



## **Australian Government**

Australian Government response to the  
Joint Committee of Public Accounts and Audit

Report 484:

*The Administration of Government Grants: Inquiry into Auditor-General's  
Reports 5, 12 and 23 (2019-20)*

October 2021

## Response to the Committee's Recommendations

### Recommendation 1

2.67 The Committee notes the recent regulatory changes to require that all grant programs run by corporate and non-corporate Commonwealth entities be administered in accordance with the *Commonwealth Grants Rules and Guidelines 2017*, and recommends that the Department of Finance review the operation of the guidelines and associated regulations two years after the tabling of this report to ensure they remain efficient and effective.

#### Agreed.

The Government supports the Department of Finance undertaking a review of the operation of the *Commonwealth Grants Rules and Guidelines 2017* and the recently commenced Division 6A of the *Public Governance, Performance and Accountability Rule 2014* after two years.

### Recommendation 2

2.68 The Committee recommends that the Department of Finance, in consultation with the Australian National Audit Office, revise its Resource Management Guides to:

- \* Provide a single consolidated authoritative guide to grants administration in the Australian Government for all corporate and non-corporate Commonwealth entities, including a focus on best practice models and principles;
- \* Provide detailed information in relation to legislative requirements of administering officials, practical advice and best practice examples; and
- \* Provide clear guidance where advice is either mandatory or optional in administering grants programs.

#### Agreed.

The Government supports the Department of Finance consolidating guidance and, where appropriate, revising guidance material on grants policy and administration, in consultation with the Australian National Audit Office. The work will be based on ensuring that the guidance material is clear on requirements (include mandatory and optional advice) and provides best practice models and examples.

### **Recommendation 3**

2.69 The Committee recommends that the Department of Finance review the established reporting and compliance system and approach to improve assurance that Commonwealth grant program guidelines are adhered to at all points of grant administration for all applicable entities and decision makers. The Department of Finance should report to the Committee on the outcome of this review within six months of the tabling of this report.

#### **Agreed.**

The Government supports the Department of Finance undertaking a review of the reporting and compliance system relating to grant opportunity guidelines, and reporting back to the Committee once this work is completed. This review will take into account the devolved and principles-based public resource management framework. Under this framework, accountable authorities, officials and ministers are responsible for understanding and complying with finance law requirements. Finance law includes the *Public Governance, Performance and Accountability Act 2013*, the *Public Governance, Performance and Accountability Rule 2014* and the *Commonwealth Grants Rules and Guidelines 2017*.

### **Recommendation 4**

2.70 The Committee recommends that the Department of Finance review the official record-keeping requirements of the Commonwealth Grants Rules and Guidelines 2017 with a view to addressing probity issues, including a requirement for all parties involved in grant administration to disclose and record any conflicts of interest. Further, changes should be made to ensure records are kept of the reasoning for decisions of a relevant Minister(s) to approve or reject grant applications and recommendations, including ministerial panels. This is particularly important where a Minister approves a grant that a relevant official/entity has recommended be rejected or assessed as ineligible.

#### **Agreed.**

The Government supports the Department of Finance reviewing the record-keeping requirements of the *Commonwealth Grants Rules and Guidelines 2017*. This review will consider broader record-keeping requirements for ministers and officials under other legislative frameworks, such as the *Archives Act 1983*, as well as existing record-keeping requirements in the *Public Governance, Performance and Accountability Act 2013* and the *Public Governance, Performance and Accountability Rule 2014*.

The Government notes the *Commonwealth Grants Rules and Guidelines 2017* already includes mandatory requirements for ministers and officials to record, in writing, the basis for approving a grant. The Government also notes section 71 of the *Public Governance, Performance and Accountability Act 2013* requires ministers to record the terms of their approval of proposed expenditure in writing. The review will consider appropriate requirements for recording reasons to reject grant applications.

The Government further notes the *Commonwealth Grants Rules and Guidelines 2017* already includes better practice guidance on the principles of ‘Governance and Accountability’ and ‘Probity and Transparency’, which provide additional guidance for officials on appropriate record-keeping and managing probity issues, including conflict of interest. The Government will mandate appropriate requirements to disclose and record any conflicts of interest.

### **Recommendation 5**

2.71 The Committee recommends that the *Commonwealth Grants Rules and Guidelines 2017* be amended to:

- \* emphasise the importance of ensuring that all relevant entities involved in grants administration receive and complete sufficient training, with documented processes to ensure the ongoing quality assurance of assessments;
- \* ensure the timely announcement and communication to stakeholders of grant opportunities and outcomes of grant programs. This should provide for greater consistency in the timing of announcements and notifications, and the provision of appropriate feedback to applicants;
- \* include an eighth key principle for grants administration of “Adherence to published guidelines”. This would uphold the expectations of the Parliament and other stakeholders and provide transparency to applicants when published criteria is amended.

### **Agreed.**

The Government has asked the Department of Finance to consider options to strengthen the *Commonwealth Grants Rules and Guidelines 2017* to take account of the Committee’s recommendations.

The Government notes the *Commonwealth Grants Rules and Guidelines 2017* already requires that officials involved in developing and managing grant opportunities and assessing grant applications should have appropriate skills and training. The Department of Finance will consider how officials should appropriately document training and other support provided to grants administration staff.

This will include considering how best to better support timely communications on new grant opportunities, decisions and feedback.

The Government will revise the *Commonwealth Grants Rules and Guidelines 2017* to reflect the importance of adherence by applying guidelines for individual grant programs and other applicable parts of the grants framework.

**Recommendation 6**

5.97 The Committee recommends that Sport Australia review its guidelines in relation to all current and future grants programs to clarify:

- \* The authority, duty and role of the Minister for Sport; and
- \* The authority, duty and role of the Australian Sports Commission Board in relation to decision-making, and that Sport Australia report back to the Committee in six months.

**Agreed.**

The Government supports asking Sport Australia to undertake a review and, subject to completion of its current related legal proceedings, report back to the Committee as proposed.