



Australian Government

Department of Finance and Deregulation

EXECUTIVE MINUTE

on

**JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT
REPORT 430**

*Review of Auditor-General's Reports Nos. 47 (2010-11) to 9 (2011-12) and
Reports Nos. 10 to 23 (2011-12)*

Response to the recommendations

Recommendation No. 5

That the Department of Finance and Deregulation strengthen advice within the revised Commonwealth Grant Guidelines and related material to ensure that a clear recommendation to approve or reject a grant application is to be made on every Ministerial brief presented for consideration.

Noted

The revised Commonwealth Grant Guidelines (CGGs) require agency staff to advise Ministers on whether grants meet the eligibility criteria, and advise on the merits of proposed grants relative to the grants guidelines.

Recommendation No. 6

That the Department of Finance and Deregulation prioritise the revision and release of the enhanced Commonwealth Grant Guidelines.

Agree

The Government has agreed to the policy changes in the updated CGGs. The CGGs will be registered on the Federal Register of Legislative Instruments as soon as practicable. The CGGs will take effect from 1 June 2013, in order to provide agencies with sufficient time to implement the new requirements.

Recommendation No. 7

That the Department of Finance and Deregulation report in writing to the Committee within six months of the tabling of this report on the implementation of the ANAO's recommendations and improvements made to the Commonwealth Grant Guidelines (and related Finance initiatives) – specifically addressing: initiatives to improve the quality of Ministerial briefs; and mechanisms for reporting of non-compliance and reporting of own-electorate grants.

Agree

The updated CGGs require agency staff to provide Ministers with improved information, particularly where Ministers exercise the role of an approver, by introducing minimum briefing requirements. This written advice must at a minimum:

- explicitly note that the spending proposal being considered for approval is a “grant”;
- provide information on the applicable requirements of the *Financial Management and Accountability Act 1997*, the *Financial Management and Accountability Regulations 1997* and the CGGs (particularly any ministerial reporting obligations), including the legal authority for the grant;
- outline the application and selection process, including the selection criteria, that were used to select potential grant recipients; and
- include the merits of the proposed grant or grants relative to the grant guidelines and the key consideration of achieving value with public money.

The updated CGGs now clearly apply to all forms of granting activities, including one-off ad hoc grants and grants awarded through non-competitive and/or non-application based processes. They highlight that competitive merit-based selection processes should be used, unless specifically agreed otherwise by the relevant Minister, Chief Executive or their delegate.

The proposed updated CGGs also clarify the application of the seven key principles of grants administration to all granting activities. The key principles are: robust planning and design; collaboration and partnership; proportionality; an outcome orientation; achieving value with public money; governance and accountability; and probity and transparency.

The updated CGGs improve clarity regarding Ministerial reporting requirements, particularly own-electorate reporting requirements. They clarify that Ministers who are Senators are not required to report on grants they award in their own state or territory. They also make it clear that where a Minister is not the approver then a Minister is not required to report. The updated CGGs provide an exception to own-electorate reporting where a Minister has limited discretion as the grants were awarded on a formula basis Australia-wide, state-wide or across a region.

The timeframe for agencies to publicly report information on grants on their websites has been extended from seven to 14 days. This will assist in providing agencies with sufficient time to upload grants information on their websites, thereby assisting agencies to comply with the mandatory reporting requirements.

The updated CGGs streamline reporting requirements by including a requirement for agencies to report on special confidentiality clauses in all grant agreements, including variations. The requirement to report on special confidentiality clauses in contracts is a key requirement of the Procedural Orders of Continuing Effect 11, *Order on Department and Agency Contracts* (also known as the Murray Order). This reporting of confidentiality clauses under the CGGs removes duplication and allows agencies to consolidate grants reporting on their websites.

In addition, the updated CGGs address a number of other government policy issues. In particular, in 2010, the Australian Government (the Government) announced its Not-for-Profit (NFP) Reform Agenda, *Strengthening the Non-Profit Sector*. As part of this reform agenda, the Government has committed to improve grant processes and streamline reporting. The updated CGGs aim to strengthen the relationship between the government and stakeholders, particularly the NFP Sector and build on reforms to reduce unnecessary red tape for the NFP sector.

Yours sincerely

David Tune
Secretary
Department of Finance and Deregulation

17 January 2013