



Australian Government

Department of the Prime Minister and Cabinet

Response to Questions on Notice

JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT

***Commonwealth Grants Administration—Inquiry - Public Hearing on
24 March 2017***

Department of the Prime Minister and Cabinet

GENERAL COMMENTS

Nil

SPECIFIC QUESTIONS ON NOTICE

Question 1 (p. 4)

Mr HILL: Perhaps you could take on notice to give us some advice as to what you now consider formal engagements for which notes are kept, because somewhere between zero and 100 presumably is a number that we could land on. You look somewhat quizzical, Ms Jackson.

Response

In reviewing the Indigenous Advancement Strategy (IAS) Guidelines, the Department undertook consultation with Aboriginal and Torres Strait peoples and organisations. Feedback from a variety of sources on the operation of the 2014 IAS open grant round and the IAS Guidelines was considered within the review process:

- the Department held 17 public forums across Australia in late 2015, which attracted over 500 people;
- the Department met with seven national peak bodies which represented over 500 organisations;
- detailed consideration of the 86 submissions provided to a Senate Finance and Public Administration References committee inquiry into the IAS tendering process; and
- consideration of issues raised by applicants and other stakeholders through the Department's 1800 number and the IAS email inbox.

Further information about the consultation and stakeholder feedback was published on the Department's website and is available at <http://www.dpmc.gov.au/indigenous-affairs/grants-and-funding/outcomes-ias-public-forums>.

The Department continues to engage with providers and communities to ensure successful implementation of the IAS. The IAS Grant Guidelines are not static documents, and as part of best practice grants administration, the Department will continue to review and improve the Guidelines with consideration to feedback and consultation.

The Department's Regional Network plays a major role in the ongoing engagement and consultation with Indigenous communities. Through this Network the Department is developing stronger relationships with Aboriginal and Torres Strait peoples, communities and service providers. The Network has extensive on-the-ground presence through 37 offices, which is supported by staff physically being located in approximately 57 communities. This places Departmental staff close to communities for direct engagement and local decision making. This engagement can cover many areas, some of which may be formal engagements. For example, contract negotiations and community meetings where the Department undertakes to provide further advice. These types of engagement generate more formal record keeping.

Question 2 (p. 10)

Ms FLINT: You mentioned an assessment office?

Ms Black: Yes.

Ms FLINT: In terms of resources, how many people are there and how does that fit into the structure of Prime Minister and Cabinet?

Ms Black: That sits in my division. It is headed up by an SES band 1. I might need to take it on notice in terms of the number of staff in there; I think there are about 15 but I could be wrong.

Response

The Assessment Management Office (AMO) currently has 12 staff.

Question 3 Consultation

a. What processes does the department have for external consultation when designing a grants program?

b. What action is the department taking to improve external consultation processes and engagement for future grants processes?

Response

The Department works closely with a range of external stakeholders in the delivery of any policy or programme, including any grants programme. Through initiatives such as the Empowered Communities programme the Department is working closely with communities as part of the co-design and delivery of programmes and policies.

The Department's Regional Network plays a major role in the ongoing engagement and consultation with Indigenous communities. Through this Network the Department is developing stronger relationships with Aboriginal and Torres Strait peoples, communities and service providers.

The Department acknowledges the importance of co-design and this is an area we continue to pursue. For example, the Department recently met with representatives from the Building Better Lives for Ourselves (BBLFO) programme and committed to conducting a session with interested participants on the workings of the IAS Guidelines.

Questions 4-7 Assessment Process

Question 4

Regarding the Assessment Management Office:

- a. Can you expand of the role of the Assessment Management Office?
- b. What particular advice and support does it give to assessment teams?
- c. In strengthening the Assessment Management Office, was specific regard paid to the ANAO's findings on the Indigenous Advancement Strategy?
 - i. Were the findings of other grants-themed audits also considered, in order to identify a wider range of potential issues?

Response

4a. The AMO works within the Programme and Integrity Division to manage and coordinate the application receipt, assessment and selection process end to end for all IAS funded activity.

The AMO provides advice and support including, but not limited to:

- working closely with programme areas and the Regional Network to establish assessment panels;
- providing advice to assessment panels on the assessment process, probity and risk (see further detail in response to question 4b. below);
- implementing an automated process (wherever possible) for the application receipt, assessment and finalisation of selection process for each grant activity;
- receipt and checking of all applications for completeness, compliance and eligibility;
- recording a risk rating for each applicant;
- overseeing the Department's assessment process; and
- assisting Programme owners with preparing briefing/s for the Minister or delegate and advising on the appropriate content as required.

