Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Supplementary Budget Estimates 19-23 October 2015

Prime Minister and Cabinet Portfolio

Department/Agency: Department of the Prime Minister and Cabinet
Outcome/Program: Outcome 2: Indigenous
Topic: IAS grants

Senator: Ms Katy Gallagher
Question reference number: 61
Type of question: FPA Friday 23 October 2015, pages 34 and 35
Date set by the committee for the return of answer: 4 December 2015

Number of pages: 14

Question:

Senator GALLAGHER: I understand there were two reviews underway into IAS—an internal review and then an external review. Can I get an update on where those reviews are up to.
Mr Tongue: Certainly. An internal review has been completed and we are currently discussing with our staff first the findings of that internal review.
Senator GALLAGHER: Could that be released?
Mr Tongue: We can certainly make it available to the committee.

Answer:

- The Department of the Prime Minister and Cabinet (PM&C) has received the report of the internal review of the Indigenous Advancement Strategy (IAS) funding round process from the independent reviewer, Pauline Peel Consulting.

- The report provides high level findings with specific recommendations against each of the terms of reference.

- Key findings of the report include:

  o Internal processes used in the round were effective in enabling the round to be successfully completed.

  o The Indigenous Affairs Group was agile in its decision-making and management of a large scale and complex undertaking.

  o The ability of the Indigenous Affairs Group to work across its National Office and its regional network is a strong foundation for future successful grant rounds.

  o As with all first time, large scale funding rounds, opportunities exist for improvements to the processes.

- The report includes seven recommendations relating to: planning, resourcing, governance and assessment, information technology and infrastructure and communication.

- PM&C has developed a response to each of the recommendations contained in the report. The responses reflect PM&C's continuing progress toward the implementation of systems and processes that enable PM&C to meet the operational needs of the IAS.

- A letter of transmittal is attached (<u>Attachment A</u>) which accompanies a document incorporating the Executive Summary and Conclusion of the internal review report and the Department's responses to each of the recommendations is at <u>Attachment B</u>.

Independent Internal Post Implementation Review

Indigenous Advancement Strategy Funding Round

On 29 June 2015 at the hearing of the Inquiry into the Indigenous Advancement Strategy Tendering Process, the Department of the Prime Minister and Cabinet (PM&C) advised of its intent to undertake an independent Internal Post Implementation Review of the Indigenous Advancement Strategy Funding Round. The members of the Senate Public Administration and Finance References Committee requested that the Department provide a copy of the report of the review.

The Department of the Prime Minister and Cabinet (PM&C) commissioned Pauline Peel Consulting to undertake the review. The Department has now received the report of the review and provides its findings to the Committee.

The executive summary, key findings, recommendations and conclusion of the report are provided at Part A.

The Department has also provided responses to each of the report's recommendations at Part B.

Executive summary

The Indigenous Affairs Group (IAG) of the Department of Prime Minister commissioned Pauline Peel Consulting (PPC) and Department of Prime Minister and Cabinet (PM&C) to undertake an independent qualitative internal post implementation review of the effectiveness and efficiency of the processes used to conduct the Indigenous Advancement Strategy (IAS) first open funding round. It is not an end-to-end process review.

The internal processes included are:
- Planning;
- Resourcing;
- Governance and assessment of the funding round;
- IT/System infrastructure;
- Communication processes and;
- Other features/processes/administration as raised.

Key Finding

The Indigenous Advancement Strategy (IAS) is an innovative strategy aimed at streamlining and improving the effectiveness of the services and support within Indigenous Affairs and provides the policy foundation for the first IAS open funding round.

The internal processes used in the round were effective in enabling the round to be successfully completed. The IAG group was agile in their decision-making and management of such a large-scale and complex undertaking particularly at the early stage of the reforms in Indigenous Affairs.

The demonstrated ability of the IAG to work together across its National Office (NO) and its vast regional network across Australia is a strong foundation for future successful grant rounds. The interest generated in the round within the Indigenous Affairs sector, the successful development of agreements and the line of sight that the IAG now has of where funding is going under the new IAS framework that provides a solid basis for the next stage of the reform.

As with all first time, large scale funding rounds, opportunities exist for improvements to the processes.

The context
The reforms to Indigenous affairs are driven by an imperative to improve the disappointing outcomes in addressing Indigenous disadvantage.

The Federal government determined 3 key policy priorities: getting children to school; adults to work; community safety; and a commitment to working with Indigenous people to develop local solutions. The IAG was established in PM&C as part of the Machinery of Government (MOG) following the Federal Government election in September.

After the May 2014 budget, the Australian Government Announced the Indigenous Advancement Strategy (IAS) with $4.8 billion committed over four years. This has since increased to $4.9 Billion with additional estimates. The IAS Consolidated 150 programmes into five programme streams: Jobs, Land and Economy; Children and Schooling; Safety and Wellbeing; Culture and Capability and Remote Australia Strategies. A regional network to support the development of local solutions was announced at the same time.

