



Australian Government

Attorney-General's Department

**Deputy Secretary
National Security and Criminal Justice**

13/13786 and 14/105111

Ms Susan Cardell
Committee Secretary
Joint Committee of Public Accounts and Audit
PO Box 6021
PARLIAMENT HOUSE ACT 2600

Dear Ms Cardell

Review of Australian National Audits Office Reports No.34 and 41 (2014-15)

Thank you for the opportunity to present submissions to the Joint Committee of Public Accounts and Audits' ('the Committee') inquiry into Australian National Audit Office (ANAO) Report No. 34 (2014-15), *Administration of the Natural Disaster Relief and Recovery Arrangements*, and ANAO report No. 41 (2014-15), *The Award of Funding under the Safer Streets Programme*.

Please find attached the following two submissions:

- Joint Committee of Public Accounts and Audit—Inquiry into the performance audit of the administration of the Natural Disaster Relief and Recovery Arrangements—Attorney-General's Department Submission, and
- Joint Committee of Public Accounts and Audit—Inquiry into grants management—Attorney-General's Department Submission, and

Should you have any questions about these submissions, please contact Aaron Verlin, Assistant Secretary National Disaster Recovery Programs Branch on [REDACTED] in relation to ANAO report No. 34, or Tara Inverarity, Executive Director Crime Prevention and People Smuggling Unit on [REDACTED] in relation to ANAO report No. 41.

Yours sincerely

[REDACTED]

Katherine Jones
15 September 2015



Australian Government
Attorney-General's Department

September 2015

Joint Public Accounts and Audit Committee

Inquiry into Grants Management

Attorney-General's Department Submission

Introduction

The Attorney-General's Department designs and administers a wide range of grants programmes aligned with portfolio responsibilities ranging across law and justice, national security, emergency management and the Arts sectors. Grants vary widely in size and scope and a variety of funding approaches are employed according to suitability and the application of the proportionality principles outlined in the *Commonwealth Grant Rules and Guidelines, July 2014*.

The Department is committed to the continuous improvement of its grants management processes and a principles-based 'Grants Management, Guidance and Procedures Manual' was developed and released by the Department in 2010.

In 2014 the Department worked to improve by examining, among other things, the grants templates available for use by Departmental staff undertaking grants work. That review led to the launch on 16 July 2014 of an AGD grants administration 'tool kit' including a 'Guide to Grant Administration', help cards and a suite of documents and templates. The documents cover all stages of the grant administration cycle and are based on the requirements of the *Public Governance, Performance and Accountability Act 2013* and whole-of-government best practice. These are available to all Departmental staff through a centrally located database.

Round Once of the Safer Streets Programme

Background

The Safer Streets Programme implements the Australian Government's commitment to provide a pool of \$50 million to deliver local solutions to address crime and anti-social behaviour including the perception of crime through a grants programme focused on local retail, entertainment and commercial precincts.

The programme is funded through confiscated proceeds of crime from the Confiscated Assets Account (CAA) as a crime prevention measure under section 298 of the *Proceeds of Crime Act 2002* (POCA).

The programme commenced in 2014-15 and funds projects including:

- security infrastructure grants for the installation of fixed and mobile closed-circuit television (CCTV) systems and lighting, and
- community safety initiatives that address anti-social and unlawful behaviour, supported by chambers of commerce, local councils and police.

In the first funding round, \$19.47 million was committed for specific projects.

Redirection of funds from the National Crime Prevention Fund

The National Crime Prevention Fund (NCPF) was established by the former Government as part of the package of measures to address gang violence and street crime in the community. It was announced in April 2013 and funded as part of the 2013-14 Budget process. Expenditure of \$41 million from the CAA was approved for the NCPF, with \$38 million available for grant funding (\$19 million in each of 2013-14 and 2014-15) and \$3 million provided to the Department to administer the programme.

In committing to establish the Safer Streets Programme, the Government stated that it would redirect uncommitted funds from the NCPF to support the programme.

