies.</li> <li>Changes are often implemented in isolation, rather than being holistically planned.</li> <li>The way changes are applied is inconsistent, as some processes are automated, while others require manual intervention. Because of this, some changes may not be implemented correctly.</li> <li>Manual workarounds are heavily relied upon. Every time there is a policy change or implementation process, there is almost always something forgotten... Many processes end up requiring manual interventions to compensate for these gaps</li> <li>The scale of IT systems is so large that no single team fully understands all interactions between different policy, legislation, and system frameworks.</li> </ul>  |
|          | ED75 – ED102   | Documents outlining business rules that do not directly map to policy/system – only at a very high level. No direct correlation between business rules and policies.   |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description  |   |
|----------|--|---|
| CFNT24   | There is no detailed documentation, mapping or system design that demonstrates the current state of the system, workflows or coding. |   |
| Evidence | MR02   | <ul style="list-style-type: none"><li>•Because of the addition of business rules and complexity in the system through patch fixes, making minor changes now has implications for other parts of the system. Any small change takes a lot of time and money to resolve and the Department has not taken note of how different business rules interact with each other.</li><li>• It would be beneficial to have a framework for policy and programme people to think step through. The Department typically has a 'knee-jerk' reaction when things in IT require fixing, rather than thinking of why it requires an IT fix and what is the best approach moving forward.</li></ul>   |
|          | MR06   | <ul style="list-style-type: none"><li>•From a technical standpoint, there is nothing documented around the specific ordering within the business rules that follow through to implementation.</li><li>• Things are not documented clearly and there is a question to be answered for this.</li><li>• There is no single thing that we can point to for the build and test logic of how we would expect the business rules to flow.</li><li>•How do we know what is being asked for? There is no single view of what Program logic looks like that you can interpret and engage with in a meaningful way.</li><li>• We feel as though the Department is looking at the system itself as a source of truth, without the end-to-end knowledge of how cases are processed. There is no understanding of how the system has iteratively evolved and how the system relates to policy is the crux of the issue.</li><li>•Business reference IDs are brought out from the system and don't have a deeper meaning.</li></ul>  |
|          | MR07   | <ul style="list-style-type: none"><li>• The system has ticked along and there has been no strategic overview or attempt to fix changes to problems. There is no consideration of what is the evidence used to drive changes. There is also a gap in the reporting we do and how it translates to policy.</li><li>• We got some investment this year to respond to policy changes but not technology uplift, there was no substantive funding given to that. We have piled bits and pieces on the system but have not had an attempt at consolidating.</li><li>• There are no clear decisions of process maps in operation; A mutual obligation pause is the way to handle that.</li></ul>   |
|          | MR13   | <ul style="list-style-type: none"><li>• There is a lack of documentation and communication from developers not always documenting technical changes into the system effectively, making it more challenging to 'pick up' later.</li><li>• A major challenge is the underlying codebase, which contains a lot of replicated code. Each change requires updating multiple layers of code. Over the years, this has become increasingly difficult to manage, especially in ensuring that changes apply correctly across all system layers.</li><li>• There are granular and inconsistent changes being made to the system. Some recent changes have deviated significantly from the original codebase.</li><li>• The system is everchanging, with no clear redesign focus or direction. The system was originally designed for a website-based employment model, but over time, the TCF system has evolved into Workforce Australia with only three major updates. A complete system refresh is needed, a rethink of how targeted compliance works, including a redesign of the system architecture. The approach so far has mostly been patchwork fixes rather than a full system redesign.</li></ul> |
|          | ED22   | Business process map outlining the notifications for points-based failure and non-compliance timeline for participants in the green and warning zone.   |
|          | ED26   | Business process map outlining the TCF manually triggering compliance process.  |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description  |  |
|----------|--|--|
| CFNT25   | Changes to the system are made in isolation, with limited documentary understanding of the ramifications, impacts or interrelationship of system elements. |  |
| Evidence | MR05   | <ul style="list-style-type: none"><li>• When policy develops, DSD costs it, no one unpacks the current state to see what impact it would have, e.g., extending resolution time for work refusal failure.</li><li>• Having increased business involvement would stop inappropriate system builds that are not effective.</li><li>• The system generally does what it needs to do. It has many layers and fixes from policies, etc. When issues are identified, they become more complex when you tailor it.</li><li>• Under TCF, providers were given the capability to make decisions. It was built in a way to remove discretion.</li><li>• The unique cases are dealt with before non-compliance. We all know it doesn't always occur, but that is human error rather than anything else.</li><li>• Business process and overall workflow maps would help clarify this.</li><li>• When we do identify an issue, the way it is raised and fixed is important. Good governance delays in fixes are frustrating.</li><li>• Lack of resources is a major constraint. Time and resources are very stretched. It makes it hard for DSD to function with a small group of people.</li></ul> |
