

Administration of Grants in the Australian Public Service

Performance Audit

Tabled 15 May 1997

Audit Report No. 32 1996-97

Abbreviations

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| ANAO | Australian National Audit Office |
| APS | Australian Public Service |
| DoF | Department of Finance |
| MAB/MIAC | Management Advisory Board and its Management Improvement Advisory Committee |

Summary

Background

1. Following its efficiency audit of the Community Cultural, Recreational and Sporting Facilities Program (*The Auditor-General Audit Report No. 9 1993-94*), the Australian National Audit Office (ANAO) published the *Best Practice Guide for the Administration of Grants* in 1994. The purpose of the guide was to assist administrators in planning and managing grant programs and also auditors in undertaking reviews of the administration of grant programs. The ANAO considered that sufficient time had now elapsed for departments and agencies to have gained experience in the use of the guide and consequently there would be an opportunity to learn from that experience as well as review current practice in an area of considerable interest to both the Parliament and the Public Service.

2. The ANAO considers that the administration of grants to individuals or community organisations requires sound risk management approaches because:

- although the amount of money distributed through grants is relatively small for most departments and agencies, in aggregate the sums involved are significant (in excess of \$1 billion);
- the grant money is given to individuals or community organisations that are not directly accountable to the Government or the taxpayer for their activities;

- the imprecise nature of many of the grant programs' objectives often makes it difficult to assess the overall effectiveness of programs in any measurable way or to determine if they are targeting priority areas as well as achieving value for money; and
- the administration of grants within departments and agencies can be a relatively small component of program administration in many instances. As a result, the resource intensive activities involved in monitoring and reviewing grants may receive relatively little attention. For example, emphasis may be placed on distributing grant money (in order to get the program up and running) rather than on ensuring that the money is spent according to the conditions of the grant or, more particularly, whether programs are achieving their stated objectives.

3. The ANAO therefore undertook the revision of the *Best Practice Guide for the Administration of Grants* as part of this audit. The text of the revised better practice guide is at Appendix 4.

Audit objectives, criteria and methodology

Audit objectives

4. The objectives of the audit were to:

- examine the efficiency and administrative effectiveness of grant programs administered in the APS; and
- identify any specific problem areas and evidence of better practice in both program administration and agency guidelines not already included in the guide.

5. The ANAO also sought to incorporate in the revision of the better practice guide the lessons learned through the audit to help ensure its continued relevance in public sector administration at all levels of government.

Audit criteria

6. Criteria for the audit were based on the *Best Practice Guide for the Administration of Grants* published by the ANAO in 1994.

Audit methodology

7. The methodology adopted for the audit was to review both ANAO and agency internal audits and evaluations of grant programs undertaken in the last two years against the criteria in the Guide.

8. The ANAO reviewed 18 audit and evaluation reports that had examined 24 grant programs across 10 portfolios. Appendix 2 lists the programs audited. These are referred to collectively throughout this report as 'reviews'.

9. Although the agency reviews focused on the administrative efficiency and

effectiveness of the grant programs, the scope of the review, comprehensiveness of criteria, depth of analysis and the extent to which criteria were addressed varied considerably. This posed some problems in terms of consistent analysis of data. Where criteria were not addressed in detail, the ANAO sought additional information to do so itself.

Conclusions

10. The audit identified that there continues to be scope for improvement in the administration of grants. In the ANAO's view a more consistent application of the principles contained in the revised better practice guide could assist in improving performance. Better planning and more effective monitoring and review of grant programs are key areas for improvement. The principles outlined in the better practice guide can be applied to existing grant programs and also in the planning of new programs. Although the ANAO found some good practice in grant administration there was no evidence of any better practice than that already in the Guide.

11. The ANAO considers that the reviews undertaken by agency audit and evaluation units are an important component of the overall review and evaluation process. These reviews identified shortcomings in the administration of some grant programs and recommendations were made to address deficiencies. The ANAO has noted that audit findings identified in agency audit reports have been accepted by the relevant agency management. Recommendations have either been implemented or will be implemented where they remain relevant to the current program arrangements as some programs are being restructured. This underlines the importance of the review process and demonstrates that departmental audits and evaluations are an effective means of improving administrative efficiency and effectiveness.

Recommendations

12. Separate recommendations have not been made by the ANAO on issues where appropriate implementation action has been or will be taken by the relevant agency. The ANAO has made three recommendations to address issues not covered by departmental reviews.

Better Practice Guide

13. The ANAO undertook this audit in conjunction with the revision of the *Best Practice Guide for the Administration of Grants*. The ANAO consulted extensively with departments and agencies when revising the better practice guide to ensure its continued relevance in public sector administration. The focus of the Better Practice Guide - *Administration of Grants* is on the administration of grants to individuals or community organisations. Nevertheless, the principles outlined in the Guide also apply to other types of grants such as Specific Purpose Payments made through the States and Territories. The text of the revised better practice guide is at Appendix 4. For ease of reference the Guide will also be published as a stand-alone document and be available on the Internet on the ANAO's home page.

Key Findings

Planning

1. Effective planning is essential for an economic, efficient and effective grant program. In the ANAO's view many of the problems identified in this audit flow from poor planning. The following planning deficiencies were identified:

- almost 50% of the grant programs examined either did not clearly define objectives in terms of expected outcomes or failed to adequately document them. As a consequence program administrators would find it extremely difficult to determine if the programs were achieving value for money or intended outcomes;
- almost 70% of the programs examined did not have adequate program guidelines and were exposed to the risks of inconsistency and inefficiency in administrative process and grants not targeting priority areas;
- three-quarters of the programs examined did not address the need for performance measurement and evaluation during the planning process. As a result, agencies were unable to measure either the efficiency and effectiveness of administration or the overall policy effectiveness of programs;
- of the 24 programs examined, one program was identified as having a relatively high ratio of administrative costs to grant expenditure. However, 10 programs had not quantified or reported administrative costs to senior management. In the remaining 13 programs, administrative costs were not addressed as an issue. Identification of costs would help ensure that programs are delivered in the most cost effective and efficient manner; and
- only four reviews covering 11 programs addressed the assessment of risks associated with grant programs. Risk assessment is an important management tool. Program administrators should identify, analyse, assess and manage all risks associated with their grant programs as part of their risk management approach.

Operation

2. The establishment and continued operation of a grant program include the central functions of establishing and promoting the program, processing and appraising applications and offering grants to successful applicants. The ANAO found that:

- programs were generally well promoted. Potential applicants are provided with comprehensive information about the program, its objectives, eligibility criteria and assessment process;
- 50% of grant programs had efficient appraisal procedures for decision

making purposes. Varying procedural deficiencies were noted in the remaining twelve programs; and

- almost one-third of the programs examined had either no formal agreement or inadequate terms and conditions for some grants. The ANAO observed that agencies responsible for administering these grants had no legally enforceable agreement. As well, and partly as a consequence, they were unable to ensure that funding assistance was being used appropriately and the Commonwealth's interest was adequately protected.

