# Settlement Grants Program

## Department of Immigration and Citizenship

Canberra   ACT
21 May 2009


Dear Mr President
Dear Mr Speaker


The Australian National Audit Office has undertaken a performance audit in the *Department of Immigration and Citizenship* in accordance with the authority contained in the *Auditor-General Act 1997*. Pursuant to Senate Standing Order 166 relating to the presentation of documents when the Senate is not sitting, I present the report of this audit and the accompanying brochure. The report is titled *Settlement Grants Program.*

Following its tabling in Parliament, the report will be placed on the Australian National Audit Office's Homepage—http://www.anao.gov.au.


Yours sincerely



Ian McPhee
Auditor-General



The Honourable the President of the Senate
The Honourable the Speaker of the House of Representatives
Parliament House
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# Abbreviations

ACTRO        Australian Capital Territory and Regional Office

ANAO        Australian National Audit Office

CCS        Complex Case Support

CSSS        Community Settlement Services Scheme

DIAC        Department of Immigration and Citizenship

Finance        Department of Finance and Deregulation

GIA        Grant-in-Aid Scheme

GMS        Grants Management System

GOLF        Grants On-line Forms

IHSS        Integrated Humanitarian Settlement Strategy

MAPS        Migrant Access Projects Scheme

MPSS        Migrant Project Subsidy Scheme

MRCs        Migrant Resource Centre

MSAs        Migrant Service Agency

NatO        National Office

OSCAR        On-line Settlement Client Activity Reports

QA        Quality Assurance

SfP        Systems for People

SGP        Settlement Grants Program

STO        State and Territory Office

# Summary and Recommendations

# Summary

## Introduction

**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 people[2]; and

- Outcome 2. A society which values Australian citizenship and social cohesion, and enables migrants and refugees to participate equitably.[3]

**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

**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.

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[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]   ibid., p. 39.

[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.

**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]

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

**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.

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[6] Application Form, Settlement Grants Program 2009–10.

[7] ibid.

[8] ibid.

**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.

## Audit objective and scope

**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.

## Conclusion

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

**10.**     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.

**11.**     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.

**12.** 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 does not support the effective administration of SGP.

**13.** 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.[9] Without adequate documentation, departments are not able to demonstrate that all applicants have been treated equitably, and applications have been considered on their merits having regard to the program's objectives.

**14.** 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.

## Key findings by chapter

### Policy and Planning (Chapter 2)

**15.** DIAC has both articulated an objective for SGP, and implemented a program in a manner that is consistent with Government policy and its strategic objective. However, performance indicators for SGP do not fully address the key elements of the program's objective. As such, it is difficult for DIAC to measure the impact of the program and whether it is effectively achieving its objective.

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9   ANAO Audit Report No.14 2007–08, *Performance Audit of the Regional Partnerships Programme*, Department of Transport and Regional Services.

   ANAO Audit Report No.39 2006–07, *Distribution of Funding for Community Grant Programmes*, Department of Families, Community Services and Indigenous Affairs.

**16.** DIAC has developed a risk framework for SGP which satisfactorily addresses the major program-level risks for SGP. However, the framework does not address grants administration risks encountered by STOs responsible for the day-to-day management of SGP. At the individual grant level, risks are identified by SGP applicants and considered by DIAC during the grant application assessment process. During the life of the grant, progress reports do not explicitly mention risks and grants managers are not required to refer to, or record changes to, risks identified during the assessment process or to record emerging risks.

**17.** DIAC funds SGP projects based on an assessment of settlement needs. While DIAC has established a system to collect settlement needs information from its STOs, the way in which STOs reported needs data varied.

## Assessing and Allocating Grants (Chapter 3)

**18.** DIAC provides settlement needs and arrivals information, for each State and Territory. However, needs information is described in a general manner, not associated with specific geographic areas. The information does not provide any real guidance to applicants about the type of projects required in specific geographic areas to target specific sections of the SGP target group.

**19.** DIAC has developed an on-line grant application form. Grant applicants are generally positive about the concept of an on-line form. However, the instability of the system is frustrating for applicants.

**20.** DIAC has established processes to promote and assess grant applications, including a two tiered assessment, and the documentation to support those processes. STOs had varying approaches to assessing grant applications, but within each STO the chosen approach was consistently applied.

**21.** Documentation of key funding decisions is poor. Grant application assessors do not document when referring to, or relying on, knowledge or documentation other than the assessment form and the basis of funding recommendations was often poorly documented and unclear. In this context, in the 2008–09 funding round, the Parliamentary Secretary for Multicultural Affairs and Settlement Services discussed with DIAC his concerns about funding to various community groups in Western Sydney. In response, the department recommended that projects targeting four community groups, including two communities in the Parliamentary Secretary's electorate, be funded from additional monies made available following the 2008–09 Federal

Budget. The list of recommended projects was approved by the portfolio Minister. DIAC did not clearly and adequately document the circumstances surrounding, and its actions in response to, discussions with the Parliamentary Secretary. In the context of this audit, DIAC provided the ANAO with advice that at no time did the Parliamentary Secretary direct a particular outcome, nor did he raise specific projects he wanted to see funded. DIAC has also advised the ANAO that it has revised its processes around documentation of key actions and decisions.

## Negotiating Funding Agreements (Chapter 4)

**22.**     DIAC employs a formula to calculate the distribution of monies to STOs for allocation to projects following assessment of grant applications. The formula has several variables, including whether projects are in metropolitan or rural areas, type of target group and the length of time clients have been in Australia.

**23.**     The details of successful grants are made public prior to the applicants being advised of the outcome of the round. Following the announcement negotiations between DIAC and the service provider usually result in differences between the particulars in the application and the final project, such as location of services and length of and/or funding amount of grant.

**24.**     The outcome of the funding round allocation cannot be announced prior to the release of the Federal Budget in May, and DIAC has decided that the SGP funding year will start on 1 July of each year. The timing of the announcement impacts on STOs and grant applicants. Applicants submit applications in October, seven months prior to the announcement. The uncertainty about the outcome inhibits providers' ability to plan for the forthcoming financial year. For STOs, an announcement in late May leaves only one month to negotiate funding agreements with successful applicants. As a result, very few funding agreements are executed prior to the start of the financial year.

**25.**     Consistent with government policy, a majority (62 per cent) of the SGP funding available for allocation to grants has been awarded to one year grants. DIAC advised that, limiting forward financial commitments provides the flexibility to respond to emerging and/or changing needs. However, work programs of multi-year grant recipients are renegotiated annually, giving DIAC the flexibility to negotiate changes to the project. Short term grants impact on grant recipients in terms of, inter alia, decreased ability to plan,

difficulty attracting and retaining competent staff and disruptions to service provision. There is also an administrative impact on DIAC of granting a higher percentage of one year grants. It would be beneficial for DIAC to review the balance of one year and multi-year grants, taking into account the Government's need for funding flexibility and the impact of short term grants on recipients.

## Monitoring and Evaluating Grants (Chapter 5)

**26.** DIAC monitors SGP grants through a structured progress reporting regime whereby grant recipients are required to provide DIAC with reports of their progress against work program outputs. Due to the instability of SGP systems, reporting is often done off-line. There are differences in the approaches of STOs when reviewing progress reports.

**27.** DIAC's On-line Settlement Client Activity Reports (OSCAR) system captures direct client contacts by organisations. The system measures limited activities within service type; data that providers also report on as part of the progress reporting process. DIAC does not use the statistics generated by OSCAR in any meaningful way.

**28.** Grant payments to SGP providers were timely and consistent with funding agreements. However, as at mid-November 2008, 43 per cent of completed SGP grants had not been appropriately acquitted. DIAC is currently focusing on improving the grant acquittal process and has advised the ANAO that, by May 2009, it has reduced the number of unacquitted grants.

**29.** DIAC analyses application and funding recommendation outcomes. This is useful analysis that provides an overview of the program at the application stage. However, during the funding year DIAC does not analyse the available SGP data, such as that collected through the grants monitoring process, at a whole-of-program level or collect data that would assist it to monitor the program or determine if it is meeting its objective.

