# Joint Committee of Public Accounts and Audit Committee

Public Hearing – 10 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

**Topic:**- Inquiry into Commonwealth grants administration

**Question reference number:** IQ23-000001

**Question asked by:** Julian Hill

**Type of Question:** Written.     **Hansard Page/s:** N/A

**Date set by the Committee for the return of answer:** 3 March 2023

**Question:**

DSS and DISR are each responsible for building and operating the Community Grants Hub (CGH) and Business Grants Hub (BGH), respectively. How do the design and operation of the BGH differ from the CGH?

**Answer:**

The Community Grants Hub (CGH) provides a suite of services, in line with our Service Offer, from which client agencies can choose. This can be either an end to end service, from the design to manage phase, or for specific grant administration services, such as manage only.

The CGH has a geographically diverse footprint, with an office in every capital city and in a number of regional centres. The CGH undertakes a range of functions to support grants administration to our client agencies. These include telephone support (or Hotline) to grant applicants and grantees, system administration and support, corporate and event support across our geographical network, and client agency/Department of Social Services program specific functions to support grants administration.

Across all CGH operational areas we use a core compliment of Australian Public Service staff and contractors (through labour hire arrangements).

Our national network focuses on three key business priorities:

- Drive grantee performance, monitor and manage grantee risk to drive compliance and maximise program outcomes

- Gather grants management insights and location intelligence to inform evidence-based policy and program design and management

- Build and leverage strong relationships with grantees, communities, client agencies and all levels of government

The network partners with government and non-government organisations to further the Department of Social Services (the department) mission to *improve the wellbeing of individuals and families in Australian communities*. The network achieves this through effective administration of departmental and Client Agency grants through the Manage phase, and the gathering and sharing of intelligence, to inform the development and management of evidence-based policies and programs.

The Business Grants Hub provides an end-to-end service for grants administration and will provide information on their service offer.

# Joint Committee of Public Accounts and Audit Committee

Public Hearing – 10 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

**Topic:** Inquiry into Commonwealth grants administration

**Question reference number:** IQ23-000002

**Question asked by:** Julian Hill

**Type of Question:** Written.     **Hansard Page/s:** N/A

**Date set by the Committee for the return of answer:** 3 March 2023

**Question:**

In April 2015, the government agreed to proceed with the SGGA program based on advice in a funding proposal developed by the eGovernment Steering Committee, which included representatives from PM&C, Department of Communications, Finance, Industry and DSS. The ANAO found that advice provided to government when establishing the SGGA Program was not evidence-based, and that 'In the absence of reliable baseline information, benefits were presented to government without a reasonable basis for establishing how they would be realised' (ANAO report, p. 24).
a. What role did DSS play in the design of the program?
b. Was the department aware of potential flaws in the evidence base presented to government?

**Answer:**

a.  Whilst the Department of Finance led the Program, the Department of Social Services (the department) was a member of the Streamlining Government Grants Administration (SGGA) Governance Board which met monthly to discuss the Program's progress and direction. The Board had access to external committees such as the Secretaries Committee on Transformation (SCoT) on an as-needed basis. The Program was also supported by an interagency Grants Administration Reference Group which was a key advisory and decision making body for the Program. The department provided input to the design of the Program through the consultation and engagement undertaken in these forums.

At the time, the department's strong track record of delivering community grants, and existence of a grant payment platform, supported the department's second pass business case on a whole of Australian government grants administration solution. This lead to the establishment of the Streamlining Grants Administration Program.

b.  The department was not aware of any potential flaws in the evidence base presented
    to government.

The Department of Finance took the lead in briefing government on aspects of the
Program. In our capacity as the lead agency in delivering community grants at the time,
the department was supportive of the benefits of a whole of Australian government grant
solution. The department held the view that the Program would provide improved
policy/program outcomes through a better user experience for applicants and grantees
and better targeting of grants. The benefits framework developed by the Department
of Finance at the time included:

- reduced red tape through faster, simpler processes which minimise asking for
  organisation's information more than once through using pre-populated data
  where available. This is based on the "enter once, use often" principle.

- improved reporting processes across government

- increased self-service capability making use of digital services

- increased access to grant opportunities and grant information

- more intuitive online services and

- automated application and assessment processes where possible reducing the
  time taken for grant applicants to receive an outcome from the process.

We understand at the time, the Program also sought to enable government to deliver
grants more efficiently, effectively and at a lower cost by replacing multiple existing
systems and processes used across in-scope entities.

