



File Reference: F2010/939

29 March 2012

Mr Rob Oakeshott MP
Chair
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Mr Oakeshott

JCPAA INQUIRY INTO AUDIT REPORT NO.21 2011-12: ADMINISTRATION OF GRANT REPORTING OBLIGATIONS

I am writing to you in relation to the personal explanation given by the Minister for Families, Community Services and Indigenous Affairs in the House of Representatives on 22 March 2012 in relation to the Committee's inquiry into Audit Report No. 21 2011-12. The Minister also separately wrote to me in relation to this matter, asking that I respond to her concerns and provide any clarification to the Committee.

I have responded to the Minister, outlining the process by which the audit was conducted, as well as our analysis of the decision-making arrangements that were adopted in relation to the grants in question. In summary, I have informed the Minister that the audit relied upon her department identifying to us all instances where a portfolio Minister had made a decision about whether or not to approve a grant, and that this material included two briefings in respect to the allocation of additional Emergency Relief program funding.

Our analysis of the two briefings was that grants were provided to organisations in line with decisions taken by the Minister in June 2009 as to the total amount of additional funding that was to be provided to existing providers (subject to certain conditions), with the Minister also specifying how the amount of additional funding was to be calculated. These decisions were made by the Minister in response to a briefing from the Department of Families, Housing, Community Services and Indigenous Affairs that had outlined the department's recommended approach to these matters. In summary, we do not see the issue to be as straightforward as the Minister's letter and personal explanation might suggest. In particular, the Minister's June 2009 decision appears to us to have constrained the department's discretion in terms of identifying the population of entities that could receive the additional funding, and set parameters around how the amount of funding for each entity would be decided. Through a subsequent briefing, the department provided the Minister with details of the organisations that would receive additional funding as well as the amount of this funding and the electorates in which these organisations were located. This later briefing was relied upon by ANAO in identifying those grants that had been awarded in respect to the electorate of Jagajaga.

Yours sincerely

Ian McPhee
Auditor-General