The First IAS open funding round opened on 8 September 2014. Approximately half of the IAS funding is allocated to commitments such as the RJCP and Working on Country programmes leaving around $2.3 billion available when the first IAS funding round opened. Applicants were able to apply for funding across all 5 programmes through a single application form and to report under a single funding agreement negotiated with the Department.

On March 4 2015 decisions were announced to distribute around $860 million to successful organisations across Australia to deliver services to Indigenous people, with some further funds being allocated following the identification of gaps in services.

Key Recommendations for process improvements

Key recommendations from the qualitative analysis undertaken as part of this review are summarised below.

Planning Process

- The overarching IAS framework provided a solid foundation for the first IAS funding round and much work had been done to put in place planning processes to enable **effective** delivery of the funding round.
- An Assessment Management Office was established in the Programme Implementation Office (PIT) to oversight the assessment process and is an efficient approach reflecting good practice. It is recommended that it be continued.
- An overarching project plan is suggested as a process improvement for future rounds.
- There are some process improvements to the design of the application form and the guidelines that will improve their efficiency for future rounds.

Recommendations for Planning Process improvements

Much was in place to enable the planning processes to be effective.

To build on what has been done the following is recommended:

Recommendation 1:
- PIT is established as the centre of expertise for grant funding for the IAG with core capabilities such as project management, procurement, database management, media and communications.
- Mechanisms to link PIT with the Programmes and the Network should be established to ensure good communication.
- The core capabilities can be supplemented by the skills and expertise required for particular funding rounds.

Recommendation 2:
- Future rounds have an overarching Project Plan;
- Developed through PIT;
- That scopes the overall requirements of the round;
- In collaboration with the Network and the Programme areas; and
- Brings together all the related plans for the funding round.

Recommendation 3:
- Review of the guidelines and application kit considers:
- Elements of the application form such as information about the organisations and projects; and
- Ways of giving stronger guidance about the parameters of the available funding.
- User testing of the guidelines and application form is recommended.

Resourcing
- The delivery of the IAS open funding round in a period of significant change is a testament to the skills, expertise and commitment of staff and enabled effective delivery of the round. There was a willingness to be flexible and agile in responding to resourcing issues as they arose.
- Future funding rounds will be informed by the learnings from the first round particularly in relation how to scope based on expected scale and volume, which will then assist with resource allocation.

Recommendations for improvements to the Resourcing Process
Recommendation 4:
- Develop a comprehensive resourcing plan for future rounds
  - Base the resourcing plan on the scoping exercise undertaken through the project plan process with consideration of the expected volume and scale of the round; and
  - Identify the mix of staffing, skills, expertise and training required to meet the needs of the particular funding round.

Governance and Assessment
- The assessment process was conceptually strong and effective in delivering the outcomes in what was a large scale funding round attracting numerous applications.
- A National Assessment Centre that brings all assessment panel members together in the National Office is suggested for future funding rounds rather than the "virtual" Assessment panels used in the first round.

Recommendations for process improvements to Governance and Assessment Process
Recommendation 5:
- Increase the efficiency of the assessment process in future open funding rounds by establishing an Assessment Centre, which brings the assessment panels physically together in the National office for a short focused period of time to undertake the assessment.

IT and infrastructure

- An appropriate IT system to manage assessments of high volumes of applications will make future funding rounds more efficient.
- Effective communication between the National Office in Canberra and the network across Australia is essential to the work of IAG and future funding rounds. A single secure communication network will provide this support.

Recommendations for process improvements to IT

Recommendation 6:

- Ensure that the IT systems and information management processes and infrastructure are adequately resourced and consistently available across IAG including:
  - o Efficient **assessment** management,
  - o Data sharing,
  - o Streamlined secure communication, and
  - o Staff training and orientation to the information management and IT systems is vital for effectiveness.

Communication

Much was in place to support internal and external communication processes.

A comprehensive communication plan that covers all aspects of the external and internal communication requirements for future rounds is suggested as an improvement.

Recommendations for improvements to the Communication Process

Recommendation 7:

- Develop a comprehensive external and internal communication plan through PIT that:
  - o Includes key messages
  - o Identifies the communication needs of the phases of the round including timing
  - o Identifies the appropriate communication channels to respond to the needs
  - o Includes contact points across IAG

Conclusion

The first open funding round was held during the early stage of far reaching reforms in Indigenous Affairs including the establishment of the IAG within PM&C and the consolidation of 150 programmes into 5 programme streams in the IAS. The IAG brings together staff from Indigenous related areas of 8 Federal government agencies and has staff located in the NO in Canberra and 12 regions covering urban, regional and remote communities of Australia.