In October 2013, the Government undertook a review of all grant programmes, including the former Government's NCPF. Following this review, the Government determined that \$33.1 million in uncommitted funds should be returned to the CAA to be available for use under the Safer Streets Programme. The Government agreed to continue funding for Youth Off The Streets (\$5 million over 2 years) as a funding agreement was in place for this project prior to the election.

On 13 December 2013, the Minister for Justice wrote to the organisations selected by the former Government to receive funding under the NCPF to advise that the offers made would be withdrawn. The Minister's letter also flagged the Government's election commitment to implement the Safer Streets Programme.

Response to the ANAO Findings

The Department has accepted four of the five recommendations made by the ANAO in relation to round one of the Safer Streets Programme and has been progressively implementing these within existing and future programmes. One recommendation was noted.

Recommendation 1

To underpin efficient, effective, economical and ethical grants administration across all granting activity it administers, ANAO recommends that the Attorney-General's Department:

- (a) develop a standard suite of grant programme governance documentation that can be tailored to the individual circumstances of each granting activity, to promote a consistent high standard of grants administration across the department; and**
- (b) advise the relevant Minister of any significant risks to programme implementation or outcomes in circumstances where key changes are proposed to grant guidelines.**

The Department **noted** this recommendation.

The Department's Guide to Grant Administration was developed in July 2014, and includes a suite of documents and templates, including on providing advice to the relevant Minister. The documents cover all stages of the grant administration cycle and are based on the requirements of the *Public Governance, Performance and Accountability Act 2013* and whole-of-government best practice. These are available to all Departmental staff through the intranet. The Department notes the importance of ensuring that staff are aware of the need to appropriately brief the relevant Minister on risks associated with proposed changes to the grant guidelines.

The Department reviews its grant programme governance documentation on a regular basis immediately it becomes aware of the release of any new Resource Management Guidance or relevant Estimates Memoranda from the Department of Finance.

The Department notes the report's finding at page 18 that "In the main, the guidelines used for this Programme provided a reasonable basis for the implementation of the first funding round".

Recommendation 2

To promote robust eligibility checking processes for all granting activities it administers, including those used to fund election commitments, ANAO recommends that the Attorney-General's Department:

- (a) obtain relevant information from applicants in respect to each eligibility requirement so that assessments are well informed; and**
- (b) require that assessments explicitly address each of the published eligibility requirements, with only those applications assessed to meet each requirement proceeding to the merit assessment stage.**

The Department **agreed** to this recommendation.

The Department's Guide to Grants Administration was launched in July 2014 and provides clear guidance on the need to obtain relevant information in respect of each eligibility requirement, and to assess the compliance of each application with the threshold eligibility criteria provided in the relevant grant guidelines.

Programme specific guidelines and checklists will be developed for each new grant programme in accordance with the requirements of the Commonwealth Grant Rules and Guidelines, and the content of application forms and assessment documents aligned accordingly. Assessor training will be undertaken on a programme by programme basis and conducted once the relevant funding round is closed and the number of applicants ascertained.

Recommendation 3

To promote the robust assessment of applications to all grants programmes it administers, including those that are used as a funding source for election commitments, ANAO recommends that the Attorney-General's Department:

- articulates benchmarks and/or standards to inform the judgement of assessors when considering the extent to which an application can reasonably be considered to have met the published assessment criteria; and**
- establish minimum scores for an application to achieve against each of the assessment criteria in order to progress in the assessment process as a possible candidate to be recommended for funding.**

The Department **agreed** to this recommendation.

The Department accepts that, in the case of round one of the Safer Streets Programme, written guidance for the assessors of applications was not developed. Instead, as noted at pages 61-62, an oral briefing was provided to assessing staff which outlined the nature of the programme and its objectives, conflict of interest disclosures, advice on how to prepare recommendations and comments on applications, and information on the peer review assessment process.

The Department has amended its standard grant documentation to ensure minimum scores are required to be achieved against each criterion in order for the application to be considered as a possible candidate for funding.

