

**JOINT COMMITTEE OF PUBLIC ACCOUNTS AN AUDIT INQUIRY INTO THE
AUSTRALIAN NATIONAL AUDIT OFFICE REPORT INTO THE DESIGN AND
CONDUCT OF THE THIRD AND FOURTH FUNDING
ROUNDS OF THE REGIONAL DEVELOPMENT AUSTRALIA FUND**

**Department of Infrastructure and Regional Australia – Response to Questions on Notice
Raised by the Joint Committee of Public Accounts and Audit**

Question 1

The Chair requested that the Department provides (a) the details of the applications recommended by the panel and not funded; and (b) the details of applications not recommended by the panel and funded. In order to assist the Committee, the details need to include the applicant, the panel's assessment, the location/electorate, the project and the size of the grant.

Response

[REDACTED] A summary of the information is provided in the following table:

Advisory Panel Recommendations

	Round 3		Round 4		Total	
	Funded	Not Funded	Funded	Not Funded	Funded	Not Funded
Recommended for Funding	67	28	21	13	88	41
Suitable for Funding	3	17	7	12	10	29
Not Recommended for Funding	9	68	14	92	23	160

Question 2

The Committee requested an outline of the Department's work plan including timelines for the implementation of previous ANAO recommendations relating to the Regional Development Australia Fund (see *Audit Report No.3 2012-13, The Design and Conduct of the First Application Round for the Regional Development Australian Fund*).

Response

While the ANAO report for Rounds Three and Four indicated that, in their view, the recommendations from Round One had not been implemented, the Department disagrees and considers that it has implemented the recommendations. The recommendations were considered as part of the development of the guidelines and processes for the delivery of Rounds Three and Four of the RDAF. In addition, representatives of the ANAO attended the first meeting of Advisory Panel in March 2013 (to consider Rounds Three and Four

assessments) to outline the basis for the Round 1 report recommendations and the role the Advisory Panel should play in their implementation.

The work plan and timelines for the implementation of Rounds Three and Four of RDAF is at Table 2 attached.

The following information outlines how each of the Round One recommendations was implemented.

Recommendation 1: To provide a more efficient and effective means of differentiating between eligible applications in terms of their overall claims against the published assessment criteria, ANAO recommends that the Department of Regional Australia, Local Government, Arts and Sport, in consultation with the Regional Development Australia Fund advisory panel, adopt a numerical rating scale for the merit assessment stage of future funding rounds.

For Rounds Three and Four, the Department applied a numerical rating scale to the merit assessment. The Department assessed the case presented against each selection criteria, with the outcomes of the Department's assessment described in a consistent manner as either 'Well Developed', 'Developed' or 'Poorly Developed'.

Consistent with the ANAO's recommendation, a score was applied to each criteria, as follows:

- Cases assessed as '**Well Developed**' were given a score of 3;

To receive a 'Well Developed', each applicant was considered to have made substantial claims, supported by evidence, against each of the criteria.

- Cases assessed as '**Developed**' were given a score of 2; and

To receive a 'Developed', each applicant was considered to have made claims, supported by evidence (to a lower standard), against each of the criteria.

- Cases assessed as '**Poorly Developed**' were given a score of 1.

To receive a 'Poorly Developed', each applicant was considered to have made little or no claims, supported by little or no evidence, against each of the criteria.

Scores were totalled for each criteria and rankings of eligible projects based on scores were produced. These rankings were provided to the Advisory Panel for consideration as part of their funding recommendations.

Recommendation 2: In designing and administering grant programs, ANAO recommends that the Department of Regional Australia, Local Government, Arts and Sport clearly outline to decision-makers the basis on which it has been assessed and whether each application represents value for money in the context of the published program guidelines and program objectives.

The Department provided advice to the Minister about the processes and considerations in determining value-for-money. An Assessment Snapshot (developed in consultation with Minister's Office and the Advisory Panel) of each eligible application advised whether the application did or did not represent value-for-money. The Department's brief to the Minister on Round Three and Round Four provided advice on value-for-money, including a list of

applications which were not assessed as representing value-for-money and a process map to assess value-for-money.

The Department's method to determine value-for-money considered both risk and the extent to which the applicant met the selection criteria.

Recommendation 3: ANAO recommends that, consistent with the key principles for grants administration outlined in the Commonwealth Grant Guidelines, the Department of Regional Australia, Local Government, Arts and Sport improve the documentation provided to the Minister in respect to the assessment of individual eligible applications against the published criteria to promote a clear alignment between these assessments and the order of merit for funding recommendations.