Monitoring

3. Effective monitoring is an essential element of program management. By assessing the extent to which conditions may not have been satisfied it provides assurance that conditions attached to grant offers have been met and indicates how effective individual grants have been. The ANAO found that the majority of grant programs were not monitored effectively, in particular:

- only one program (4%) was reported as monitoring grants effectively (by reference to milestones or the use of financial or performance information), and meeting financial accountability requirements;
- four programs (17%) noted instances where funds were paid in advance of cash flow needs contrary to Commonwealth cash management guidelines;
- financial and project progress reporting was ineffective in the majority of programs because reports were untimely, incomplete, not in accordance with the terms of the agreement, not analysed or not followed up; and
- six programs (25%) identified instances where grants had not been properly acquitted. These program managers were unable to validate the financial activities of grant recipients in relation to the grants received or ensure that funds had been used as agreed.

Review and evaluation

4. Most reviews noted that program managers could not measure the achievement of program objectives due to shortcomings in the collection and analysis of performance information. Where adequate performance information existed, it was not always used effectively for planning and decision making.

5. Prior to the reviews, 21% of programs had never been evaluated. Some of these programs had been in operation for many years.

Scope of reviews

6. As outlined in paragraph 11 of the Summary, the implementation of agency review recommendations has improved grant administration in the relevant programs. However, the ANAO was concerned that 78% of the reviews did not examine staffing and administration costs and risk assessments in any detail. The

ANAO considers these are important factors and must be included in future reviews if the economy, efficiency and effectiveness of grant administration is to be properly assessed.

Recommendations

The ANAO has not made specific recommendations in relation to issues raised in the departmental reviews because they have either been implemented or will be implemented where they remain relevant to the current program arrangements. Instead the ANAO has made the following recommendations to address issues not covered by the departmental and agencies' reviews. These recommendations are applicable to all Commonwealth grant programs.

| | |
|---------------------------------------|--|
| Recommendation No. 1 Para. 2.25 | <p>The ANAO recommends that program managers:</p> <ul style="list-style-type: none">• identify all costs associated with administering their grant programs;• develop appropriate performance indicators based on these costs; and• review costs on a regular basis to help ensure the programs are being delivered in the most cost effective manner. |
| Recommendation No. 2 Para. 2.31 | <p>The ANAO recommends program administrators adopt current MAB/MIAC risk management strategies outlined in Report No.22 <i>Guidelines for Managing Risk in the Australian Public Service</i> to identify, analyse, assess and manage all risks associated with their grant programs.</p> |
| Recommendation No. 3 Para. 3.21 | <p>The ANAO recommends that departments and agencies seek legal advice to ensure the legal instruments relating to grants are legally binding.</p> |

Departments' and Agencies' Responses

Departments and agencies that responded to the draft report either agreed or agreed in principle with the report's three recommendations.

1. Introduction

This chapter sets out the background, objectives, scope and methodology for the audit.

Background

1.1 Following its efficiency audit of the Community Cultural, Recreational and Sporting Facilities Program (*The Auditor-General Audit Report No. 9 1993-94*), the ANAO published the *Best Practice Guide for the Administration of Grants* in 1994.

The purpose of the guide was to assist administrators in planning and managing grant programs and also auditors in undertaking reviews of the administration of grant programs. As part of this audit the ANAO has now revised the better practice guide to ensure its continued relevance in public sector administration.

1.2 The ANAO considers that the administration of grants to individuals or community organisations represents an area that requires sound risk management approaches because:

- although the amount of money distributed through grants is relatively small for most agencies, in aggregate the sums involved are significant (in excess of \$1 billion);
- the grant money is given to individuals or community organisations that are not directly accountable to the Government or the taxpayer for their activities;
- the imprecise nature of many of the grant programs' objectives often makes it difficult to assess the overall effectiveness of programs in any measurable way or to determine if they are achieving value for money as well as targeting priority areas; and
- the administration of grants within departments and agencies can be a relatively small component of program administration in many instances. As a result, the resource intensive activities involved in monitoring and reviewing grants may receive relatively little attention. For example, emphasis may be placed on distributing grant money (in order to get the program up and running) rather than on ensuring that the money is spent according to the conditions of the grant or, more particularly, whether programs are achieving their stated objectives.

1.3 Aggregated information on the total number and value of grants was not previously available in the APS prior to 1996 when the Department of Finance (DoF) began to collect data on discretionary and *ad-hoc* grants within government portfolios. Discretionary and *ad-hoc* grants were defined as 'grant payments where the grantor can choose the recipients and may or may not impose conditions on the arrangement'.¹ *Ad-hoc* grants are 'one-off' grants that are not included in a specific grant program. DoF excluded from its definition:

- grants directly associated with the provision of a service to the Government;
- grants to other governments, government agencies and overseas aid organisations;
- Social Security, Department of Veterans' Affairs and Department of Employment, Education, Training and Youth Affairs income support payments; and
- payments to educational institutions and medical research institutions.

1.4 The ANAO's analysis of DoF information identified 293 grant programs in the APS whose grant payments totalled \$816 million for 1995-96. Appendix 1 provides details of each portfolio. This information was the result of a 'self-reporting' process and has not been audited. Grants vary considerably in size and value, as noted in the following graph, but the majority are for programs of less than \$1 million per annum.

Figure 1: Value of Commonwealth Grant Programs 1995-96



Source: Department of Finance

Programs reviewed

1.5 The total value of grant programs as reported in the reviews examined by the ANAO was \$1.025 billion. This figure exceeds the \$816 million (referred to in paragraph 1.4) because the reviews included grants to non-government aid organisations and to the Aboriginal and Torres Strait Islander Commission. These grants were not included in the DoF's survey (refer paragraph 1.3).

Objectives of the audit

1.6 The ANAO undertook the audit in conjunction with the revision of the *Best Practice Guide for the Administration of Grants* first published in 1994. The objectives of the audit were to:

- examine the efficiency and administrative effectiveness of grant programs administered in the APS; and
- identify any specific problem areas and evidence of better practice in both program administration and agency guidelines not already included in the guide.

1.7 The ANAO also sought to incorporate in the revision of the better practice guide the lessons learned through the audit to ensure its continued relevance in public sector administration at all levels of government.

Scope of the audit

1.8 The scope of this audit and the revised better practice guide covers grants of public funds made by Government departments and agencies either within Australia or overseas, to achieve objectives consistent with Government policy.

Examples of these would include various current and capital grants to non-profit community organisations, non-government organisations or individuals.

1.9 While aspects of the administration of these grant programs are relevant to Specific Purpose Payments and General Purpose Payments, these were not included in the audit. The Joint Committee of Public Accounts has issued its Report 342 *The Administration of Specific Purpose Payments: A Focus on Outcomes*, November 1995 as a reference source for this type of funding arrangement.

1.10 The audit examined 18 reviews of 24 programs across 10 portfolios. Appendix 2 lists the programs audited and their reported value.

