

**EXAMINATION OF AUDITOR-GENERAL'S
PERFORMANCE AUDIT REPORTS MAY 2013 –
JULY 2013**

Organisation: NSW Trade & Investment
Name: Mr Mark I Paterson AO
Position: Director General
Date Received: 01/09/2014



Trade & Investment

Office of the Secretary

BN14/5318

Mr Jonathan O'Dea MP
Chair
Public Accounts Committee
Legislative Assembly
Parliament of New South Wales
Macquarie Street
SYDNEY NSW 2000

Dear Mr O'Dea

Management of the ClubGRANTS scheme performance audit

I refer to your letter of 7 July 2014 requesting a submission that outlines NSW Trade & Investment's response to the NSW Auditor-General's Report: *Performance Audit Management of the ClubGRANTS scheme*.

I am pleased to advise that those Audit Office recommendations, which are the responsibility of the Office of Liquor, Gaming and Racing, are being implemented in accordance with the NSW Trade & Investment response to the Audit Office of 17 April 2013. In this regard, NSW Trade & Investment has made significant progress in the implementation of the 14 recommendations made by the Audit Office, which are designed to improve the scheme's transparency, and strengthen its monitoring requirements.

The implementation status for each recommendation is detailed in the enclosed template.

I also note that two of the recommendations (3 and 7) are the responsibility of ClubsNSW and the Independent Liquor and Gaming Authority respectively. The Authority has commenced action in relation to recommendation 7, and is also taking action in relation to recommendations 6 and 9.

I can confirm that the Office of Liquor, Gaming & Racing is continuing to monitor implementation of each of the Audit Office's 14 recommendations.

Should you require further information, Mr Paul Newson, Executive Director, Office of Liquor, Gaming and Racing, can be contacted on [REDACTED] or at [REDACTED]

Yours sincerely

[REDACTED]
Mark I Paterson AO
Secretary

1/9/14
Encl.

Report to the Public Accounts Committee on Implementation of Recommendations

NSW Trade & Investment

Auditor-General's Report No 229, Performance Audit: *Management of the ClubGRANTS Scheme*

Implementation of Recommendations					
Recommendation	Accepted or Rejected	Actions taken/actions to be taken and comment	Due Date (date required by Audit Office)	Status (completed, on-track, delayed) and Comment	Responsibility (section of agency responsible for implementation)
1. Include all relevant requirements of the <i>Gaming Machine Tax Act 2007</i> in the ClubGRANTS guidelines (page 26).	Accepted	<p>a) Amend ClubGRANTS guidelines to include all relevant requirements of the <i>Gaming Machine Tax Act 2007</i> in the ClubGRANTS Guidelines.</p> <p>Under the Gaming Machine Tax Act, the Minister for Hospitality, Gaming and Racing publishes the ClubGRANTS guidelines. The Auditor-General's recommendation is likely to involve amendments to the ClubGRANTS guidelines and therefore Ministerial approval will be required.</p> <p>Minor amendments to the ClubGRANTS guidelines are currently being progressed, however a more fulsome review of the ClubGRANTS guidelines is proposed during the second half of 2014, subject to approval of the Minister. Amendments to the guidelines required to implement this recommendation can be considered during this review.</p>	December 2013	Delayed until December 2014 and subject to Ministerial approval	Office of Liquor, Gaming and Racing
2. Proactively communicate to all local committees an estimate of funding available under category one (page 32)	Accepted	<p>a) Publish Category 1 estimates on the Office of Liquor, Gaming and Racing website on a yearly basis.</p> <p>The Category 1 estimates for 2012/13 and 2013/14 were published on the Office of Liquor, Gaming and Racing's website on 18 April 2013 and 3 June 2014 respectively.</p> <p>b) Provide advice to ClubsNSW and the New South Wales Council of Social Service regarding the estimates.</p> <p>The Office of Liquor, Gaming and Racing provided advice to ClubsNSW on 8 August 2013 and the New South Wales Council of Social Service on 7 August 2013 regarding the estimates. The advice outlined that the estimates are published on the Office of Liquor, Gaming and Racing's website each year.</p> <p>c) Publish an article in <i>Liquor + Gaming</i> about the estimates.</p> <p>An article on the estimates was featured in the August 2013 edition of <i>Liquor + Gaming</i>.</p> <p>d) ClubsNSW advised local committee convenors of the availability of the estimates in their 2 June 2013 ClubGRANTS newsletter.</p>	September 2013	Completed	Office of Liquor, Gaming and Racing

