

**Senate Standing Committee on Education Employment and Workplace
Relations**

**QUESTIONS ON NOTICE
Supplementary Budget Estimates 2012-2013**

Cross Portfolio

DEEWR Question No. EW0558_13

Senator Siewert provided in writing.

Question

Risks associated with grants

What part does the assessment of risk play in the awarding of grants and or the compliance and reporting obligations placed on a recipient? What are the risk factors the Department uses to judge whether a grant should be awarded to a particular recipient? Does the Financial Management and Accountability Act, associated Regulations or other guidelines spell out any mandated factors which must be used in determining how best to manage risk? Where an entity has been regularly awarded grants by the Commonwealth, do they receive any dispensation in terms of reporting and compliance obligations? If so what, and if not why not? Does your Department have a risk assessment framework for assessing grants applications? Is that framework publicly available? The Auditor General Act now authorises the Auditor General to do performance audits of grant recipients, has this new oversight function been factored in to the Department's risk assessment framework? If so how and if not why not

Response

Question:

What part does the assessment of risk play in the awarding of grants and or the compliance and reporting obligations placed on a recipient?

Answer:

A risk management strategy is adopted throughout the grants process. Grant activities over \$500,000 or that are assessed as high risk, require additional risk strategies, including grant recipient risk assessments, financial viability assessment, performance monitoring of grant recipients and fraud control plans.

Question:

What are the risk factors the Department uses to judge whether a grant should be awarded to a particular recipient?

Answer:

These vary and would be referenced in individual grant program guidelines. Some examples of the risks to be considered include: use of grant funds contrary to terms and conditions of the grant; fraud or misrepresentation; change in status/competence of the provider; and actual or perceived conflicts of interest.

Question:

Does the Financial Management and Accountability Act, associated Regulations or other guidelines spell out any mandated factors which must be used in determining how best to manage risk?

Answer:

The *Financial Management and Accountability Act 1997* is available at - <http://www.comlaw.gov.au/Details/C2012C00510/Download>

The Commonwealth Grant Guidelines (<http://finance.gov.au/publications/fmg-series/23-commonwealth-grant-guidelines.html>) pages 14 – 15 advises that “*agencies should ensure that appropriate procedures are in place to identify and consider all relevant risks throughout the process of grants administration*” and suggests some specific risks that granting activity could include.

Question:

Where an entity has been regularly awarded grants by the Commonwealth, do they receive any dispensation in terms of reporting and compliance obligations? If so what, and if not why not?

Answer:

No. Every new contract is subject to the same treatment.

Question:

Does your Department have a risk assessment framework for assessing grants applications? Is that framework publicly available?

Answer:

The risk approach is determined for each set of program guidelines.

Question:

The Auditor General Act now authorises the Auditor General to do performance audits of grant recipients, has this new oversight function been factored in to the Department’s risk assessment framework? If so how and if not why not?

Answer:

A note has been entered into DEEWR’s standard funding agreement templates as follows:

“Note: You should note that there are additional rights of access under the Ombudsman Act 1976, the Privacy Act 1988 and the Auditor-General Act 1997”.