|          | MR12   | <ul style="list-style-type: none"><li>• Changes are often implemented in isolation, rather than being holistically planned.</li><li>• When making or requesting changes, there is often a lack of full understanding of how different systems interact. Communication errors between departments occur because no one has a complete understanding of all system interdependencies</li><li>• The way changes are applied is inconsistent, as some processes are automated, while others require manual intervention. Because of this, some changes may not be implemented correctly.</li><li>• Manual workarounds are heavily relied upon. Every time there is a policy change or implementation process, there is almost always something forgotten. Many processes end up requiring manual interventions to compensate for these gaps</li><li>• Data quality has significantly declined since 2022. There is no structured data on how people are progressing through the system. No reliable data on how many hours people are working or whether they are following their plan, only free-text data, which is difficult to analyse.</li></ul>                                      |
|          | MR13   | <ul style="list-style-type: none"><li>• Developers do not always document or communicate these technical changes effectively, making it harder for others to pick them up later.</li><li>• A major challenge is the underlying codebase, which contains a lot of replicated code. Each change requires updating multiple layers of code.</li><li>• Over the years, this has become increasingly difficult to manage, especially in ensuring that changes apply correctly across all system layers.</li><li>• Some recent changes have deviated significantly from the original codebase.</li><li>• Specific use case scenarios are used to finalise changes, but when a new change comes six months later, it has to be applied in multiple places within the system. Looking ahead six years from now, if this pattern continues, the system will become even more difficult to maintain.</li><li>• The system is increasingly individualised, but this also introduces inconsistencies in behaviour.</li><li>• The approach so far has mostly been patchwork fixes rather than a full system redesign.</li></ul>   |
|          | ED5  | This document outlines the TCF bugs that have been recorded along with their severity, title, state and date created. The last TCF bug recorded was on 28/11/2024 and there is no documentation on how they review and resolve bugs/issues.  |
|          | ED17   | This document serves as a comprehensive issues log, detailing each item with corresponding DevOps ID, description, workarounds, knowledge base references, next steps, priority, severity, and targeted fix release dates. It is a well-structured and thoroughly developed resource that also includes key dashboards and a clear record of resolved bugs and issues, ensuring full visibility into ongoing and completed work.   |
|          | ED91   | Document is a Business Rules Review document with action items and proposed requirements. The 'EA Progress' is underdeveloped. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.   |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description  |   |
|----------|--|---|
| CFNT26   | The use of hard coding to implement program rules is not best practice, limits subsequent policy change, and is destabilising the system code. |   |
| Evidence | MR02   | <ul style="list-style-type: none"><li>Because of the addition of business rules and complexity in the system through patch fixes, making minor changes now has implications for other parts of the system. Any small change takes a lot of time and money to resolve, and the Department has not taken note of how different business rules interact with each other.</li><li>We need to do this sooner rather than later. We are trying to reform the current system, starting mid-2027, and we don't want to build complexity into a system that is not performing.</li></ul>   |
|          | MR08   | <ul style="list-style-type: none"><li>We try to make the system handle everything, including exception processes, however, writing business rules for all scenarios is impossible.</li><li>We've relied too heavily on IT for everything. Sometimes, the answer lies in better policy design, manual processes, or training.</li><li>The system reflects policy posture, and different governments have different approaches.</li><li>The TCF is tricky due to its varying philosophies. Perhaps we should have been more aware of policy adjustments.</li><li>We lack nuance in our approach.</li><li>Some people face bigger barriers and need more support, which we should provide. Conversely, some people aim to exploit the system, and our design to handle them impacts everyone.</li><li>We focus on projects not products, we need to focus more on product thinking. We haven't invested in TCF since it was first implemented, we have made band-aid fixes but haven't thought about the health of the platform as a whole</li></ul>   |
|          | MR10   | <ul style="list-style-type: none"><li>The system has been around for a long time. Decision-making and politics have influenced it. A lot of tech and logic have been built since then. There has been no major policy review since then, only minor changes.</li><li>The current system does not reflect its original design from years ago.</li><li>The challenge lies in having many teams running this. For example, the Legal team handles legislation, the Policy team and the Business team, the IT team, and the Project Manager. The end-to-end flow is fragmented, even though certain teams work together none of them know the entire process and involvement end-to-end.</li><li>Initially, foundational work was done with the expectation of additional funding, so best practices for code build were not followed.</li><li>We could significantly cut error rates if payments weren't linked to compliance.</li><li>The team can modernise the system with gradual changes and adequate funding.</li></ul>  |
|          | MR13   | <ul style="list-style-type: none"><li>A major challenge is the underlying codebase, which contains a lot of replicated code. Each change requires updating multiple layers of code.</li><li>Over the years, this has become increasingly difficult to manage, especially in ensuring that changes apply correctly across all system layers.</li><li>Some recent changes have deviated significantly from the original codebase.</li><li>Specific use case scenarios are used to finalise changes, but when a new change comes six months later, it has to be applied in multiple places within the system.</li><li>Looking ahead six years from now, if this pattern continues, the system will become even more difficult to maintain.</li><li>The system is increasingly individualised, but this also introduces inconsistencies in behaviour.</li><li>A complete system refresh is needed. A rethink of how targeted compliance works, including a redesign of the system architecture.</li><li>The approach so far has mostly been patchwork fixes rather than a full system redesign.</li></ul> |
|          | ED5  | This document outlines the TCF bugs that have been recorded along with their severity, title, state and date created. The last TCF bug recorded was on 28/11/2024 and there is no documentation on how they review and resolve bugs/issues.   |
|          | ED6  | Outlines the automated decisions related to mutual obligations and compliance for users. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.  |