**30.** DIAC's evaluation of individual grants is limited and focussed on administrative compliance. DIAC has developed a quality assurance program for SGP that focuses on grant recipients' management of individual grants. DIAC has not progressed a planned quality assurance program beyond the pilot stage. At the program level, DIAC has not undertaken a formal evaluation of its management of SGP or whether it is assisting eligible clients to become self-reliant and participate equitably in Australian society.

## Managing Relationships (Chapter 6)

**31.** Generally STO grant managers, which are responsible for managing ongoing relationships with grant recipients, reported positive and productive relationships with service providers. DIAC has not established effective procedures for referring clients from Integrated Humanitarian Settlement Strategy providers to SGP providers or from one SGP provider to another. The absence of such procedures increases the possibility that entrants will not be made aware of available settlement services.

**32.** An internal Statement of Output Expectations outlines the services of DIAC's NatO and STOs. The SGP Handbook describes the roles and responsibilities of relevant NatO and STO staff in greater detail. The ANAO found that the effectiveness of communication and consultation between and within NatO and STOs varied.

**33.** There are several sources of written guidance available to SGP staff, including the SGP Handbook. Despite it being a useful reference tool, the SGP Handbook is not used by most STO personnel. In addition to the guidance produced by NatO, some STOs have developed their own guidance documents. DIAC has not reviewed these additional materials to ensure they are consistent with prescribed program guidance.

**34.** NatO provides staff with adequate training on elements of SGP, including training for assessors, information sessions on the terms and clauses of the funding agreement and courses about the OSCAR system. Staff responses to training were mixed. At the STOs, there is a reliance on new starter induction and ongoing on-the-job training to instruct staff working on SGP about the program. The quality of local induction and training was variable and depended upon the knowledge and competency of the instructing supervisor or colleague.

**35.** DIAC provides training to SGP service providers in accordance with a National Training Strategy. Service providers reported that the training they had attended was generally useful. DIAC provides support to potential grant recipients when applying for grants, holding information sessions and providing a comprehensive Application Information Booklet. In addition, service providers described grant managers as approachable, responsive and dedicated.

## SGP Systems (Chapter 7)

**36.** The Grants Management System (GMS), and its sub-systems, does not support DIAC personnel to effectively administer SGP or service providers to propose or implement SGP projects. DIAC staff and service providers universally expressed frustration with the SGP systems and the impact the systems have in terms of inefficient use of time and resources. System issues included instability and unavailability of the system (outages), inefficient and time-consuming off-line reporting, lack of reporting functionality and GMS's inability to interact with DIAC's financial management information system, SAP. GMS is considered a low risk system relative to other DIAC systems. As such, the Settlement Grants Section has experienced difficulty in obtaining support for changes to overcome GMS shortcomings and the future of the system is uncertain.

## Summary of DIAC's response

**37.** The Department of Immigration and Citizenship (DIAC) notes the findings of the Audit of the Department's Administration of the Settlement Grants Program. DIAC further notes that the ANAO has concluded that, overall, DIAC has developed an effective framework for managing the SGP, implemented the program in a manner that is consistent with Government policy and its strategic objective, and clearly defined the program's parameters. In addition, DIAC notes the ANAO has concluded that its two-tier assessment is a sound approach.

**38.** With regard to some of the improvements this report suggests could be made to the SGP, DIAC continually explores ways in which grants administration and program management can be improved. DIAC notes the ANAO's positive comments concerning continuous improvement of the SGP in recent years. Recent initiatives enhance the guidance provided to staff through all stages of program development and delivery, and establish appropriate standards of accountability and monitoring. Staff are consistently reminded about the use of agreed templates and the need for acquitting grants at the end of the program year.

**39.** DIAC acknowledges the findings concerning the importance of documenting key actions and events when making funding decisions. DIAC has developed extensive training for its assessors which focuses on documenting the rationale for decision-making, including where information other than that which is contained in the application is used to support a

decision. These measures have progressively been put in place since October 2008 and have been consistently applied while assessing applications for the 2009-10 funding round.

**40.**     There are a range of measures that have been put in place which help evaluate the effectiveness of the SGP at the grant level. More broadly, there are a number of challenges which make evaluating a program like the SGP difficult when what constitutes `successful settlement' is so often dependent upon a range of government programs, community support and individual factors. Notwithstanding these issues, DIAC is exploring how a more effective macro evaluation of the SGP can be achieved through targeted research and measurement, particularly focused on client feedback.

**41.**     DIAC is currently exploring the option of an alternative grants management system which will address the concerns raised in the report.

**42.**     The department accepts the recommendations of this report and notes that it has already put in place a number of measures which address the issues raised. Other initiatives will be progressively implemented.

# Recommendations

**Recommendation No.1**

**Paragraph 3.16**

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.

**DIAC's response:** *Agreed.*

**Recommendation No.2**

**Paragraph 3.53**

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.

**DIAC's response:** *Agreed.*

**Recommendation No.3**

**Paragraph 5.20**

The ANAO recommends that DIAC implements an effective process for fully acquitting grants at the end of their funding period.

**DIAC's response:** *Agreed.*

**Recommendation No.4**

**Paragraph 5.37**

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.

**DIAC's response:** *Agreed.*

**Recommendation No.5**

**Paragraph 5.39**

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.

**DIAC's response:** *Agreed.*

**Recommendation No.6**

**Paragraph 7.28**

The ANAO recommends that DIAC formally decides the Grants Management System's future.

**DIAC's response:** *Agreed.*

# Audit Findings
# and Conclusions

# 1.   Introduction

*This Chapter provides an introduction to settlement in Australia generally, and the Settlement Grants Program specifically. It also provides a background to the audit, including the audit objective and criteria.*

## Immigration in Australia

**1.1**    Australia has a long history of accepting migrants and humanitarian entrants. At 30 June 2007, around one quarter (5.3 million people) of Australia's resident population was born overseas.[10] In 2007–08, 205 940 people made Australia their permanent home.[11] According to the Department of Immigration and Citizenship (DIAC), people's reasons for migrating to Australia are diverse: reuniting with family; escaping persecution; or simply seeking a better life in a new county.[12]

## Department of Immigration and Citizenship

**1.2**    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.[13] To achieve this purpose, DIAC is responsible for achieving two Government outcomes, described in the Government's annual Portfolio Budget Statements as follows:

- Outcome 1. Contributing to Australia's society and its economic advancement through the lawful and orderly entry and stay of people[14]; and

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[10]   Australian Bureau of Statistics, *3412.0 Migration, Australia 2006–07.*

[11]   Department of Immigration and Citizenship, *Immigration Update 2007–08,* Commonwealth of Australia, Canberra, 2008, p.1.

[12]   Department of Immigration and Citizenship, *National Framework for Settlement Planning,* Commonwealth of Australia, Canberra, March 2006, p. 1.

[13]   Department of Immigration and Citizenship, *Annual Report 2007–08*, Commonwealth of Australia, Canberra, 2008, p.16.

[14]   Department of Immigration and Citizenship, *Portfolio Budget Statements 2008–09, Immigration and Citizenship Portfolio, Budget Related Paper No. 1.12,* Commonwealth of Australia, Canberra, 2008, p. 23.

- Outcome 2. A society which values Australian citizenship and social cohesion, and enables migrants and refugees to participate equitably.[15]

In 2008–09, the department's total available net resourcing is $1.92 billion.[16]

## Settlement services

**1.3** DIAC has several responsibilities under Outcome 2 including managing the delivery of settlement services, promoting Australian citizenship, and promoting the value of cultural diversity and increasing understanding of Australia's democratic values. In 2008–09, the total budget for Outcome 2, including administered appropriations, is $506 million.[17] 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.[18] Output 2.1 has a total budget of $373 million in 2008–09[19] and includes a wide range of activities (see Figure 1.1), including the Settlement Grants Program (Output 2.1.3).

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[15] ibid., p. 39.

[16] ibid., p. 17.

[17] ibid., p. 42.

[18] Department of Immigration and Citizenship, *New Beginnings,* Commonwealth of Australia, 2008, p. 3.