4b. Each application received under the IAS is subject to an assessment. Applications are assessed against the IAS selection criteria in the IAS Guidelines and also published in the relevant application kit. Each application is assessed by an assessment panel made up of Departmental staff.

The AMO ensures that the members of the assessment panel have received appropriate training, completed their relevant probity declarations, understand the assessment plan and have been trained in using the grants management system to record their assessment results.

4c. A strengthened AMO was put in place in March 2016 to ensure compliance with the *Commonwealth Grants Rules and Guidelines* (CGRGs) and ANAO's *Implementing Better Practice Grants Administration*.

To ensure continuous improvement in the operation of the AMO, a health check was conducted by Synergy in July/August 2016. This health check recognised the importance of the AMO in the grant management processes for Indigenous Affairs Group and provided advice on a number of key areas that presented opportunities for improvement. These included:

- briefings to approvers ensure that the intent of the CGRGs and ANAO guidance are met;
- a robust quality assurance process over grants assessments to ensure consistency of outcome; and
- better report keeping to improve auditability of decision making processes.

The Department actioned the areas for improvement recommended by Synergy.

The Department is currently developing an implementation plan in relation to the ANAO's recommendations and findings, this will include making refinements to the operations of the AMO.

Question 5

What assurance processes are in place to ensure that the correct processes and criteria are being applied by staff?

Response

All applications are assessed against the IAS Guidelines selection criteria and against additional selection criteria documented in application kits where relevant. Applications are submitted against the selection criteria using the PDF SmartForm, which pre-loads application information, including attachments, into FOFMS (grants management system).

The AMO checks the application for completeness, eligibility and compliance. If the application is compliant and eligible, it is assigned to the Assessment Panel.

Assessors are provided with an Application Assessment Matrix which provides the scoring ratings and description as to the applicability of the rating for each criterion.

Question 6

How is a selection panel for a grants program constituted?

Response

The composition of panels is determined on the basis of the business requirements of the programme area, the complexity or cost of the application, and, in most cases, the location where the project is being delivered or where the applicant is based.

Panels are chaired by AMO staff (at the EL1 level) who, for the purposes of gathering specialist advice, have access (as required) to one or more subject matter experts nominated by Programmes. In most cases a panel will consist of one staff member from the Regional office where the applicant is based and one member of the programme area in National Office.

Question 7

What records of assessment panel deliberations/recommendations and delegate decisions are kept?

Response

All applications, assessment results (including scores against the selection criteria), Regional Manager endorsement, Programme Owner recommendation, brief of recommendation to the Delegate and Delegate's decision are stored in the Department's grant management system.

Question 8-9 Departmental capacity and assurance process

Question 8

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

Response

The Department has in place a number of resources to assist staff in understanding and adhering to the CGRGs. The Grants Operating Model provides the framework to assist staff to effectively and efficiently deliver and execute the IAS. The recently updated Grants Administration Manual (GAM) provides staff with a step by step guide through each stage of grants administration, including requirements to adhere to the CGRGs and other relevant legislation.

In particular, guidance, checklists and templates are provided for staff to complete a Grant Design Strategy during the Design phase of the grants lifecycle that addresses critical elements of the CGRGs, including appropriate approach to market, selection method and the considerations required to properly inform a delegate and to manage the grant. The GAM also provides templates for Ministerial/delegate briefs to ensure CGRG requirements are consistently met in informing funding decisions.

All grant applications are received through the AMO, as noted in Question 4 the AMO is a centralised team responsible for undertaking a compliance and eligibility check on all applications to ensure that applications received are complete and include all the requested information. Once a compliance and eligibility check has been completed for an application, the chair of the assessment panel (who is a member of the AMO) establishes the assessment panel. The assessment management panel assesses an application in accordance with the Department's Assessment Handbook. The AMO is also responsible for the centralised briefing process, whereby all grant strategies and approval briefs are cleared through a central unit to ensure adherence to the CGRGs, the IAS Guidelines and relevant briefing protocols.

Question 9

In the Department's submission to the Inquiry, it noted that Standardised briefing templates have been established for briefing purposes to achieve consistency:

- a. What quality assurance was taken in the production of these templates?
- b. Was there a process for ensuring that the templates will satisfy the Commonwealth Grants Rules and Guidelines and other guidelines?
- c. Given PM&C's central role and the prevalence of problems with advice to Ministers on grants programs, has consideration been given – in partnership with the Department of Finance - to creating a whole-of-government template for this advice, to make consistent all advice to Ministers on grants funding recommendations?