Recommendation 4

To ensure Ministers are provided with sound advice as to the merits of candidates for funding under all grant programmes it administers, including those used to fund election commitments, ANAO recommends that the Attorney-General's Department clearly outline in briefing material:

- (a) which grant proposals had been assessed to fully meet each of the assessment criteria; and**
- (b) those grant proposals assessed as only partially meeting, or not satisfactorily meeting, one or more of the assessment criteria, together with advice on the shortcomings that had been identified.**

The Department **agreed** to this recommendation.

The 'Checklist for officials briefing ministers on proposed grants', produced by the Department of Finance in July 2014, is available to all staff as part of the Department's grant administration materials on the Departmental intranet. This checklist makes clear that grant recommendations need to be clear which grant applications fully, partially or do not meet the selection criteria. It also requires grant recommendations to the Minister to include any weaknesses of an application.

Recommendation 5

To promote the achievement of granting activity objectives, ANAO recommends that the Attorney-General's Department ensure that the terms of funding agreements signed with successful applicants clearly identify the specific deliverables for which grant funding was awarded.

The Department **agreed** to this recommendation.

The Department's standard grant documentation implemented in July 2014 references the Department of Finance's standard funding agreement template, which contains this requirement.

Departmental response to ANAO findings

All Departmental grant programmes have been reviewed against a Grant Programme Gap Analysis checklist in July 2015. Further work will be undertaken in the Department following an analysis of the checklists to ensure that robust practices are implemented across the department.

The Department has recently developed and delivered a 'Grant Application and Assessment' training module that specifically addresses the recommendations of the ANAO report including all footnoted references from the ANAO Better Practice Guide, *Implementing Better Practice Grants Administration, December 2013*. That training and the Department's grant intranet site both highlight the contents of the Department of Finance's *Resource Management Guide No. 412, July 2014*, which provides both a 'Better practice checklist for grant guidelines' and a 'Checklist for officials briefing ministers on proposed grants'.

The Department has also recently developed and commenced delivery of an additional training module aimed at assisting staff involved in assessing grants to understand balance sheets and financial data, which can be relevant to both assessing applications and evaluating delivery.

Overall since January 2014, five internal training courses have been delivered to 250 participants, for example, 31 members of staff have attended training on grants administration, 87 have attended the training on interpreting financial statements, 32 have attended a course on spending relevant money and 21 have attended the course on grant application assessment processes.



Australian Government
Attorney-General's Department

September 2015

Joint Committee of Public Accounts and Audit

Inquiry into the performance audit of the administration of the Natural Disaster Relief and Recovery Arrangements

Attorney-General's Department Submission

Summary of audit findings and recommendations

1. On 30 April 2015, the ANAO tabled its report on the performance audit into the administration of the Natural Disaster Relief and Recovery Arrangements (NDRRA) ('2015 ANAO audit'). The objective of the audit was to assess the effectiveness of the Attorney-General's Department's ('the department') administration of the terms of the NDRRA ministerial determination, which included the examination of claims made by New South Wales, Victoria and Western Australia.
 2. The audit related to three previous audits conducted by the ANAO with regard to the performance of the National Partnership Agreements on disaster reconstruction and recovery with Queensland and Victoria, including the effectiveness of the Australian Government Reconstruction Inspectorate and National Disaster Recovery Taskforce in providing the Australian Government with assurance that value for money was being achieved.
 3. The ANAO found that the department "has not been alert to clear signals that the NDRRA framework has required tightening", and that the framework in place to support the delivery of NDRRA funding is inadequate, and needs better defined eligibility criteria. The inadequacy of the framework is reflected in the states varying interpretation of the NDRRA, and possible payments made under the NDRRA for ineligible expenditure.
 4. The audit also found that the department places too much reliance on state and territory vetting and sign-offs, which includes sign-off as to the eligibility of state claims by their Auditors-General.
 5. The ANAO made the following recommendations:
 - (1) The Attorney-General's Department significantly improve the administration of disaster relief funding by:
 - a) adopting more timely processes for developing, finalising and promulgating disaster funding guidelines and advisories; and
 - b) implementing administrative arrangements that provide it with greater details of the amounts included in expenditure claims, including project specific information.
 - (2) To provide improved oversight and assurance in its administration of the NDRRA, the ANAO recommends that the Attorney-General's Department:
 - a) obtain project level information from states and territories to enable more informed analysis of claim amounts; and
 - b) implement a risk-based approach to examining the eligibility and value for money of a sample of recovery and reconstruction projects.
 6. The Department commissioned a number of audits and reviews of the NDRRA and as a consequence significant changes in the department's administrative practices, including improved monitoring and examination of state expenditure have been implemented.
 7. The department agreed with recommendation 1(a) and agreed with qualifications to recommendations 1(b) and 2.
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NDRRA context