Despite the challenges, the processes that were in place for the first IAS open funding round were effective and enabled the round to be completed satisfactorily. The IAG has demonstrated its agility, skill and expertise in undertaking this large-scale funding round particularly at such an early stage of the reform.

The funding round has delivered the first significant piece of reform under the IAS and that provides a line of sight for where funding is being directed. It also provides the opportunity for learnings for future funding rounds.

This internal review of internal processes used during the funding round and the review of the funding guidelines, which is underway, are good practice and will support continuous improvement of the processes for future funding rounds.

The recommendations about improvements for future funding rounds aim to build on what is already in place to improve future funding rounds.

DRAFT RESPONSES TO RECOMMENDATIONS OF THE REPORT OF THE INTERNAL REVIEW OF THE IAS FUNDING ROUND

RECOMMENDATION	PROPOSED DEPARTMENTAL RESPONSE
Planning process	

Recommendation 1:
• PIT is established as the centre of expertise for grant funding for the IAG with core capabilities such as project management, procurement, database management, media and communications.
 	
• Mechanisms to link PIT with the Programmes and the Network should be established to ensure good communication.
 	
• The core capabilities can be supplemented by the skills and expertise required for particular funding rounds.
	• The Programme Implementation Taskforce has transitioned to the Programme, Integrity and Evaluation Division (PIED) in recognition of the key enabling role the Division plays in regard to grants management.
	
	• PIED incorporates the Programme Office, Grant Systems Office, IAS Risk and Compliance Branch and the Strategic Engagement Branch.
	
	• The service offer for the Programme Office will be established in stages but will include:
	   ○ support activity design and selection processes;
	   ○ provide specialist programme advice and support;
	   ○ provide expert advice on specific activities and work in partnership with programme areas and the network to ensure informed design of grants;
	   ○ providing regular reporting on grant activities;
	   ○ provide training and capacity building for staff involved in management of grants; and
	   ○ undertake strategic planning around the grant business of the Department.
	
	• The Division is strongly engaged with the network utilising existing mechanisms such as weekly regional manager's teleconferences, and fortnightly regional co-ordinator's teleconferences, as well as being involved in joint development of future operating models with the Network Strategy branch.
	
	• Resource and capability management will be a critical component of planning

	processes for future support of grants management within the Department. This will be done within the context of the transition to the Government's Whole of Grants Management Hub.
Recommendation 2: • Future rounds have an overarching project plan. • Developed through PIT; • That scopes the overall requirements of the round; • In collaboration with the Network and the Programme areas; and • Brings together all the related plans for the funding round.	• The Department agrees that project planning is a critical element for good practice in project management and grants programme administration. • The Department is updating the IAS Programme Plan. This will provide a complete picture of how the IAS will be delivered, bringing together information on projects, resources, timescales, risk, monitoring and control. • The Programme Plan will be revised in consultation with the Network and Programme areas.
Recommendation 3: Review of the guidelines and application kit considers: • Elements of the application form such as information about the organisations and projects; and • Ways of giving stronger guidance about the parameters of the available funding. • User testing of the guidelines and application form is recommended.	• The Department is reviewing the IAS guidelines and the structure of the application kit and application form. • The review is giving detailed consideration of the issues raised by applicants, staff and other stakeholders during the funding round and through submissions provided to the Senate inquiry into the IAS funding round process. • Organisations will have an opportunity to review and comment on a draft of the revised guidelines through a series of consultation meetings.
Resourcing	
Recommendation 4: • Develop a comprehensive resourcing plan for future rounds • Base the resourcing plan on the scoping exercise undertaken through the project plan process with consideration of the expected volume and scale of the round; and • Identify the mix of staffing, skills, expertise and training required to meet the needs of the particular funding round.	• The Department is establishing organisational and staffing arrangements that meet the routine operational requirements for the IAS. • The PM&C Regional Network recently implemented the Regional Network Model. The Regional Network Division is continuing work with the Programme Office to clarify roles and responsibilities between National Office and the Network and the broader roles and responsibilities of Network staff. • In the transition to the Programme Integrity and Engagement Division the focus has been to formalise structures to provide clarity and enable the Division to meet its objectives. This will include branch plans to cover roles, responsibilities and priorities, which will cascade to individuals and their performance agreements.