[19] Department of Immigration and Citizenship, op. cit., p. 40.

**Figure 1.1**

**Output 2.1: Settlement Services**

| Output | Objective |
|---|---|
| 2.1.1 Settlement planning and information delivery | This component:<br>• provides a planning framework for the delivery of settlement services and information for recently-arrived migrants and humanitarian entrants that complements the services governments direct to all Australian residents<br>• provides demographic data and other information to assist service providers across the three levels of government to plan to meet the needs of newly-arrived migrants and humanitarian entrants. |
| 2.1.2 Humanitarian settlement services | This component provides humanitarian entrants with initial intensive settlement services on a needs basis under the Integrated Humanitarian Settlement Strategy (IHSS). IHSS services include case coordination, information and referrals, on-arrival reception and assistance, accommodation services and short-term torture and trauma counselling. The IHSS provides humanitarian entrants with the assistance they need to start building a life in Australia. |
| 2.1.3. Support for community services | This component, which includes the Settlement Grants Program, supports the delivery of settlement services to migrant and refugee communities through the administration of settlement grants.[20] |
| 2.1.4 Adult Migrant English Program administration | This component supports the Adult Migrant English Program administered item managed by the department through contracts for English language tuition and ancillary services. |
| 2.1.5 Free translating and interpreting services | This component supports access to free translating and interpreting services for eligible clients. |

Source:   Department of Immigration and Citizenship, *Annual Report 2007–08*, Commonwealth of Australia, 2008, pp. 166-172.

**1.4**     The three largest programs under Output 2.1 are the Integrated Humanitarian Settlement Strategy (Output 2.1.2), the Settlement Grants Program (Output 2.1.3) and the Adult Migrant English Program (Output 2.1.4).

## Review of Settlement Services

**1.5**     In 2002–03, DIAC reviewed its settlement services. The *Report of the Review of Settlement Services for Migrants and Humanitarian Entrants* was

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[20]   Output 2.1.3 supports the Grants for Migrant Community Services administered item and also includes the Community Settlement Services Scheme (CSSS).

released in 2003.[21] The objectives of the review were to: improve integration between settlement and mainstream services; strengthen partnerships among and between service providers and the Government; promote innovation and flexibility in funding models; develop principles for future distribution of settlement services; and enhance the performance and accountability framework for the delivery of funded outcomes. The review resulted in 61 recommendations, endorsed by the Government, outlining improvements to settlement services and other Australian Government services. One outcome of the review was the creation of the Settlement Grants Program (SGP).

## Settlement Grants Program

**1.6** SGP was introduced nationwide on 1 July 2006. The program is the latest of several settlement initiatives administered by DIAC, replacing the Community Settlement Services Scheme (CSSS) and core funding to Migrant Resource Centres (MRCs) and Migrant Service Agencies (MSAs). These initiatives are briefly described in Appendix 1.

**1.7** The aim of SGP is to deliver services that assist eligible clients under the SGP to become self-reliant and participate equitably in Australian society as soon as possible after arrival. Through SGP, DIAC funds settlement projects for periods of one, two or three years that target specified groups of new entrants. 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

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

- 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.[22]

**1.8** Projects funded through SGP fall into three categories, referred to as service types. The service types are Orientation to Australia—practical assistance to promote self-reliance, Developing Communities, and Integration—inclusion and participation.[23] Appendix 2 describes the activities that may be funded under each service type.

**1.9** 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 Program, and/or a government service delivery organisation in a rural or regional area.[24]

**1.10** To date there have been three annual SGP funding rounds. SGP's funding allocation and the number of grants funded in each round is shown in Figure 1.2.

**Figure 1.2**

**SGP grants and funding**

| | Funding available for allocation to SGP Projects ($ million) | Number of grants funded |
|---|---|---|
| 2006–07 Funding Round | $30.73 | 209 |
| 2007–08 Funding Round | $31.26 | 231 |
| 2008–09 Funding Round | $33.51 | 230 |
| Total | $95.50 | 670 |

Source: ANAO analysis of DIAC data.

**1.11** The majority of grants are awarded for one year (68 per cent in 2008–09) and the average funding to a grant is around $145 000. In 2008–09, grants ranged from $24 523 for a one year grant to $1.24 million for a three year grant.

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22 Application Form, Settlement Grants Program 2009–10.

23 ibid.

24 ibid.

Appendix 3 contains an overview of SGP funding applications and recommendations, by funding round.

**1.12** Figure 1.3 illustrates the major steps in DIAC's administration of SGP.

## Figure 1.3

**Administering SGP**
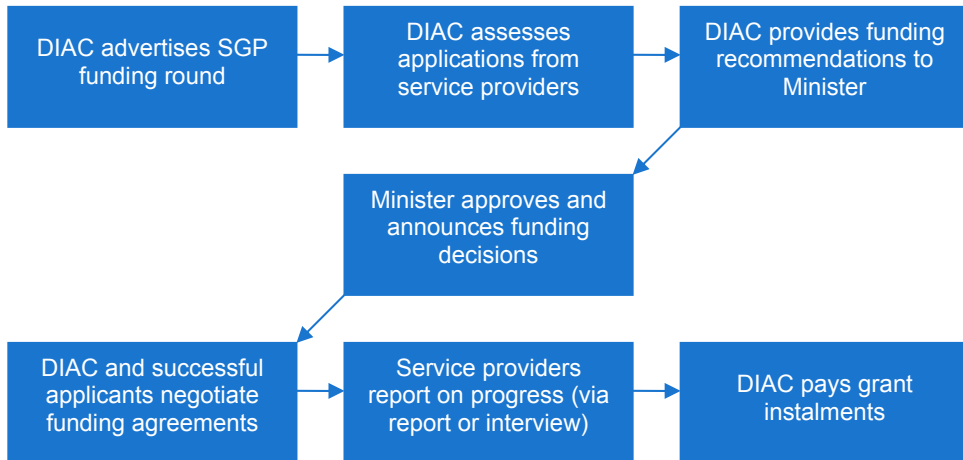


Source:   ANAO analysis

**1.13** SGP is a discretionary grants program. The department assesses applications from service providers against published selection criteria in annual funding rounds. Decisions to award grants are made by the Minister for Immigration and Citizenship, based on funding recommendations from the department. The Minister's decision is final and there is no process for review or appeal. DIAC's National Office (NatO) and State and Territory Offices (STOs) share responsibility for effectively delivering the program. The Grants Management System (GMS) is the principal information technology system supporting the program.

## Previous performance audit coverage

**1.14** Since 1998, the ANAO has conducted two performance audits of DIAC's settlement services. The reports of these audits are:

- ANAO Audit Report No.29 1998–99, *Provision of Migrant Settlement Services by the Department of Immigration and Multicultural Affairs*, Department of Immigration and Citizenship; and

- ANAO Audit Report No.40 2005–06, *Management of the Adult Migrant English Program Contracts*, Department of Immigration and Citizenship.

The ANAO has also produced guidance on grants administration:

- ANAO *Better Practice Guide – Administration of Grants*, May 2002.[25]

# The audit

## Audit objective

**1.15** The objective of the ANAO's audit was to assess the effectiveness of the Department of Immigration and Citizenship's management of the Settlement Grants Program.

## Audit criteria

**1.16** To assess the department's performance in terms of this objective, the ANAO used the following criteria—whether:

- DIAC effectively plans for funding rounds;
- DIAC effectively assesses and allocates grants;
- DIAC effectively monitors and evaluates:
    - individual grants;
    - the program; and
- DIAC effectively manages relationships with stakeholders.

## Audit methodology

**1.17** The ANAO interviewed key DIAC personnel, a selection of grant recipients and key stakeholders, in three states. The ANAO also reviewed relevant DIAC files and documentation and examined:

- grant applications, application assessments and progress reports for a sample of 76 successful projects receiving funding in 2007–08 (24.8 per cent of the total);
- grant applications and application assessments for a sample of 24 unsuccessful applicants from the 2007–08 funding round (11.7 per cent of the total); and

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[25] The ANAO is currently updating the Administration of Grants Better Practice Guide.

- grant files maintained by STOs in three states for projects selected in the two samples.

