# Joint Committee of Public Accounts and Audit

## Inquiry into Grants Administration

# Department of Finance

# Response to Question on Notice

## Hearing of 10 February 2023

**Written Question on Notice 1**

What role does Finance play as the entity responsible for SGGA program governance? How do the hubs interact with Finance?

**Response**

The Streamlining Government Grants Administration (SGGA) program was a four year Budget measure announced as part of the 2015-16 Budget, which has concluded.

The Department of Finance is responsible for the Commonwealth grants policy framework. Grants hubs have operational responsibility for delivering the administration of grants for participating entities.

The Department of Finance and the grants hubs work together on grants policy and administrative matters on a day-to-day basis.

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**Written Question on Notice 2**

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 Finance play in the design of the program?
b) Was the department aware of potential flaws in the evidence base presented to government?

**Response**

a) The Streamlining Government Grants Administration program was a four year Budget measure announced as part of the 2015-16 Budget, which has concluded. The interim Digital Transformation Office led the policy design, including work on the evidence base. The Department of Finance then assumed responsibility for program implementation.

b) Refer to part a).

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**Written Question on Notice 3**

The audit report outlines a number of surveys and other studies that had been undertaken or commissioned by Finance to inform feasibility studies and develop baseline information for the SGGA program (ANAO report, paras 2.9, 2.15, pp. 28, 31–32).
a) Can Finance outline any data collection or studies being undertaken on Commonwealth grant activities currently?
b) According to the audit report, during some of its surveys of Commonwealth entities, 'Finance observed that entities experienced difficulty completing the exercise, as cost information for grants administration was not readily available' (ANAO report, para 2.15, p. 32). Have any improvements been made in capturing cost information for grants administration? What are some of the challenges that needs to be addressed to better capture this data?

**Response**

a)  In accordance with recommendation 1 of the ANAO Audit of the Operation of Grants Hubs, the Department of Finance and the grants hubs have agreed a methodology to capture and report performance information. Baseline data collection against this agreed methodology is currently underway.

b)  The full cost of the standalone hub operations are known and demonstrated through the charging model. There are challenges in capturing detailed grant administration cost information when an entity is self-administering a program. This is largely due to the complexity in accounting for the use of the shared corporate governance and staff costs within an entity. For example, costs are often shared across various areas within a granting entity and may not be fully visible at the program level. Finance is developing a costing survey for major granting entities to assist them to better understand grants administration costs incurred at the entity level. Also, grant administration costs are highly variable depending on the program design and delivery approach. This makes comparative analysis difficult across programs and entities.

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**Written Question on Notice 4**

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) The end-stage gateway review (June 2021) recommended that the program prepare a closure report that covered the realisation of benefits. Was this report prepared? If so, what were the results?

**Response**

Yes, the Project Closure Report (the Report) was completed.

The Report provided a summary of the outcomes achieved and challenges experienced. It included lessons learnt, which are being used to inform the ongoing management of Commonwealth grants administration arrangements.

The Report noted that positive outcomes included: grant recipients reporting a reduction in the time and complexity of applying for and receiving grants; greater standardisation across Commonwealth grants administration (including streamlined application and reporting processes); and improved compliance with the *Commonwealth Grants Rules and Guidelines 2017*.

It also found areas for improvement, such as: better use of whole of government data and improved data quality; improved benefits measurement; and further enhancing user experiences in the design and delivery of grants.

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**Written Question on Notice 5**

The ANAO assessed the hubs' performance indicators, and concluded that due to various deficiencies in the indicators, the hubs were unable to demonstrate effectiveness or efficiency of outcomes (ANAO report, paras 3.5–3.19, pp. 56–62). The ANAO recommended that Finance and the hubs 'agree a methodology to capture and report performance information that demonstrates the efficiency and effectiveness of grants administration through the hubs' (ANAO report, Recommendation 1, para 2.43, p. 45). a) Can the department update the Committee on the progress of this recommendation?

**Response**

a)  In accordance with recommendation 1 of the ANAO Audit of the Operation of Grants Hubs, the Department of Finance and the grants hubs have agreed a methodology to capture and report performance information. Baseline data collection against this agreed methodology is currently underway.

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**Written Question on Notice 6**

The audit report states that Finance commissioned a contractor to survey client entities in 2019 and 2020, which found that most of the surveyed entities (12 out of 12 surveyed in 2019 and 10 out of 12 surveyed in 2020) indicated no impact or a negative impact from the hubs on administration costs (ANAO report, para 2.41, pp.44–45).
a) Can Finance elaborate on the results of these surveys? Is using the hubs costing more for entities than undertaking their own grants administration?

**Response**

Finance commissioned entity perception surveys in 2019 and 2020 to help better understand how entities that used the grants hubs found the experience, including administrative costs.

The full cost of the standalone hub operations are known and demonstrated through the charging model. There are challenges in capturing detailed grant administration cost information when an entity is self-administering a program (refer question 3 for further detail). Therefore it is difficult to do a direct cost comparison between grants hubs and self-administering. Further, direct cost is only one element that should be used when comparing the benefits of grants hubs against self-administration.