

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

**The Joint Committee asked the following questions at or following the hearing on 24 March 2017:**

Questions for the department:

**Mr HILL:** The dollar figures I have got here—you can take them on notice and correct me if required—are \$631.4 million for a counterterrorism package announced in August 2014. Of that, there was a \$64 million package, which covers that rectangle—the countering violent extremism program—on page 15 of the audit report. Of that, there was \$13.4 million for the new countering violent extremism program. Are you able to provide the committee with precise breakdowns of what the \$13.4 million was allocated to? This is an important thing to note. So there was an initial table or estimate or something that underpinned that allocation—that is the first point. The second point is: when you said, 'Oh well, we've got a bit of money over here and we will move some over,' can you provide us with detailed breakdowns of where you took that money from and where the full breakdown was, and then a detailed report of what has actually been expended. Those three points are important to me to understand the process by which the department supplements or takes money from grants programs. So, what was the initial estimate, where were the judgements made and what was the basis of the judgements for moving money around, and then what have you actually spent out of that \$13.4 million? It is so we can understand the context for this \$1.9 million.

**Ms Jones:** We can definitely do that and take it on notice. I think the \$64 million reference in the audit report is a mistake. I think that should be \$640 million. That was the total package.

**Mr HILL:** No, just to put it on the record, the figures that I had were \$631.4 million for the overall terrorist thing. A \$64 million package of measures aimed at countering violent extremism and radicalisation was announced later in August. As is normal with government, they announce big money and then they keep reannouncing little bits of it. Then, within that package of \$64 million, you included this \$13.4 million, which goes to the rectangular box, which had \$1.6 million but then magically became \$1.9 million. I have not been able to find anything on the public record anywhere that says what was actually allocated and what was actually spent. So I am curious about the judgements by which you decide to add money to grants programs.

**Ms Jones:** We can certainly do that and take that on notice. We have provided information at various Senate estimates appearances, so there is information we have provided through those processes. We can do that. I think the difference between the \$13.4 million and the \$64 million is probably funding that went to the AFP for the National Disruption Group. I think that is where that has been grouped up. We can give you the information in relation to the overall spend from our countering violent extremism program, recognising that is over four years [page 20].

1.
  - a. are you able to provide the committee with precise breakdowns of what the \$13.4 million was allocated to?

- b. can you provide us with detailed breakdowns of where you took that money from and where the full breakdown was, and then a detailed report of what has actually been expended?
- c. So, what was the initial estimate, where were the judgements made and what was the basis of the judgements for moving money around, and then what have you actually spent out of that \$13.4 million?

**Mr HILL:** Perhaps if you could take it on notice and just provide us a sense from your perspective of the 41 projects—or 42 that were recommended, 41 that were funded and 38 that are finished. What is your view as to those organisations that do actually provide services or which were actually just funded to do capacity work? [page 23].

2. What is your view as to those organisations that do actually provide services or which were actually just funded to do capacity work?

**Mr HILL:** Perhaps, between you and the Auditor-General, you could solve a little mystery for me. I want to go back to the second tranche of funding, which, to paraphrase, was a bit of an end-of-financial-year special: 'We had a bit of money that was not going to be spent so we put it there.' A second tranche, if you like, of eight applications had been approved and announced in May. From my reading of the report, though, it says that reassessments against merit criteria were undertaken, but they were documented after the eight applications had been approved and granted funding by the Minister for Justice, who at that point had been granted the role of Minister Assisting the Prime Minister for Counter-Terrorism. If I am reading that right, A-G's had a bit of money, somehow the minister magically announced eight grants, and then you went back and did the documentation and merits assessment. Given that you revisited the 62 applications which were not recommended for funding in the first tranche, and eight from that list were approved, how were those eight applications approved, given they did not make the selection criteria; and what selection process was undertaken during the second assessment that was different from the first round? There are a couple questions embedded there.

**Ms Jones:** In terms of that second round, I think the issue in terms of documentation is that we went through a process of assessing, once we were aware—

**Mr HILL:** Can you step us through the time lines, though, because it is a matter of concern for public administration that a minister approves and announces eight grants, and then you go back and do the paperwork [page 24].