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Recommendation	Accepted or Rejected	Actions taken/actions to be taken and comment	Due Date (date required by Audit Office)	Status (completed, on-track, delayed) and Comment	Responsibility (section of agency responsible for implementation)
3. Develop grants administration guidelines for category two (page 34).	Accepted	<p>a) Encourage ClubsNSW to develop a best practice model that can be used by clubs. In accordance with the NSW Trade & Investment response in relation to this recommendation, the Office of Liquor, Gaming and Racing has been encouraging ClubsNSW to develop a best practice model that can be used by clubs.</p> <p>On 2 April 2014, ClubsNSW advised the Office of Liquor, Gaming and Racing that it would develop a template form for Category 2 funds for inclusion in the ClubsNSW Best Practice Guidelines for Community Support and provide the Office of Liquor, Gaming and Racing with a copy of the template before it is published.</p>	December 2013	Delayed This recommendation is being implemented through work undertaken by ClubsNSW	Office of Liquor, Gaming and Racing and ClubsNSW
4. Establish the ClubGRANTS Fund committee under category three (page 40)	Accepted	<p>b) Classification of ClubGRANTS Fund Committee by Public Service Commission. On 18 December 2013, the Public Service Commissioner advised that the Committee would be classified as Group C, Level 3 in accordance with the Classification and Remuneration Framework for NSW Government Boards and Committees.</p> <p>c) Appointment of Committee members. Following Cabinet approval, the Minister signed the Instrument of Appointment for the Chair and Committee members on 18 February 2014.</p> <p>d) Orientation and first meeting of the Committee. The first meeting of the ClubGRANTS Fund Committee was held on 26 February 2014.</p>	December 2013	Completed in February 2014	Office of Liquor, Gaming and Racing
5. Develop grant management processes for the provision of grants under category three and publicise the application process (page 40)	Accepted	<p>a) Develop ClubGRANTS Category 3 Application Guidelines, Expression of Interest and Application Form. The Guidelines, EO and Application Form were developed and endorsed by the ClubGRANTS Fund Committee on 26 February 2014.</p> <p>b) Establish process for assessing EOIs and Applications. The grants assessment process was developed and endorsed by the ClubGRANTS Fund Committee on 26 February 2014.</p> <p>c) Appointment of Grants Assessment Committee. The Grants Assessment Committee for 2013/14 funding round was appointed by the ClubGRANTS Fund Committee on 16 April 2014.</p>	December 2013	Completed in March 2014	Office of Liquor, Gaming and Racing

Implementation of Recommendations					
Recommendation	Accepted or Rejected	Actions taken/actions to be taken and comment	Due Date (date required by Audit Office)	Status (completed, on-track, delayed) and Comment	Responsibility (section of agency responsible for implementation)
		<p>d) Publicise opening of ClubGRANTS Fund Category 3 for 2013/14. On 7 March 2014 the then Minister issued a press release announcing that the 2013/14 ClubGRANTS Fund funding round would be open from 7 March to 10 April 2014.</p> <p>e) Make recommendations to the Minister regarding shortlisted applications under the 2013/14 funding round. At its meeting on 28 May 2014 the ClubGRANTS Fund Committee recommended a shortlist of projects to the Minister for consideration for the 2013/14 funding round.</p>			
6. Develop a mechanism for feedback from local committees on tax rebate claims by clubs (page 32)	Accepted	<p>Section 17(3) of the Gaming Machine Tax Act enables local committees to provide information to the Independent Liquor and Gaming Authority in accordance with the ClubGRANTS Guidelines that a registered club claiming a gaming machine tax rebate for Category 1 or Category 2 expenditure has not complied with the ClubGRANTS Guidelines. However, the requirements for providing information to the Independent Liquor and Gaming Authority are not currently included in the guidelines.</p> <p>The Independent Liquor and Gaming Authority has advised that it is developing a "ClubGRANTS Guidelines Breach Allegation Form for Local Committee Members" to enable local committees to provide information to the Independent Liquor and Gaming Authority that a registered club claiming a gaming machine tax rebate for Category 1 or Category 2 expenditure has not complied with the ClubGRANTS Guidelines. This will ensure that a formal mechanism exists for local committees to provide such feedback.</p> <p>Implementation of this recommendation is primarily a matter for the Independent Liquor and Gaming Authority.</p> <p>On 26 June 2014 the Independent Liquor and Gaming Authority advised that it is developing a proposal in consultation with ClubsNSW to address recommendations 7 and 9.</p>	December 2013	The Independent Liquor and Gaming Authority has advised it is taking action in relation to this recommendation	Office of Liquor, Gaming and Racing and the 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 (pages 32 and 36).	Independent Liquor and Gaming Authority responsibility		December 2013	This recommendation is the responsibility of the Independent Liquor and Gaming Authority	Independent Liquor and Gaming Authority
8. Include in the annual audit program of registered clubs, a review of ClubGRANTS	Accepted	a) Conduct annual ClubGRANTS audits In the 2012-13 gaming machine tax year period (1 September 2012 to 31 August 2013) the Office of Liquor, Gaming and Racing conducted 20 ClubGRANTS audits.	December 2013	Completed	Office of Liquor, Gaming and Racing