# Joint Committee of Public Accounts and Audit Committee

Private Hearing – 10 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

**Topic:**- Inquiry into Commonwealth grants administration

**Question reference number:** IQ23-000003

**Question asked by:** Julian Hill

**Type of Question:** Written.     **Hansard Page/s:** N/A

**Date set by the Committee for the return of answer:** 3 March 2023

**Question:**

The ANAO found data quality issues with grants data extracts requested during the audit, including that the hubs were 'unable to provide sufficient … assurance over the completeness and accuracy of the data, and whether there was information loss during the extraction and delivery process' (ANAO report, para 3.35, p.68).
a. What steps has DSS taken since the audit to improve on grants data quality in the hub?

**Answer:**

The Community Grants Hub Assurance Framework has been further developed to improve data quality. Specifically:

- Controls have been reviewed to strengthen checks targeted to data quality

- Routine automated testing of key controls has been implemented

- There has been an investment in digitalisation to improve the quality of data associated with simple, repetitive tasks.

# Joint Committee of Public Accounts and Audit Committee

Public Hearing – 10 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

**Topic:** Inquiry into Commonwealth grants administration

**Question reference number:** IQ23-000004

**Question asked by:** Julian Hill

**Type of Question:** Written.     **Hansard Page/s:** N/A

**Date set by the Committee for the return of answer:** 3 March 2023

**Question:**

The ANAO noted that no benefit measures were included in the SGGA program funding proposal, although three benefit realisation frameworks were endorsed or approved since the commencement of the program, in 2016, 2017 and 2018. However, the ANAO found that the indicators in these frameworks were often not measurable as methodologies had not been finalised and agreed with entities; they were not complete; did not specify baselines; and did not include a monitoring and reporting plan (ANAO report, para 2.37, p. 44).
a. How has the CGH measured up against its benefit realisation framework? What financial/performance effectiveness measures been met and not met?

**Answer:**

The Streamlining Government Grants Administration (SGGA) Program Management Office (PMO) in the Department of Finance was responsible for overarching program management and governance of the Program. All program-level information monitoring and control activities were coordinated through the SGGA PMO.

Throughout the life of the SGGA Program, the Department of Social Services (the department) responded to all requests for input against the Program Benefits Realisation Framework. At the cessation of the SGGA Program the department transitioned to business as usual activities and did not continue to capture or report against the benefits framework.

The department established and continues to monitor and report on internal Key Performance Indicators to drive improvements in efficiency.

# Joint Committee of Public Accounts and Audit Committee

Public Hearing – 10 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

**Topic:** Inquiry into Commonwealth grants administration

**Question reference number:** IQ23-000005

**Question asked by:** Julian Hill

**Type of Question:** Written.     **Hansard Page/s:** N/A

**Date set by the Committee for the return of answer:** 3 March 2023

**Question:**

The ANAO noted that a common costing and pricing model was not developed by the hubs. According to the audit report: 'The hubs advised the ANAO in November 2021 that a common costing model is not appropriate as there is a fundamental difference in the types of grant programs being delivered by each hub, and because each hub is underpinned by differing ICT systems, processes and departmental structures'(ANAO report, paras 3.63-3.64, p. 75).
a. Was there an attempt to develop a common costing model before each hub decided to develop its own? If so, what steps were taken?
b. The ANAO notes that the hubs' position that a common costing model is not appropriate due to differences in grant management processes is inconsistent with the original SGGA program funding proposal, which envisioned that grant programs could be implemented using one of six standard workflows (ANAO report, para 3.64, p. 75). Why is a standardised process no longer feasible?
c. The audit report indicates that a common costing model was also intended to support cost recovery (ANAO report, paras 3.73–3.74, p. 77). How much of the hubs' services are currently being cost recovered?

**Answer:**

a.  The Department of Social Services (the department) is not aware of any attempt to develop a single/common costing model. Both Hubs were able to develop their own core costing and pricing models based on the Service Offer for their Hub. These have not altered since the inception of the Program.

b.  The development of a standardised process may be feasible but would need to follow on from the work currently being managed by the Department of Finance to develop options to modernise grants administration and to establish a whole of Australian government grants administration system and underlying dataset.

Currently a standardised cost model is not feasible as Service Offers, Information Technology systems, and types of grants administered differ between the Hubs.

c.  The Community Grants Hub (CGH) is not currently operating on a cost-recovery basis across a few of the service items. Previous CGH Service Offers and price points have not been as responsive to staffing and operational changes over time, and subsequently do not reflect the true cost of grants administration for the CGH. A major review of the CGH Service Offer and Rate Card is underway to move towards a stronger cost recovery model.