8. The disaster recovery arrangements preceding the NDRRA were comprised of informal financial arrangements between the Commonwealth and the states. These arrangements incorporated a Commonwealth policy of providing grants to match state payments on disaster recovery. However, these informal arrangements proved insufficient in addressing the extensive damage caused by Cyclone Tracy on 24 December 1974. While the Commonwealth had, and continues to have, limited jurisdictional management for disaster and response, it became evident that natural disasters had the potential to place a large-scale resource burden on states and that more formal resource sharing policies with the Commonwealth were required.
 9. Since its introduction post Cyclone Tracy, the overarching intention of the NDRRA has been to provide states and territories with the certainty that when a disaster strikes, the Commonwealth will contribute to the relief and recovery costs. The Determination sets out the terms and conditions for the provision of this financial assistance by the Commonwealth to state and territory governments. The assistance generally takes the form of partial reimbursement by the Commonwealth of eligible expenditure by states and territories. The Determination also provides for the Commonwealth to make loans to states and territories at concessional interest rates.
 10. The NDRRA has been amended around 14 times since 1985, to incorporate Australian Government commitments or policy changes, and recommendations arising from a range of reviews, including the 2012 Department of Finance *Review of the Insurance Arrangements of States and Territories under the Natural Disaster Relief and Recovery Arrangements (NDRRA) Determination 2011*. Recommendations from this review were implemented in the current 2012 Determination.
 11. Guidelines were first introduced in 2002 to aid states' understanding and application of new conditions of assistance or assistance measures.
 12. The most notable of amendments to the NDRRA were made in the 2007 Determination in response to recommendations made to the Council of Australian Governments (COAG) in the 2002 report to COAG—*Natural Disaster in Australia: Reforming mitigation, relief and recovery arrangements*. This report made 66 recommendations, with the 12 that were directly applicable to the NDRRA receiving in-principle approval from COAG in December 2003. The bulk of these recommendations were adopted in the 2007 version and resulted in nearly doubling the recovery measures available for cost-sharing. New measures included seven new personal hardship and distress payments, grants to individuals and not-for-profit organisations, counter disaster operations for the protection of the general public, community recovery funds, betterment and exceptional circumstances assistance (discretionary assistance). Assistance was separated into four categories of eligibility using Categories A through D. NDRRA support was also extended to new natural disasters, including meteorites, landslides, tornados and tsunamis. (Terrorism was introduced as an eligible event in 2010).
 13. The number of guidelines supporting the NDRRA has also significantly changed over the years. Since the issue of the 2012 NDRRA Determination, the department has issued six new guidelines supporting conditions of assistance and eligibility and revised the five pre-existing guidelines. In 2013 and 2014, it also introduced nine formal eligibility advisories to address more specific eligibility queries raised directly by states.
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Recovery funding policy reviews

