



Premier & Cabinet

Ref: DPC09/03955

Mr Paul Gibson MP
Chair, Public Accounts Committee
Parliament House
Macquarie St
Sydney NSW 2000

Dear Mr Gibson

I am writing to advise you of the action that has been taken by the Department of Premier and Cabinet (DPC) to implement the recommendations of the *Performance Audit of Grants Administration* undertaken by the Audit Office of NSW.

DPC recently updated the *Good Practice Guide to Grants Administration* to reflect the recommendations of the *Performance Audit*. Please find enclosed a copy of the new *Good Practice Guide* and a table identifying where the recommendations are reflected in the Guide.

The Guide has also been updated to reflect recommendations of the *Non-Government Red Tape Reduction* report which was published by DPC in December 2009. The report makes extensive recommendations for improvements to grant administration in the area of human services. The Department of Human Services and NSW Health are currently implementing the recommendations. This work is generating improved standard document templates and processes that may be adopted by other departments.

DPC recently issued a Premier's Circular to Directors General drawing their attention to the recommendations of the *Performance Audit* and the updated *Good Practice Guide to Grants Administration*. The Circular asks departments to review their procedures accordingly. I have enclosed a copy for your information.

Should you have any further enquiries, please do not hesitate to contact Peter Connelly on 9228 5017.

Yours sincerely

Brendan O'Reilly
Director General

Encl.

Location of recommendations from the Performance Audit in the
Good Practice Guide to Grants Administration

Recommendations	Heading in Guide where recommendation has been incorporated
<ol style="list-style-type: none"> 1. manage risk and streamline procedures to the minimum needed to ensure accountability and value for money (Pages 14 and 34). 2. improve transparency by publishing in an accessible and timely way: <ul style="list-style-type: none"> • a rolling calendar of grants funding expected to be available in the next 12 months (Page 30) • their procedures for making grant decisions (Page 31) • Ministerial Directions to make or refuse grants outside of normal procedures (Page 31) • evaluation of what grant programs achieved and how the distribution of funds has supported government objectives (Page 21). 3. set up timely monitoring systems, tie payment to clear performance measures and require the recipient to establish internal controls (Page 14). 4. tell unsuccessful applicants why their proposal was rejected (Page 32). 5. reduce red-tape by using: <ol style="list-style-type: none"> 1. standard terminology when dealing with grant recipients (Page 37) 2. three or four year agreements for recurrent services and ongoing projects (Page 38) 3. targets to better manage the time taken to process grants (Page 38) 4. integrated funding and management of multiple grants (Page 35). 6. review its Guide and amend it to provide: <ul style="list-style-type: none"> • more assistance for planning, evaluating and reporting on programs, designing funding agreements and managing risk (Page 13) • consistent standard terminology for agencies dealing with grant recipients (Page 37). 	<ol style="list-style-type: none"> 1. Determining and managing risk 2. Develop strategies to ensure high levels of awareness of the grants program Model assessment process Evaluate the program 3. Good Practice: Plan and design 4. Receive and process applications Applications Assessment Offer Grants and Enter into a funding agreement <p>Good Practice: Plan and design</p> <p>Receive and process applications</p> <p>Plan and design</p>
<ol style="list-style-type: none"> 7. encourage agencies to regularly evaluate programs and publish the results (Page 29). 	<p>Evaluate the program</p> <p>Evaluation elements</p>
<ol style="list-style-type: none"> 8. encourage agencies to use web-technology to: <ul style="list-style-type: none"> • make it easier to apply for grants • improve the information available to grant makers and recipients • streamline interactions between grant makers and recipients (Page 32). 	<p>Receive and process applications</p> <p>Applications Assessment</p>



C2010-16 Good Practice Grants Administration

Status: current

Keypoints

- The *Good Practice Guide to Grants Administration* has been updated and is available from the Department of Premier and Cabinet's website.
- Departments should review their grants programs and administrative processes to improve transparency and reduce red tape for grant applicants and recipients.
- The *Non-Government Organisation Red Tape Reduction* report provides further guidance on how grants programs can be improved.
- Departments should consider consolidating administration of grants programs where this would improve expertise in grants administration, provide better economies of scale, reduce red tape, or improve program outcomes.

The *Good Practice Guide to Grants Administration* provides grants program managers with resources and guidance for managing the grants cycle. It has been updated to reflect recommendations of the Audit Office's *Performance Audit on Grants Administration* and the *Non-Government Organisation Red Tape Reduction* report.

In light of the Audit report, departments should review their programs to:

- manage risk and streamline procedures to the minimum needed to ensure accountability and value for money
- improve transparency by publishing a rolling calendar of grants, procedures for making grant decisions, reasons for any variations from normal procedures in the granting or refusal of grants, and evaluation of what grant programs achieved and how the distribution of funds has supported government objectives
- set up timely monitoring systems, tie payment to clear performance measures and require the recipient to establish internal controls
- consider using web technology to streamline applications and administration
- reduce red-tape by using standard terminology when dealing with grant recipients, set targets to better manage the time taken to process grants, and consider harmonising requirements such as audit thresholds across different grant programs
- regularly evaluate programs and publish the results.

The *Non-Government Organisation Red Tape Reduction* report sets out a series of reforms that will be implemented by the Department of Human Services and NSW Health throughout 2010. Other departments may find the recommendations useful when reviewing their grants programs.

In light of the recent agency amalgamations, departments should consider consolidating administration of grants programs where this would improve expertise in grants administration, provide better economies of scale, reduce red tape, or improve program outcomes.

Further information can be found in the *Good Practice Guide to Grants Administration*, the *Performance Audit on Grants Administration* and the *Non-Government Organisation Red Tape Reduction*.

Chris Raper
A/Director General

Which agencies does this Circular apply to?

All public sector departments other than State Owned Corporations. This includes all departments and employees in the Government Service (Public Service Departments, Non-Public Service Divisions and Special Employment Divisions), the Teaching Service, NSW Police and the NSW Health Service

Who needs to know about this Circular?

Directors General, Chief Executive Officers and Grants Administrators.