3. Given that you revisited the 62 applications which were not recommended for funding in the first tranche, and eight from that list were approved:
  - a. how were those eight applications approved, given they did not make the selection criteria;
  - b. and what selection process was undertaken during the second assessment that was different from the first round?

**CHAIR:** I have a final question for Ms Jones and Ms Mellor before we end. When a minister gets an incoming brief—the blue file or the red file—are they briefed, in addition to policy and budgetary issues, with regard to governance issues and outstanding recommendations with regard to audit reporting?

**Ms Mellor:** My experience is that there are some standard things on which they are briefed. Obviously they will be briefed around election commitments, major programs et cetera. The nature of the briefing is really a matter of significant reporting for the accountable authority.

They may not go into briefing at that level at that point. I think it will depend on the nature of what is happening in that program and department. Maybe governance is a key briefing point in outstanding audit reports.

**CHAIR:** But it does pose a risk for the minister given that if there is a systemic issue in a department that he or she is then responsible for, and that is not brought to their attention on assuming the office—

**Ms Mellor:** That is a really hard question to answer because one can only reflect on what one has done oneself rather than on the whole system. They are certainly not documents that flash around the system.

**CHAIR:** And I have no experience to bring to the question! Ms Jones, do you have anything to add?

**Ms Jones:** Certainly I would agree with the Acting Auditor-General. Certainly we have provided information on programs that are the subject of election commitments because we have obviously been charged to deliver programs that have been commitments of one of the parties in the election, so we would include advice in an incoming minister's brief about options for implementing that election commitment. I would have to take on notice what sort of other information we put in. We certainly put in general information about all the responsibilities of the department, but, in terms of any themes that have come across in audit reports, I am not sure that we have a section that covers that off.

**CHAIR:** As best you can, you might want to take that on notice without giving away—  
[page 26-27]

4. When a minister gets an incoming brief—the blue file or the red file—are they briefed, in addition to policy and budgetary issues, with regard to governance issues and outstanding recommendations with regard to audit reporting?

**Mr HILL:** You might want to take these final questions on notice. Just to finish that earlier point, when the minister was advised of that first round of funding, was the minister also advised of the unsuccessful applications?

**Ms Jones:** I would need to take that on notice. I do know that—

**Mr HILL:** That is fine. You can take it on notice—that is no problem. You talked before about being in the process of evaluation. Could you perhaps provide some further advice to the committee outlining the approach to evaluation methodology in the framework—the outcomes you are evaluating the projects against?

**Ms Jones:** I am happy to take that on notice. There are two aspects, obviously. There is the acquittal-type evaluation. But equally as important are the substantive outcomes and whether they have been achieved. We are in the process of developing a comprehensive evaluation framework for countering violent extremism through the Australia-New Zealand Counter-terrorism Committee subcommittee on CVE, which I am the co-chair of, so that we can have a national approach to how we evaluate CVE programs, because it is a very, very new area of government activity and social policy. We are learning from international experience but we want to ensure that state and territory programs and Commonwealth programs at least have a coherent evaluation framework so that we can get a better sense of what is working and what is not working. [page 27]

5.
  - a. When the minister was advised of that first round of funding, was the minister also advised of the unsuccessful applications?

- b. Could you perhaps provide some further advice to the committee outlining the approach to evaluation methodology in the framework—the outcomes you are evaluating the projects against?

*Selection and recommendation process*

6. The department used a team of external contractors to assess applications:
  - a. Can you explain why this was not done by members of the department?
  - b. What benefits did external assessment bring?
  - c. The ANAO noted that the assessors sought clarity about the policy's objectives two weeks after beginning assessment:
    - i. Why did this occur?
    - ii. Does it suggest the initial briefing was inadequate, and if so, what is being done to improve the information on policy objectives and other elements of the process for future assessment teams (internal or external)?
    - iii. What are the processes for ensuring that those contractors are aware of CGRGs, departmental processes and policy objectives?
7. Can the department explain how the assessment phase informs the departments funding recommendations in its advice to the Minister?

