



Government Response

Auditor-General's Report No. 8 of 2013: *Management of Funding for Community Services*

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Introduction

The ACT Government welcomes the Auditor-General's Report No. 8 of 2013: *Management of Funding for Community Services* (the Report). The Report raised a number of matters to be potentially addressed by the ACT Government.

Effective management of community service funding depends on good governance and management practices, strategic use of information networks, and use of information technology to deliver streamlined online services that focus on customer needs.

In general, the Report demonstrated that, with minor adjustments and some improvements to existing processes and practices, the ACT Government's management of funding for community services is sound and includes effective checks and balances that minimise risk and ensure good outcomes for the ACT community.

Responses to the Auditor-General's Recommendations

RECOMMENDATION 1

The Economic Development Directorate should explicitly consider and manage the conflict of interest arising from the Director-General's role as the key decision maker over Tourism and his membership of the Canberra Convention Bureau's board of management.

Noted

CMTEDD reviewed these arrangements in 2014. CMTEDD consider that it is appropriate to maintain director level oversight as the ACT Government is the primary funding source of the Canberra Convention Bureau. However, to manage any potential conflict of interest an informal protocol has been put in place whereby the Director-General, Economic Development will absent himself from a vote where a material conflict-of-interest arises. As per normal board operations, use of the protocol is noted in the minutes of the relevant meeting.

RECOMMENDATION 2

The Funding Managers' Network should be promoted across Government and its terms of reference expanded to include grant programs.

Agree

The Government has shifted the management of the Funding Manager's Network to the Community Services Directorate Contract and Grants Unit. This has allowed for a tighter management of the Network, including its promotion. Meetings of the Network are held regularly, with good attendance by representatives from across Government. The Network Terms of Reference have been expanded to include grant programs.

The Network has played an active and positive role on whole of government procurement related reforms in the community services space, including in the review of Service Funding Agreements and the creation of Recurrent Grant templates.

RECOMMENDATION 3

The Health Directorate should include in its grants procedures a requirement to undertake a risk assessment of grant recipients and reflect the level of risk in payment instalment arrangements.

Agree

There are a range of risk management processes already in place within the ACT Health Promotion Grants Program (ACTHPGP). These processes sit at various stages of the grants management cycle, and include initial eligibility checking of grant applicant organisations against a range of measures (including performance against previous ACT Government grants if relevant); confirmation of insurance; and, registration of the organisation. Financial audits are also requested and reviewed.

In addition, the ACTHPGP will implement a formal risk assessment process, via a risk assessment matrix, and risk will be assessed against the volume of funding being applied for.

A review of the ACTHPGP in 2013 has resulted in a preference for larger value longer term grants, compared to the average value of grants previously awarded. As a result of this, payment instalment arrangements will be included in the new Deeds of Grant, administered from March 2014, commensurate with the scale of funding being awarded. The level of risk will be reflected in payment instalments and the deed of grant. Where appropriate performance benchmarks will be set and these will need to be demonstratively met before instalment payments are made.

RECOMMENDATION 4

The Community Services Directorate should continue reviewing the *ACT Out of Home Care Framework 2009-2012* and complete this by June 2014.

Agree

The Community Services Directorate launched the Out of Home Care Strategy 2015-2020, A Step Up for Our Kids, in January 2015. The Strategy aims to further ensure the quality and supply of out of home care placements for children and young people in the care of the Director-General.

RECOMMENDATION 5

The Economic Development Directorate should develop a Service Delivery Framework for the Australian Capital Tourism's General Assistance Funding program to identify:

- a) Relevant policies and plans;
- b) Key policy objectives
- c) Communication protocols with key stakeholders;
- d) Outcomes for the program;
- e) The funding model and procurement processes; and
- f) Each individual service within the program (service design) and the service delivery model.

Noted

In relation to the General Assistance Funding program:

- *The policy framework has been set and will be informed through the Tourism 2020 Strategy.*
- *There are government procurement guidelines that already exist that inform procurement processes.*
- *The funding model, services, outcomes and communications processes are defined in the schedules of the individual contracts held with service providers.*

Note: Australian Capital Tourism has been renamed and is now known as Visit Canberra.

RECOMMENDATION 6

The Health Directorate should enhance its service delivery and design for its Mental Health Services through formalising its consideration of service design.

Agree in principle

Health Directorate is facilitating development of the Government's Mental Health and Wellbeing Framework 2015-25, which will inform the Mental Health Services Plan 2015-2020. This will provide better alignment between planning and implementation including the objectives of mental health service funding agreements.

RECOMMENDATION 7

Service Funding Agreements should be amended to include a standard reporting template which, among other things, specified the relationship between key performance indicators, outputs and outcomes.

Agree

The ACT Government is in the process of finalising consultation with the community sector on an amended Service Funding Agreement. The amended agreement includes a standard reporting template that specifically provides for outcomes, outputs and indicators. The relationship between these will be dependent on an agreement-by-agreement consideration of the relevant outcomes, outputs and indicators. As an example, this latter process has been undertaken for the current out of home care tenders, with an outcome framework developed through a consultative process and included in the tender. Detailed outputs and the indicators necessary to demonstrate achievement of the outcomes will be negotiated with successful tenderers.

The Health Directorate will incorporate the results of current national health reforms in its agreements with the community sector. Health Directorate is cognisant of the national work underway to develop standard approach to performance indicators, measures, and data sets in relation to mental health. The ACT Health Mental Health Policy Unit will work with the ACT Mental Health Community Coalition to develop standard reporting templates for similar services.

RECOMMENDATION 8

The Economic Development Directorate should include guidance on managing probity matters in its grant management processes.

Agree

The Chief Minister, Treasury and Economic Development Directorate will include guidance on managing probity matters for grant processes it manages, as and where appropriate.

RECOMMENDATION 9

The Economic Development Directorate should comply with mandatory requirements under Section 10 of the *Government Procurement Regulation 2007* by the Director-General formally approving all ‘exemption from quotation and tender requirements’ for Service Funding Agreements under the Australian Capital Tourism’s General Assistance Funding program.

Agree

The Chief Minister, Treasury and Economic Development Directorate will continue to provide governance and procurement training to financial delegates and other staff to ensure they are aware of their responsibilities in procurement processes. The Directorate will also ensure key financial and procurement framework documents including the Director-General’s Financial Instructions explicitly outline the requirements relating to “exemption from quotation and tender requirements” as part of the Directorate’s existing policy review processes.

Recommendation 10

The ACT Government should assess the appropriateness of extending the use of a web-based grant program to manage all grant applications across Government.

Noted

The Government has introduced www.grants.act.gov.au – a central website including information regarding grants that are available across the ACT Government. ACT Government directorates are progressively moving to web-based grants management using platforms such as Smarty Grants.