Implementation of Recommendations					
Recommendation	Accepted or Rejected	Actions taken/actions to be taken and comment	Due Date (date required by Audit Office)	Status (completed, on-track, delayed) and Comment	Responsibility (section of agency responsible for implementation)
expenditure and publicise common issues (pages 32 and 36).		<p>b) Publicise common issues on the Office of Liquor, Gaming and Racing's website. Common issues identified during the audit were outlined in a reminder on ClubGRANTS reporting requirements published on the Office of Liquor, Gaming and Racing's website on 17 October 2013.</p> <p>c) Publicise common issues in the Office of Liquor, Gaming and Racing's e-news to clubs. An article was included in an e-news that was issued on 1 November 2013.</p>			
9. Consider an annual independent audit of ClubGRANTS expenditure by clubs and provide a statement to be provided to OLGR (pages 32 and 36).	Accepted	On 26 June 2014 the Independent Liquor and Gaming Authority advised the Office of Liquor, Gaming and Racing that it was developing a proposal in consultation with ClubsNSW to address recommendations 7 and 9. Note that NSW Trade & Investment previously indicated in its response to the Audit Office report that this recommendation would be considered during a proposed review of the ClubGRANTS guidelines in 2014 (see recommendation 14). The proposed action by the Independent Liquor and Gaming Authority supersedes the NSW Trade & Investment response.	December 2013	The Independent Liquor and Gaming Authority has advised it is implementing this recommendation	Office of Liquor, Gaming and Racing and Independent Liquor and Gaming Authority
10. Establish and publicise a complaints mechanism for breaches of the ClubGRANTS guidelines (pages 32, 36 and 40).	Accepted	a) Publicise on the Office of Liquor, Gaming and Racing's website that a complaints mechanism is available. A complaints mechanism for breaches of the ClubGRANTS guidelines has been published on the Office of Liquor, Gaming and Racing's website (13 September 2013)	December 2013	Completed	Office of Liquor, Gaming and Racing
11. Continue providing monthly reports on delegated functions relating to the ClubGRANTS scheme to the Independent Liquor and Gaming Authority (pages 32 and 36).	Accepted	No action required. On 11 February 2013 , the Independent Liquor and Gaming Authority revoked its delegations to the Office of Liquor, Gaming and Racing under the Gaming Machine Tax Act. Therefore, this recommendation is now redundant and no further action is required.	Ongoing	No longer applicable	Office of Liquor, Gaming and Racing
12. Work with clubs and benefiting organisations to ensure they publicly report on funding provided under category one and two in accordance with	Accepted	a) Publicise the requirement in the Office of Liquor, Gaming and Racing's newsletter and e-news service. This requirement was featured in the April 2013 edition of the Office of Liquor, Gaming and Racing's <i>liquor + gaming</i> newsletter and the June 2013 <i>liquor + gaming</i> e-news service.	September 2013	Completed	Office of Liquor, Gaming and Racing and ClubsNSW

Implementation of Recommendations					
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the ClubGRANTS guidelines (pages 32 and 36).		b) Advise ClubsNSW of this requirement. The Office of Liquor, Gaming and Racing advised ClubsNSW of this requirement on 8 August 2013 .			
		c) ClubsNSW advised members of this requirement by circular (13 February 2012 and 22 November 2012) and has developed a <i>Best Practice Guideline for Community Support</i> which outlines the requirement (May 2012).			
13. Publicly report on category three funding provided including recipients and the purpose of grants (page 40).	Accepted	a) Provide a list of funded projects including recipients and the purpose of grants for projects funded between 1 September 2011 and 30 August 2013. A list of projects funded from the ClubGRANTS Fund from 1 September 2011 to 30 August 2013 was published on the www.qlgr.nsw.gov.au website on 5 September 2013 .	December 2013	Completed	Office of Liquor, Gaming and Racing.
		b) Publicly announce funded projects for 2013/14 and 2014/15 and produce an annual report detailing expenditure during the gaming machine tax year. The projects for 2013/14 were publicly announced on 23 July 2014. An annual report will be prepared by November 2014.			
14. Review the ClubGRANTS scheme to assess whether the scheme is effective and achieving its objectives against the guidelines (pages 32 and 36).	Accepted	Develop a proposal for a review of the ClubGRANTS Guidelines and seek Ministerial approval. If approved, conduct the review in second half 2014.	December 2014	On track	Office of Liquor, Gaming and Racing