Australian Government

Department of Social Services

Finn Pratt AO PSM
Secretary

Committee Secretary
Joint Committee of Public Accounts and Audit
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Parliament House
CANBERRA ACT 2600

Dear Secretary

SUBMISSION TO COMMONWEALTH GRANTS ADMINISTRATION INQUIRY

The Department of Social Services (the Department) welcomes the opportunity to provide a submission to the Joint Committee of Public Accounts and Audit's inquiry into Commonwealth Grants Administration - Inquiry based on Auditor-General's report 25 (2015-16), 4 (2016-17), 12 (2016-17) and 35 (2016-17).

The Department is committed to ensuring its grants administration practices are efficient, streamlined and compliant with all Australian Government requirements such as the Commonwealth Grants Rules and Guidelines. The Department is undertaking significant reform in administering grants programs in line with the Streamlining Grants Administration (SGA) Initiative having made significant improvements to the way it administers grants in recent years. These improvements have been informed by previous audits, Australian National Audit Office (ANAO) Better Practice Guides and the Department's 2014 grants process.

Streamlining Grants Administration Initiative
The SGA Initiative, a whole-of-government measure under the Digital Transformation Agenda, led by the Department of Finance, is delivering a single, simpler and more consistent approach to the administration of grants across the Australian Government. It is focusing on reducing red tape and creating a better user experience for grant applicants and recipients. It also provides a more efficient system for delivering and administering grants, thereby replacing multiple existing systems and processes and realising savings for the Australian Government. Through the SGA Initiative, the Australian Government will have, for the first time, greater visibility of grants across the whole-of-government and a greater ability to analyse grants data and target program activity to achieve better outcomes for our citizens and taxpayers.

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A core element of the SGA Initiative is the creation of two grants administration hubs, one for grants made to businesses operated by the Department of Industry, Innovation and Science – the Business Grants Hub – and one for the community sector and individuals operated by the Department of Social Services – the Community Grants Hub. The Hubs have extensive grants administration expertise and are well positioned to expand their services to deliver grants administration services for other agencies to ensure efficient and effective management of grants. Consolidating business from like agencies allows savings to be leveraged through economies of scale. Major Australian Government granting agencies are progressively transitioning their grants administration to the Community Grants Hub and transition is expected to be completed in 2019.

Community Grants Hub
The Community Grants Hub (the Hub) was established on 1 July 2016 and delivers a standardised approach to the design, selection, establishment, management and evaluation of grant programs. Since commencement, six agencies have signed partnership agreements with the Hub:
- Department of Health (DoH)
- Department of Education and Training (DET)
- Department of Veterans' Affairs (DVA)
- Department of the Prime Minister and Cabinet (PM&C)
- Department of Agriculture and Water Resources (DAWR)
- National Disability Insurance Agency (NDIA).

The Hub provides services to these client agencies based on its three packages: Basic, Premium and Premium Plus. For example, PM&C, DoH and DAWR have taken up the basic service package, which comprises of access to the Hub's grant management system, govGPS, to self-manage grant programs. In contrast, the NDIA has taken up the Premium Plus package, which includes grant program design, selection preparation, application assessment and the establishment of agreements. The Hub has delivered several grant rounds for the NDIA, commencing at program design through to grant agreement establishment. The Hub continues to work with client agencies to maximise the take-up of Hub services to ensure the benefits of standardised and consistent grants administration processes are realised.

Program Delivery Model (PDM)
The Hubs' grants administration processes are built around the Program Delivery Model (PDM). The PDM provides a comprehensive, consistent and structured approach to the design and administration of programs. It is backed by clear guidance, supporting tools and reference material on managing all aspects of grants administration.

In collaboration with the Department of Industry, Innovation and Science, the PDM has been designed to ensure it is applicable to both hubs. It is a high level, whole-of-government, business process framework to be used by agencies with grants programs.

Through adherence to the PDM and adoption of standard processes, the Hub is ensuring:
- clear and consistent information is available to potential applicants about grant opportunities and processes
- grant recipients experience consistent services and grants administration processes across the spectrum of funded programs and client agencies

- assessment and selection processes are administered consistently with program documentation, the Commonwealth Grant Rules and Guidelines and probity principles
- assessment and selection processes are well documented and decision makers are provided with all relevant material to support informed and timely decision making.