14. The department assumed responsibility for the NDRRA in 2008. Since then, four reviews associated with disaster recovery funding arrangements have been undertaken and recommendations presented to Australian governments. The first of the reviews was initiated by COAG and commenced in 2009. This review led to the development of the *National Strategy for Disaster Resilience* and contributed to the basis of the later reviews. The last review was that undertaken by the Productivity Commission—*Inquiry into disaster funding arrangements* ('the Productivity Commission Inquiry')—and presented to Government 2014. The 2014 National Commission of Audit ('the Commission of Audit') also meaningfully touched on NDRRA policy. In addition to this, the department has independently engaged consultants to advise on NDRRA policy and recommendations to improve NDRRA administration.
 15. The Productivity Commission Inquiry independently evidenced that change needs to be made to the NDRRA, as well as disaster funding arrangements more broadly. The Productivity Commission reported that with the prescriptive, input-based conditions, the NDRRA prevented states and local governments from pursuing the most efficient recovery options. By design, it was found to influence and constrain the way states and local governments make recovery decisions, consequently impeding value-for-money outcomes for communities and all levels of government. This position largely aligns with the findings of the Commission of Audit.
 16. Of particular note in relation the 2015 ANAO audit findings, both the Productivity Commission and the Commission of Audit found that the NDRRA claims process, being reimbursement-based, is problematic. The Commission of Audit acknowledged the ANAO's 2013 audit report into the work of the Australian Government Reconstruction Inspectorate ('the Inspectorate'), which was established under the *National Partnership Agreement for Natural Disaster Reconstruction and Recovery* between the Commonwealth and Queensland Government to assure expenditure. It was noted that the increased scrutiny had decreased potential Queensland claims. However, the Commission of Audit also noted that while adoption of the Inspectorate model could improve the claims process 'it would still maintain a potentially unnecessary level of Commonwealth involvement in State matters and duplicate State oversight. Notwithstanding the significant gains achieved through the Reconstruction Inspectorate process, it remains very difficult to effectively, efficiently or consistently manage state claims for NDRRA contributions.'
 17. Both of these reviews recommended the provision of up-front recovery grants to states based on estimates of future expenditure, rather than a reimbursement of actual state expenditure. The Productivity Commission noted that such reform would reduce the need for increased oversight of state expenditure.
 18. A department-initiated independent review undertaken in 2014 found that the lack of definition and opportunity for subjective interpretations would likely inhibit the ability of state auditors to develop measurable criteria. Consequently, this would increase the risk of qualified audit findings or confusion and conflict in assurance judgments. The audit recommended that re-writing the NDRRA Determination to address the above matters would substantially decrease the risk of ineligible expenditure being included in state claims.
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The department's response to the 2015 ANAO audit

19. The department has been proactive in dealing with the risks and complexities associated with the NDRRA and recovery funding policy and, since 2009, has recommended to government policy reform options and implemented evidence-based administrative reforms to help manage these risks. The Government is now progressing national reform options following the outcomes of the Productivity Commission Inquiry. At the same time, it is also continuing with evidence-based, program-level reforms of the NDRRA and its administration.
20. The department is undertaking four key activities to improve the administration of the NDRRA and, most importantly, reduce the risk of incorrect claiming by states **before** recovery costs have been incurred:
 - i. the re-write of the Determination;
 - ii. a national collaborative audit program;
 - iii. development of an appropriate system to manage NDRRA claims and financial data; and,
 - iv. an internal restructure to support compliance monitoring and assessment.
21. The department has taken into account the ANAO's findings and recommendations, as well as the findings and recommendations of the various other audit and policy reviews, particularly those mentioned above. The four key activities, as well as the range of other work being undertaken (see below), are considered the most effective and efficient options to manage NDRRA risks.

Determination rewrite

22. A consistent issue raised by administrators of the NDRRA—Commonwealth and state/local government—is that the NDRRA is difficult to read and understand, and requires continual explanation and interpretation of eligibility. As mentioned above, significant work has been undertaken by the department over 2012 to 2014 to remedy some of these issues through the release of new formal eligibility guidelines and advisories. However, despite these efforts, administrators, including the Australian Government Reconstruction Inspectorate, have continued to be challenged by the NDRRA's lack of clarity and auditability.
 23. As a result, the department is undertaking a project to address a range of matters that have led to many of the issues raised in the ANAO audit. An independent advisor has delivered advice based on recommendations from the department-initiated independent review in 2014.
 24. By 1 October, the department will have delivered the restructure of the NDRRA Determination 2012 (2012 version 2) to reduce ambiguity, embed assurance arrangements, and ensure that it is structured in a way that is logical and easy to use. The amendment has also incorporated information previously in guidelines and advisories into the Determination, subsequently reducing the need for, and amount of, extra information that currently accompanies it. This version will also provide substantially revised audit and claim templates.
 25. Of particular note, the additional assurance arrangements include the requirement that states must maintain evidence in support of expenditure and other compliance aspects of the NDRRA, which includes but is not limited to project-level documentation. States are now required to certify
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throughout the financial year reporting cycle that all relevant documentation will be provided to the Australian Government on request. Furthermore, the Determination now articulates the types of penalties the department may enforce in the event of a state's non-compliance with certain conditions of assistance. These include, but are not limited to withholding payment or reducing a state's claim.