1.11 The reviews did not include a detailed analysis of their costs. It was therefore not clear whether these figures included administrative costs and other associated funding activities as well as actual grant expenditure. Given the absence of relevant data, the ANAO did not consider it was cost-effective to compare administrative costs across twenty-four grant programs.

1.12 Although the sampling methodology of the reviews examined means that the audit is not statistically representative of all grant programs within the APS, the ANAO considers that it is highly likely that the issues identified will be common to many other grant programs.

Audit methodology

1.13 When planning the audit the ANAO was aware that a number of grant programs had been or were currently being reviewed by both the ANAO and agency internal audit and evaluation units. The ANAO considered the use of existing and current reviews was cost effective and avoided considerable duplication of work. As a consequence the ANAO:

- reviewed audit reports and evaluations of grant programs undertaken in the last two years by the ANAO and agency internal audit and evaluation units (summarised at Appendix 3);
- reviewed, where available, departmental working papers relating to the reviews;
- interviewed, where necessary, program administrators; and
- confirmed that the recommendations put forward by the reviews for improvement and formally accepted by agency management had either been or would be implemented where they remain relevant to the program.

1.14 The ANAO reviewed 18 audit and evaluation reports that had examined 24 grant programs across 10 portfolios. These audit and evaluation reports will be referred to collectively as 'reviews' in this report. The reviews were a combination of 12 internal audits, four internal reviews/evaluations and two ANAO performance audits.²

1.15 The reviews identified that there continues to be scope for improvement in the administration of some grant programs and recommendations were put forward to address specific issues. The findings outlined in the reviews were accepted by the relevant agency management in all cases. Recommendations have been implemented in six programs and management has indicated that they intend implementing the recommendations in another fourteen programs. In one program, which is currently being restructured, some recommendations have been implemented and others will be if they remain relevant to the new program arrangements. The remaining three programs have either been terminated or the reduction in funding has meant that the recommendations put forward are no longer cost-effective. Therefore the ANAO has not made specific recommendations in relation to the issues already addressed by departments and agencies.

Audit criteria

1.16 Criteria for the audit were based on the *Best Practice Guide for the Administration of Grants* published by the ANAO in 1994. Where these criteria were not used in the reviews, the ANAO sought additional information to make an appropriate assessment.

Audit conduct

1.17 The Audit was undertaken between September 1996 and April 1997 at a cost of \$148,000. This work was conducted in accordance with ANAO Auditing Standards with particular attention given to AUS 604 which outlines considerations in using the work of internal audit. The ANAO's conclusions are based on an analysis of review findings and work undertaken by the ANAO.

Audit opinion

1.18 The audit identified that there continues to be scope for improvement in the administration of grants. In the ANAO's view a more consistent application of the principles contained in the revised better practice guide could assist in improving performance. Better planning and more effective monitoring and review of grant programs are key areas for improvement. The principles outlined in the better practice guide can be applied to existing grant programs to improve administrative effectiveness and also in the planning of new programs. Although the ANAO found some good practice in grant administration, there was no evidence of any better practice than that already in the guide.

1.19 The ANAO has noted that departments and agencies have accepted and implemented or intend to implement the recommendations put forward in the reviews.

Structure of report

1.20 As the purpose of the audit was to provide Parliament with an overview of the administration of Commonwealth grants and to incorporate lessons learned in reviewing the better practice guide, this report is generic in nature and individual agencies have not been associated with specific findings.

1.21 The detailed findings against the audit criteria are discussed in each of the chapters of this report. These chapters have been organised in line with the main headings of the *Best Practice Guide*, namely:

- Planning;
- Operation;
- Monitoring; and
- Review and evaluation.

Better practice guide

1.22 The ANAO undertook this audit in conjunction with the revision of the *Best Practice Guide for the Administration of Grants*. The ANAO consulted extensively with departments and agencies when revising the better practice guide to ensure its continued relevance in public sector administration. The focus of the Better Practice Guide - *Administration of Grants* is on the administration of grants to community organisations. Nevertheless, the principles outlined in the Guide also apply to other types of grants such as Specific Purpose Payments made through the States and Territories. The text of the revised better practice guide is at Appendix 4 and for ease of reference will also be published as a stand-alone document and be available on the Internet on the ANAO'S home page.

2. Planning of Grant Programs

This chapter summarises the findings of the reviews in relation to the planning undertaken by departments and agencies of their grant programs. The majority of programs examined failed to adequately address program objectives, guidelines, performance information, administrative costs and risk management issues.

Introduction

2.1 Effective planning is the cornerstone of an economic, efficient and effective grant program. The fundamental aim of the planning process is to ensure that the program will achieve its operational objectives and that these are compatible with the agency's strategic objectives. Planning sets out the necessary steps and processes to be undertaken, identifies what resources are needed and how they will be used. It also determines relevant milestones and targets and establishes mechanisms to enable the program manager to assess and report the extent to which individual projects and the program overall are meeting their objectives. Planning helps ensure consistency between strategic and operational objectives, performance measures and appraisal criteria. The following strategies should be incorporated into the planning process to ensure the sound development of program logic and the successful implementation of the program:

- a thorough analysis of the need for the program;
- program objective(s) clearly defined and documented;

- an assessment of all the risks associated with the program;
- cost benefit analysis of the program;
- appropriate options for delivery developed, selected and endorsed; and
- a detailed, well-documented plan for delivery, monitoring and evaluation produced (for example, program guidelines).

2.2 The ANAO compared the effectiveness of agencies' planning with the following criteria contained in the *Best Practice Guide*:

- program objectives;
- program guidelines;
- performance information requirements; and
- staffing and administration costs.

2.3 Also addressed as part of the planning process was the need to assess the risks associated with grant programs and to develop strategies for managing them. The findings in relation to these criteria are discussed below.

Program objectives

2.4 Grant program operational objectives need to be concise, unambiguous, realistic, outcome-oriented statements of what the program is intended to achieve. They should be linked to the department or agency's strategic objectives and stated in such a way that clearly communicates what is to be achieved, measured or assessed. Program objectives incorporating milestones for achievement should form the basis for performance reporting.³

2.5 The following table summarises the findings relating to program objectives:

Table 1: Summary of findings relating to program objectives

| Program Objectives | Programs | |
|---|----------|------------|
| | No. | % of Total |
| Not clearly defined in terms of expected program outcomes | 11 | 46 |
| Not clearly documented in program documentation | 2 | 8 |
| Clearly defined in terms of expected program outcomes | 11 | 46 |
| Total | 24 | 100 |

Source: ANAO analysis and departmental reviews

2.6 The reviews focused on the need for program managers to develop objectives in terms of the outcomes the program was expected to achieve. They noted that program outcomes should be measurable and achievable and managers needed to determine what performance information was required to assess the successful

achievement of these outcomes. Reviews put forward recommendations to develop meaningful and measurable performance indicators linking program objectives and outcomes. These reviews found that almost 50% of grant programs did not have clearly defined objectives.

2.7 The absence of clearly defined objectives made it difficult to assess the effectiveness of grant programs and weakens accountability.

