

Audit Report No. 36 2008-09

Settlement Grants Program

Introduction

6.1 The Department of Immigration and Citizenship (DIAC) is responsible for implementing the Government's immigration policies. The department's purpose is to enrich Australia through the well managed entry and settlement of people.¹ To achieve this purpose, DIAC is responsible for achieving two Government outcomes:

- Outcome 1. Contributing to Australia's society and its economic advancement through the lawful and orderly entry and stay of people²; and
- Outcome 2. A society which values Australian Citizenship and social cohesion, and enables migrants and refugees to participate equitably.³

1 Department of Immigration and Citizenship, *Annual Report 2007-08*, Commonwealth of Australia, Canberra, 2008, p. 16

2 Department of Immigration and Citizenship, *Budget Statements 2008-09, Immigration and Citizenship Portfolio, Budget Related Paper No. 1.12*, Commonwealth of Australia, Canberra, 2008, p. 23.

3 Department of Immigration and Citizenship, *Budget Statements 2008-09, Immigration and Citizenship Portfolio, Budget Related Paper No. 1.12*, Commonwealth of Australia, Canberra, 2008, p. 39.

- 6.2 Outcome 2 is divided into five outputs. Settlement services are covered by Output 2.1, which focuses on building self-reliance, developing English skills and fostering links with mainstream services.⁴ Output 2.1 includes a wide range of activities, including the Settlement Grants Program (SGP).

Settlement Grants Program

- 6.3 SGP was introduced on 1 July 2006 following a review of DIAC's settlement services.⁵ The aim of SGP is to deliver services that assist eligible clients to become self-reliant and participate equitably in Australian society as soon as possible after arrival. Through SGP, DIAC funds settlement projects that target specified groups of new entrants.
- 6.4 These target groups are:
- permanent residents who have arrived in the last five years as humanitarian entrants or as family stream migrants with low English proficiency;
 - dependants of skilled migrants in rural and regional areas with low English proficiency who have arrived in the last five years;
 - select temporary residents (Prospective Marriage, Provisional Spouse, Provisional Interdependency visa holders and their dependants) in rural and regional areas who have arrived in the last five years and who have low English proficiency; and
 - communities which require assistance to develop their capacity to organise, plan and advocate for services to meet their own needs and which are still receiving significant numbers of new arrivals.⁶
- 6.5 Projects funded through SGP fall into three categories, referred to as service types. The three service types are Orientation to Australia – practical assistance to promote self-reliance, Developing Communities, and Integration – inclusion and participation.⁷ Services are provided by SGP grant recipients, who are known as service providers. To be eligible for SGP funding, an organisation must be a not-for-profit incorporated community-based organisation, a local government organisation, currently funded to deliver services under the Adult Migrant English
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4 Department of Immigration and Citizenship, *New Beginnings*, Commonwealth of Australia, 2008, p. 3.

5 Department of Immigration and Citizenship, *Report of the Review of Settlement Services for Migrants and Humanitarian Entrants*, Commonwealth of Australia, May 2003.

6 Application Forms, Settlement Grants Program 2009-10.

7 Application Forms, Settlement Grants Program 2009-10.

Program, and/or a government service delivery organisation in a rural or regional area.⁸

- 6.6 DIAC's National Office (NatO) and State and Territory Offices (STOs) share responsibility for effectively managing the program. Service providers apply for grants in response to annual advertising. DIAC assesses applications and provides funding recommendations to the Minister for Immigration and Citizenship, who makes the decisions to award grants. After the Minister announces the outcome of the funding round, DIAC negotiates funding agreements with successful applicants. At regular intervals throughout the grant period, providers report on progress and DIAC pays grant instalments.
- 6.7 To date there have been three annual SGP funding rounds. Just over \$30 million has been allocated to SGP projects in each round, amounting to a total of \$95.5 million. This has funded 669 grants: 209 in the 2006-07 funding round; 231 in 2007-08; and 230 in 2008-09.

The Audit⁹

Audit objective and scope

- 6.8 The objective of the audit was to assess the effectiveness of the Department of Immigration and Citizenship's management of the Settlement Grants Program. The ANAO assessed DIAC's performance in terms of how effectively it planned for funding rounds, assessed and allocated grants, monitored and evaluated the program, and managed relationships with its stakeholders. In doing so, the ANAO focused on SGP projects that received funding in the 2007-08 [round].

Overall audit conclusions

- 6.9 The ANAO made the following overall audit conclusion:

The Settlement Grants Program assists eligible migrants to become self-reliant and participate equitably in Australian society. The program funds service providers to manage projects which offer

8 Application Form, Settlement Grants Program 2009-10.

9 In this chapter, all references to 'the audit' are references to Audit Report No. 36 2008-09, unless specified otherwise.

orientation, community development and/or integration services to specific groups of new migrants.