National collaborative audit program

26. In March and April 2015, the department wrote to all states and territories seeking agreement to collaborative audits of all outstanding claims for financial assistance. The majority of the states have agreed, with one request outstanding.
 27. The purpose of the audits are three-fold—test claims that have not yet been acquitted by the department for eligibility; understand and advise on state and territory NDRRA governance and administration frameworks; and establish strong working relationships with state auditors, noting the department's position that it is appropriate to rely on the integrity and professionalism of state audits. The department and states have agreed to work together to improve processes and knowledge of the NDRRA so that expenditure that is not eligible under the NDRRA is transparent and not erroneously included in state claims.
 28. Specifically, the objectives of the audit are:
 - to obtain a high level of confidence that state/territory claims subject to the audit (the outstanding claims) do not include ineligible expenditure
 - where ineligible activities and/or expenditure are found, identify and report the state's, local governments' and/or other relevant bodies' eligibility definition and reason as to why the activity/expenditure was considered eligible at that point, as well as whether that definition remains current;
 - to understand the state's governance and administrative processes regarding the administration of the NDRRA, including correspondence with local councils and other relevant bodies
 - to identify and document the risks and weaknesses in the state's governance and administrative processes
 - to provide recommendations to the state on improvements to processes, including the implementation of new controls and accounting treatments with respect to the identified risks and weaknesses, and
 - to obtain baseline data on any identified ineligible activities and claiming to inform the evaluation of the effectiveness of future program and process changes.
 29. An independent auditor has been engaged to deliver the audit with Victoria, which commenced in August 2015. All audits are estimated to be completed by 31 March 2016.
 30. It is intended that an annual audit program will be a permanent feature of the NDDRA and the future recovery funding program.
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NDRRA claim and financial data system

31. Successive internal audits have recommended an automated financial management system be implemented to partially mitigate the risks associated with the management of NDRRA claims and other financial data. Following the first audit in 2011, two separate systems were implemented—an incident and event management system and an interim financial management system. In May 2015, the department commenced work to automate and streamline the existing NDRRA claim and financial data processes, with the intention that it results in a single system.
32. The importance of this work has been reaffirmed by a subsequent review, undertaken in response to the 2014-15 ANAO financial statements interim phase audit. An external auditor was engaged to, among other things, analyse the system, report on its risks and recommend improvements. The audit found that there is a significant inherent risk of error within the system due to the complexity of the NDRRA, which can vary between states and specific events due to both established cost-sharing arrangements and discretionary Government decisions associated with additional NDRRA assistance.
33. The project involves three phases:
 - i. Phase 1: this phase is complete and involved documenting the existing processes in the department for: assessing claims; preparing expenditure estimates; calculating possible financial impacts arising from states requests for extensions to the spending period to undertake asset reconstruction works; and financial and data reporting.
 - ii. Phase 2: this phase has commenced and is to be delivered by early-November. It will document the department's future, desired business model and identify information technology solutions to achieve it.
 - iii. Phase 3: this phase will design, develop and deliver the chosen solution(s) to achieve the future, desired business model.