Table 59: I Expanded Evidence



# I. Expanded Evidence

Contributing Factors

| ID       | Description   |  |
|----------|---|--|
| CFNT27   | The current system design implements business/policy rules in the same 'layer' as workarounds and rules designed to support technical system operation. More than 2/3 of business rules are system enabling as opposed to program specific. |  |
| Evidence | MR04  | <ul style="list-style-type: none"><li>I feel the most benefit is from the ability to change parameters within the system e.g. In October of last year the business days of not meeting mutual obligation requirements was increased from 2 to 5 business days. This took a while, months to fix where they had to go and change code everywhere it had 2 business days to 5 business days.</li></ul>   |
|          | MR05  | <ul style="list-style-type: none"><li>Are the changes hard-coded into the system?; That has definitely been the case historically. A lot of the work we are doing now involves major changes and appropriate consideration.</li></ul>  |
|          | MR06  | <ul style="list-style-type: none"><li>From a technical standpoint, there is nothing documented around the specific ordering within the business rules that follow through to implementation.</li><li>There is no single thing that we can point to for the build and test logic of how we would expect the business rules to flow.</li></ul>   |
|          | MR07  | <ul style="list-style-type: none"><li>There is merit in how we can simplify the implementation and are we doing the right thing? Your point around volume and frequency is valid. What are the general exceptions? Where do most people exist, how many of those get to the pointy end. I would be interested on how the events are impacted e.g. the last one impacted 100 people. How frequently are these exceptions handled.</li></ul>   |
|          | MR08  | <ul style="list-style-type: none"><li>We try to make the system handle everything, including exception processes. Writing business rules for all scenarios is impossible. Intentional processes and digital solutions can solve most problems, but there should be an exception process for unique cases where people can intervene and resolve issues.</li></ul>  |
|          | ED12  | This document outlines business rules relating to ESAt, Non-compliance event series and change in penalty zones. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.   |
|          | ED34  | This document outlines the Targeted Compliance Framework: Mutual Obligation Failure Guidelines. Does not highlight any current system design implementations involving business/policy rules in the same layer as workarounds and rules designed.  |
| CFNT28   | Wholesale or bulk policy changes, specifically legislative and policy/program design, were made to the system and its base code in an unplanned, irregular manner.  |  |
| Evidence | MR09  | <ul style="list-style-type: none"><li>Patches are applied to clean up these issues, but they aren't included in testing, nor are the changes documented clearly. This murkiness needs to be clarified.</li></ul>   |
|          | MR10  | <ul style="list-style-type: none"><li>Yes, development standards have improved over time. Initially, foundational work was done with the expectation of additional funding, so best practices for code build were not followed. There have been significant improvements in standard codes, configurable fields, low-code, and no-code solutions. In my technology career, this thinking has evolved, but since this system was built in-house, it hasn't kept pace. We rely on outdated practices without sufficient funding, while the workload has increased significantly. Although interactions were compliant at the time, things have changed. The team can modernise the system with gradual changes and adequate funding.</li></ul> |
|          | MR15  | <ul style="list-style-type: none"><li>It is challenging both to map out the current system accurately and to accommodate the frequent changes. Over the years, there have been numerous edits, and the IT system was not built in a way that allows it to pivot easily when these changes occur.</li></ul>   |
|          | MR16  | <ul style="list-style-type: none"><li>Planned work related to compliance issues is typically managed under specific projects. However, ad-hoc changes are often made quickly to address urgent issues. This isn't the optimal way of implementing changes. There are no clear process maps for these different scenarios. We don't have an easy-to-follow process map, and there's no end-to-end (e2e) process map showing what a user might experience.</li></ul>   |
|          | ED5   | This document outlines the TCF bugs that have been recorded along with their severity, title, state and date created. The last TCF bug recorded was on 28/11/2024 and there is no documentation on how they review and resolve bugs/issues.  |
|          | ED91  | Document is a Business Rules Review document with action items and proposed requirements. The 'EA Progress' is underdeveloped. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.   |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description  |   |
|----------|--|---|
| CFNT29   | Existing business rules and coding were not removed and replaced but written over, rewritten and/or heavily modified to achieve the policy outcome.  |   |
|          | MR05   | <ul style="list-style-type: none"><li>My biggest takeaway is how many bugs there are in the system and the existing number of workarounds implemented just to make the program function to achieve its objective. It seems to be a business-as-usual activity. The team is carrying out manual processes daily as the system is not doing what it should be. Some bugs are lower down on the list and never get resolved as they don't directly impact people's payout. I get the impression that the system has undergone urgent change after urgent change, continually patching up holes.</li></ul>  |
| Evidence | MR06   | <ul style="list-style-type: none"><li>Mapping out program logic and how we'd expect it to flow. Layering that goes on in the system – policy changes. Rather than stripping out existing rules and policies coded in, get modified and added in. Hierarchy to the way the rules are managed? Program logic as opposed to IT design; From a technical standpoint, there is nothing documented around the specific ordering within the business rules that follow through to implementation.</li></ul>  |
|          | MR13   | <ul style="list-style-type: none"><li>A major challenge is the underlying codebase, which contains a lot of replicated code. Each change requires updating multiple layers of code.</li></ul>   |
| CFNT30   | Presently, payments or penalties are only restored or reversed following the conclusion of a review. This increases the risk that a participant will be negatively impacted and the severity of such impact. |   |
| Evidence | MR03   | <ul style="list-style-type: none"><li>The TCF process is primitive; the system tells Services Australia that payments are due. If something breaks, payments are halted by default. Historically, the system has operated autonomously, but now there is a shift towards a more proactive approach.</li></ul>   |
| CFNT31   | There is no current process to systematically review each case with a negative decision, or a program logic that identifies every negative decision.   |   |
| Evidence | MR05   | <ul style="list-style-type: none"><li>The TCF framework has been developed with people and providers in different places within the system. We rely on providers, but there is support for the system. - If the provider doesn't do that, what happens? - They may be unable to make those changes.</li><li>Initially, it is automated. We send a response that says if you cannot achieve that, you can reach out to your provider, etc.</li></ul>   |
|          | MR06   | <ul style="list-style-type: none"><li>How do we know what is being asked for? There is no single view of what Program logic looks like that you can interpret and engage with in a meaningful way.</li></ul>  |
|          | ED71   | Document only outlines the Mutual obligation requirements and highlights the managed cohorts and people who fully meet requirements.  |
|          | ED65   | Document outlines 9 different journey maps/case studies that outline the specific requirements and situations that will occur during the process of BRIC.   |
|          | ED66   | Document outlines different case studies regarding the BTES journey.  |
|          | ED67   | This document outlines different case studies regarding the Community Development Program (CDP) and Disability Employment Services (DES) participants who are fully meeting mutual obligation requirements  |