# Joint Committee of Public Accounts and Audit Committee

Public Hearing – 10 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

**Topic:** Inquiry into Commonwealth grants administration

**Question reference number:** IQ23-000006

**Question asked by:** Julian Hill

**Type of Question:** Written.    **Hansard Page/s:** N/A

**Date set by the Committee for the return of answer:** 3 March 2023

**Question:**

The ANAO noted that as at September 2021, CGH planned to refresh the HubNet site, which hosts guidance and explanatory material for client entities.
a. Can DSS update the Committee on this work? Was the refresh undertaken as planned?
b. ANAO's client entity survey found that in relation to adequacy of hub support and guidance, more than 80 per cent of BGH client entity staff were satisfied, compared to less than 40 per cent of CGH client entity staff. In relation to the CGH, the most common concerns were the clarity, accuracy and reliability of guidance (ANAO report, para 3.67, p. 75). What changes has CGH made to improve the clarity, accuracy and reliability of its guidance on the hub since the audit?

**Answer:**

a.  The Community Grants Hub (CGH) HUBnet site refresh was completed in September 2021.

b.  The Department of Social Services highlighted concerns regarding the methodology used for the survey and the way the information was presented, and therefore it may not appropriately represent the views of client agencies. However, the CGH has undertaken the following:

- Realigned internal functions across client management and design to support consistent, clear and accurate advice to client agencies.

- Identified a specific team member for each grant round, to provide client agencies with additional support as their grants moves through the Hub (In progress).

- Implemented further Quality and Assurance steps in the delivery of services.

- Issued a number of artefacts to support Hub staff in delivering advice to client agencies to support a consistent service offer.

- The HUBnet review as outlined above.

# Joint Committee of Public Accounts and Audit Committee

Public Hearing – 10 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

**Topic:** Inquiry into Commonwealth grants administration

**Question reference number:** IQ23-000007

**Question asked by:** Julian Hill

**Type of Question:** Spoken.     **Hansard Page/s:** 9

**Date set by the Committee for the return of answer:** 3 March 2023

**Question:**

CHAIR:  Can you each take on notice and perhaps just, say, for the last three or four years—I will be sensible about it; I'm trying to get a flavour and an indication and not go on some frolic or witch-hunt—the FTE; the dollar value; the number of contracts outsourced for assessment; and the administration purposes and advice on planning your pipeline and whether you think there will be a change in that balance, given you have a different set of policy parameters with the new government's policies to return that flexibility to agencies to work out the cheapest way to deliver something.

**Answer:**

The Community Grants Hub (CGH) does not outsource assessment. This role is undertaken by either Australian Public Service (APS) staff or via individual contractors (through labour hire arrangements) who are supervised by APS staff.

The CGH is committed to continue to deliver a high-quality standardised and transparent grants process in line with the *Commonwealth Grants Rules and Guidelines 2017* (CGRGs). The CGH approach to designing grant programs remains consistent and focuses on the CGRGs seven principles for best practice grants administration, including proportionality (value and risk). To support policy outcomes, the CGH works to meet expected timeframes and ensure grants provide value for money so that benefits to the community are maximised.

The CGH does not design grants solely based on the cost of administration, rather on the seven principles mentioned above. Through the flexibility of the CGH Service Offer, client agencies do have the opportunity to undertake specific phases and functions in house.

Should there be a change or a shift in grants policy and/or grants administration at a whole of Australian government level, the CGH is positioned well to continue administering grants due to the flexibility of our model. The core practices and principles currently used by CGH to quote, plan and deliver on our pipeline of work is adaptable and scalable. Through our geographically dispersed network of staff and offices, and our use of both APS staff and contractors, we are able to scale up and/or surge to deliver on our agreed pipeline of work.

# Joint Committee of Public Accounts and Audit Committee

Public Hearing – 10 February 2023

ANSWER TO QUESTION ON NOTICE

Department of Social Services

**Topic:** Inquiry into Commonwealth grants administration

**Question reference number:** IQ23-000008

**Question asked by:** Linda Reynolds

**Type of Question:** Spoken.     **Hansard Page/s:** 9

**Date set by the Committee for the return of answer:** 3 March 2023

**Question:**

Senator REYNOLDS:  On the last point, Ms Hefren-Webb, with regard to some grants, there are still staff in other departments who do part of that process. If you could, can you provide which ones you administer end to end with your staff? I'm not expecting you to know exactly how many Health have, for example. We can ask that separately. We can then see who else has staff doing some of the grants process.

Ms Hefren-Webb:  Yes, sure.

**Answer:**

The Community Grants Hub (CGH) has provided only end-to-end services to the following client agencies:

- Department of the Prime Minister and Cabinet
- Department of Veterans' Affairs
- Department of Social Services

The CGH has provided a range of services, including end-to-end services for some programs, for the following client agencies:

- Attorney General's Department
- Department of Agriculture, Fisheries and Forestry
- Department of Climate Change, Energy, the Environment and Water
- Department of Education
- Department of Employment and Workplace Relations
- Department of Health and Aged Care
- Department of Home Affairs

For the following client agency, the CGH provides only system services through a specific arrangement

- National Indigenous Australians Agency