Overall, DIAC has developed an effective framework for managing SGP. DIAC has implemented the program in a manner that is consistent with Government policy and its strategic objective, and has clearly defined the program's parameters. It has also established a strategic risk management framework, focusing on managing risks at a whole-of program level, but has focussed less on risks to performance at an operational level. In addition, DIAC has developed sound procedures to:

- promote funding rounds;
- assist applicants to apply for SGP grants;
- assess applications and allocate grants; and
- monitor individual grant recipients' compliance with funding agreement conditions.

DIAC provides its officers with adequate guidance documents and training on essential elements of SGP and supports service providers to apply for grants and deliver funded projects. DIAC's grant managers and service providers reported that their relationships were positive and productive.

However, DIAC has not developed or implemented effective performance indicators and a performance management framework that would assist it to measure, monitor and assess the performance of individual projects and the program as a whole. Further, the department should provide more meaningful settlement needs information to assist applicants to better target settlement needs. Also, the current Grants Management System (GMS) does not support the effective administration of SGP.

In some areas DIAC has not effectively implemented its procedures for assessing grant applications and monitoring grant progress reporting, which are interpreted and applied inconsistently across DIAC's STOs. Also, DIAC has poorly documented the basis of funding recommendations, including actions taken in response to discussions with the Parliamentary Secretary. The standard of documentation supporting grant assessment processes has been a recurring theme in some recent ANAO audits of grants administration.¹⁰ Without adequate documentation, departments are not able to demonstrate that all applicants have been treated equitably, and applications have been

10 Audit Report No. 14 2007-08, *Performance Audit of the Regional Partnerships Programme*, Department of Transport and Regional Services.
Audit Report No. 39 2006-07, *Distribution of Funding for Community Grant Programmes*, Department of Families, Community Services and Indigenous Affairs.

considered on their merits having regard to the program's objectives.

The ANAO has made six recommendations to improve DIAC's management of SGP. These are aimed at developing and implementing an effective performance management framework, improving settlement needs information, ensuring key decisions are adequately documented, and evaluating the program.¹¹

ANAO recommendations

6.10 The ANAO made the following recommendations:

Table 3.1 ANAO recommendations, Audit Report No. 36 2008-09

1.	To assist DIAC and grant recipients to more effectively target SGP projects, the ANAO recommends that DIAC: (a) improves the quality of settlement needs information; (b) includes more meaningful information about settlement needs in funding round guidance; and (c) ensures that grant applicants address settlement needs when applying for grants. <i>DIAC's response: Agreed</i>
2.	The ANAO recommends that, in order to support transparent, accountable and equitable decision making, DIAC: (a) amends the SGP guidelines to outline the manner in which additional funding that becomes available after the initial assessment process will be allocated to SGP projects; and (b) ensures that key factors contributing to SGP grant allocation decisions are adequately documented. <i>DIAC's response: Agreed</i>
3.	The ANAO recommends that DIAC implements an effective process for fully acquitting grants at the end of their funding period. <i>DIAC's response: Agreed</i>
4.	The ANAO recommends that DIAC develops and implements a plan to periodically evaluate how effectively SGP is achieving its objective and identify opportunities for improvements in program administration. <i>DIAC's response: Agreed</i>
5.	The ANAO recommends that DIAC develops and implements an effective performance management framework, which includes collecting and analysing relevant data against useful SGP performance indicators, informs program evaluation, and that assists DIAC to measure, monitor and assess the impact of the program and whether it is achieving its objectives. <i>DIAC's response: Agreed</i>

11 Audit Report No. 36 2008-09, pp. 13-14.

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| 6. | The ANAO recommends that DIAC formally decides the Grants Management System's future. |
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DIAC's response: Agreed

The Committee's review

- 6.11 The Committee held a public hearing on Monday 16 November 2009, with the following witnesses:

- Australian National Audit Office (ANAO); and
- Department of Immigration and Citizenship (DIAC).

- 6.12 The Committee took evidence on the following issues:

- effectiveness of the Settlement Grants Program (SGP);
- identifying settlement needs;
- five-year focus of the SGP;
- risk management:
 - ⇒ program risks; and
 - ⇒ grant risks;
- scope of grants following funding announcement;
- IT system stability; and
- future of the Grants Management System (GMS).

