



Australian Government

**Department of Industry, Science,
Energy and Resources**

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

**Submission from the Department of Industry, Science, Energy and
Resources**

**Administration of Government Grants : Inquiry Into Auditor-
General's Report 12 (2019-20)**

INTRODUCTION

The Regional Jobs and Investment Packages (RJIP) program was one of the first programs delivered through the Business Grants Hub (BGH) and the first program to use an outsourced assessment arrangement through a third party delivery provider.

Since 2017 when the RJIP program was implemented, the department has made significant improvements in the BGH's operations, including a strong focus on quality assurance. In particular, the department has:

- developed an assurance framework to manage the key risks of external grants administration and implemented independent testing to confirm we are delivering in accordance with this framework;
- developed a quality framework for application to all programs we deliver to ensure that quality expectations are clear for all – policy partners, departmental employees and contractors;
- substantially expanded our guidance, tools and templates for program teams;
- reviewed our assessment training material to provide more guidance on what to look for in applications, not just the steps involved;
- strengthened our conflict of interest arrangements beyond that required in the department's Conflict of Interest and Insider Trading Policy; and
- expanded the capability of our grants management system to better support program delivery.

Following the Australian National Audit Office (ANAO) report on the award of funding under RJIP the department has continued to build on these improvements.

MATURATION OF THE BUSINESS GRANTS HUB OPERATIONS

Assurance Framework

The BGH Assurance Framework is designed to provide assurance to the department's Executive, and our policy partners, that programs are being delivered appropriately. The Assurance Framework identifies processes and controls that are in place to manage grants administration risks over the grant lifecycle.

The department undertakes independent assurance testing annually to confirm compliance with the Assurance Framework and the independent report is provided to external agencies for inclusion in their financial statements. To date, there has been no significant departures or non-compliance issues identified through this process.

Quality Framework

The BGH Quality Framework is a companion piece to the Assurance Framework and provides clarity for policy partners and staff (including outsourced delivery providers) on the expected quality standards at each stage of the grant lifecycle.

The Quality Framework includes responsibilities for each role within the BGH and the key performance indicators used to determine whether quality outcomes are being achieved.

Expansion of Tools, Templates and Guidance

In addition to the Assurance and Quality Frameworks, the department has substantially expanded its suite of tools, templates and guidance available to teams delivering grant programs through the Hub. These include, but are not limited to, an overarching assessment framework, assessment tools and templates, probity arrangements including probity assessment plan template, an assessment pack for decision makers setting out obligations under the Commonwealth Grant Rules and Guidelines, guidance in relation to handling application submission issues, and a range of fact sheets that answer frequently asked questions.

Functionality in the department's grants management system has also been expanded enabling greater use of system controls and templates to apply standard arrangements and achieve greater consistency. Work continues on system enhancements to increase support for program delivery.

Outsourced Service Provider

Due to the role the department plays in delivering external grants through the BGH, we require access to a scalable workforce to deliver programs during periods of peak demand. The department initially utilised an existing contract for contact centre and back office processing services to support this work but has now matured sufficiently to be able to consider longer term procurement arrangements for outsourced grants administration services.

On 29 January 2020 the department released a Request for Tender (RFT) for grants administration services with a closing date of 5 March 2020. All tender documentation is available on AusTender.

The outcome of the tender will enable the hub to utilise a panel of up to three grants administration providers to meet the BGH service requirements.

SPECIFIC AREAS RAISED IN THE RJIP AUDIT

While there are no specific recommendations for the department in the RJIP report, the department acknowledges ANAO's conclusion that the BGH's assessment processes were not to the standard required by the grants administration framework. As advised by the department's former Secretary, Ms Heather Smith, in her response to the report on 17 October 2019, the department has noted the findings in the report around the documentation of eligibility assessments and recognises that, while all applicants assessed as eligible had met these requirements, the assessments were not sufficiently documented in all cases and therefore could not be substantiated by the ANAO. The BGH has made improvements to its record-keeping procedures, including new functionality into the grants management system, to address this.

Further, set out below is the work undertaken since 2017 to improve BGH operations in the areas of concern raised by the ANAO.

Assessment Processes

The BGH has implemented a number of improvements to ensure quality outcomes from assessment processes. As noted above, The BGH has developed an overarching assessment framework used to assist policy partners and program designers to develop eligibility and assessment criteria for a grant opportunity as well as to provide the basis for assessing against those criteria.

During the design phase the department works closely with policy partners to develop an assessment methodology for a program focused on the desired policy outcomes, including ensuring value for public money, consistent with the BGH assessment framework. As part of the assessment

process, the BGH provides a sample of the assessments to the policy partner to ensure they are satisfied that the methodology supports the program outcomes.

We have also expanded the capability of our grants management system in relation to eligibility assessments which supports increased consistency in the assessment of eligibility criteria as well as the documentation of eligibility outcomes.

Training

The department has made improvements to its BGH training processes to ensure the assessors are trained on the specific program requirements, in alongside process and systems requirements.

An external review of the BGH's training materials has recently been completed. This review considered our current suite of training materials, identified gaps for improvements and then developed a suite of training material and templates that can be repeatedly used for any program the BGH delivers. This Review was delivered at the end of January and we are in the process of finalising implementation arrangements.

Conflict Of Interest Procedures

Conflict of interest procedures for employees are managed in accordance with the department's Conflict of Interest and Insider Trading Policy which supports continuous disclosure of conflicts of interest as they arise. Employees complete annual declarations and make subsequent declarations throughout the year as matters arise.

Contractors are provided with training on the declaration and management of conflicts of interest throughout the assessment process. They, too, are subject to continuous disclosure and are required to advise the department if a conflict of interest is identified.

Since RJIP was implemented, the BGH has strengthened its conflicts of interest process by requiring all staff, including contractors, to acknowledge their conflict of interest obligations at the commencement of each grant opportunity.

Our grant application forms have also been revised to enable applicants to declare any conflicts of interest at the time of submission, and we continue to enforce appropriate management of conflicts of interest by grantees in accordance with grant agreements.

CONCLUSION

Since its establishment in 2016, the BGH has made significant improvements in all aspects of its operations, including a strong focus on quality assurance. The BGH remains focused on continuing to enhance its processes and to meet the requirements of our service delivery partners and Government.