Conclusion

2.8 More than 50% of the programs examined either did not clearly define or adequately document program objectives. As a consequence program managers may not have been able to:

- determine if the program was achieving value for money;
- assess the overall effectiveness of the program;
- clearly target priority areas; and
- properly assess risks relating to the program in terms of intended outcomes.

Program guidelines

2.9 Program guidelines detail the administrative procedures, eligibility criteria and assessment procedures applicable to the grant program. Care should be taken to ensure that the rules of the program are clear, easily understood, contain necessary financial and internal controls, are consistent with objectives and include provision for subsequent evaluation.

2.10 The reviews examined program guidelines and the following table summarises the findings.

Table 2: Summary of findings relating to program guidelines

| Guidelines | Programs | |
|-----------------------|----------|------------|
| | No. | % of Total |
| No Guidelines | 3 | 13 |
| Inadequate Guidelines | 13 | 54 |
| Adequate Guidelines | 8 | 33 |
| Total | 24 | 100 |

Source: Analysis of departmental reviews

2.11 Problems noted with some of the program guidelines examined included:

- guidelines being unclear;
- guidelines were not updated to take account of revised organisational

structures, responsibilities and procedures; and

- guidelines did not document in sufficient detail appraisal, monitoring, review and evaluation procedures.

2.12 To achieve equity there must be a consistent application of guidelines or instructions by program administrators. Reviews noted that the lack of clear and adequate guidelines has meant that staff can have differing expectations and standards which increases the risk of inconsistency in decision making.

Conclusion

2.13 Only 33% of the programs examined had adequate guidelines. The ANAO considers that the remainder of those programs were exposed to risks of:

- inconsistent application of administrative procedures resulting in the inequitable assessment of applications and inefficient administration of the grant program ; and
- grants not targeting priority areas.

2.14 The ANAO notes that corrective action has been or is being taken in all relevant cases.

Performance information requirements

2.15 Performance information is an important tool for effective program management and performance improvement. As well as providing a basis for informed decision-making it is also an early warning system enabling managers to undertake preventative action. ⁴

2.16 To ensure efficient and effective control of costs and program administration, performance information should be:

- related to clearly stated objectives and strategies;
- limited to a manageable number of items of key information which focus on effectiveness and efficiency to enable a judgement on the achievement of required outcomes;
- balanced and include, as necessary, a mix of quantitative and qualitative information; and
- reported with sufficient explanation and comparisons, including against targets, benchmarks and trends over time, to enable actual performance to be assessed. ⁵

2.17 Reporting on performance information is important as it provides the basis for internal management monitoring and decision-making and is the means by which external accountability is achieved. Reports may be produced with different levels of detail and a different balance of measures to suit the needs of individual programs. ⁶

2.18 The ANAO and the reviews assessed if agencies had designed their programs to collect and evaluate performance information. The following table summarises these findings.

Table 3: Summary of findings relating to performance information

| Performance Information | Programs | |
|---|----------|------------|
| | No. | % of Total |
| Performance information requirements were developed by departments and agencies during planning process | 6 | 25 |
| Performance information requirements were not developed by departments and agencies during planning process | 18 | 75 |
| Total | 24 | 100 |

Source: Analysis of ANAO assessment and departmental reviews

2.19 Most programs did not adequately address the need to collect and report program performance information. As a result program managers and reviews were unable to determine the effectiveness of grant programs. Findings from the relevant reviews and ANAO investigations included the following:

- there was a lack of defined performance indicators;
- performance information requirements were not included in agreements and reporting systems; and
- links between key result areas, the necessary associated strategies and performance measures were not present.

Conclusion

2.20 Three-quarters of the programs examined did not address the need for performance measurement and evaluation during the planning process. The ANAO concludes that the majority of agencies would find it very difficult to:

- measure the efficiency and effectiveness of the administration of the grants programs;
- measure the overall effectiveness of programs;
- make informed decisions on the allocation and use of program resources resulting in improved efficiency; and
- provide sound advice on the appropriateness, success, any shortcomings and future directions of the program, that is, improvements in economy, efficiency, effectiveness and accountability.

Staffing and administration costs

2.21 The main costs of a grant program comprise the costs of each of the grants paid together with the program's administrative support. The cost of each grant is

relatively easy to determine. However, effective planning should identify all administrative costs. Visibility of total costs can help to ensure that programs are delivered in the most cost effective and efficient manner. Administrative cost estimation therefore should be a key component in the planning of grant programs and in any review and evaluation strategy.

2.22 The ANAO found that of the 24 programs examined, one program was identified as having a relatively high ratio (approximately 10%) of administrative costs to grant expenditure and 10 programs had not quantified or reported administrative costs to senior management. In the reviews of the remaining 13 programs, administrative costs were not addressed as an issue.

Conclusion

2.23 The ANAO considers that program managers should identify the costs associated with administering programs both for the agency and the grant recipient. This will then allow them to undertake a cost benefit analysis to assist in determining the most cost effective methods of program delivery. Performance indicators should be developed to ensure the continued measurement of these costs and they should be reviewed on a regular basis to ensure programs are being delivered in the most cost effective and efficient manner.

2.24 That said, the ANAO recognises that situations can arise where speed is of the essence and grant programs must be developed quickly. In such exceptional cases a detailed cost benefit analysis may not be possible during the planning phase. Such circumstances emphasise the importance of regular post implementation reviews of administrative costs.

Recommendation No.1

2.25 The ANAO recommends that program managers:

- identify all costs associated with administering their grant programs;
- develop appropriate performance indicators based on these costs; and
- review costs on a regular basis to help ensure the programs are being delivered in the most cost effective manner.

Departments' and agencies' responses

2.26 Departments and agencies that responded to the draft report either agreed or agreed in principle with this recommendation.

Assessment of risk

2.27 Risk management has become recognised as a vital tool in public sector administration and in 1996 MAB/MIAC published *Guidelines for Managing Risk in the Australian Public Service*. Risk management is defined as 'the systematic application of management policies, procedures and practices to the tasks of identifying, analysing, assessing, treating and monitoring risk'. Managing risk

means identifying and being prepared for what can happen and taking appropriate action to avoid or reduce possible risks. It also includes taking opportunities to improve performance and encourages agencies to be proactive rather than reactive.⁷

2.28 The ANAO acknowledges that a number of grant programs would have been established prior to the APS adopting risk management methodology and that the *Best Practice Guide* does not provide detailed information on this process. However, it is considered that risk management should be an integral part of good management practice with program administrators endeavouring to identify, analyse and manage the risks associated with grant programs.

2.29 Only four reviews (22%) covering eleven programs addressed the assessment of risks associated with grant programs. They found that:

- there was no evidence of any formal risk assessments in relation to funding activities;
- there was a lack of application of risk management concepts in acquitting and evaluating grants; and
- fraud control risks may not have been adequately considered.

2.30 The ANAO's revision of the better practice guide includes more explicit reference to risk management and how it applies to grant programs.

