

**Submission
No 1**

EXAMINATION OF THE AUDITOR-GENERAL'S PERFORMANCE AUDITS MAY 2013 – JULY 2013

Organisation: Independent Liquor & Gaming Authority
Name: Micheil Brodie
Date Received: 7/08/2014



Mr Jonathan O'Dea MP
Chair
Public Accounts Committee
Parliament House
SYDNEY NSW 2000

Dear Mr O'Dea

**Re: Auditor-General's Report no. 229 on
*Management of the ClubGRANTS Scheme***

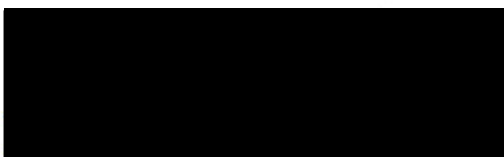
I am writing in response to your letter of 7 July 2014 concerning the Auditor General's Report on the *Management of the ClubGRANTS Scheme*.

The Independent Liquor and Gaming Authority (Authority) is very satisfied with the work undertaken by the Auditor General's Office and the effectiveness of the audit process in improving the management of the ClubGRANTS Scheme. The staff of the Auditor General's Office have been very helpful in assisting the Authority to work through any issues encountered in addressing the recommendations.

Consultations with the Office of Liquor, Gaming and Racing (OLGR), the Auditor General's Office and Clubs NSW form the basis of the Authority's response to the Auditor General's recommendations.

I am pleased to provide the Public Accounts Committee with the attached Authority response to the Auditor General's Report on the Management of the ClubGRANTS Scheme.

Yours sincerely



Micheil Brodie
Chief Executive

7 August 2014

IMPLEMENTATION OF RECOMMENDATIONS

Independent Liquor and Gaming Authority

Auditor-General's Report no. 229 on Management of the ClubGRANTS Scheme

RECOMMENDATION	ACCEPTED OR REJECTED	PROGRESS AND ACTIONS TO BE TAKEN	DUE DATE (required by Audit Office)	STATUS (completed, on track, delayed) and COMMENT	RESPONSIBILITY (section of agency responsible for implementation)
6 Develop a mechanism for feedback from Local Committees on tax rebate claims by clubs.	Accepted.	<p>PROGRESS</p> <p>In consultation with ClubsNSW and the Office of Liquor, Gaming and Racing, the Independent Liquor and Gaming Authority have developed a "ClubGRANTS Guidelines Breach Allegation Form" for Local Committees. This form provides Local Committees with the opportunity to lodge a complaint if they feel that there has been a breach of the ClubGRANTS Guidelines.</p> <p>The form will be made available on the Independent Liquor and Gaming Authority's new website which is due to be launched on 11 August 2014. It will also be promoted via ClubsNSW.</p> <p>ACTIONS TO BE TAKEN</p> <p>Nil.</p>	Dec 2013.	Completed.	Independent Liquor and Gaming Authority.
7 Strengthen the tax rebate process to include a timely assessment of tax rebate claims and consideration of any tax rebate information provided by Local Committees.	Accepted.	<p>PROGRESS</p> <p>The assessment of tax rebates claims can at times be delayed due to the level of investigation required in confirming grant purposes.</p> <p>In the absence of additional human resources, the Independent Liquor and Gaming Authority plans to address recommendation 7 via recommendations six and nine.</p>	Dec 2013.	On track. This has been delayed due to feedback from stakeholder consultations.	Independent Liquor and Gaming Authority.

		<p>The implementation of recommendation six will help to identify any funds which have been misappropriated by clubs prior to the rebate assessment process. This will alleviate resources by reducing the number of clubs requiring a tax re-assessment.</p> <p>The implementation of recommendation nine (see below) will allow the Independent Liquor and Gaming Authority to view all aspects of the grant process, including the justifications behind grant allocation. This will reduce the likelihood of staff requiring direct engagement with clubs to confirm grant purposes, thus creating a more efficient process.</p> <p>On 26 June 2014 the Office of Liquor, Gaming and Racing were advised that the Independent Liquor and Gaming Authority, in consultation with ClubsNSW, were developing a proposal to address recommendations 6, 7 and 9.</p> <p>ACTIONS TO BE TAKEN Nil.</p>			
9	Consider an annual independent audit of ClubGRANTS expenditure by clubs and a statement be provided to OLGR	Accepted.	<p>PROGRESS In a meeting held 21 November 2013 with the Office of Liquor, Gaming and Racing, concerns were raised over the potential resource over-burden associated with implementing recommendation 9; a view also expressed by the Minister.</p> <p>On 5 December 2013, Clubs NSW also raised concerns about the implementation of the proposals and on 10 December 2013, Clubs NSW wrote to the Independent Liquor and Gaming Authority recommending alternative solutions to addressing recommendation 9.</p> <p>It was proposed that the existing ClubGRANTS online system be adapted to enable direct lodgement of tax rebate assessments to the Independent Liquor and Gaming Authority.</p>	On track. This has been delayed due to feedback from stakeholder consultations.	Independent Liquor and Gaming Authority.

		<p>The Independent Liquor and Gaming Authority would be provided with access to the system to view all grant applications and decisions behind grant allocation.</p> <p>It was also proposed that clubs who did not wish to subscribe to the ClubGRANTS online system would be required to submit an independently audited statement verifying that ClubGRANTS expenditure complied with the ClubGRANTS Guidelines.</p> <p>On 4 March 2014, the Auditor General's Office advised the Independent Liquor and Gaming Authority that it had no objections to the new proposals.</p> <p>The amendments that are required to the ClubGRANTS online system to implement this proposal have been identified and costed by the provider of the system, 'Smartygrants'.</p> <p>To cover the cost of these amendments, Clubs NSW have proposed that an amendment to the ClubGRANTS Guideline be made. This will allow clubs to recoup the cost of their membership to the ClubGRANTS online system.</p> <p>On 26 June 2014, the Independent Liquor and Gaming Authority wrote to the Office of Liquor, Gaming and Racing proposing the amendment to the ClubGRANTS Guidelines and are currently awaiting a response.</p> <p>ACTIONS TO BE TAKEN (Subject to amendment to ClubGRANTS Guidelines)</p> <p>a) Upgrade ClubGRANTS Online System</p> <p>The upgrade requirements have been identified by the system provider. Implementation can commence once approval has been granted for an amendment to the ClubGRANTS Guidelines.</p>			
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