*Departmental capacity*

8. Regarding the Commonwealth Grants Rules and Guidelines:
  - a. What is done to ensure that relevant staff understand the CPRGs?
  - b. What assurance processes are in place to ensure that the CPRGs are followed for each grants program?

*Assessment process*

9.
  - a. Regarding the second tranche of funding where eight additional grants were awarded, what information was conveyed to the Minister?
  - b. What processes have you put in place since the LST grants program and the audit to strengthen the process for second-round assessments in the future?

*Monitoring and Evaluation*

10.
  - a. How are grants programs monitored during their existence and evaluated afterwards?
  - b. Once a program has been evaluated, what happens to the report?
  - c. Does the department have a process for ensuring that issues identified inform subsequent grants programs?
- 11..
  - a. Can you outline the process by which the evaluation plan was developed
    - i. How did you decide what to evaluate and how to evaluate it?
  - b. At what point in the grants process was evaluation design considered?
  - c. How was it budgeted?
    - i. Was a specific proportion of the program funding allocated to evaluation activities?

**The answers to the questions are as follows:**

**1.**

- a. \$13.4 million in funding over four years has been allocated to build nation-wide CVE capability. The funding supports the national roll-out of intervention programs, alongside supporting programs such as the Living Safe Together (LST) grants programme, development of CVE intervention tools, and related education and awareness initiatives.

The development of a tailored national intervention program provides an additional tool to complement existing law enforcement and intelligence efforts to prevent and divert vulnerable Australians through early intervention and diversion programmes. The intervention program, which is delivered by States and Territories, aims to tackle the conditions that make Australians susceptible to the lure of violent extremist ideologies and recruitment by terrorist groups, as well as helping to divert “at risk” individuals who are starting to subscribe to violent extremist views, through individual case management plans. The plans are designed to identify the particular vulnerabilities for that individual and connect them with relevant services (e.g. mentoring, counselling, education, employment support) to divert them from a path of violence.

The following is in response to parts b and c:

In 2014, the Government allocated \$13.4 million over four years in new funding to build nation-wide CVE capability as part of a broader counter-terrorism package totalling \$632 million.

To support the development of community organisations to provide specialised CVE intervention programmes and services, the LST grants programme was established. As identified on the Department’s 2014-15 Grants Register and in the ANAO audit, a total of \$1.9 million was committed to grants under the LST grants programme. Funding for the grants programme comprised \$1 million from the \$13.4 million allocation, and an additional \$0.9 million in funding redirected from underspends in the portfolio.

2. As CVE is a new discipline, the objective of the programme was to support organisations to develop their capacity to deliver services to help individuals move away from violent extremism. While the grants did not fund the provision of services, since completing the grants programme 28 organisations are now included on the Directory of Intervention Support Services and are able to provide a range of support services including counselling, mentoring, employment and vocational training, and recreational programmes. The department continues to work with the remaining organisations to transition them to the Directory.

3. The following is in response to parts a and b.

The process by which AGD identified the further eight potential grant recipients was as follows:

- State and Territory governments were provided with an opportunity to advise AGD whether any of the 62 grant applications that were not funded warranted further consideration for funding.
- AGD reassessed all 62 not funded grant applications against the eligibility and selection criteria and recommended to the Minister that eight of those applications be

funded. In the view of the Department's assessors, all recommended applications met the necessary criteria and could be recommended as further funding had become available.

- Information on the additional eight applications was captured in assessment templates for each of the supported applications. This information was collected from the original assessment sheets and an assessment table outlining how the applications met the LST policy objectives.

This approach was consistent with the programme guidelines which contained a provision that enabled AGD to commission ad hoc proposals, as long as they met the eligibility and selection criteria requirements.

4. As a matter of routine the Department provides incoming Ministers with briefings on issues requiring their attention, including, as appropriate, issues relating to governance and audits.

5.