| CFNT32   | The department has attempted to negate any requirement for manual case processing through increasingly complex coding and participant pathways within the system.  |   |
| Evidence | MR01   | <ul style="list-style-type: none"><li>According to advice from my team, there are currently several manual workarounds in place to handle tasks that the system cannot perform.</li></ul>   |
|          | MR03   | <ul style="list-style-type: none"><li>My biggest takeaway is how many bugs there are in the system and the existing number of workarounds implemented just to make the program function to achieve its objective. It seems to be a business-as-usual activity. The team is carrying out manual processes daily as the system is not doing what it should be.</li><li>I get the impression that the system has undergone urgent change after urgent change, continually patching up holes.</li></ul>   |
|          | MR05   | <ul style="list-style-type: none"><li>The system generally does what it needs to do. It has many layers and fixes from policies, etc. When issues are identified, it becomes more complex when you tailor it.</li></ul>   |
|          | MR06   | <ul style="list-style-type: none"><li>The system does cater for 'vanilla' job seeker cases. When a vulnerable or complex case is processed through the business rules, it can land in a gap and become an exception. We look to which business rules have not allowed for the individual case to fall into a specific bucket and apply manual fixes / patches to the logic.</li></ul>   |
|          | MR07   | <ul style="list-style-type: none"><li>This is one of the things that surprised me, we try to make the system handle everything, including exception processes. Writing business rules for all scenarios is impossible. Intentional processes and digital solutions can solve most problems, but there should be an exception process for unique cases where people can intervene and resolve issues. We've relied too heavily on IT for everything. Sometimes, the answer lies in better policy design, manual processes, or training.</li><li>Trying to make the system handle every exception is unrealistic. IT should not be relied upon for all scenarios; there should be manual intervention processes for unique cases.</li></ul> |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description   |  |
|----------|---|--|
| CFNT33   | Teams with varying degrees of responsibility for the design and delivery of the Targeted Compliance Framework and system, including delivery partners Service Australia, operate in isolation, further fragmenting program design, delivery and the sound administration of outcomes. |  |
| Evidence | MR12  | <ul style="list-style-type: none"><li>• When making or requesting changes, there is often a lack of full understanding of how different systems interact. Communication errors between departments occur because no one has a complete understanding of all system interdependencies.</li><li>• The scale of IT systems is so large that no single team fully understands all interactions between different policy, legislation, and system frameworks.</li><li>• Changes are often implemented in isolation, rather than being holistically planned.</li><li>• Coordination with Services Australia is difficult due to their large and complex IT system.</li><li>• The problem isn't just reliance on the system, but rather the amalgamation of multiple systems and human decision-making throughout the process.</li><li>• Many decisions involve human discretion, which is not consistently applied across different staff members.</li><li>• Manual workarounds are heavily relied upon. Every time there is a policy change or implementation process, there is almost always something forgotten. Many processes end up requiring manual interventions to compensate for these gaps.</li></ul>   |
|          | MR16  | <ul style="list-style-type: none"><li>• Issues are raised by the business or from application support. Once an issue is identified, it goes through DevOps, where it is tracked and analysed. The necessary adjustments are then raised to the development team.</li><li>• I don't know the level of detail in inter-agency testing. I'm interested to know what the teams think of this in terms of testing, but I don't have much interaction myself. The project team handles most of it.</li><li>• We don't have an easy-to-follow process map, and there's no end-to-end (e2e) process map showing what a user might experience.</li><li>• A process map for both the end state and the current state, along with a gap analysis, would be useful.</li><li>• Planned work related to compliance issues is typically managed under specific projects. However, ad-hoc changes are often made quickly to address urgent issues. This isn't the optimal way of implementing changes.</li><li>• The business rules are not written in an easy-to-follow way, so simplifying those rules would be important.</li><li>• Whenever there is an issue with the payment system, it goes to Robodebt or AI. When these types of decisions are included in the system, it captures all those cases. There is potential for AI to make decisions, so we need to be careful when automating changes.</li><li>• The system should allow for changes and adjustable workflows. However, I can't speak for the business side, so I'm not sure what they mean by flexibility.</li></ul> |
|          | ED75 – ED102  | Documents outlining business rules that do not directly map to policy/system – only at a very high level. No direct correlation to policies etc  |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description   |   |
|----------|---|---|
| CFNT34   | A disjointed approach to system design and coding has resulted in code, which is duplicative, repetitive and contradictory. In certain instances, participant pathways are unnecessarily duplicated and inconsistent. |   |
| Evidence | MR05  | <ul style="list-style-type: none"><li>•The system generally does what it needs to do. It has many layers and fixes from policies, etc. When issues are identified, they become more complex when you tailor it.</li><li>•The system has a flag that identifies people (e.g., homeless, etc.). They are generally serviced by providers who have to set achievable goals for them.</li><li>•There are early interventions that are meant to occur.</li><li>•When policy develops, DSD costs it, no one unpacks the current state to see what impact it would have, e.g., extending resolution time for work refusal failure. We need to understand what build was happening at that time. Resolution time applies to WRF. •Having business involvement would stop inappropriate system builds that are not effective. Business process maps would help clarify this.</li><li>•We don't have an easy-to-follow process map, and there's no end-to-end (e2e) process map showing what a user might experience.</li><li>•A process map for both the end state and the current state, along with a gap analysis, would be useful.</li><li>•If something goes wrong, it would be identified through the system. There's limited intervention with the system itself. If a n issue occurs, it usually has to be resolved with a data fix or manual intervention.</li><li>•Manual workarounds are heavily relied upon. Every time there is a policy change or implementation process, there is almost always something forgotten. Many processes end up requiring manual interventions to compensate for these gaps..</li></ul> |
|          | MR06  | <ul style="list-style-type: none"><li>•There is no specific ordering within the business rules that follow through to implementation. •Things are not documented clearly, there is a question to be answered for this.</li><li>•From a technical standpoint, there is nothing documented around the specific ordering within the business rules that follow through to implementation.</li><li>•No single view of what Program logic looks like that you can interpret and engage with in a meaningful way.</li><li>•The system does cater for 'vanilla' job seeker cases. When a vulnerable or complex case is processed through the business rules, it can land in a gap and become an exception. We look to which business rules have not allowed for the individual case to fall into a specific bucket and apply manual fixes/patches to the logic.</li><li>•Sometimes, we will apply a manual fix to get it (the case decision) right and decide which patch we need to apply to cater to the scenario.</li><li>•The Department wouldn't know how cases are being processed end-to-end or how the system has been iteratively developed over time. There are many aspects of the system which are no longer understood.</li><li>•We feel as though the Department is looking at the system itself as a source of truth, without the end-to-end knowledge of how cases are processed. There is no understanding of how the system has iteratively evolved and how the system relates to policy is the crux of the issue.</li></ul>   |
