

## **Department of the Prime Minister and Cabinet**

### **Submission to the Joint Committee of Public Accounts and Audit (JCPAA)—Inquiry on Commonwealth Grant Administration**

The Department acknowledges the work that has gone into the preparation of the Australian National Audit Office (ANAO) audit report on the design and implementation of the Indigenous Advancement Strategy (IAS). The Department is open to scrutiny, and always willing to listen to external perspectives about how we can deliver better services and outcomes for Indigenous Australians. Indeed, the IAS 2014 Grant Funding Round has been the subject of a Senate Inquiry and two Implementation Readiness Assessments by the Department of Finance and internal audit security.

This submission provides some context around the IAS and a brief update on the Department's progress in implementing the four recommendations made by the ANAO.

The IAS responded to longstanding calls from Indigenous leaders, communities and other stakeholders to address fragmentation, duplication and excessive red tape in the design and delivery of Indigenous programs. It also responded to concerns about a lack of transparency and accountability in Indigenous Affairs funding.

The transition of Indigenous programmes and the associated staff to PM&C was one of the most complicated machinery of government changes in recent decades. One hundred and fifty programmes and activities were transitioned into the IAS programme streams; staff were transferred into PM&C from eight departments; five separate grant management systems were inherited and consolidated over time (down to two currently); and a new organisational structure was forged, including a reformed regional network.

The decision was taken to develop and implement the IAS as early as practicable to evidence the Government's commitment to fundamentally overhaul Indigenous policy and administration.

The Department has acknowledged shortfalls in some of its processes including record keeping, and that there were developments that arose that were beyond expectations and planning. With the benefit of hindsight, it is clear that implementation of the IAS would have been strengthened with more effective communication and engagement with stakeholders affected by the changes.

Since the time of the grant round the Department has sought to continuously improve the administration of IAS, including through the revision of IAS Guidelines in March 2016. Having moved well beyond the transition phase, the implementation of the IAS has progressed with greater understanding of the flexibility provided by the broad programs, and avenues for applying for funding under the Guidelines.

The four ANAO recommendations are directed toward: the regional network enabling local solutions; strengthened grant assessment processes; better departmental advice to the Minister on funding recommendations; and strengthened performance measurement for the IAS.

The Department has already taken action, or is implementing changes, to address the recommendations. The following paragraphs provide the Committee with a short update in relation to each of the recommendations.

***First, the regional network enabling local solutions.*** The regional network has an extensive on-the-ground presence through 37 offices in capital cities, regional and remote locations, supplemented by a direct presence in approximately 75 communities. The network places senior staff close to communities and has specialist officers who lead direct engagement with communities. In particular, Indigenous Engagement Officers live in their community, speak the Indigenous language(s) used by the local community and use their knowledge of the community and language to help government understand local issues and to ensure community feedback is heard.

The revised IAS Guidelines provide a stronger role for regional network staff in supporting organisations to develop project proposals, particularly through the new community-led grants process. The Guidelines also include strengthened assessment criteria that relate to Indigenous community support for proposals. Regional network staff have a key role in assessing grant applications and applying local knowledge to the assessment process and are integral to the effective implementation of the IAS.

This was developed in consultation with Indigenous communities through formal consultation on the new Guidelines and through ongoing engagement through the network.

***Secondly, strengthening grant assessment processes.*** The Department has acknowledged that there was during the initial grant round a need for clearer communications with potential grant applicants. The revised IAS Guidelines include greater clarity around application processes, a simpler application form, further information on the five programme areas and clearer guidance on the assessment criteria.

The Department has also built into its grants management arrangements a strengthened Assessment Management Office which is responsible for coordinating, overseeing and providing assurance on application and assessment processes. This is ensuring we are now applying a consistent and well documented process in assessing grant applications.

The Audit report notes the primary funding opportunity for the IAS was the 2014 grant funding round. This is incorrect. Taking out the funding provided through the 2014 IAS grant funding round, the IAS has provided \$2.1billion to support over 6,800 activities.

***Thirdly, providing better departmental advice to the Minister on funding recommendations.*** The implementation of improved grant assessment processes (discussed above) promotes consistency in the briefing advice provided to the Minister in his role as decision-maker. Each brief submitted to the Minister for consideration includes a range of information to support funding recommendations. Standardised briefing templates have been established for briefing purposes to achieve consistency. Our revised processes provide us with assurance that the departmental advice provided to the Minister is clear and accurate, and that outcomes from the decision-making process are appropriately documented.

***Lastly, strengthened performance measurement.*** A key focus for the Department is to strengthen the IAS performance framework, our key performance indicators, performance

monitoring and reporting processes, and program evaluation. Our work in these areas will inform future investment decisions.

The Department is reviewing the measures related to the IAS that are reflected in the Department's corporate plan and portfolio budget statements. Work is also underway to improve grant performance information, including key performance indicators for IAS projects.

The Department has in place an evaluation plan for the IAS and work is underway to build a longer term program of evaluations. This program of work will be critical to measuring the impact and effectiveness of the IAS in achieving outcomes and takes into account recent announcements about increasing funding for the evaluation of Indigenous programmes.

To support our work in this important area, the Minister announced in February 2017 that \$40 million has been committed over the next four years to strengthen IAS evaluation activities, with the Prime Minister also announcing a further \$10 million in funding for research into Indigenous policy and its implementation. Through this work we will be better able to assess where our investment needs to be focused in the future, and ensure the IAS continues to deliver positive outcomes for Indigenous Australians.

In conclusion, the Department acknowledges the ANAO has an important role to fulfil in relation to the accountability of public service administration, and notes there would also be a benefit in future ANAO audits of Indigenous programmes and policies having a stronger focus on evaluating their impact.