Recommendation No.2

2.31 The ANAO recommends program managers adopt current MAB/MIAC risk management strategies outlined in Report No.22 *Guidelines for Managing Risk in the Australian Public Service* to identify, analyse, assess and manage all risks associated with their grant programs.

Departments' and agencies' responses

2.32 Departments and agencies that responded to the draft report either agreed or agreed in principle with this recommendation.

3. Operation of Grant Programs

This chapter summarises the findings in relation to the establishment and continued operation of grant programs. Generally programs were well promoted and potential applicants provided with all necessary information. However, eight programs were found to have either no formal agreement or inadequate terms and conditions in some grants. Twelve programs had deficiencies in appraisal procedures.

Introduction

3.1 The establishment and continued operation of a grant program covers the central functions of establishing and promoting the program, preparing administrative procedures, processing and appraising applications and offering

grants to successful applicants. Grants should 'add value': each grant should contribute to the program's strategic objectives. Administrative procedures should be consistent but responsive to lessons learned from monitoring completed projects and the evaluation of results and achievements.

3.2 The ANAO or the reviews examined whether grant programs were adequately promoted to potential applicants. The ANAO also compared the actual implementation and operation of grant programs with the criteria contained in the *Best Practice Guide* which included:

- promotion of programs;
- appraisal process; and
- funding agreements

Promotion of grant programs

3.3 Effective promotion of grant programs is necessary if:

- programs are to attract a high level of interest from potentially eligible applicants;
- funds are to be targeted to best effect; and
- access and equity considerations are to be adequately addressed.

3.4 The majority of programs were generally well promoted. However, three programs (12%) were found to have either not publicly advertised the availability of grant funding or had no promotional brochures or resource material for potential applicants. The lack of advertising and promotional material particularly at a national level, increased the risks that the program would not be administered equitably.

Conclusion

3.5 The ANAO found that with some exceptions grant programs are generally well promoted. Potential applicants were provided with information about the program, its objectives, eligibility criteria and assessment process.

Appraisal process

3.6 Appraisal is a process whereby individual applications are assessed against the published criteria and ranked. Appraisal procedures should ensure available resources are effectively targeted in accordance with program priorities and that an appropriate management trail exists. Applications should be consistent with the overall objectives of the program and satisfy the most important selection criteria.

3.7 To address accountability obligations, appraisal processes should, as a minimum, satisfy the following criteria:

- they should be fair and open;
- decisions should be based on principle and supported by documented reasons; and
- those involved in making decisions should be accountable for their decisions.⁸

3.8 The reviews examined the appraisal processes for the funding of grants in all programs and 12 programs were found to be satisfactory. The following table summarises the inadequacies noted in the other programs.

Table 4: Summary of appraisal process inadequacies

| Appraisal Process Inadequacies | Programs No. |
|---|--------------|
| Inadequacies in the level of detail recommending applications for funding | 4 |
| Decisions not documented | 5 |
| Non-compliance with procedures | 2 |
| Incorrect delegation levels | 2 |
| No selection criteria for assessing applications | 2 |
| Not targeting priority resources | 2 |

Source: ANAO analysis of departmental reviews.

Note: As appraisal procedures were satisfactory in 12 of the programs, this table sets out the deficiencies noted in those programs considered unsatisfactory. Some program processes were inadequate for more than one reason.

3.9 The shortcomings noted by the reviews ranged from relatively minor issues in some instances to programs that did not have selection criteria for appraising applications and lack of sufficient documentation of decisions to establish whether all projects had been fully assessed against the selection criteria.

3.10 In the absence of proper documentation, it is not possible to determine if applications have been properly assessed. The ANAO considers that this highlights the possibility of a lack of accountability and the risk that programs may not be addressing access and equity requirements.

Conclusion

3.11 The ANAO found that 50% of the grant programs examined had satisfactory appraisal procedures in place for decision-making purposes. Varying procedural inadequacies were identified in the remaining 12 programs particularly in relation to a lack of any appraisal criteria in two programs and decisions and recommendations for funding not being properly documented.

Funding agreements

3.12 Departments and agencies are responsible for protecting the interests of the Commonwealth and ensuring proper use of public funds. Offers of grants should

therefore be accompanied by agreements which specify conditions that establish the rights of the grantor to monitor both the use made of the grant and the effectiveness of the assisted project in achieving program objectives.

3.13 The reviews examined if funding arrangements had been formalised and if the terms and conditions of such agreements were adequate. The following table summarises their findings.

Table 5: Summary of findings relating to funding agreements

| Funding Agreement | Programs | |
|---------------------------------------|----------|------------|
| | No. | % of Total |
| No formal agreement in some instances | 2 | 8 |
| Inadequate terms and conditions | 5 | 21 |
| Adequate agreements | 17 | 71 |
| Total | 24 | 100 |

Source: ANAO analysis of departmental reviews

3.14 The agreements that had inadequate terms and conditions were either unclear or lacked specific details such as:

- administrative and accountability responsibilities;
- providing information against performance indicators;
- the requirement by grant recipients to acknowledge Commonwealth funding;
- provision for the return of unspent funds;
- providing information required to monitor and acquit grants (such as specifying when financial and performance reports are required);
- arrangements for dealing with proposed variations to the agreement;
- explicit penalties for a breach of the agreement; and
- defining the ownership of equipment purchased.

3.15 It is not clear from the material examined whether intellectual property, patents or copyright issues were addressed by the reviews.

3.16 In the absence of evidence of an adequate risk assessment it is not clear to what extent the lack of these features represents a conscious management decision.

3.17 The ANAO considers that program administrators should adopt and document a risk management approach when defining grant terms and conditions and address the specific level of risk as it relates to each individual

grant. Factors to be considered may include the type and size of the grant, the ability of the recipient to complete the project, sensitivity of the grant and the type of project being funded.

Enforcement of grant terms and conditions

3.18 During the course of the audit, the ANAO also noted that there could be legal risks associated with how grant terms and conditions have been formalised. The lack of formal agreement or inadequate terms and conditions may make it very difficult for the Commonwealth to enforce specific requirements should a problem or dispute occur with the grant recipient. No specific instances were noted by the reviews where this had occurred.

3.19 The ANAO sought the advice of the Attorney-General's Department and was advised that, dependant on the choice of legal arrangement, in some cases there may be a risk to the Commonwealth's ability to enforce all the relevant terms and conditions. The Attorney-General's Department also advised that departments' and agencies' ability to protect the Commonwealth's interest could be improved in the short-term by the use of an appropriate form of funding agreement that enables the enforcement of the relevant grant conditions. The Department also noted that:

...One way of reducing the difficulties associated with enforcing these funding arrangements could be to have legislation dealing with Commonwealth funding arrangements, so obligations imposed on recipients of funding could be enforced as statutory obligations. This legislation could also facilitate uniformity in the terms and conditions on which grants are made.

Conclusion

3.20 The ANAO found that almost one-third of the programs examined had either no formal agreement or inadequate terms and conditions for some grants. The ANAO considers that these agencies were not able to ensure that funding assistance was being used appropriately and the Commonwealth's interest was adequately protected

Recommendation No. 3

3.21 The ANAO recommends that departments and agencies seek legal advice to ensure the legal instruments relating to grants are legally binding.