**1.18** The audit was conducted in accordance with ANAO auditing standards at a cost of $385 000.

## Report structure

**1.19** This report is divided into seven chapters, as described below.

| | |
|---|---|
| **Chapter 1** <br> **Introduction** | Chapter 1 provides an introduction to settlement in Australia generally, and SGP specifically. It also provides a background to the audit, including the audit objective and criteria. |
| **Chapter 2** <br> **Policy and Planning** | Chapter 2 considers SGP's key parameters, including the program's objective, and some of the key implications arising from these policy settings. The Chapter also examines DIAC's approach to identifying settlement needs and managing risks. |
| **Chapter 3** <br> **Assessing and Allocating Grants** | Chapter 3 considers how effectively DIAC assesses and allocates grants. It examines how DIAC promotes its funding rounds, assists applicants to apply for grants and assesses grant applications. |
| **Chapter 4** <br> **Negotiating Funding Agreements** | Chapter 4 discuss the issues associated with negotiating funding agreements between DIAC and successful grant applicants. The Chapter examines how SGP funding is distributed to STOs for allocation to projects, the timing of the SGP funding announcement, the issues associated with awarding one year or multi-year grant funding and negotiating work programs. |
| **Chapter 5** <br> **Monitoring and Evaluating Grants** | Chapter 5 considers how DIAC monitors the performance of individual grant recipients, makes payments to those recipients and acquits grants. It also discusses DIAC's monitoring and evaluation of SGP at a whole-of-program level. |
| **Chapter 6** <br> **Managing Relationships** | Chapter 6 considers how effectively DIAC manages relationships with internal and external stakeholders. It discusses how DIAC supports internal staff to administer the program and assists grant applicants and successful recipients to deliver SGP projects. |
| **Chapter 7** <br> **SGP Systems** | Chapter 7 examines the Grants Management System and its sub-components that support SGP. It describes some of the issues relating to the functionality of the system and discusses the future direction for the Grants Management System. |

# 2. Policy and Planning

*Chapter 2 considers SGP's key parameters, including the program's objective, and some of the key implications arising from these policy settings. The Chapter also examines DIAC's approach to identifying settlement needs and managing risks.*

## The program's objective and performance indicators

**2.1**    Grant programs should operate under a clearly defined and documented operational objective. The objective should be clearly linked to Government policy and outcomes, and the department's strategic objectives. Mechanisms should be established to measure and report progress towards the objective.

**2.2**    DIAC's purpose is to 'enrich Australia through the well-managed entry and settlement of people'.[26] As mentioned in Chapter 1, DIAC is responsible for achieving two Government outcomes. SGP contributes to DIAC's purpose though Outcome 2.

### Figure 2.1

**Departmental and program objectives**

> **Department of Immigration and Citizenship**
> To enrich Australia through the well-managed entry and settlement of people.

↳ **Outcome 2**
> A society which values Australian citizenship and social cohesion, and enables migrants and refugees to participate equitably.
>
> Output Group 2.1:    Settlement Services
> Output 2.1.3:        Support for Community Services

↳ **Settlement Grants Program**
> To deliver services which assist eligible clients under the SGP to become self-reliant and participate equitably in Australian society as soon as possible after arrival.

Sources:  Department of Immigration and Citizenship, *SGP Handbook*, unpublished, May 2008, p.11; and Department of Immigration and Citizenship, *Portfolio Budget Statements 2008–09, Immigration and Citizenship Portfolio,* Commonwealth of Australia, May 2008, pp.3, 39, 43 and 46.

**2.3**    The objective of SGP is consistent with the Government's policy to assist migrants to settle in Australia and the Government's intention for SGP,

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[26]    Department of Immigration and Citizenship, *Portfolio Budget Statements 2008–09, Immigration and Citizenship Portfolio, Portfolio Overview*, Commonwealth of Australia, May 2008, p.3.

as expressed in the Settlement Grants Program Policy Paper (September 2005). The policy paper states that SGP combines funding previously provided to MRCs, MSAs and CSSS, and outlines the broad policy framework for SGP. It includes the SGP target group, service types, eligibility for funding and the application process.

**2.4**     DIAC's Portfolio Budget Statements describe the performance indicators used to measure the program (see Figure 2.2).

## Figure 2.2

**Performance indicators for Output 2.1.3**

| Key Performance Indicators | | 2008–09 Targets |
|---|---|---|
| *Quality*: | All work program objectives and requirements of funded organisations are monitored and supervised. | Funded organisations meet grant conditions. |
| *Quantity*: | Number of funding agreements managed and monitored. | 354 |

Source:    Department of Immigration and Citizenship, *Portfolio Budget Statements 2008–09, Immigration and Citizenship Portfolio, Agency Overview and Resources*, Commonwealth of Australia, May 2008, p.46.

**2.5**     The ANAO acknowledges that measuring performance in the public sector is challenging and developing an appropriate mix of performance indicators to provide stakeholders with a balanced coverage of performance can be difficult. In addition, there is a balance to be struck between the number of indicators and the cost of collecting performance information. Nevertheless, agencies are required, by the Outcomes and Outputs Framework, to develop indicators designed to provide performance information relating to the effectiveness of achieving outcomes and the efficient delivery or management of outputs and administered items.

**2.6**     The ANAO considers that neither of the SGP indicators listed in Figure 2.2 addresses the key elements of the program's objective: are providers assisting SGP clients to become self-reliant and participate equitably in Australian society as soon as possible after arrival? While measuring organisations' compliance with funding agreements or the number of projects funded will provide DIAC, Parliament, and the Australian public with some performance information, it will not answer the question of whether SGP is effectively achieving its stated outcome (objective).

**2.7**     Additionally, DIAC has not articulated definitions for some of the key SGP terms. For example, while program documentation describes 'eligible

clients', DIAC has not defined key terms in SGP's objective, such as 'self-reliant' or 'participate equitably'. Without a clear explanation of these terms, it is difficult for DIAC to measure progress against the program's objective.

**2.8** Later in this report, the ANAO recommends that DIAC develop and implement an effective performance management framework for SGP.[27] Such a framework should include a range of qualitative and quantitative indicators that provide stakeholders with useful and reliable performance information. Indicators should be developed with reference to clearly articulated definitions for all key SGP terms. The ANAO considers that implementing the recommendation would assist DIAC to better measure the impact of the program and whether it is achieving its objective.

## The program's parameters

**2.9** The parameters of a grant program include the individuals or groups targeted to receive services funded under the program, the types of services, and the providers eligible to supply those services. These key program elements should be clearly set out in publicly available program documentation, and understood by relevant stakeholders.

**2.10** The 2005 policy paper outlined the parameters of SGP. The major elements are discussed below.

### Target groups

**2.11** SGP funding is allocated to organisations that provide services to specific groups of migrants.[28] The Government has chosen the target groups to 'ensure the limited settlement resources are directed to those most in need'.[29] As a result, certain entrants, including temporary entrants and other provisional visa holders and skilled migrants and their dependents in urban areas, are generally not eligible for SGP services.

**2.12** SGP service providers recognise that the SGP target groups are restricted. However, they have indicated that it is sometimes difficult to implement a policy that restricts services to eligible clients and does not

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[27] Recommendation No.5, paragraph 5.39.

[28] See paragraph 1.7.

[29] Department of Immigration and Citizenship, *Settlement Grants Program Policy Paper*, Commonwealth of Australia, September 2005, p4.

provide services to other clients who fall outside the target group. For example, it is difficult to provide assistance to families of skilled migrants and not to the skilled migrants themselves, or to deny assistance to skilled migrants and their dependents in urban areas. Providers also see temporary visa holders and their families as a group with significant unmet needs, because these entrants do not always receive the employer support they require. In these cases, service providers stated that they would always try to help people in need. Generally, providers reported that they prefer to take a holistic approach, catering to the full settlement needs of whole families. These are matters for consideration in a policy context as they are concerned with the target groups to which the program is directed. DIAC advised that it is concerned that if services continue to be provided to ineligible clients, this has the potential to impact on services to SGP eligible clients.

