

Joint Committee of Public Accounts and Audit

Answers to Questions on Notice

Department/Agency: Australian National Audit Office

Inquiry: Auditor-General's reports Nos 5 and 12 (2019-20)

Date of hearing: 7 February 2020

Committee Member: Mrs Lucy Wicks MP, Chair

Type of question: Written

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Australian Research Council's Administration of the National Competitive Grants Program

Topic – Commonwealth Grant Rule Guidelines

Question No. 1 part 1

Could you explain for the benefit of the committee how the Australian Research Council has been consistent with the Commonwealth Grant Rule Guidelines (CGRGs) with regards to the National Competitive Grant Program guidelines? What have they done to successfully meet the Commonwealth Grant Rule Guidelines (CGRGs) requirements?

- Is there any key learning that can be applied from ARC's processes to other grant administration programs?
- ANAO: what can be learned from the ARC's implementation of the CGRGs in framing grant program guidelines?

Answer:

As discussed in paragraphs 2.3 – 2.7 of Auditor-General Report No. 5 of 2019–20, *Australian Research Council's Administration of the National Competitive Grants Program*, NCGP guidelines reviewed by the ANAO were consistent with all mandatory elements of the CGRGs and outlined: grant objectives and purpose; eligibility criteria; clear assessment criteria; weighting of assessment criteria; approval process; and closing date for applications. The NCGP guidelines also incorporated the better practice elements of the CGRGs and Department of Finance guidance, including:

- methods of applying and lodgement;
- relevant forms, documents and templates;
- budget information requirements;
- total funding available and over what period of time and amount of funding available per grant;
- grant timeframes;
- record keeping, reporting and acquittal requirements recipients will need to comply with, how the grant be monitored and the process if recipients fail to meet obligations;
- roles and responsibilities of all parties;
- how conflict of interest, bias and associated obligations on officials and applicants will be managed; and
- feedback and complaint handling mechanisms.

The ARC also sought, and received, confirmation from the Department of Finance and the Department of the Prime Minister and Cabinet that an assessment of 'low risk' for the guidelines for each round was appropriate, provided appropriate guidance to the Minister when seeking approval of the guidelines, and the guidelines were made public (that is, published on the ARC's website or GrantConnect, as appropriate).

Key learnings that can be applied to other grant administration programs are outlined in paragraph 22 and include that:

- grant application, assessment, assurance, monitoring and reporting requirements in grant programs should be proportional to identified risks, in accordance with the CGRGs;
- by engaging subject matter experts throughout the NCGP assessment process, the ARC has been able to harness expert advice on complex and highly specialised research topics; and
- the ARC administers the NCGP using a bespoke end-to-end Research Management System. Where cost effective, IT infrastructure for grants assessment and grants management should be fit-for-purpose. Systems that embed and validate high volume and transparent processes, such as those used by the ARC for managing potential conflicts of interest within the research sector, can deliver enhanced efficiency and assurance.

The key message is that the development of clear, consistent and well documented guidelines helps to ensure consistent and efficient grants administration.

Question No. 1 part 2

With regards to paragraph 2.37 - The CGRGs state that entities should communicate effectively with potential grantees and key stakeholders - the ARC has quite an established process and framework for communicating with stakeholders and grantees (at least 12 different strategies in the ANAO report). What are some of the key examples from the ARC's strategies that could inform better practice across other entities in their grant programs?

Answer:

As noted in the question, ARC developed a variety of strategies to support its engagement with stakeholders and used a number of channels to communicate. It also developed a client service charter and standard operating procedures to support its practices. Key elements included that strategies to support communications were clear and comprehensive, and that engagement activities and messaging was consistent with the strategies. The ARC made effective use of its website and social media, stakeholder presentations and publications to communicate with stakeholders. (See paragraphs 2.40 – 2.47.)

Topic – Assessment process

Question No. 1

Figure 3.1 shows quite a robust assessment process for approving NCGP proposals- ANAO, what are some of the benefits in your view of the overall process? How effective is this multi-stepped process in ensuring that applications that do receive funding are most meritorious?

Answer:

Chapter 3 describes the assessment process and the ANAO's findings. The ARC's mature process resulted in well-informed and transparent grant assessments and funding decisions. Some of the benefits of the ARC's process were:

- guidance — the process followed the NCGP guidelines and standard operating procedures for each round, and complied with the requirements outlined in the guidelines;
- peer review — the ARC engaged members of a College of Experts, which is comprised of a wide range of experienced and highly qualified people of international standing, drawn from academia, industry and public sector research organisations. The College of Experts assisted with the assessment process, including assigning assessors and forming a Selection Advisory Committee to review and consider applications for funding and to make recommendations to the ARC's Chief Executive Officer;

- applicant feedback — before assessments are finalised, applicants were provided with assessor comments and given an opportunity to respond. Responses were considered when finalising assessment ratings;
- conflicts of interest — arrangements to manage actual and perceived conflicts of interest in the NCGP process were automated and robust. This included that conflict of interest requirements were outlined in the guidelines and ARC employees, contractors and committee members were required to disclose material personal interest disclosure requirements. Throughout the process, the ARC used a Research Management System to manage conflicts of interest. The system advised assessors of their obligations relating to conflicts of interest, kept a record of relationships that might represent an actual or perceived conflict of interest, prevented assessors being assigned to a proposal where this a known relationship, and prevented Selection Advisory Committee members from voting on research proposals where an actual or perceived conflict exists.

Further Questions

Directed to the ANAO

Question No. 6

With reference to recommendation 2 – what would efficiency targets look like in the context of the ARC, particularly considering the ARC indicated that in their preliminary review that similar granting agencies have found it difficult to develop efficiency targets?

Answer:

The ANAO found that the ARC's 2018–19 corporate plan did not include any efficiency indicators (paragraph 4.10) and, as noted in the question, recommended that the ARC ensure that its KPIs for the NCGP are reliable and include efficiency (paragraph 4.12).

The development of appropriate efficiency measures that compare the cost of inputs against outputs delivered for the ARC is a matter for the ARC to determine. The ANAO notes the ARC's response to the recommendation that similar agencies have found it difficult to develop efficiency targets. Some relevant examples of efficiency measures based on ANAO observations in other efficiency audits include:

- time efficiency indicators that could be used to measure performance in:
 - the assessment process — for example, whether the ARC completes assessments within predetermined timeframes; and
 - post-award monitoring — for example, whether the ARC reviews and assesses reports provided by administering organisations (grant recipients) are within predetermined timeframes; and
- cost per grant awarded.