|          | MR10  | <ul style="list-style-type: none"><li>•The system has been around for a long time. Decision-making and politics have influenced it. A lot of tech and logic have been built since then. There has been no major policy review since then, only minor changes.</li><li>•The challenge lies in having many teams running this. For example, the Legal team handles legislation, the Policy team and the Business team, the IT team, and the Project Manager. The end-to-end flow is fragmented, even though certain teams work together none of them know the entire process and involvement end-to-end.</li><li>•Development standards have improved over time. Initially, foundational work was done with the expectation of additional funding, so best practices for code build were not followed.</li><li>•We rely on outdated practices without sufficient funding, while the workload has increased significantly. •Old components and additions without proper review, combined with a vulnerable cohort in the payment area, are exacerbated by Robodebt.</li></ul>  |
|          | MR11  | <ul style="list-style-type: none"><li>•When I started, we were asked to implement changes reactively rather than proactively, without sufficient time to deliver, increasing the technical debt accumulated over time. With each release, we incur more technical debt.</li><li>•There is significant connectivity with other areas of DEWR, making interactions complex and siloed. This interconnectedness complicates testing and achieving 100% code coverage is difficult.</li><li>•Collaboration between IT, business, and policy has improved, but this has sometimes led to confusion or a lack of understanding of the entire system. IT and business often find policy directives complex, wondering if they have been considered holistically.</li><li>•It becomes complex when dealing with vulnerable participants and various scenarios. Ensuring that policy and business cater to these edge cases could be improved.</li></ul>   |
|          | MR12  | <ul style="list-style-type: none"><li>•There is often a lack of full understanding of how different systems interact. The scale of IT systems is so large that no single team fully understands all interactions between different policies, legislation, and system frameworks. •Changes are often implemented in isolation, rather than being holistically planned. The way changes are applied is inconsistent, as some processes are automated, while others require manual intervention. Because of this, some changes may not be implemented correctly.</li><li>•Manual workarounds are heavily relied upon. Every time there is a policy change or implementation process, there is almost always something forgotten. Many processes end up requiring manual interventions to compensate for these gaps. •</li><li>•Many decisions involve human discretion, which is not consistently applied across different staff members. The guidelines for providers, Services Australia, and compliance teams are often complex and lengthy.</li><li>•Many staff do not fully follow the guidelines when making decisions, leading to inconsistencies in decision-making.</li><li>•We don't have an easy-to-follow process map, and there's no end-to-end (e2e) process map showing what a user might experience process map for both the end state and the current state, along with a gap analysis, would be useful.</li></ul>  |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description  |   |
|----------|--|---|
| CFNT34   | CFNT34 Continued   |   |
|          | MR16   | <ul style="list-style-type: none"><li>We don't have an easy-to-follow process map, and there's no end-to-end (e2e) process map showing what a user might experience. There are no clear process maps for these different scenarios.</li><li>Planned work related to compliance issues is typically managed under specific projects. However, ad-hoc changes are often made quickly to address urgent issues.</li><li>Whenever there is an issue with the payment system, it goes to Robodebt or AI. When these types of decisions are included in the system, it captures all those cases. There is potential for AI to make decisions, so we need to be careful when automating changes.</li><li>The system should allow for changes and adjustable workflows. However, I can't speak for the business side, so I'm not sure what they mean by flexibility. This system is 7-8 years old, and making changes on the existing system could be quite challenging.</li><li>The business rules are not written in an easy-to-follow way, so simplifying those rules would be important. Simplifying the taxonomy and ensuring it's not open to interpretation is also necessary.</li></ul> |
|          | ED5  | This document outlines the TCF bugs that have been recorded along with their severity, title, state and date created. The last TCF bug recorded was on 28/11/2024 and there is no documentation on how they review and resolve bugs/issues.   |
| CFNT35   | The duplication and complexity of participant pathways within the system reduces confidence that policy and program requirements are being consistently and equitably applied to participants. |   |
| Evidence | MR03   | <ul style="list-style-type: none"><li>There is also a lot of complexity of business rules. There are 350 rules, highlighting the level of complexity. We are introducing band-aid fixes without considering the overall picture, attempting to change a few things without a holistic approach. Job seekers regularly navigate this complex system.</li></ul>   |
|          | MR04   | <ul style="list-style-type: none"><li>Given there are around 1.1 million users on the system, there is less benefit in trying to cater to niche or particular circumstances, given we won't have the ability to cater to each one of them individually. We should have the ability to put people into boxes and determine that anybody who falls outside of the rules you can cater to separately.</li></ul>  |
|          | MR06   | <ul style="list-style-type: none"><li>Artefacts that have been delivered are difficult to understand what should be going on. It is hard to deliver that information to end users and to say how systems should be working.</li></ul>   |
|          | MR08   | <ul style="list-style-type: none"><li>Initially, we overlooked some intentional design aspects. While many emphasise the need to improve TCF implementation, the complexity of understanding policy has led us to develop an equally complex IT solution.</li></ul>   |
|          | ED27   | Document reflects the complex non-compliance process. No evidence to suggest this is the most up-to-date version.   |
|          | ED101  | Business rule document outlining a participant's re-engagement. However, there are some business rules that act as controls and/or in-built safety measures that support manual processing or intervention for cases processed within the system.   |
| CFNT36   | Operational knowledge is heavily reliant on institutional memory rather than formalised documentation, increasing the risk of operational disruptions when personnel changes occur.            |   |
| Evidence | MR09   | <ul style="list-style-type: none"><li>Junior IT staff work collaboratively, but there are silos in terms of their objectives.</li></ul>   |
|          | MR10   | <ul style="list-style-type: none"><li>The challenge lies in having many teams running this. For example, the Legal team handles legislation, the Policy team and the Business team, the IT team, and the Project Manager. The end-to-end flow is fragmented, even though certain teams work together none of them know the entire process and involvement end-to-end.</li></ul>   |
|          | MR11   | <ul style="list-style-type: none"><li>Certain team members resist changes because they lack confidence about what else might break, without a comprehensive understanding of the end-to-end process.</li><li>Collaboration between IT, business, and policy has improved, but this has sometimes led to confusion or a lack of understanding of the entire system.</li><li>There is significant connectivity with other areas of DEWR, making interactions complex and siloed. This interconnectedness complicates testing and achieving 100% code coverage is difficult.</li><li>IT and business often find policy directives complex, wondering if they have been considered holistically.</li><li>It becomes complex when dealing with vulnerable participants and various scenarios. Ensuring that policy and business cater to these edge cases could be improved.</li></ul>   |

Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description   |   |
|----------|---|---|
| CFNT37   | The absence of in-built manual review points, or case intervention or escalation pathways within the system reduces the department's ability to undertake proactive verification and assurance processes, or to pre-emptively avoid flawed case outcomes. |   |
| Evidence | MR03  | <ul style="list-style-type: none"><li>We are introducing band-aid fixes without considering the overall picture, attempting to change a few things without a holistic approach. Job seekers regularly navigate this complex system.</li></ul>   |
|          | MR05  | <ul style="list-style-type: none"><li>There is a general concern about the heavy reliance on the system to handle everything. Most changes are made to the system without comprehensive consideration, which leads to the system being built upon repeatedly without addressing underlying issues.</li></ul>  |
|          | MR08  | <ul style="list-style-type: none"><li>This is likely part of the growing pains that DEWR is experiencing (when questioned about the need for in-built review points)</li></ul>  |
|          | ED35  | This document gives further reference to the TCF and the particular warning zones that participants may find themselves in if they do not meet their Mutual obligation requirements. Information about recording and reporting as well as responsibilities is also spelt out in this document.                |
|          | ED99  | This document outlines the business rules associated with communicating and interacting with Services Australia.  |
| CFNT38   | A disjointed approach to system design and coding has resulted in code, which is duplicative, repetitive and contradictory. In certain instances, participant pathways are unnecessarily duplicated and inconsistent.                                     |   |
| Evidence | ED22  | Business process map outlining the notifications for points-based failure and non-compliance timeline for participants in the green and warning zone. This is one of two process maps that is documented.   |
|          | ED35  | This document gives further reference to the TCF and the particular warning zones that participants may find themselves in if they do not meet their Mutual obligation requirements. Information about recording and reporting as well as responsibilities is also spelt out in this document.                |
| CFNT39   | Compliance actions, including penalties and payment suspensions, are automatically applied without sufficient safeguards to account for exceptional or complex participant circumstances.   |   |
| Evidence | MR03  | <ul style="list-style-type: none"><li>The TCF process is primitive, the system tells Services Australia that payments are due. If something breaks, payments are halted by default. Historically, the system has operated autonomously, but now there is a shift towards a more proactive approach.</li></ul> |
|          | MR08  | <ul style="list-style-type: none"><li>As seen in the Robodebt review, the system can fail in unique cases, and manual interventions are necessary to resolve issues, especially in payment suspensions which can lead to hardship.</li></ul>  |
|          | ED6   | Outlines the automated decisions related to mutual obligations and compliance for users. However, does not state the system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.         |
|          | ED20  | This document outlines business rules relating to work refusal/unemployment. . However, does not state the system-based business rule, end-to-end workflow or relevant system component of coding directly correlates to or is provided for under relevant legislation or policy authority.                   |
| CFT1     | Testing was not applied consistently with the documented process and departmental policy  |   |
| Evidence | ITD01   | Document is Compliance Internal API repo. A manual analysis was conducted to identify the existing test coverage.   |
|          | MR23  | <ul style="list-style-type: none"><li>The team noted that there is currently no full coverage across unit and integration tests. The repository holds the complete set of existing tests, with no additional tests beyond those already present.</li></ul>  |
|          | MR24  | <ul style="list-style-type: none"><li>The team observed that current testing efforts primarily depend on Inter-Agency and End-to-End testing. Due to the need for coordination across multiple teams, the testing process is lengthy and can take several months to complete.</li></ul>                       |
| CFT2     | The absence of a self-contained testing environment with a mocked Services Australia dependency prevents independent verification of the Compliance system, delaying defect detection and release timelines.  |   |
| Evidence | ITD01   | Document is Compliance Internal API repo.   |
|          | MR23  | <ul style="list-style-type: none"><li>The team noted that there are no automated tests available in any environment that allow for component-level testing with mocked dependencies.</li></ul>  |
|          | MR24  | <ul style="list-style-type: none"><li>The team observed that current testing predominantly relies on Inter-Agency and End-to-End tests. This approach requires coordination across multiple teams, resulting in extended testing cycles that can span several months.</li></ul>                               |
| CFT3     | The current testing approach is heavily reliant on Inter-Agency and End to End testing, requiring extensive coordination across multiple teams, leading to prolonged testing cycles that extend defect resolution timelines to weeks or even months.      |   |
| Evidence | ED5   | This document outlines the TCF bugs that have been recorded along with their severity, title, state and date created. The last TCF bug recorded was on 28/11/2024 and there is no documentation on how they review and resolve bugs/issues.   |
|          | ED91  | Document is a Business Rules Review document with action items and proposed requirements. The 'EA Progress' is underdeveloped. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.  |
|          | MR23  | <ul style="list-style-type: none"><li>The team noted that there are no automated tests available in any environment that allow for component-level testing with mocked dependencies.</li></ul>  |
|          | MR24  | <ul style="list-style-type: none"><li>The team observed that current testing predominantly relies on Inter-Agency and End-to-End tests. This approach requires coordination across multiple teams, resulting in extended testing cycles that can span several months.</li></ul>                               |