Departments' and agencies' responses

3.22 Departments and agencies that responded to the draft report either agreed or agreed in principle with this recommendation.

4. Monitoring and Acquittal of Grant Programs

This chapter summarises the audit findings in relation to the monitoring and acquittal of grant programs. A significant number of programs experienced problems with reporting requirements for monitoring purposes. The ANAO found that financial reports were often

late, incomplete and not in accordance with funding agreements and progress reports were either not received, examined or adequately followed-up. Problems were also identified in the monitoring of payments and the acquittal of grants for a number of programs.

Introduction

4.1 Directly or indirectly, departments and agencies remain publicly accountable to Parliament through their Minister for the value for money achieved from grants even after they have been paid. Agencies should therefore have an effective monitoring strategy.

4.2 At one level, effective monitoring assesses the extent to which conditions may not have been satisfied and thereby helps to provide assurance that all conditions attached to grant offers have been complied with. At another level it indicates the effectiveness of individual grants in achieving project and program objectives and provides a basis for refining the program overall. Effective monitoring is an ongoing process and includes two key closely linked components:

- financial monitoring against budgetary targets; and
- progress monitoring of project achievement against milestones.

4.3 The extent and frequency of monitoring by project managers will vary according to the size of the grant, the associated risks or the sensitivity of the funding assistance. Effective monitoring procedures will enable program administrators to assess properly if:

- funds are being used in the manner intended;
- individual projects are being undertaken as agreed;
- tasks critical to the success of individual projects are being accomplished;
- the final outcomes of individual projects will be achieved; and
- the overall objectives of the grant program are being achieved.

4.4 The ANAO compared the actual monitoring of programs with the general criteria outlined in the *Best Practice Guide* which requires effective:

- cash management;
- financial reporting; and
- progress reporting.

4.5 The ANAO also examined how grants were acquitted.

Monitoring of grants

4.6 A number of reviews noted problems in relation to the payment of funds, finance and progress reports and the acquittal of grants. The table below provides details of grant programs in relation to these problem areas. Programs may be

included in one or more of these problem areas.

Table 6: Summary of monitoring process inadequacies

| Monitoring Process Inadequacies | Programs | |
|---|----------|------------|
| | No. | % of Total |
| Payment in advance of need and inadequate certification | 4 | 17 |
| Inadequate financial reporting | 17 | 71 |
| Inadequate progress reporting of projects | 15 | 62 |

Source: ANAO analysis of departmental reviews

Monitoring of payments

4.7 Cash management is an important component in the efficient and effective administration of grant programs. Agencies should have strategies for the payment of grant funding based on Commonwealth cash management principles outlined in Department of Finance Circular 1994/4, that is, payments should be made only when needed unless there is a net advantage to the Commonwealth to do otherwise. The cash flow needs of grant recipients and the administrative costs incurred by both the Commonwealth and grant recipients should be a consideration when developing these strategies.

4.8 In four programs (17%) instances were noted of inappropriate advance payments and inadequate documented certification for payments.

Monitoring of progress

4.9 Monitoring cash flows and payments against budgetary targets and the progress of grant projects against objectives requires regular and accurate reporting to ensure that:

- grant recipients comply with the terms and conditions of the funding agreement;
- effectiveness of the grant is measured; and
- program managers meet accountability obligations.

Financial reporting

4.10 In 17 of the programs (71%) there were shortcomings in financial reporting. Some of the deficiencies noted included:

- reports were not submitted on time;
- reports were incomplete or not in accordance with the terms and conditions of the agreement;
- staff lacked expertise in analysing financial reports; and/or

- administrative staff failed to action financial reports when received or to follow-up outstanding or incomplete financial reports.

Progress reporting

4.11 The reviews also examined how funded projects reported progress. Fifteen programs (62%) identified deficiencies in this area, namely:

- there were inadequate performance reporting mechanisms;
- there were instances where progress reports had not been submitted by grant recipients by the required due date and not examined by program administrators; and/or
- inconsistency in the receipt of progress reports from grant recipients, delays in following up by program administrators and lack of feedback on the reporting process.

4.12 The ANAO found that of the 24 programs examined by the reviews only one (4%) was reported as monitoring grants effectively and meeting financial accountability requirements.

Conclusion

4.13 The ANAO concludes that monitoring of grants is a key area for improvement. If programs are not being monitored effectively, program administrators are unable to achieve the benefits outlined in paragraph 5.3.

Acquittal of grants

4.14 Funding for grants comes from public money made available to the agency to be administered on behalf of the Government. Acquittal is one of the processes by which the agency demonstrates to the Minister (and subsequently to Parliament), that it has administered grant funds in a responsible and legal manner. The ANAO considers that if grants are not being acquitted properly this level of accountability is reduced and the risks of misuse or loss of Commonwealth funds increased.

4.15 Problems relating to the acquittal of grants were noted in six programs (25%) and included:

- inadequate follow-up of unacquitted grants;
- agreements that did not specify clearly the information required to properly acquit grants;
- financial statements that were late, did not comply with agreements and were not in accordance with accounting standards where specified in the agreement; and
- acquittals were not being reviewed by program administrators after the completion of projects.

Conclusion

4.16 The ANAO considers that grants were generally acquitted properly although the number that were not acquitted properly was significant.

ANAO comment on monitoring and acquittal of grants

4.17 The ANAO considers that most problems relating to the monitoring and acquittal of grants flow from:

- information and reporting requirements not being designed and incorporated into agreements in the planning phase of the program;
- grant recipients either not understanding or failing to comply with monitoring requirements; and/or
- failure by program administrators to comply with or enforce guidelines and departmental procedures.

4.18 Program managers should ensure that information requirements and procedures to monitor and acquit grants are relevant, sensible and cost-effective. Grant recipients should be consulted to ensure that these requirements are accepted and clearly understood. Guidelines should also clearly outline procedures to be followed by both administrative staff and grant recipients to ensure the program is monitored and acquitted properly.

5. Review and Evaluation of Grant Programs

This chapter summarises the audit findings on the review and evaluation of grant programs. Because of shortcomings in the collection and analysis of performance information, generally program managers were unable to assess whether program outcomes had been achieved or stated objectives met. Although the majority of programs had either been evaluated (wholly or partially) or included in current Portfolio and Departmental Evaluation Plans, a small number had never been evaluated. Also discussed is the scope of the reviews included in this audit and the need for a more consistent approach in auditing and evaluating the administration of grant programs in the APS.

Introduction

5.1 Review and evaluation is an important part of managing government programs. The demands on public funds, greater public scrutiny and questioning of government programs and their management has seen the focus of evaluations change to where they are no longer concerned primarily with a program's use of resources but also look at how well these resources are used, the purpose of the program and its impact on society and the economy. The reasons for, and benefits gained, by undertaking evaluations include:

- better program management;
- better accountability;

- more informed decision-making;
- better resource allocation; and
- better program objectives and performance information.⁹

5.2 The ANAO considers that the following levels of review are necessary if grant programs are to be properly administered:

- management review of the individual grant;
- review at the grant program level by program administrators; and
- review as part of Departmental and Portfolio evaluations.