The Department significantly improved documentation to the Minister, providing details of the compliance arrangements for the Financial Management Act and Commonwealth Grants Guidelines, a copy of the Assessment Snapshot for each eligible application and copies of each application. The Assessment Snapshot outlined the outcomes of the Department's assessment against the selection criteria. The order of merit of applications was provided by the Advisory Panel and reflected a range of inputs (including the Department's assessment against the selection criteria and ranking of projects following the application of a numerical scale).

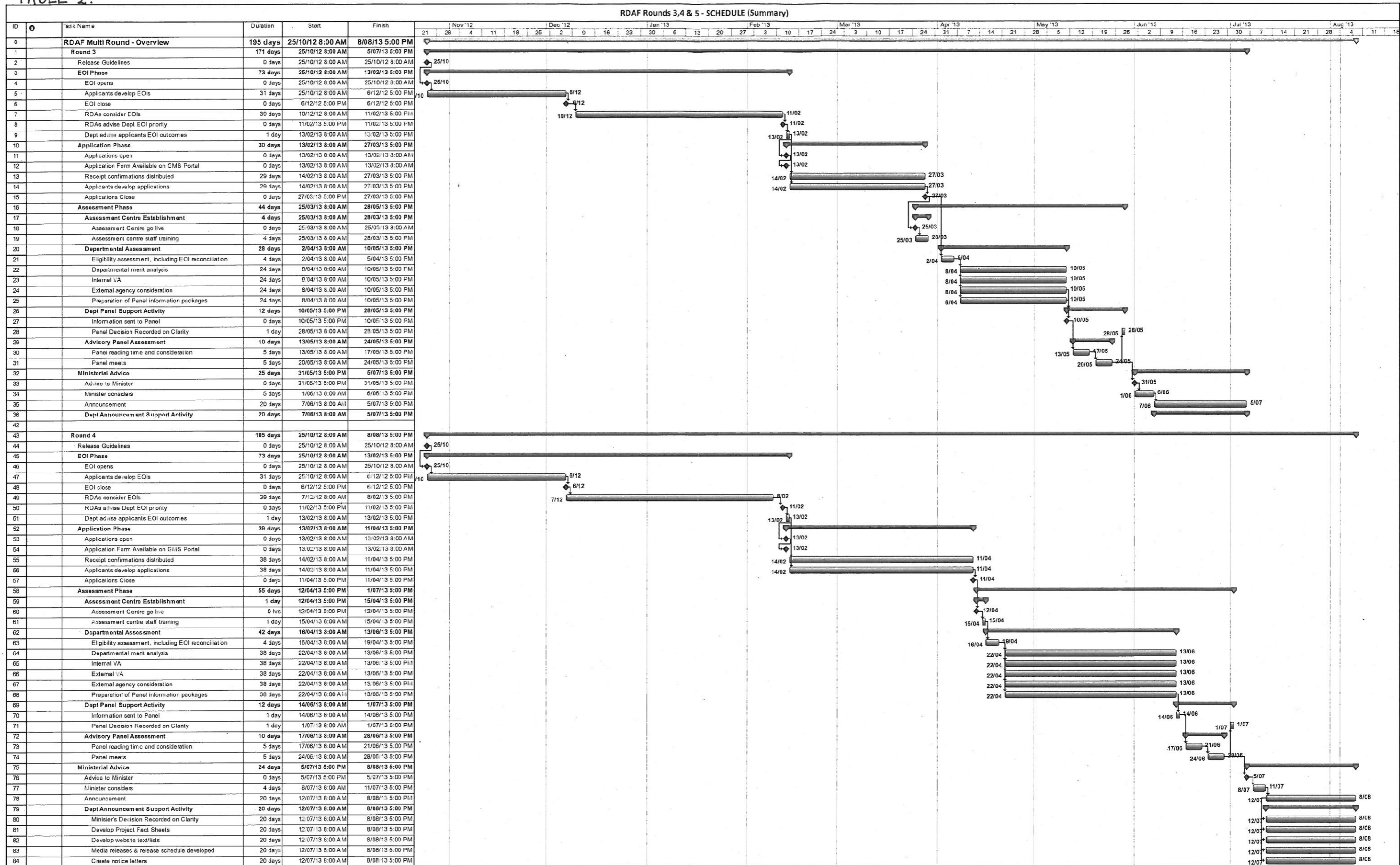
Question 3

The Committee also asked who was responsible and accountable for the implementation of the previous ANAO recommendations agreed to by the Department.

Response

The implementation arrangements for the previous ANAO recommendations were the responsibility of the former Government's Department of Regional Australia, Arts, Local Government and Sport.

TABLE 2:



Project: RDAF Multi Round - Overview
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Task Milestone Rolled Up Task Rolled Up Progress External Tasks Group By Summary
Progress Summary Rolled Up Milestone Split Project Summary Deadline