Internal change to support compliance and eligibility assessment

34. Traditionally, the internal structure to manage the NDRRA has separated disaster event management—that is, policy/eligibility and state liaison—from financial management, including claims payments. This has proven to limit the effectiveness of establishing the eligibility of state expenditure and a state's compliance with NDRRA conditions for assistance. This is particularly a problem given a claim may be submitted three or more years (even up to nine years) following the disaster event and is assessed by financial personnel not those managing the disaster event.
 35. The revised structure intends to reduce this limitation by establishing positions to be wholly responsible for a claim—compliance, eligibility monitoring and assessment, and claim acquittal. The one remaining aspect of assurance, which is undertaken during the quarterly expenditure estimates processes, can only be managed by suitably qualified financial people and will remain consistent with the existing separation of responsibilities. Financial personnel will contribute to the financial aspects of claim assessment and will remain responsible for payment processes.
 36. The success of this structure will be monitored over time, and amended as necessary.
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Other departmental activities

37. In addition to the above activities, the department has implemented numerous other improvements to the administration of the NDRRA, some of which were not within the review scope of the ANAO's audit but nevertheless address some of the findings and recommendations. Examples of this work are outlined below:

- In 2012, the Department implemented a dedicated event management system. This system contains NDRRA policy documents and captures disaster event information. Access to this system and relevant information was made available to states in 2014. Among other things, it automates the provision of relevant advice to states and territories including the acknowledgement of notifications, which has reduced the department's administrative delays in formally communicating with states. System updates are currently underway to capture historical event information and automate further NDRRA processes.
 - In 2012, the Department formalised the process for states to seek eligibility advice and has established time limits for it to respond. The Department has also committed to provide eligibility guidance within five working days of receipt of the request.
 - In 2012, the department, in collaboration with the Department of Finance and the Treasury, implemented significantly reformed financial management arrangements. This included states submitting detailed, quarterly estimated expenditure and variation analysis reports. These arrangements importantly contribute to the assessment and testing of the eligibility of state expenditure by identifying for example: trends in expenditure by type of disaster event; cost-shifting between years; anomalies between estimates and actual claims; and unauthorised expenditure. In 2015, templates were revised to provide states with checklists and require elevated certification.
 - Estimates certifications by state managers/Chief Finance Officers responsible for NDRRA expenditure management were also introduced in 2012. In 2015, these certifications were strengthened and include certifications as to the eligibility, accuracy and completeness of data; and, that on request, the department will be provided with evidentiary documentation to support the veracity of estimates. Certifications are also now required to be provided by Australian Public Service Senior Executive Officer Band 2 equivalents that are responsible for NDRRA expenditure reporting.
 - Checklists for states claims and estimates were implemented in 2012, and have since been revised in 2014 and 2015 to more holistically capture NDRRA compliance and eligibility checks and testing requirements.
 - Since the issue of the 2012 Determination, six new guidelines have been issued and revisions to five other guidelines requiring minor to major reform have been undertaken and implemented. Nine formal NDRRA advisories have been developed and implemented since 2013. In this time, the number of eligibility queries from states has also substantially diminished. States have reported that this is largely due to the improved guidance.
 - In 2014, the department implemented the policy that eligibility advice under the NDRRA will only be provided through the Determination, guidelines, eligibility advisories or formal enquiries from states. Eligibility advice must be requested using the eligibility enquiry form. Importantly,
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eligibility advice will not be provided on an 'ad-hoc' basis nor will it be provided verbally or in written format without director-level clearance.

- In 2015, the departmental senior managers visited states to examine and document state NDRRA expenditure estimates compilation processes, including to review project level documentation.
 - The department has improved its documentation of the analysis of state estimates and has elevated internal sign-off to the Chief Finance Officer and Director General Emergency Management Australia. An independent auditor in 2015 found the estimates and analysis processes to be comprehensive, and that they captured new disaster events appropriately. It also found that the revised documentation provides an extensive and appropriate audit trail of issues and resolutions.
 - Version 2 of the 2012 Determination includes revised audit report and audited financial statement documentation. Among other changes, all documentation requires the auditor's signature and certification as to the eligibility of state expenditure and the state's compliance with NDRRA conditions to access financial assistance.
 - The administrative and governance arrangements implemented by the department are subject to continuous evaluation and improvement processes. In 2015, a governance committee has been appointed to assess the success or failure of new processes, including the collaborative audit process, and will make recommendations to the department as required.
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