Response

The Ministerial/delegate briefing templates and associated guidance were developed with reference to the CGRGs, PGPA Act, the IAS Guidelines and application kits (where applicable). To ensure the templates meet all the legislative requirements and adhere to relevant guidelines each template was cleared through the Legal Services Branch.

PM&C is represented on a number of committees which are currently developing whole-of-Commonwealth-Government processes, systems and templates. This includes the Grant Framework Working Group, led by the Department of Finance, which is developing a suite of grant guidelines templates, grant agreement templates and supporting documents, which will improve grants application and decision-making processes. These products are being developed in consultation with both government and non-government stakeholders. Once finalised, these templates will become mandatory across Commonwealth agencies.

Questions 10-12 monitoring and evaluation

Question 10

- a. Can you outline the process by which the evaluation plan for the IAS was developed?
 - i. How did you decide what to evaluate and how to evaluate it?
- b. Can you provide more detail about the 'longer term program of evaluations' noted in PM&C's submission?
- c. At what point in the grants process was evaluation design considered?
- d. How was it budgeted?
 - i. Was a specific proportion of the program funding allocated to evaluation activities?

Response

10a. and 10a (i)

The 2016-17 evaluation work plan was developed through consultations with IAS programme areas and informed by a stocktake of past evaluations which identified gaps in the evidence base about outcomes and impact.

Decisions on how to evaluate specific activities are determined on a case by case basis and are influenced by the nature of the funded activity and the purpose of the evaluation. To date, priority has been given to methodologies that:

- provide quantitative evidence about impact on people or places; and
- analyse the underlying logic or theory of change regarding how interventions are expected to work, for whom and in what circumstances, in order to explain and potentially replicate any impacts observed.

10b. The longer term programme of evaluations is developed based on:

- consultations with Indigenous people;
- prioritising evaluation that examines the effectiveness of IAS activities; and
- current evaluation priorities.

There is also a specific focus on developing a better evidence base that is more accessible and useful for Indigenous communities.

The Minister's announcement in February 2017 of \$10 million a year over four years will include a long-term plan for evaluation and a formal strategy to monitor and review how individual contracts and programme streams are contributing to the Government's efforts to deliver better outcomes for Indigenous Australians.

10c. Evaluation was considered at the outset in the design of the IAS. An evaluation strategy for the IAS was developed by June 2014, before the grants process commenced. The evaluation strategy includes general principles to guide decisions about evaluation design and performance improvement such as addressing the shortage of outcome evaluations and supporting timely analysis of performance within the IAS.

The funding and design of specific evaluations is determined on a case by case basis and is influenced by the nature of the funded activity and the purpose of the evaluation. The design and methodology of each evaluation is chosen when the evaluation is being planned.

10d. The budget for the 2016-17 evaluation work plan was developed following an assessment of the projects to be undertaken and the costs of similar projects in the past. The Minister for Indigenous Affairs approved funding for the work plan in May 2016.

10d(i). No.

Question 11

- 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?

Response

Under the Department's current processes, organisations that receive funding under the IAS are required to report against key performance indicators (KPIs) for individual projects/activities, generally on a six-monthly basis. This information is collected from grant recipients using a smart form performance report. The Department has also developed a grant activity coding framework to inform the design and application of KPIs for grants going forward.

The information reported by organisations is verified by the Department's grant agreement managers, who are largely based in Regional Network offices. Agreement managers are well placed to carry out this assessment of grant performance, as they engage with organisations throughout the funding period to discuss delivery of their projects.

The information gathered through the formal performance reporting process and from other sources is used by departmental staff in managing IAS funding agreements. The overall results of performance reporting and agreement manager review processes are also analysed and fed-back to programme areas and regional offices to inform policy design and program management.

The Department also has an evaluation plan in place for the IAS which involves the conduct of a program of evaluations. These evaluations are focused on identifying the effectiveness of significant areas of funding and topics where there is limited evidence about impact.

The Department has a dedicated Information and Evaluation Branch which disseminates the findings and recommendations of evaluation reports to relevant areas to inform policy and program development. The branch also conducts regular seminars on evaluation topics to ensure lessons are shared and appropriate action is taken in response to evaluation reports.

Question 12

In February 2017, the Minister announced \$40 million 'to strengthen IAS evaluation activities':

- a. How will that money be spent?
- b. What evaluation activities have you identified?
- c. Were these evaluation activities not considered during design of the program?

Response

See the Department's response to question 10b. and 10c.