## Service types

**2.13**    The projects that can be funded under SGP are grouped into three categories, referred to as service types. For the first round of SGP funding in 2006–07 the service types were those specified in the 2005 policy paper, and were based on the service types funded under the CSSS. The service types were changed for the 2007–08 and subsequent funding rounds.

### Figure 2.3

**Service types**

| Service Types 2006–07 Round | Service Types 2007–08,  2008–09  & 2009–10 Rounds |
|---|---|
| 1.   The provision of information, referral and casework<br>2.   Community capacity building<br>3.   Service planning, development and integration | 1.   Orientation to Australia - practical assistance to promote self-reliance<br>2.   Developing Communities<br>3.   Integration - inclusion and participation |

Sources:  2006–07 SGP Grant Application Form; and
               Department of Immigration and Citizenship, *SGP Handbook*, unpublished, May 2008, pp.14-19.

**2.14**    DIAC considers that the new service types are more specific and practical than the original service types. The ANAO agrees that the new services types are consistent with Government policy and, when considered in conjunction with SGP guidance, provide greater clarity about the type of

projects that may be funded under SGP. The Application Information Booklet[30] and SGP Handbook[31], for example, outline the type of activities that may be funded under each of the service types (see Appendix 2). Generally, grant recipients reported that the service types are clear and appropriate for the program.

**2.15** Nevertheless, several providers expressed concern about the lack of basic settlement services and the type of projects that are successfully gaining funding under SGP. Some of the most pressing issues facing new migrants include homelessness, unemployment, debt and confusing bureaucracy. While services such as housing, employment and income support are not DIAC's primary responsibility, the department addresses some of these issues in a limited way through SGP. Nevertheless, providers claim that there is unmet need among the SGP target group. In addition, some providers maintain that the focus on short term projects does not assist communities to build long-term capacity and that clients' holistic settlement needs are not being met.

## Eligible applicants

**2.16** Certain organisation types are eligible to apply for SGP funding.[32] Eligibility for SGP funding is clearly set out in SGP documentation, including the SGP Handbook and Application Information Booklet. In ANAO interviews, providers and stakeholders reported that the eligibility criteria are easily understood.

## Time limit

**2.17** Over time the majority of migrants receiving services under SGP are expected to transit into mainstream services. For a minority of high-needs entrants who require ongoing services, assistance is available to eligible entrants through DIAC's Complex Case Support (CCS) scheme. CCS provides support to refugees and humanitarian entrants where pre-migration experiences, severe physical and mental health conditions, or crisis events after arrival in Australia present significant barriers to successful settlement.

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[30] An Application Information Booklet is released by DIAC when it opens a funding round. It outlines the grant application process and provides guidance to assist grant applicants to answer the questions in the grant application form.

[31] The SGP Handbook is an internal DIAC document that provides guidance to DIAC staff managing SGP in NatO and the STOs.

[32] See paragraph 1.9.

**2.18** DIAC recognises that a five year cut-off for SGP projects is sometimes difficult for service providers to enforce. Service providers interviewed by the ANAO agreed that it is reasonable to time-limit SGP eligibility. In reality, however, some entrants are not self-reliant within five years and require ongoing assistance. While some of these clients are eligible for services under CCS, others require occasional and/or low level assistance not available under CCS. As with clients that fall outside the SGP target group, in these cases providers reported that they always try to help people in need even if they have been in Australia for longer than five years.

### Evaluating program parameters

**2.19** Chapter 5 discusses DIAC's evaluation of SGP and recommends that DIAC develop and implement a plan to evaluate the program and identify opportunities for improvement in program administration.[33] The evaluation could include an examination of the appropriateness of SGP policy decisions regarding program parameters, including the SGP target groups and service types, and the implications of those decisions as mentioned in the preceding sections.

## Identifying settlement needs

**2.20** In general, to ensure the fair distribution of scarce resources, access to grant funding should target those most in need. The funding available for SGP projects is limited. Therefore, DIAC funds SGP projects based on an annual assessment of settlement needs. Settlement needs are presented in terms of the number of arrivals in the target group and the type of issues facing new arrivals.

**2.21** DIAC's primary mechanism for collating information on settlement issues facing new arrivals for SGP is reports from STOs using a Settlement Needs Reporting Tool. STOs provide monthly settlement needs reports to NatO detailing any SGP related incidents or issues that have arisen during the month. SGP grants managers, DIAC personnel working on other settlement programs (such as IHSS), and community liaison officers, source information from their engagement with stakeholders, attending providers events and interagency meetings.

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[33]   Recommendation No.4, paragraph 5.37.

**2.22**    The ANAO found that the way in which STOs reported settlement needs varied. Some STOs provide detailed reports, while others are brief; some list every settlement related incident or issue, others specifically focus on needs. The ANAO also found a significant level of uncertainty among STO staff about what to report. For example, NatO informed the ANAO that an issue should be reported each time it arises, whereas one STO stated that once an issue has been reported it should not be included in subsequent monthly reports. DIAC agrees with the ANAO that the quality of monthly settlement needs reports is variable, and has indicated that it is currently reviewing the effectiveness of processes for collecting settlement needs information. This will assist DIAC and grant recipients to more effectively target SGP projects.[34]

## Managing risks

**2.23**    Risk management is an essential element of program management today. Risk management in this context focuses on maximising the value for money of grant expenditure through minimising adverse impacts by identifying and treating potential risks.

**2.24**    There are three levels of risk in the SGP:

- whole-of-program;

- day-to-day grants administration; and

- individual grants.

The ANAO examined each level in turn.

### Program risks

**2.25**    At the program level, NatO has developed a risk management plan for SGP, referred to as the Settlement Grants Program: Risk Framework, which is reviewed annually. The 2008–09 Framework identifies nine risks and, for each, describes:

- why the risk might occur;

- the consequence if the risk occurs;

- the controls in place to mitigate the likelihood or consequence of the risk;

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[34]    See Recommendation No.1, paragraph 3.16.

- who is responsible for the risk; and

- how the risk will be monitored.

**2.26** The risk framework satisfactorily addresses the major program-level risks for SGP. However, the ANAO found that while the risk framework is revised annually, it is then essentially disregarded throughout the year. Senior program staff reported that there is no formal monitoring of the risk framework; that risk management was performed 'in their heads'. Further, the majority of DIAC staff interviewed by the ANAO either did not use the risk framework as a risk management tool, or were not aware that it existed. If adopted as an integral element of NatO's management, the risk framework would be a useful reference tool for SGP staff to assist in effectively managing the program, including maximising its benefits while reducing the probability and/or consequences of identified risks.

## Administration risks

**2.27** Risks encountered by STOs responsible for the day-to-day management of SGP differ from national, program wide risks. Risks at this level should focus on day-to-day grants management issues, such as inequitable assessment of applications, funded organisations not complying with reporting requirements, or the impact of staff absence.

**2.28** At the state level, STOs have risk management plans covering risks for the state office as a whole. These plans do not consider SGP risks in any detail, if at all. One STO does use a Risk Assessment and Treatment Plan Worksheet for a specific element of SGP. This STO allows providers to decrease their professional indemnity insurance from the minimum cover usually allowed in SGP funding agreements. The worksheet is completed for individual grants to recognise the risk arising from this change.

**2.29** To more effectively address grants administration risks, DIAC could include operational matters in its SGP Risk Framework. DIAC would then benefit from a comprehensive risk management plan, or framework, that includes both strategic and administrative risks and is linked to SGP's objective, ongoing performance measurement and monitoring processes, and individual grant risk assessments.

## Grant risks

**2.30**    At the individual grant level, effective risk management involves identifying risks early during the application and funding process, then reassessing, monitoring and actioning risks throughout the life of the grants.

**2.31**    SGP applicants are asked to evaluate their risks and include these in their application for funding. These risks are then considered during the grant applicant assessment process. Until the 2008–09 funding round, assessors used the risk assessment tool built into the GMS. This tool was referred to as G-RAT. DIAC staff reported that G-RAT was cumbersome and not a useful tool to assess risk and was not referred to following grant application assessment. When reviewing a sample of grants, the ANAO found that one third were assessed as having no risks and, where risks were noted, comments were generally cursory and broad in nature. This suggested that G-RAT was being used in a mechanical manner.

