

Administration of the Early Years Quality Fund

Audit Report No.23 2014–15

Opening Statement by Auditor-General

Joint Committee of Public Accounts and Audit 12 November 2015

1. Good morning Chairman and committee members.
2. As the Committee is aware, in February of this year the Australian National Audit Office (ANAO) tabled Audit Report No. 23 2014-15 *Administration of the Early Years Quality Fund*. In this audit like all others the audit scope was carefully defined and the audit object was directed at the department. The approach applied to the audit methodology was directed towards meeting the audit objective.
3. The design of the EYQF policy contained inherent risks and it was foreseeable that these risks—particularly the funding constraints, the first-in first-served approach and the short timeframe—would affect access to the program and its ultimate success.
4. The audit draws attention to the importance of departments providing frank, comprehensive and timely advice to Ministers on policy design and implementation risks so as to inform them of the likelihood of downstream problems affecting service delivery or equity of access to programs. The audit report found there were significant gaps in departmental advice on a number of significant matters. These included the inherent risk in the use of a demand-driven grants application process and, at later stages, the accuracy of the proposed wage schedule and the potential impact on smaller child care providers of several of the advisory board recommendations.

5. The audit report also found a number of inadequacies in the department's administration, particularly in regards to: the limited stakeholder consultation; the registration, application and approval processes; and the development of funding agreements. Key lessons from implementing the EYQF together with the recommendation are relevant to other Commonwealth entities and are intended to inform the design and implementation of future programs.
6. I would be happy to answer questions the Committee may have.