5.3 Reviews examined whether programs had been evaluated and if outcomes were achieving program objectives. The ANAO compared agencies' program reviews and evaluations with the criteria outlined in the *Best Practice Guide*. These criteria included:

- outcomes should be identified and assessed;
- adequate performance information should be collected;
- performance information should be effectively analysed and used; and
- programs should be regularly evaluated.

Effectiveness of management review at the program level

5.4 As the following table summarises, most reviews noted that program managers could not measure the achievement of program objectives due to shortcomings in the collection and analysis of performance information.

Table 7: Summary of findings of evaluation of program outcomes

| Evaluation of Program Outcomes | Programs | |
|---|----------|------------|
| | No. | % of Total |
| Program outcomes identified and assessed | 3 | 12 |
| Insufficient performance information to assess program outcomes | 17 | 71 |
| Information collected but not effectively analysed or used | 4 | 17 |
| Total | 24 | 100 |

Source: ANAO analysis of departmental reviews

Inadequacy of performance information

5.5 Seventeen programs (71%) lacked sufficient performance information and were unable to assess whether the outcomes and objectives of grant programs had been achieved or form an opinion on the overall effectiveness of the program. The main reasons for this were:

- agreements did not specify performance information requirements;
- there was no evaluation strategy in place;
- there was a lack of adequate qualitative or quantitative data; and
- the performance monitoring at the level of the grant often did not proceed beyond the 'output' level.

Analysis and use of performance information

5.6 Four programs (17%) undertook little or no analysis of the performance data collected and provided no feedback on performance. They also did not incorporate performance information in future planning and decision-making.

Program review at departmental and portfolio level

5.7 Although the Government's evaluation strategy is currently under review, at the time of the audit all programs and program elements within a portfolio should have been evaluated on a regular and systematic basis. This usually involves a rolling schedule of evaluations and includes major effectiveness evaluations of each program (or major part of programs) once every three to five years. The purpose of these program evaluations is to assist program managers assess:

- the continued relevance or appropriateness of the program;
- the effectiveness of the program (that is, whether program outcomes are achieving stated objectives);
- whether there are better ways of achieving these objectives;
- the need to establish new programs or extend existing programs; and
- whether resourcing should remain at current levels, be increased, reduced or discontinued.

5.8 The reviews examined whether program evaluations had been undertaken, proposed or recommended. The following table provides a summary of the findings. All programs are included in this table but may fall within more than one category because evaluations tend to address components as well as whole programs.

Table 8: Summary of findings relating to grant program evaluations

| Evaluations | Programs | |
|--|----------|------------|
| | No. | % of Total |
| Evaluations undertaken | 15 | 62 |
| Evaluations proposed as part of departmental and portfolio evaluations | 8 | 33 |

| | | |
|--|---|----|
| Never evaluated prior to internal review | 5 | 21 |
| Evaluations recommended by internal review | 4 | 17 |

Source: ANAO analysis of departmental reviews

5.9 Prior to the reviews, 21% of programs had never been evaluated. This included a number of relatively long-running programs. The ANAO considers that this may have occurred through poor planning and coordination in developing evaluation strategies at all levels. The ANAO considers that if programs are to be evaluated properly there must be a linkage between the planning of grant programs and review strategies.

Conclusion

5.10 Most reviews noted that program managers could not measure the achievement of program objectives due to shortcomings in the collection and analysis of performance information. Where adequate performance information existed, it was not always used effectively for planning and decision making.

5.11 Prior to the reviews, 21% of programs had never been evaluated and some of these programs have been in operation for many years. Given the quality of performance information within programs (indicated at Tables 3 and 7), agencies may find it difficult to determine if the program is:

- still relevant and appropriate;
- achieving its stated objectives;
- achieving value for money; and
- being delivered in the most cost effective manner.

5.12 The ANAO considers that program managers should adopt a risk management approach to scheduling and undertaking grant program reviews and evaluations. Evaluation strategies developed by agencies should always be consistent with applicable Government policy.

Scope of reviews examined by the ANAO

5.13 The ANAO considers that the reviews undertaken by agency audit and evaluation units are an important component of the overall review and evaluation process. Reviews identified shortcomings in the administration of grant programs and recommendations were made to address deficiencies. Agencies accepted these recommendations and have either implemented them or intend doing so. The resulting improvements underline the importance of the departmental review process and demonstrate that internal reviews are an important means of improving administrative efficiency and effectiveness.

5.14 The reviews focused on the administrative efficiency and effectiveness of the

grant programs. However, they varied considerably in their:

- scope;
- comprehensiveness of criteria;
- depth of analysis; and
- extent to which criteria were addressed.

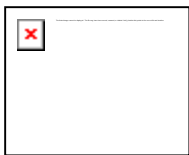
5.15 However, the ANAO observed that 14 reviews (78%) covering 13 programs did not examine staffing and administration costs and the assessment of risks. Only three of the reviews covered both of these issues.

5.16 The ANAO believes these are important factors and must be included in any review if the economy, efficiency and effectiveness of grant administration is to be properly reviewed.

Conclusion

5.17 A major purpose of the guide is for use as a tool for reviewing and evaluating grant programs. The ANAO considers that basing audit and efficiency evaluation criteria on the ANAO *Better Practice Guide for the Administration of Grants* (Appendix 4) would:

- improve consistency in the audit and evaluation of grant administration at the program level;
- enhance the effectiveness and quality of the review process and allow benchmarking across portfolios; and
- help ensure that reviews and evaluations are sufficiently comprehensive.



P. J. Barrett
Auditor-General
Canberra ACT
14 May 1997

ANAO, Audit Report No.5 1996-97 *Accounting for Aid: The Management of Funding to Non-Government Organisations*, and Audit Report No. 26 1996-97 *Community Development Employment Projects Scheme - Phase Two of Audit*, AGPS, Canberra.

3

ANAO and Department of Finance *Performance Information Principles Better Practice Guide*, Canberra, 1996, p.6.

4

ibid., p.1.

5

ibid., p.36.

6

ibid., p.33.

7

MAB/MIAC, *Guidelines for Managing Risk in the Australian Public Service*, Canberra, 1996, p.11.

8

ANAO, Audit Report No.9 1993-94: *Community Cultural, Recreational and Sporting Facilities Program*, AGPS, Canberra.

9

Department of Finance *Doing Evaluations: A practical guide*, Canberra, 1994, p.4-5.

