

Joint Committee of Public Accounts and Audit

Inquiry into Grants Administration

Department of Finance

Response to Question on Notice

Hearing of 3 March 2023

Written Question on Notice 1 (Proof Hansard Page 7)

Senator REYNOLDS: I do. I equally find it astonishing, but very instructive, having to put that principle in. Auditor-General, just further to this theme, rather than going away from a principles-based framework, which I think is, in theory, the right approach, does it again come back to the issue of insufficient attention and rigour at the senior leadership level, possibly across the Public Service? We've had this talk about the role of the Public Service Commissioner and the requirement for secretaries and CEOs to take procurement more seriously and make sure that there's the right culture but also that the right knowledge is there for staff who are engaging in these activities. I am just wondering if you could reflect a little bit more on that.

Mr Hehir: I think my comment would be that some of the things we talk about do go to culture of organisations, which is driven by leadership. I think I've said that. But the question then becomes—we're talking about activities within the public sector which have a regulatory framework sitting over them. In the case of grants and procurement, our observation is that the regulated activity isn't being undertaken in a consistent way with the intent of the regulatory framework. If that's the case then our view is that there's a responsibility on those who set the framework to do something to ensure that it achieves that. Our view at this point is that there should be some more prescription into the framework to make it clear what the expectations are and to remove some discretion. If there's another answer to get the desired outcome then I think that may be a question for the Department of Finance rather than us. But, in specific areas, we think it would be useful to make it clear that certain things must be done rather than should be done, as the current framework sets out.

Senator REYNOLDS: Thank you. Chair, could I ask that question goes on notice to Finance as well?

CHAIR: Sure.

Response

The *Commonwealth Grants Rules and Guidelines (CGRGs)* contain both mandatory requirements and better practice principles. The CGRGs are designed to provide the necessary flexibility to accommodate the breadth of granting activities and to achieve government policy outcomes.

The Department of Finance works with entities on an ongoing basis to identify areas for improvement in the grants policy framework, including the guidance material developed to assist entities to implement the framework and better understand their obligations.

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Written Question on Notice 2 (Proof Hansard Page 8)

Senator REYNOLDS: Thank you. I think that's a good issue to follow up with Finance. Just on that point, I think, Chair, maybe we can pursue this with Finance, because I've heard this already from them—they're the policy owner.

CHAIR: Yes.

Senator REYNOLDS: I'm just trying to think of how to frame this: can we pursue with them further the difference between being a policy owner and a regulator and how would anybody else or any other formal regulator see themselves. Is it just splitting hairs or almost a way of avoiding accountability: 'I'm just the policy owner; I'm not the regulator. It's really not my job'?

Response

The Commonwealth Resource Management Framework (the Framework) governs how officials in the Commonwealth public sector use and manage public resources.

The *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and the *Public Governance, Performance and Accountability Rule 2014* (PGPA Rule) set out the Parliament's governance and accountability arrangements for Commonwealth entities.

The Framework is principles-based and a devolved management framework. It is supported by guidance, tools and resources issued by the Department of Finance (Finance) as the policy owner. It provides the flexibility for accountable authorities to adopt appropriate systems and processes to assist in the achievement of diverse policy and statutory objectives of their entity efficiently and effectively.

Accountable authorities, officials and ministers, in the context of grants, are responsible for understanding and complying with any requirements that apply under finance law (PGPA Act and Rules, including the *Commonwealth Grants Rules and Guidelines* (CGRGs), and Appropriation Acts) and any other legal framework.