While the PDM guides the work of the Hub, client agencies retain all policy control for grant programs including responsibility for design and implementation decisions, communications, ministerial briefings and service provider relationships.

An improved grants management system: govGPS

A key focus since the commencement of the SGA Initiative in 2015-16 has been the establishment of a new grants administration system: govGPS. As an integrated IT platform, govGPS supports the end-to-end management of grants. It provides efficiencies by reducing duplication in effort, simplifying, standardising and automating processes and improving reporting capabilities.

Key components of govGPS include:
- a Client Relationship Management system to manage information on client agency and grant recipient stakeholder information and history to support engagement and relationship management
- a Work Management System to support management of capacity and demand
- a Grants Processing System with online tools to support administration of funding rounds
- online portals with improved usability for client agencies and grant recipients to undertake a level of self-service.

govGPS allows for the automation of many manual grants administration processes. The automation govGPS provides means less time is spent on simple processing tasks, manual checking and data entry. More resources can be invested in higher value, higher skilled activities such as relationship management, program design, reporting and analysis, risk management and evaluation. This is making grants administration more efficient and more cost-effective for government.

Data management and reporting capabilities are strengthened through improved standard reports and self-service capability for client agencies. Through govGPS, client agencies have direct access to their grants data, the ability to build their own reports and access to tools to undertake their own data analysis.

Grant applicants and recipients will also see significant benefits through reduced administration burden when engaging with government and a greater self-service capability than ever before. Grant applicants and recipients will experience:
- reduced red tape through faster, simpler processes which minimise asking for an organisation's information more than once and using pre-population where possible
- improved reporting processes
- increased self-service capability making use of digital services
- increased access to grant opportunities and grant information from across Australian Government agencies
- more intuitive online services

- the ability to monitor the progress of applications from start-to-finish
- automated application and assessment processes where possible reducing the time taken for grant applicants to receive an outcome from the process.

govGPS provides a platform that supports greater reliability, scalability and higher availability than previous grants administration systems. This allows the Hub to not only support client agencies with their existing grants, but to build on this base and administer more and more grants over time.

Importantly, govGPS achieves the SGA Initiative's aims of a consistent approach to grants administration and reduces costs across government. While savings come primarily from the adoption of standard, efficient grant management processes, individual client agencies no longer need to invest in purpose built IT platforms to support their granting activities. Client agencies will be able to focus resources on policy functions, while the Hub delivers their grants administration.

An improved performance reporting system: the Data Exchange
The Data Exchange system has improved the way program performance data is collected and used. The Data Exchange is an easy to use IT system that provides flexible ways for grant recipients to submit performance information to the Department. The name 'Data Exchange' reflects the two-way partnership of information sharing between funding agencies and service providers, enabling both to find smarter and more efficient ways of improving service delivery and the overall outcomes achieved for individuals, families and their communities.

The Data Exchange shifts the focus of performance measurement from outputs to more meaningful information about service delivery outcomes. Currently, the majority of client-based programs in the Department of Social Services, as well as some programs from the Department of Health and Attorney-General's Department, are using the Data Exchange. As at February 2017 over 2,300 organisations, with more than 11,000 registered users across 55 programs, report via the Data Exchange. It is anticipated that the number of users will increase as new programs on-board to the system.

The data that is now being collected is providing agencies with information about the use of their services that previously was not available. The analysis of this data will influence future program design ensuring programs are effective and more targeted. Information is also shared back with grant recipients to inform best practice and early intervention approaches to service delivery.

Improved grants administration practices
The Department has also implemented other improvements to support effective grant and program management. These have included better planning and forecasting for future grants processes, increased access and equity for all grant applicants through plain English and simplified documents, and standard timeframes for grant application periods. The Department endeavours, as a matter of practice, to inform providers about future funding arrangements as early as possible to provide funding certainty and allow for business planning.

The Department also acknowledges the benefits from more effective engagement with grant recipients and key sector representatives. The Department established the Community Services Advisory Group in 2015, which includes sector representatives from across the spectrum of funded programs, to work closely with the sector on a range of program, policy and grants administration matters.