Effectiveness of the SGP

- 6.13 The ANAO found that although DIAC is assessing and monitoring the SGP for administrative compliance, there is no process in place to evaluate whether the program is meeting its underlying objectives to help clients 'to become self-reliant and participate equitably in Australian society as soon as possible after arrival'.¹² While acknowledging the difficulty of measuring performance in the public sector, the ANAO notes that the performance indicators in place do not address any of the key elements of the program's objectives.¹³

¹² Audit Report No. 36 2008-09, pp. 11 and 73.

¹³ Audit Report No. 36 2008-09, p. 34.

- 6.14 The Committee questioned how DIAC are evaluating the effectiveness of the program and what processes it is using to assess delivery. DIAC told the Committee that since the audit the Department has taken steps to develop an improved performance framework in consultation with departmental offices and outside expertise.¹⁴

Recommendation 11

The Committee recommends that the Department of Immigration and Citizenship (DIAC) provides a brief report to the Joint Committee of Public Accounts and Audit (JCPAA) detailing how DIAC is measuring the effectiveness of the Settlement Grants Program (SGP) under the new performance framework including:

- **type of data collected;**
- **methodology used to collect data; and**
- **methods of consultation with local communities.**

Identifying settlement needs

- 6.15 The ANAO found that settlement needs reporting from state and territory offices varied in detail and that staff were uncertain about what to report.¹⁵ The Committee expressed concern that the needs of new arrivals are not being effectively identified and asked DIAC what steps it has taken to rectify this situation. DIAC assured the Committee that it has improved the settlement needs reporting process, developing and implementing a new four monthly issue report template.¹⁶ The template was designed to remove uncertainty and confusing over what is required from the report and provide consistent information across states and territories.¹⁷
- 6.16 The Committee stressed the importance of obtaining feedback directly from settler communities regarding their requirements and asked if DIAC is seeking such feedback. DIAC assured the Committee that it is consulting widely with clients around the country, both directly through focus groups, and indirectly through its network of community liaison

14 Mr Fox, Department of Immigration and Citizenship (DIAC), p. 14. All references to witnesses' evidence comes from the Committee's hearing into this audit dated 16 November 2009, with page numbers relating to the Proof Committee Hansard.

15 Audit Report No. 36 2008-09, p. 39.

16 DIAC, *Submission No. 11*.

17 DIAC, *Submission No. 11*.

officers as well as taking advice from formal advisory bodies.¹⁸ The Department emphasised that it does not consider the SGP in isolation but as part of the full range of services DIAC offers to meet the needs of new arrivals.¹⁹

Five-year focus of the SGP

- 6.17 The Committee asked the ANAO if the focus of the program on new arrivals that have been in the country for less than five years is being complied with. The ANAO replied that recipient agencies were applying the requirement flexibly:

... we found that the general approach is that if they had someone coming in the door who required services that did not exactly fit within the parameters of the program and who might be at the five-year limit, then they would provide those services.²⁰

- 6.18 DIAC confirmed that agencies are inclined to consider the rule on a case-by-case basis.²¹ In light of this, the Committee queried whether or not the imposition of an arbitrary five-year focus on the program was justifiable or appropriate. DIAC conceded that it is difficult to determine a timeframe in which individual new arrivals are settled within the Australian community but that there needed to be a cut off point where they would move into mainstream services.²² DIAC added that the original period had been set by government policy sometime ago after extensive consultation with the community.²³

Risk management

Program risks

- 6.19 The ANAO found that the Settlement Grants Program: Risk Framework addressed the major program-level risks for the program but that there is no formal monitoring of the framework throughout the year, and that some staff are unaware of its existence.²⁴

18 Mr Fox, DIAC, p. 13.

19 Mr Fox, DIAC, p. 13.

20 Ms Jackson, ANAO, p. 15.

21 Mr Fox, DIAC, p. 15.

22 Mr Fox, DIAC, p. 16.

23 Mr Templeton, DIAC, p. 16.

24 Audit Report No. 36 2008-09, p. 40.

- 6.20 The Committee asked DIAC what steps had been taken to ensure the framework is adhered to more effectively. DIAC told the Committee that quarterly exception reports were introduced in October 2008 for all state and territory offices. DIAC added that a range of other measures are in place to monitor risk:

... risk owners monitor and minimise program risks through strategies such as conducting stakeholder meetings, conferences and interviews, grant management assessments and reviews and providing support and advice to both internal and external stakeholders as issues emerge. Policies and procedures are also created and updated on a regular basis as a result of the reporting framework.²⁵