	It will also form the basis for position descriptions and future recruitment exercises.
	• Organisational and staffing arrangements are monitored continuously to ensure operational requirements are met and are adjusted appropriately to address changes in operational requirements (i.e. new funding rounds).
Governance and assessment	
Recommendation 5: • Increase the efficiency of the assessment process in future open funding rounds by establishing an Assessment Centre, which brings the assessment panels physically together in the National office for a short focused period of time to undertake the assessment.	• The Department will determine mechanisms for efficient assessment processes for future funding activities based on consideration of the nature and anticipated scale of each activity. Note that funding opportunities may be at the programme, activity or regional level.
Information technology and infrastructure	

Recommendation 6:
• Ensure that the IT systems and information management processes and infrastructure are adequately resourced and consistently available across IAG including:
 	
  o Efficient **assessment** management,
  o Data sharing and
 	
  o Streamlined secure communication.
	The IT Branch is currently supporting the iEDRMS project. This is a whole collaboration system, designed to enable better secure communication and data sharing for the whole Department and IAG in particular. The collaboration system will use Team Sites and My Sites within SharePoint. The project involves close collaboration with all stakeholders to identify the business needs.
	
	This project will significantly change how people in the Department share documents and data, and allow people to collaborate more efficiently throughout the whole Department.
	
	The project is being rolled out in phases with all phases expected to be complete by March 2015.
	
	A pilot shared collaboration site (NetComm) which is primarily aimed at streamlining communication from the National Office programme areas to the Regional Offices is going to a soft launch on Monday 7 September. After a couple of weeks of final testing it is planned to launch fully at the beginning of October. While this is only a subset of the full collaborative functionality that will be rolled out with iEDRMS, it will facilitate the change management process and start to bridge the gap across the unclassified and protected networks.
	
	The IT Branch is also trialling Digital Workplaces which has the potential to allow further secure

	communications and data sharing on mobile devices (Direct Access, laptops, mobile phones). Should this trial be successful, there are plans to roll it out to the wider Department.
	The Grants Systems Operational Project has been established to simplify and improve grants operational processes for internal programme staff and grant recipients.
	Efficient assessment management: • The Grants Systems Operational Project has a work stream in which it will deliver online grant submission and assessment in the primary grant system - FOFMS. The project will establish funding round set-up and assessment processes using grant system capabilities that align with IAS Grant Guidelines.
	Grants Systems Training: • FOFMS training has been delivered both face to face and via video conference across the PM&C Regional Network and National Office to support the creation of new grants from the IAS Grant Funding Round. • Further training has been delivered to support relevant business functions (e.g. assessment processes, acquittals and improved data quality). • A Grants Systems Training Strategy is being developed by the Grants Systems Branch.
Communication	
Recommendation 7: • Develop a comprehensive external and internal communication plan through PIT that: o Includes key messages o Identifies the communication needs of the phases of the round including timing o Identifies the appropriate communication channels to respond to the needs o Includes contact points across IAG	• Communications strategies, including key messaging and consultation, should be tailored to the requirements of future funding activities and needs of stakeholders. Note that future funding activities including rounds may be held at the programme, activity or regional level. • While advice can be provided by Programme, Integrity and Engagement Division (PIED), effective communications is the responsibility of the Division or Region which is running the grant round. • All funding opportunities are advertised on the PMC website on the Indigenous Affairs / Grants and Funding page. Depending on the nature and scale of the activity, other appropriate forms of communicating with stakeholders will be used including meetings/forums with stakeholders, mail, email, advertisements in national, state and regional press, and social / electronic media.

	• The nature and scale of the funding activity will also determine the amount of lead time provided to potential applicants. The Department recognizes the important of providing stakeholders with sufficient time in which to understand the requirements of any future funding activities and plan ahead, before applications for funding officially open. • The PMC Regional Network is the Department's frontline for communication with Indigenous communities, organisations, other funded organisations and stakeholders. PIED also provides a frontline communications service through the IAS inboxes and hotline. Information on the grant round (including process and probity requirements), talking points and other material should be circulated ahead of external notification to the Network, PIED and any other frontline communication area.

Australian Government

Department of the Prime Minister and Cabinet

Senator the Hon Cory Bernardi
Chair
Senate Finance and Public Administration Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Senator Bernardi

At the Senate Estimates hearing on 23 October 2015 the Finance and Public Administration Committee requested a copy of the report of the independent internal review into processes used by the Department of the Prime Minister and Cabinet (the Department) during the 2014 Indigenous Advancement Strategy open funding round.

The attached document includes the Executive Summary and Conclusion of the review report and provides the Department's response to each of the report's seven recommendations.

Key findings of the report include:

- Internal processes used in the round were effective in enabling the round to be successfully completed.
- The Indigenous Affairs Group was agile in their decision-making and management of a large scale and complex undertaking.
- The ability of the Indigenous Affairs Group to work across its National Office and its regional network is a strong foundation for future successful grant rounds.
- As with all first time, large scale funding rounds, opportunities exist for improvements to the processes.

Staff in the Indigenous Affairs Group of the Department have been briefed on the findings of the review and the Department's response.

Yours sincerely

Andrew Tongue
Associate Secretary

November 2015