Appendix 1 - Department of Finance Data of Grants Within the APS - 1995-96

| Portfolio | Expenditure (\$m) | Total No. Grants | No. <\$1m | Range | |
|---|-------------------|------------------|-----------|----------------|------------|
| | | | | No. \$1m-\$10m | No. >\$10m |
| Administrative Services | 0.536 | 8 | 8 | 0 | 0 |
| Attorney-General's | 42.891 | 6 | 3 | 1 | 2 |
| Communications & the Arts | 73.735 | 14 | 10 | 3 | 1 |
| Defence | 0.556 | 5 | 5 | 0 | 0 |
| Environment Sport & Territories | 101.334 | 50 | 27 | 21 | 2 |
| Employment, Education, Training & Youth Affairs | 195.266 | 48 | 27 | 18 | 3 |

| | | | | | |
|-------------------------------------|----------------|------------|------------|-----------|-----------|
| Foreign Affairs & Trade | 14.425 | 53 | 50 | 3 | 0 |
| Health & Family Services | 56.201 | 27 | 20 | 5 | 2 |
| Immigration & Multicultural Affairs | 27.480 | 15 | 11 | 3 | 1 |
| Industrial Relations | 11.765 | 5 | 4 | 1 | 0 |
| Industry, Science & Tourism | 219.169 | 21 | 7 | 10 | 4 |
| Primary Industries & Energy | 27.833 | 13 | 6 | 7 | 0 |
| Prime Minister & Cabinet | 2.414 | 7 | 7 | 0 | 0 |
| Social Security | 1.609 | 2 | 1 | 1 | 0 |
| Transport & Regional Development | 28.032 | 5 | 3 | 0 | 2 |
| Treasury | 1.304 | 7 | 7 | 0 | 0 |
| Veterans' Affairs | 11.583 | 7 | 6 | 0 | 1 |
| Grand Totals | 816.133 | 293 | 202 | 73 | 18 |

Appendix 2 - Agencies and Programs Included in Audit

| Department | Grant Program | Value at time of Audit \$m |
|--|---|-------------------------------|
| Communications & the Arts | Cultural Development Program Heritage Property Restoration Program | \$ 54.3 (Total funding) |
| Health & Family Services | Community Organisations Support Program General Practice Divisions & Projects Grants | \$ 7.8 \$ 48.3 |
| Prime Minister & Cabinet | National Agenda for Women Grants | \$ 0.7 |
| Aboriginal & Torres Strait Islander Commission | Community Training Component Community Development Employment | \$ 24.7 |

| | | |
|---|---|--|
| | Projects | \$329.8 |
| | Community Housing & Infrastructure Program | \$97.8 (Housing) \$154.3 (Infrastructure) |
| Environment Sport & Territories | Environment Programs Antarctic Division <i>(excluding cost of logistic support for projects)</i> Office of Recreational Development Corporate Management - Public Affairs Territories Office Office of Local Government Australian Sports Commission | \$ 65.6 \$ 0.6 \$ 0.1 \$ 0.3 \$ 3.1 \$ 6.6 \$ 59.8 |
| Employment, Education, Training & Youth Affairs | Education Counselling for Young People Program (\$3.7m over three years) Office of Labour Market Adjustment Regional Initiatives | \$ 1.2 \$ 16.5 |
| Immigration & Multicultural Affairs | Grants-In-Aid and Migrant Access Projects | \$ 14.8 |

| Department | Grant Program | Value at time of Audit \$m |
|----------------------------|--|-------------------------------|
| Veterans' Affairs | Residential Care Development Scheme | \$ 10.5 |
| Industry Science & Tourism | Federal Bureau of Consumer Affairs Grants-In-Aid Consumer Protection Advancement Commonwealth Financial Counselling | \$ 3.0 (Total funding) |
| Defence | Defence Family Support Funding Program | \$ 0.5 |
| Foreign Affairs & Trade | Australian Agency for International Development - Funding to Non-Government Organisations | \$125.0 |

| | | |
|--------------------|--|-------------|
| | | |
| Total Value | | \$1,025,300 |

Appendix 3 - Status of Reviews at Time of Audit

| INTERNAL REVIEWS AND PROGRAM EVALUATIONS | | | |
|---|---|---|---|
| Portfolio | Program | Status of Review | Comments |
| Communications & the Arts | Cultural Development Heritage Property Restoration | Internal audit completed. Audit findings accepted by management. | Recommendations being implemented. |
| Health & Family Services | Community Organisations Support General Practice Divisions & Projects Grants | Internal audits completed. Audit findings accepted by management. | Programs have been restructured following the 1996-97 budget. |
| Prime Minister & Cabinet | National Agenda for Women | Internal Audit and Program Evaluation completed. Audit findings accepted by management. | Funding extended pending decision to continue with program in 1997. |
| ATSIC | Community Training Component | Internal audit completed. Audit findings accepted by management. | Program to be terminated in 1997. |
| | Community Housing and Infrastructure Program | Internal audit completed. Audit findings accepted by management. | Recommendations to be implemented. |
| Environment Sport & Territories | Environment Programs Antarctic Division Office of Recreational Development Corporate Management - Public Affairs Territories Office Office of Local Government Australian Sports Commission | Internal audit completed. Audit findings generally accepted by management. | Report is being finalised and an implementation schedule for the recommendations developed. |
| Employment Education Training & Youth Affairs | Education Counselling for Young People | Internal audit completed. Audit findings accepted by management. | Program in final acquittal stage - no new projects funded in 1996-97 budget. |

| | | | |
|--|--|--|---|
| | Office of Labour Market Adjustment Regional Initiatives | Internal audit and Program Evaluation completed. Audit findings accepted by management. | Program is currently being restructured. |
|--|--|--|---|

| INTERNAL REVIEWS AND PROGRAM EVALUATIONS | | | |
|---|--|--|--|
| Portfolio | Program | Status of Review | Comments |
| Immigration & Multicultural Affairs | Grants-In-Aid and Migrant Access Projects | Internal audit and Stages 1, 2 & 3 of internal review completed. Audit findings accepted by management. | Agency management has accepted recommendations for improvement and a framework is being put in place for the next round of funding in 1997. |
| Veterans' Affairs | Residential Care Development Scheme | Internal audit completed. Audit findings accepted by management. | Recommendations to be implemented. |
| Industry Science & Tourism | Federal Bureau of Consumer Affairs: Grants-In-Aid Consumer Protection Advancement Commonwealth Financial Counselling | Draft internal audit report only. Audit findings were accepted by management. | Report was not finalised as: <ul style="list-style-type: none"> • Program was terminated. • Program funding reduced in 96-97 budget. • Program is to be evaluated in 96- 97 financial year. |
| Defence | Defence Family Support Funding | Internal evaluation completed. Recommendations accepted by management. | Recommendations being implemented. |
| ANAO AUDIT REPORTS | | | |
| Portfolio | Program | Status of Review | Comments |
| Prime Minister & Cabinet (ATSIC) | Community Development Employment Projects | ANAO Audit Report No.26 1996-97 tabled February 1997. Audit findings accepted by management. | Recommendations agreed by agency. |
| Foreign Affairs & Trade | Australian Agency for International Development - Funding to non-government organisations | ANAO Audit Report No.5 1996-97 tabled August 1996. Audit findings accepted by management. | Recommendations agreed by agency. |

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