**2.32**    From 2008–09, assessors will be required to record risks on a standard risk assessment matrix when assessing grant applications. To assist assessors, the assessment tool will include lists of common risks for each of the sections and sub-sections of the application form, plus options to record other risks identified by the assessor. As this process is new, the ANAO was not in a position to assess its effectiveness as a risk management tool.

**2.33**    Following assessment of grant applications and allocation of funding, risks should be monitored and risk assessments updated throughout the life of the grant. DIAC monitors SGP grants primarily through regular reports submitted by grant recipients. The SGP progress reports give grant recipients an opportunity to comment on the progress of their projects, but the reports do not explicitly mention risks. Grants managers are not required to refer to, or record changes to, risks identified during the assessment process. The G-RAT assessment is generally disregarded by grants managers after the assessment is complete. In addition, grants managers are not required to record emerging risks. In practice, assessors and grants managers rely on their knowledge of an organisation to understand grant risks.

# 3.  Assessing and Allocating Grants

*Chapter 3 considers how effectively DIAC assesses and allocates grants. It examines how DIAC promotes its funding rounds, assists applicants to apply for grants and assesses grant applications.*

## Promoting the funding rounds

**3.1**    A key ingredient of a successful grant program is a high level of interest from potential applicants. Appropriate strategies to promote grant funding rounds should be adopted to ensure that potential applicants are aware of the program, its objectives and how to apply for funding.

**3.2**    SGP funding rounds are advertised in the national, major metropolitan and some regional print media. In parallel with advertising, DIAC advises its stakeholders of the impending round by letter, email and/or telephone. For this purpose, stakeholders include all currently and previously funded organisations, providers who have unsuccessfully applied for SGP grants in the past, local councils and community groups.

**3.3**    Following each of the funding rounds, DIAC has examined its approach to advertising. Analysis of the first (2006–07) round highlighted the need for improvements in the promotion timeline. DIAC determined to open the 2007–08 round earlier, with two phases of advertising: a short 'heads-up' advertisement followed three weeks later by the second phase when the round opened. Also, as a result of the analysis of the 2006–07 round and in response to a request from the then Parliamentary Secretary for Multicultural Affairs and Settlement Services, grants were advertised earlier to allow the Minister a longer period of time to consider DIAC's recommendations and approve funding.

**3.4**    Following the 2007–08 round, DIAC sought feedback from applicants about the most effective means of alerting potential applicants about upcoming funding rounds. It concluded that the most effective means was through direct correspondence. Consequently, DIAC now corresponds with stakeholders prior to advertising the round, then advertises once to open the funding round.

**3.5** The advertising and closing dates for applications are listed in Figure 3.1.

**Advertising and application timeline**

| Funding Round | Advertising Started | Applications Due | Application Period |
|---|---|---|---|
| 2006–07 | 15 October 2005 | 25 November 2005 | 5 weeks, 6 days |
| 2007–08 | 23 September 2006 | 27 October 2006 | 4 weeks, 6 days |
| 2008–09 | 22 September 2007 | 26 October 2007 | 4 weeks, 6 days |

Source:   ANAO analysis of DIAC documents.

**3.6** Grant recipients interviewed by the ANAO expressed a range of opinions about the amount of time between the opening of the round and the due date for applications. Two providers were satisfied with the time allowed; two providers stated that the deadline was too short, while one declared that the time was short but just sufficient. Providers felt that increasing the application period would allow applicants more time to consult with stakeholders and the community, and result in higher quality applications. The ANAO notes that the level of experience of the applicants, the number of grants organisations are applying for and the stability of SGP's on-line application platform all impact on organisations' ability to comfortably meet the deadline.

## Applying for SGP grants

**3.7** When a funding round opens, appropriate assistance should be available to potential applicants to assist them to apply for a grant. Application forms should be accessible and easy to understand, and supported by appropriate explanatory materials, including accountability requirements for grant recipients.

**3.8** DIAC makes information about a funding round available at information sessions and on its website when the round opens. The ANAO examined this information, in particular the Application Information Booklet, application and settlement needs information, as well as the on-line application process and the timing of application rounds.

### Information sessions

**3.9** During the period between the round opening and the close of applications, DIAC hosts information sessions for potential applicants in every

State and Territory. The information sessions provide an overview of the program, describe any changes to the program in the preceding year and give advice about completing the application form.

**3.10**    Grant recipients interviewed by the ANAO were generally positive about the information sessions. Four said that the information sessions were useful and helpful and that their questions were answered, while one provider felt that the information sessions were too general to give any real guidance. These views were consistent with feedback attendees provided to DIAC following the sessions, with most attendees finding the sessions to be useful, the right length and well presented.

## Application Information Booklet

**3.11**    The Application Information Booklet provides information about the program and steps through the questions on the application form. Hard copies of the Application Information Booklet are available from DIAC and at the applicant information sessions. Service providers consulted by the ANAO reported that the Booklet was useful, providing helpful guidance for applicants. However, larger service providers expressed concern that some small service providers and providers with limited business background or training might struggle with some of the concepts in the Booklet (for example, risk management).[35]

## Settlement needs and arrivals information

**3.12**    To assist potential applicants for SGP funding, DIAC produces Settlement Needs and Arrivals information for each State and Territory. These reports describe the SGP target group, their settlement needs and the type of services required to address those needs. As a substantial amount of information is provided it is not included in the Application Information Booklet, but is made available on DIAC's website when it opens a funding round.

**3.13**    DIAC's presentation of this information has changed each year. The number of arrivals is provided each year by migration stream and country of birth, sex, age group and key settlement location. The difference has been in

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[35]    DIAC advised the ANAO that the Whole of Government Working Group will be looking at ways in which the issue of reducing red-tape without compromising accountability can be addressed when developing the Commonwealth Grants Guidelines.

the manner DIAC has presented the 'needs' information. In most years only the arrival data has been presented by specific geographical areas (covering nearly 100 statistical divisions and statistical subdivisions). Needs information has been described in a general manner, not associated with specific geographical areas. In the 2008–09 funding round, the department trialled the inclusion of key reported settlement needs for each area. These lists were not detailed, merely listing the broad area of need. Two examples are provided in Figure 3.2. The report overview included a more detailed discussion of each settlement need.

### Figure 3.2

## Key reported settlement needs, 2008–09 funding round

| Inner Sydney Statistical Subdivision (Sydney Statistical Division) | Perth Statistical Division |
|---|---|
| Target group arrivals in the area require assistance to address a range of settlement needs. Key needs reported in 2006–07 in the area include (in order of priority):<br><br>   - Employment<br>   - Education/Training<br>   - Legal/Justice<br>   - Health<br>   - Family/Relationships<br>   - Social Participation<br>   - Life Skills<br>   - Accommodation<br>   - Community Development<br><br>Applicants may wish to address one or more of these issues in their proposal. | Target group arrivals in the area require assistance to address a range of settlement needs. Key needs reported in 2006–07 in the area include:<br><br>   - Accommodation<br>   - Life Skills<br>   - Education/Training<br>   - Employment<br>   - Community Development<br>   - Social Participation<br>   - Legal/Justice<br>   - Health<br><br>Applicants may wish to address one or more of these issues in their proposal. |

Sources: Department of Immigration and Citizenship, *Settlement Needs and Arrivals, New South Wales, SGP Funding Round 2008–09*, Commonwealth of Australia, p.10; and
Department of Immigration and Citizenship, *Settlement Needs and Arrivals, Western Australia, SGP Funding Round 2008–09*, Commonwealth of Australia, p.10.

**3.14** DIAC acknowledges that 'need', as presented in the annual Settlement Needs and Arrivals information, is vague, but informed the ANAO that the definition of 'settlement needs' is highly subjective and that many of the challenges encountered by new arrivals do not lend themselves to easy categorisation. The regional needs information does not provide any real guidance to applicants about the type of projects required in specific geographic areas to target specific sections of the SGP target group. DIAC also

noted that the settlement needs information is largely ignored by providers when applying for SGP funding; applicants tended to identify their own groups of needs or indicate that all the listed needs were relevant as well as identifying more. DIAC indicated that being too prescriptive about the types of projects to be funded in specific areas may detract from the sector's capacity to develop innovative or flexible service responses to local issues. Given its limited use, DIAC did not include the regional needs information in the recent funding round.