- a. Yes. A list of applications that were not recommended for funding was provided to the Minister as part of the first submission.
- b. As part of the COAG CVE Taskforce, a Research and Evaluation Working Group was established to develop a national CVE evaluation framework. The Australia-New Zealand Counter-Terrorism Committee's CVE Sub-Committee (CVESC) is currently developing the National CVE Evaluation Framework and Guide (the Guide). This framework sets out best practice and provides guidance on how jurisdictions can build the evidence base for evaluating the effectiveness of CVE programs in a more consistent manner.

6.

- a. The contracted assessment team was essential to the Department's ability to conduct the assessment of the grant applications within the required time frame, given the number of suitably skilled departmental staff available at that time.
- b. As above. The assessment team members were recruited on the basis of previous experience working on Commonwealth grants programmes and the grants assessment process.
- c.
  - i. Additional briefing occurred at the request of the external assessment team in order to provide further detail of the objectives of the grants programme, building on their knowledge gained after the first two weeks in the role.
  - ii. No.
  - iii. Contractors were recruited on the basis of previous experience working on Commonwealth grants programmes and the grants assessment process. The Department also provided briefing about the specifics of the LST grants programme, including its objectives and mode of delivery. As indicated in material provided to the committee, the Department is developing 'Knowledge Test' questionnaires to educate programme officers about the Department's Grants Administration Guide and the Commonwealth Grant Rules and Guidelines. Once finalised, for staff working in grants programme areas it will be the manager's responsibility to ensure that all new starters undertake the knowledge test. Refer also to the answer to question 8 below.

7. The assessment process is critical to final recommendations made to advise the Minister as to whether grant applications meet the policy objectives and intent of the programme.

8. As noted in the Department's submission, the Department has improved its internal guidance documentation for staff, including contractors, working on grants programmes. These include a new toolkit, help cards, Better Practice Checklists and a suite of templates and documents that assist officers in establishing a grants program, assessing grant applicants, administering the program, and reviewing and acquitting the grants at the end of the program.

9.

- a. The Department provided the Minister with an organisational overview of each applicant, the activities to be delivered under the programme, and the amount recommended to be funded. The Department also advised that it was conducting additional bona fides checks in consultation with State and commonwealth law enforcement and security agencies prior to offering funding (if approved by the Minister).
- b. The Living Safe Together grants programme was a non-ongoing grants programme, and there are no further funding rounds scheduled under this programme. For other grants programmes, refer to answers to questions 6(c)(iii) and 8 for steps taken by the Department more broadly. As noted in the Department's submission, the new Whole of Government Grants Hubs is already being used for several grants programmes and will also be considered for the administration of the Department's new grants programmes.

10.

- a. The approach to monitoring and evaluation is developed in line with relevant departmental guidance and the CGRGs. The progress of the Living Safe Together grants programme recipients was monitored by the Department through written quarterly progress reports that were provided by recipients, and the submission of final reports by all recipients upon completion of activities. This material has been used to assess the final outcomes achieved by grant recipients and will contribute to overall evaluation of the programme.
- b. Evaluation of the Living Safe Together programme will be disseminated to senior departmental staff and to the grants Community of Practice (COP). The findings of the evaluation will be used to inform the design of future grants programmes by the Department.
- c. As detailed in the Department's submission and in session, the Department established a grants Community of Practice in October 2015 to create an improved governance culture and a forum for best practice grants management within the Department. It also provides a support base and forum for professional development and knowledge sharing, such as findings from audits and evaluations, and provides opportunities for grants administrators to network within the Department.

11.

- a. The Department considered the objectives of the LST grants programme and the principles in section 10 of the CGRGs in order to evaluate the programme. Refer also to the answer to question 10.

- b. Monitoring and evaluation of each grant was designed as part of the administrative processes established when grants were initially funded, including the quarterly and final report referred to in the answer to question 10(a). The Department agrees that evaluation design should be considered as part of the design of grants programme and has incorporated this into the guidance material that has been developed for staff working on grants programmes in recognition of recent audit findings.
- c. The evaluation of the LST grants programme has not been allocated specific funding and is being met from within departmental resources.