Grants risks

- 6.21 The ANAO noted that DIAC experienced problems with risk assessment at individual grant level and in 2008-09 introduced a standard risk assessment matrix to assist assessors to more accurately identify potential problems at the application stage.²⁶ The Committee asked if DIAC had seen any benefits from the new strategy.
- 6.22 DIAC explained that the matrix has helped assessors gauge the level of risk with individual projects and also determine how thoroughly an applicant has thought through each area of the application. DIAC are confident that the new assessment tool will prove beneficial in assessing risk at the individual grant level:

The benefit of the risk assessment matrix has been more consistent and rigorous assessment of the risks associated with grant applications, thereby maximising the many and varied outcomes delivered through this grants program for newly arrived migrants and refugees.²⁷

Scope of grants following funding announcement

- 6.23 The ANAO noted that information regarding the scope of successful projects was published on the DIAC website before negotiations for the grant are finalised. During the negotiation phase changes are regularly made to the scope of the project and the ANAO found that this may 'result

25 DIAC, *Submission No. 11*.

26 Audit Report No. 36 2008-09, p. 41.

27 DIAC, *Submission No. 11*.

in disappointed community expectations'.²⁸ The Committee asked DIAC for its opinion on this assessment.

- 6.24 DIAC disagreed with this assumption maintaining that the information published on the website was of 'interest to service providers and clients, providing advice on the availability of settlement services'.²⁹ Rather than raising unrealistic expectations, DIAC expects the information to be used by communities to work with providers to develop suitable projects.³⁰

IT system stability

- 6.25 The ANAO report found that the IT system used to support the SGP was unstable and frequently unavailable, failing at critical times and causing frustration for staff and applicants.³¹ The Committee asked what steps are being taken to ensure the existing system is more reliable.
- 6.26 DIAC told the Committee that monitoring of the system has been improved resulting in a significant drop in outages.³² Additionally, DIAC informed the Committee that the implementation of the Systems for People 10 in November 2009 has rectified a number of system defects that were triggering the outages.³³

Future of the Grants Management System (GMS)

- 6.27 The ANAO found that the Grants Management System (GMS) used to administer the SGP is unstable and lacks functionality.³⁴ The system is frequently unavailable during peak periods, many processes have to be carried out manually, and it cannot interact with DIAC's financial management system.³⁵ Although DIAC has taken steps to modernise its technological support systems since 2006 there has been no improvement in the GMS and its future remains uncertain. The ANAO recommended that DIAC decides on the systems future so that GMS users and support staff can more efficiently manage the SGP.

28 Audit Report No. 36 2008-09, p. 60.

29 DIAC, *Submission No. 11*.

30 DIAC, *Submission No. 11*.

31 Audit Report No. 36 2008-09, pp. 88-89.

32 DIAC, *Submission No. 11*.

33 DIAC, *Submission No. 11*.

34 Audit Report No. 36 2008-09, pp. 88 and 91.

35 Audit Report No. 36 2008-09, pp. 88 and 90.

- 6.28 The Committee asked what steps have been taken to implement this recommendation. DIAC informed the Committee that it has had a proposal approved to develop a grants management system that will address the concerns raised in the Audit Report.³⁶ The new GMS will support the end-to-end operations of all DIAC's settlement and multicultural grant programs.³⁷ The Department assured the Committee it will consult widely to ensure the new system is stable and functional and addresses the limitations of the current program.³⁸ DIAC is confident the new GMS improve management decision-making and accommodate future grant program expansion:

Establishing a consistent grants management and reporting capability across the DIAC's various grant programs will ensure more consistent decision-making, ensuring the policy objectives for the settlement and multicultural affairs programs are more effectively addressed. In addition, the new system will be able to incorporate any future grant types with ease.³⁹

Recommendation 12

The Committee recommends that the Department of Immigration and Citizenship (DIAC) report within 12 months of tabling this report on the implementation and progress of the new Grants Management System (GMS) specifically addressing the issues raised in Australian National Audit Office Audit Report No 36 2008-09 with regard to the functionality of the GMS for the Settlement Grants Program (SGP).

Conclusion

- 6.29 The Committee is concerned that the effectiveness of the Settlement Grants Program (SGP) is not being satisfactorily monitored and evaluated to determine if it is meeting its objective to help new arrivals to settle into Australian society. The Committee is not convinced that enough is being

36 Mr Fox, DIAC, p. 17.

37 DIAC, *Submission No. 11*.

38 DIAC, *Submission No. 11*.

39 DIAC, *Submission No. 11*.

done to identify and respond to the needs of immigrants at a local level and support programs specifically tailored to those needs.

- 6.30 The Committee is concerned that the Grants Management System (GMS) does not provide support to either grant applicants or DIAC staff, is inefficient and an ongoing source of frustration. The Committee urges DIAC to implement the ANAO recommendations and upgrade the Grants Management System (GMS) without delay.