**3.15** Nevertheless, DIAC recognises that including more meaningful information about settlement needs in funding round guidance would assist providers to better target those needs. Additionally, it would increase the transparency of decision making if decisions are made with reference to identified needs, and defending those decisions would be more straightforward. DIAC has informed the ANAO that this is an area that it will be focusing on in 2009.

# Recommendation No.1

**3.16** 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)     encourages grant applicants to address those settlement needs when applying for grants.

## DIAC's response

**3.17** *Agreed.* Appendix 4 details DIAC's complete response to the recommendation.

## Applying on-line

**3.18** To apply for SGP grants, applicants are required to complete and submit an on-line application form via DIAC's Grants On-line Forms (GOLF) system. The form requests information about the applicant and the project.

**3.19** DIAC has made changes and modifications to the application form each funding round as a result of feedback from previous rounds. Some of these changes have been successful and well received by applicants. For

example, following an analysis of the 2006–07 round, DIAC determined that, rather than requiring applicants to provide full copies of all supporting documents, applicants were asked to include a list of supporting documents that could be requested if necessary. This change was more efficient and less time consuming for both DIAC assessors and the applicants. However, DIAC has trialled other modifications to the application form that have not been as successful. For the 2007–08 funding round, in the section requiring the provider to supply organisational details, the form was pre-populated for previously funded organisations. Due to technical difficulties encountered with pre-populating the forms and organisations submitting multiple applications at different times, this approach was discontinued in the 2008–09 round.

**3.20**    DIAC has a helpdesk, which is available from 9:00am to 5:00pm (Australian Eastern Standard Time) during the application period. The helpdesk is manned by SGP's technical support team in NatO. Its purpose is to assist applicants with technical questions when they are completing their on-line applications. Feedback and data from the helpdesk are analysed following the close of each application period, with the results fed into the documentation for the next funding round.

**3.21**    Service providers are generally positive about the concept of the GOLF on-line application form. However, GOLF's instability frustrates applicants. Grant recipients reported that, when applying for SGP, the system would crash frequently, resulting in the loss of valuable time and data, and the need to re-write/re-enter data. (The SGP systems, including GOLF, are discussed further in Chapter 7.)

## Timing issues

**3.22**    As discussed above, two providers informed the ANAO that the time allowed to complete the form was insufficient. In addition, one provider said that completing the form was very time consuming. In 2006–07**,** the application form included a question about the amount of time applicants spent completing the on-line form. Twelve of the 17 applications in the ANAO's sample from the 2006–07 funding round provided these details. The ANAO found that the least amount of time taken to complete an application form was reported to be 10 hours; the most was 70 hours, with the average being 26.5 hours. This is a substantial length of time, particularly for small providers relying on part-time staff and volunteers.

**3.23** Grant recipients also reported that the timing of the application process is challenging. For each funding round, applications are due in October of the previous year. This means that providers of existing projects wishing to apply for further funding must do so just four months into the financial year. As such, it can be difficult to present a sound business case justifying a grant funding request for a project that has only been running for a short period of time. This situation is exacerbated in the case of new projects, particularly as it usually takes a few months to establish a project. As discussed in Chapter 4, while there are Government policy requirements to be met, there may be options available to DIAC to ease the administrative burden on grant applicants in terms of the timing of the funding year and the length of grants awarded.

# Assessing applications

**3.24** Following closure of the funding round, applications are assessed. Effective assessment procedures promote transparency and the selection of projects that best meet the assessment criteria and represent value for money.

## Assessing applications

**3.25** DIAC has established a process to assess grant applications and the documentation to support that process. As with many other aspects of the SGP management process, DIAC's approach to assessment has evolved over the past three years. Figure 3.3 provides an overview of the assessment process.

## Figure 3.3

**Assessing applications**

| Application received | |
|---|---|
| **STO— first tier assessment** | • assess applications<br>• assess risks<br>• consult as necessary<br>• State overview for Brief to Minister |
| **NatO— second tier assessment** | • review applications and STO assessments (sample)<br>• National overview and review State overviews for Brief to Minister |
| **Brief to Minister** | • pre-budget submission<br>• post-budget submission |

Source:    ANAO analysis.

**3.26**    Assessors complete their application assessment in GMS using an on-line form, referred to as an Assessment and Risk Summary. Section one of the application form covers eligibility—is the applicant an eligible organisation; is the proposed project targeted at the SGP target group; does the project meet the description of the SGP service types? Sections two to four of the application form require applicants to address questions about their organisation and to describe the project in detail. When assessing these sections, assessors must determine whether or not the applicant meets the stated requirements and, if so, to what level. Applicants receive one of three ratings.

## Figure 3.4

**Assessment Ratings**

| | |
|---|---|
| **Not Suitable** | The applicant does not meet the requirements. |
| **Suitable** | The applicant meets the requirements to a satisfactory level. |
| **Highly Suitable** | The applicant is able to demonstrate that it meets the requirements to a high level. |

Source:    Department of Immigration and Citizenship, *A Guide to Assessing SGP Applications, 2008–09 Funding Round*, unpublished, p11.

**3.27**    A rating of 'not suitable' for any one of these sections will result in an overall rating of 'not suitable'.[36]

**3.28**    Applications are assessed by DIAC staff using a two tiered assessment process. The first tier is conducted by STOs. The purpose of the first tier assessment is to provide preliminary funding recommendations. A second stage assessment is performed by NatO to review the STOs first tier assessments and consolidate recommendations.

*First tier assessments*

**3.29**    The SGP Handbook is not explicit about whether grants managers should be assessing applications from a provider they manage for existing grants. However, it does state that the assessment is a matter of judgement on the part of the assessing officer and is based on, inter alia, 'the officer's individual and corporate experience in managing the department's funding/service agreements with organisations providing settlement services'.[37] Similarly, A Guide to Assessing SGP Applications[38] does not mention this point, but notes that prior experience with the organisation may complement an assessment.

**3.30**    The ANAO found differences in the level of involvement of grants managers in the application assessment process in each of the three states it visited. The three different models were:

•    assessors assessed applications from organisations they managed;

•    assessors were given a choice of whether they assessed applications from organisations they managed, resulting in a mixed outcome; and

•    assessors did not assess applications from organisations they managed.

**3.31**    DIAC's policy is that any prior experience must be recorded in the assessment form, and that assessment must be impartial and based primarily on the information provided in the application form. However, when reviewing a selection of grants, including assessment forms, the ANAO noted

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[36]    Exceptions may apply if the applicant is the sole provider in a region where a settlement need has been identified.
The application rating system was implemented in 2008–09 following consultation with STOs. Prior to that, several different assessment rating systems were trialled, including awarding numbered ratings.

[37]    Department of Immigration and Citizenship, *SGP Handbook*, unpublished, May 2008, p.33.

[38]    A Guide to Assessing SGP Applications is an internal DIAC document that provides guidance to grant application assessors.

that assessors did not record whether they were the primary grants manager of any existing grants to the applicant. In line with internal guidance, DIAC should ensure that assessors record prior or existing involvement with the applicant on the assessment form.

**3.32** Applicants must meet several selection criteria, or primary eligibility requirements, to be considered for SGP funding. The criteria are:

- eligibility—the organisation must be one of the four types of organisation eligible for funding;

- client target group—the project must address at least one of the SGP client target groups; and

- service type—the project must fall into at least one of the three SGP service types.

**3.33** The approach taken by STOs to applications that do not meet the primary eligibility criteria varies. In one STO, if an application does not meet these criteria, it is discarded. In another STO, a full assessment is conducted regardless of whether the application satisfies the eligibility requirements.