Table 59: I Expanded Evidence



# I. Expanded Evidence

## Contributing Factors

| ID              | Description   |   |
|-----------------|---|---|
| <b>CF14</b>     | The Compliance Web API has insufficient unit and integration test coverage, with less than 50 percent test coverage, increasing the likelihood of undetected defects in critical workflows.   |   |
| <b>Evidence</b> | <b>ITD01</b>  | Document is Compliance Internal API repo. Coverage report was run for tests present in the repository   |
| <b>CF15</b>     | The system lacks a clear mechanism to trace a participant's journey, making it difficult to verify whether their current status is accurate and hindering effective issue resolution.   |   |
| <b>Evidence</b> | <b>MR18</b>   | <ul style="list-style-type: none"> <li>The team observed that the system is highly complex and has numerous dependencies. As a result, it is challenging to trace a single participant's journey solely within the compliance system, given its reliance on multiple interconnected services.</li> </ul>          |
|                 | <b>MR23</b>   | <ul style="list-style-type: none"> <li>The team noted that the system's complexity makes it difficult to pinpoint the source of bugs. Efforts have begun to migrate the codebase to a newer version, with a focus on incorporating best practices such as improved observability and enhanced tracing.</li> </ul> |
|                 | <b>MR25</b>   | <ul style="list-style-type: none"> <li>The team highlighted that the business logic is distributed across multiple layers, consisting of intricate and evolving code with minimal test coverage. This makes it hard to assess the potential impact of changes to any specific part of the codebase.</li> </ul>    |
| <b>CF16</b>     | There is a risk that, without real-time monitoring and comprehensive process audit logs, critical issues affecting participants will go unnoticed, leading to delayed support, incorrect system status, and potential non-compliance with DEWR policies.  |   |
| <b>Evidence</b> | <b>MR18</b>   | <ul style="list-style-type: none"> <li>The team observed that the system is highly complex and has numerous dependencies. As a result, it is challenging to trace a single participant's journey solely within the compliance system, given its reliance on multiple interconnected services.</li> </ul>          |
|                 | <b>MR23</b>   | <ul style="list-style-type: none"> <li>The team noted that the system's complexity makes it difficult to pinpoint the source of bugs. Efforts have begun to migrate the codebase to a newer version, with a focus on incorporating best practices such as improved observability and enhanced tracing.</li> </ul> |
|                 | <b>MR25</b>   | <ul style="list-style-type: none"> <li>The team highlighted that the business logic is distributed across multiple layers, consisting of intricate and evolving code with minimal test coverage. This makes it hard to assess the potential impact of changes to any specific part of the codebase.</li> </ul>    |
| <b>CF17</b>     | Support teams rely on manual checks and participant-provided information instead of system-driven insights, leading to a reactive approach that delays issue resolution and increases operational inefficiencies.   |   |
| <b>Evidence</b> | <b>MR18</b>   | <ul style="list-style-type: none"> <li>The team observed that the system is highly complex and has numerous dependencies. As a result, it is challenging to trace a single participant's journey solely within the compliance system, given its reliance on multiple interconnected services.</li> </ul>          |
|                 | <b>MR23</b>   | <ul style="list-style-type: none"> <li>The team noted that there is currently no dashboard available for support teams to efficiently track a participant's journey or quickly identify any errors associated with that participant.</li> </ul>   |
|                 | <b>MR25</b>   | <ul style="list-style-type: none"> <li>The team observed that the codebase does not adhere to best practices for logging and traceability. As a result, it lacks the necessary mechanisms to support proactive support and managed services.</li> </ul>   |
| <b>CF18</b>     | There is insufficient documentation detailing component design, code structure, and business workflows, along with a lack of traceability from business requirements to system design, implemented code, and testing. This gap increases the risk that system changes will not align with DEWR's legislative and policy-driven requirements, making it difficult to ensure accountability, audit readiness, and system integrity. |   |
| <b>Evidence</b> | <b>ED91</b>   | Document is a Business Rules Review document with action items and proposed requirements. The 'EA Progress' is underdeveloped. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.  |
|                 | <b>ED7</b>  | This document outlines business rules relating to a capability assessment which is when a job seeker has reached their 5th demerit, and a Finalised Capability Interview exist. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.               |
|                 | <b>MR18</b>   | <ul style="list-style-type: none"> <li>The team noted the absence of detailed documentation for the endpoints and the underlying business logic within the codebase.</li> </ul>   |
|                 | <b>MR19</b>   | <ul style="list-style-type: none"> <li>The team noted the absence of detailed documentation for the endpoints and the underlying business logic within the codebase.</li> </ul>   |
|                 | <b>MR21</b>   | <ul style="list-style-type: none"> <li>Lack of documentation, along with limited traceability between the code and business requirements, was highlighted during the meeting.</li> </ul>  |
|                 | <b>ITD06</b>  | Documentation for Compliance in Confluence is inadequate  |
|                 | <b>ITD07</b>  | Workforce Australia Digital Platform Documentation – Sharepoint is inadequate   |
|                 | <b>MR23</b>   | <ul style="list-style-type: none"> <li>The team noted that there are many dependent NuGet packages which are difficult to locate, and there is no existing documentation outlining them.</li> </ul>   |
|                 | <b>MR24</b>   | <ul style="list-style-type: none"> <li>The team observed that while there is traceability between business requirements and test cases, there is no established traceability between the code documentation and the corresponding test cases.</li> </ul>  |