Redesigned governance arrangements within the Department have strengthened engagement, co-design and decision making between policy owners and the areas of the Department responsible for program management and delivery. The Department also established continuous improvement processes to support the PDM and ensure funding approaches are proportionate to funding levels, risk and the length of grant while maintaining equity, rigour and accountability.

Through the launch of the Hub's website (www.communitygrants.gov.au), grant applicants and recipients are provided the source of information and updates on grant programs and selection processes for the Hub's client agencies. The website provides information targeted to individuals and organisations interested in applying for, or currently receiving, community sector grants. The website makes it easier to find and apply for a range of funding opportunities across government agencies. It also provides a range of fact sheets and support materials to assist grant applicants and recipients with developing and submitting applications, understanding reporting requirements, and outlines government policies that relate to their funding arrangements.

Through the Hub, the Department supports strengthened project management approaches to grants selection processes that provide close oversight of timeframes, risks and issues. It also supports earlier engagement in design activities to allow grant opportunities to be advertised well ahead of opening dates, and to ensure design elements are finalised well in advance of calling for applications. When applications are received, they are assessed in a professional assessment centre that ensures a high quality assessment process has been undertaken providing assurance to delegates they are making robust and defensible decisions.

Delivery and Evaluation of Grant Programs No. 25 (2015-16)
Since the Delivery and Evaluation of Grant Programs No. 25 (2015-16) audit report, the Department has made significant improvements to its grant processes and administration. The PDM is an integral part of the approach to addressing the report's recommendations, the way in which the recommendations were addressed is below.

Recommendation 1 – Entities provide more realistic advice to Ministers on program delivery timeframes when new grant programs are being designed. Also, when developing and administering grant agreements, pay greater attention to adopting realistic project delivery timeframes and actively managing any delays.
The development of realistic program delivery timeframes is aided by a range of project management and project planning tools in the PDM, including comprehensive Activity Design Risk and Provider Capacity Risk Assessments. Staff access clear guidance on how to manage risks and issues associated with an organisation's performance including risks to delivery timeframes. The PDM is the single source of guidance and resources are tailored to individual service delivery models. This ensures consistency across the Department for all program deliverables.

Recommendation 2 – For project-based grants, entities clearly link payments to the cash flow required in order for the project to progress.
Setting payment milestones for grants is informed by the outcome of a capacity risk assessment. A grant recipient with a higher risk rating will receive smaller, more frequent payments. This approach ensures projects progress while at the same time protecting the Commonwealth from risk and minimising red-tape for the grant recipient. The Department continues to investigate opportunities, using the PDM, to further link payments for project-based grants to deliverables during the period of the agreement.

Recommendation 3 – To benefit fully from program evaluation activities, the ANAO recommended that entities administering grant funding develop implementation plans to follow through on evaluation findings and recommendations.
The Department recognises that evaluation and review activities are important tools to help improve and manage programs and to add to the evidence-base for policy development. Evaluation findings are taken into consideration for policy and program development and implemented accordingly. The PDM now includes guidance which clarifies roles and responsibilities associated with assessing evaluation findings, developing implementation plans and ensuring that findings are addressed in the context of new or existing policy developments.

Recommendation 4 – When designing and implementing grant programs that fund capacity building and/or demonstration projects, entities implement strategies that aim to influence the behavior of entities other than the grant recipients, and measure the impact.
The Department notes the inclusion of this objective can be considered in the early design phase of a program that funds capacity building and/or demonstration projects. The capacity to influence the behaviour of other entities may differ across programs reflecting the levers available.

The Department remains committed to the continuous improvement of its grants processes and through the establishment of the Community Grants Hub is committed to implementing streamlined and efficient practices for its client agencies, grant recipients and their clients. More information is available at www.communitygrants.gov.au.

If you would like further information on the Department's submission, please contact Richard Baumgart, Branch Manager – Program Strategy, Community Grants Hub, on ▮▮▮▮▮▮▮▮▮ or at ▮▮▮▮▮▮▮▮▮▮▮▮▮

Yours sincerely

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