Table 59: I Expanded Evidence

# I. Expanded Evidence

Contributing Factors

| ID       | Description  |   |
|----------|--|---|
| CFT9     | There is no centralised documentation linking business requirements to system design, code changes, and test cases, reducing traceability, accountability, and increasing the risk of non-compliance with policy obligations.  |   |
| Evidence | MR18   | <ul style="list-style-type: none"><li>The team noted the absence of detailed documentation for the endpoints and the underlying business logic within the codebase.</li></ul>   |
|          | MR19   | <ul style="list-style-type: none"><li>The team noted the absence of detailed documentation for the endpoints and the underlying business logic within the codebase.</li></ul>   |
|          | MR21   | <ul style="list-style-type: none"><li>Lack of documentation, along with limited traceability between the code and business requirements, was highlighted during the meeting.</li></ul>  |
|          | ITD06  | Documentation for Compliance in Confluence is inadequate  |
|          | ITD07  | Workforce Australia Digital Platform Documentation – Sharepoint is inadequate   |
|          | ED91   | Document is a Business Rules Review document with action items and proposed requirements. The ‘EA Progress’ is underdeveloped. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.  |
|          | ED7  | This document outlines business rules relating to a capability assessment which is when a job seeker has reached their 5th demerit, and a Finalised Capability Interview exist. However, through our analysis, it is evident that there is a limited correlation between business rules and policy.   |
| CFT10    | Critical system knowledge remains siloed among individual team members, increasing operational risks, delaying issue resolution, raising maintenance costs, and making the system vulnerable when key personnel leave.   |   |
| Evidence | MR18   | <ul style="list-style-type: none"><li>The team noted the absence of detailed documentation for the endpoints and the underlying business logic within the codebase.</li></ul>   |
|          | MR19   | <ul style="list-style-type: none"><li>The team noted that subject matter expertise is concentrated among specific individuals rather than being captured through detailed documentation. When these SMEs leave, the knowledge transfer process is often incomplete, increasing the risk due to undocumented critical information.</li></ul> |
|          | MR21   | <ul style="list-style-type: none"><li>Lack of documentation, along with limited traceability between the code and business requirements, was highlighted during the meeting.</li></ul>  |
| CFT11    | Business logic is spread across multiple areas, making it hard to track how changes impact critical workflows. Without adequate safeguards, the system has become difficult to maintain, adapt to business-driven changes, and ensure the reliable delivery of services. |   |
| Evidence | ITD01  | On manual analysis of the code base, business logic is spread across multiple layers in the codebase making it difficult to track and test  |
|          | MR18   | <ul style="list-style-type: none"><li>The team noted the absence of detailed documentation for the endpoints and the underlying business logic within the codebase.</li></ul>   |
|          | MR19   | <ul style="list-style-type: none"><li>During the backend code overview, it became evident that unit test coverage was minimal, and integration tests were limited to only a few key paths. There was a general acknowledgement that large portions of the codebase remain untested.</li></ul>   |
|          | MR22   | <ul style="list-style-type: none"><li>The team noted that the code is complicated and is a result of patches and fixes over time without investing time to look at the tech debts and application architecture</li></ul>  |
| CFT12    | The lack of automated quality controls, like static code analysis in the deployment pipeline, increases the likelihood of undetected defects, making the system more prone to errors and compliance failures.  |   |
| Evidence | ITD01  | There is inadequate evidence for the presence of static code analysis tools in deployment pipelines   |
| CFT13    | The Compliance Domain Service relies on shared components maintained by other teams, increasing the risk that changes to these components may have unintended impacts, potentially disrupting compliance-related functionalities.  |   |
| Evidence | MR19   | <ul style="list-style-type: none"><li>The team observed that the system is highly complex and has many dependencies.</li></ul>  |
|          | MR24   | <ul style="list-style-type: none"><li>The team noted that several components are shared across the Compliance API. There have been instances where changes to these shared components were not included in the compliance regression testing scope, resulting in defects being introduced into production.</li></ul>                        |
| CFT14    | Insufficient visibility across service boundaries has resulted in compliance-related defects going undetected until production, increasing operational risks and undermining confidence in service reliability.  |   |
| Evidence | MR19   | <ul style="list-style-type: none"><li>The team observed that the system is highly complex and has many dependencies.</li></ul>  |
|          | MR24   | <ul style="list-style-type: none"><li>The team noted that several components are shared across the Compliance API. There have been instances where changes to these shared components were not included in the compliance regression testing scope, resulting in defects being introduced into production.</li></ul>                        |

Table 59: I Expanded Evidence



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our people deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society, and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s approximately 457,000 people worldwide make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

As one of the country’s leading professional services firms, Deloitte Australia is a member of Deloitte Asia Pacific Limited and the Deloitte organisation. A team of around 13,000 people helps clients navigate the complexities and challenges of a rapidly changing world through services – across Audit & Advisory, Strategy, Risk & Transactions, Tax & Legal and Technology & Transformation – that create value and drive innovation, productivity and sustainable growth. This is underpinned by strong ethical and cultural practices around everything we do. For more, visit <https://www2.deloitte.com/au/en.html>

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

© 2025 Deloitte Touche Tohmatsu.