**3.34** Following fieldwork for this audit, the ANAO suggested to DIAC that clarifying the guidance on assessments would improve the consistency of approaches taken by the STOs when assessing grant applications. DIAC has advised the ANAO that it has clarified the first tier assessment procedures for the 2009–10 funding round. In consultation with the STOs, DIAC states that it has substantially amended and simplified the online first tier assessment form and rewritten the assessment guide. As the ANAO has not audited these changes, it is not in a position to form an opinion on their efficacy.

**3.35** When assessing applications, assessors consider the amount of funding available[39], currently funded services, demographics and needs, and previous knowledge of the applicant. STOs may also convene a funding advisory committee or consult with external stakeholders. The membership and operation of these committees differ from STO to STO but generally consists of representatives from relevant Australian and state government departments and other significant stakeholder groups. Members, or other stakeholders, are provided with a précis of the application, or the complete application, and asked to provide comment based on their knowledge of the provider and of

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[39]    See paragraph 4.1.

existing services similar to those proposed in the application. For example, advisors might identify potential overlapping or duplication of existing services or, if an applicant has received funding from a state government department for another project, the department's representative would comment on the applicant's compliance with funding agreement reporting requirements. STOs consider these comments as part of the first tier assessment.

**3.36**    At each of the STOs visited by the ANAO, the first tier assessment process included discussion between assessors and STO management. Generally, this involved individual assessors assessing applications, then a round table discussion with other assessors and the SGP manager. The purpose of this discussion is to consider the merits of each application, compare applications and discuss any issues that might arise. An assessment paper, including recommendations, is then prepared for the STO's senior executive to examine, and following approval, submitted to NatO. During the assessment process, assessors also discuss the applications among themselves on an ad hoc basis, or formally as a group.

**3.37**    The assessment period is tight, usually starting in the second or third week of November for completion by the end of the calendar year.

*Second tier assessments*

**3.38**    NatO introduced second tier assessments in the 2007–08 funding round following a review of the 2006–07 round and in response to a request by the then Parliamentary Secretary. Its purpose was to enhance the quality of application assessments, improve the consistency of funding recommendations on a national basis and provide a national picture of application outcomes. This is a sound approach.

**3.39**    For the 2007–08 round, NatO examined a sample of applications, replicating the STOs first tier assessment to determine if the result would be the same. NatO questioned STOs' recommendations in a few instances, requesting further information, but no changes resulted. NatO considers that this approach was not successful as it did not have the local knowledge of the STO assessors. The results did, however, highlight poor documentation of assessment decisions (discussed further below). NatO changed its approach to second tier assessment in 2008–09. It reviewed five per cent of the total applications and STO assessments. The review tested the consistency of STO recommendations and robustness of decision making. Where NatO was uncertain about the rationale for a first tier recommendation, it requested

clarification from the relevant STO. Again, this second tier assessment did not result in any changes to the STO recommendations about projects to be funded. Nevertheless, the ANAO considers that the second tier assessment is an important step of the assessment process that provides DIAC with a level of comfort and assurance about STO funding recommendations.

*The assessment process—successful and unsuccessful applications*

**3.40** The ANAO analysed the applications and assessments of a sample of 76 (24.8 per cent of the total) successful projects receiving funding in 2007–08 and 24 (11.7 per cent) unsuccessful projects from the 2007–08 funding round. The ANAO found that, within each STO, the chosen approach was consistently applied. That is, taking into account the above discussion about inconsistencies in approach across STOs, the ANAO did not note any difference in the approaches taken to assessing applications that were ultimately successful and those that were unsuccessful.

## Documenting decisions

**3.41** Assessment and funding decisions should be clearly documented. Well documented decision making increases transparency and accountability of the grants process, and can enhance public confidence in funding decisions. The need to clearly document funding decisions is particularly important in a grants program that is discretionary and in which applicants may not appeal decisions. The ANAO found that DIAC's documentation of key decisions, including the basis for funding recommendations and its discussions with the Parliamentary Secretary, is poor. These issues are discussed below.

**3.42** Half of the service providers and several other stakeholders interviewed by the ANAO expressed uncertainty about how DIAC assesses applications and allocates funding for individual projects. They reported that they would like more information about reasons for decisions. Making the reasons for decisions of successful projects publicly available, including the approach to assessing applications and allocating funding, enhances the transparency of grant programs and assists applicants in preparing any future application.

**3.43** The primary assessment (of the first tier assessment) is made on the application itself. If the assessor has other knowledge of the project or applicant that is used to inform or influence the funding decision, this must be documented. The ANAO found that assessors did not document when referring to, or relying on, knowledge or documentation other than the

application form. Furthermore, when reviewing a sample of grants, the ANAO found that the basis for funding recommendations was often poorly documented and unclear. For example, where a recommendation was made to award a grant for a shorter period and/or for a lesser funding amount than applied for, often the reason given for this reduction was not clearly apparent or not recorded.

**3.44** When approving grants, Ministers are approving the expenditure of public money. This role brings with it particular accountability obligations, including the requirement to not approve a grant unless reasonable inquiries have been undertaken that demonstrate that the proposed expenditure will make efficient and effective use of public money and that the terms of the approval be documented.[40] In this context, Ministers are entitled to rely on departmental advice. There is no restriction on Ministers' offices suggesting particular projects for consideration. However, given the sensitivities which attach to suggestions of this kind from Minister's offices, it is in a department's interest to have made its own inquiries, explicitly consider all options and accurately document its decision-making process.

**3.45** Following the November 2007 election, the Government took steps to enhance the Commonwealth grants framework. This includes announcing the development of Commonwealth Grant Guidelines that will be underpinned by a package of regulatory changes, including a legal requirement for Ministers and government officials to follow the guidelines.[41] In addition, it is proposed that approvers of spending proposals will be required to record the reasons for their decisions (the current requirement is limited to recording the terms of the decisions). Between December 2007 and December 2008, Ministers were required to refer to a group of Ministers any decisions in relation to grants in their own electorate. In December 2008, the Government decided that individual portfolio Ministers would be able to award grants in their own electorate, but that the Finance Minister should be advised of this shortly after the decision was taken.

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[40]   *Financial Management and Accountability Regulations 1997,* Part 4: Commitments to spend public money.

[41]   Tanner, L (Minister for Finance and Deregulation) 2008, Improving Government Grants, media release 42/2008, Parliament House, Canberra, 9 December.

**3.46** Following the May 2008 Budget, additional funding was made available to DIAC for allocation to SGP projects in the 2008–09 funding round. The additional monies were allocated to nine new projects, as well as increasing the allocation to several projects that had been successful in the funding round. When the additional monies became available, five projects were identified by DIAC's STOs as being of merit for funding. An additional four projects were identified following discussions with the Parliamentary Secretary, who raised concerns about funding to various community groups in Western Sydney.

**3.47** The department recommended that projects targeting four community groups be funded, including two communities in the Parliamentary Secretary's Western Sydney electorate (Reid).[42] DIAC advised that:

> Reid sits across the Statistical Sub-division (SSD) of Central Western Sydney which receives the second highest number of newly arrived migrants and refugees in Australia. … About half the population of Reid were born overseas and around 75% of these people come from non-English speaking countries. … It is, then, not surprising that some projects designed to assist new migrants and refugees to settle in Australia are funded in the SSD that includes the electorate of Reid.[43]

**3.48** The four projects were funded for a period of one year; and ranged from $40 000 to $72 828. Each of the projects had been the subject of grant applications in the 2008–09 round that, following initial assessment by DIAC, had not been recommended to receive funding. In considering projects that could be funded with the additional monies, DIAC did not have an 'order of merit' or some equivalent list from its initial assessments that ranked all the applications (successful and unsuccessful) in an objective manner. Instead, DIAC advised the ANAO that it took the original assessments into account together with the discussions with the Parliamentary Secretary and additional information obtained in light of the additional funding.

**3.49** In the case of the four projects to communities discussed with the Parliamentary Secretary, as the final decision to award funding was made by the portfolio Minister rather than the Parliamentary Secretary, referral to the group of Ministers was not required. However, having regard to the issues that

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[42] The other two grants were for a project covering parts of the New South Wales electorates of Banks and Blaxland and a project in the Victorian electorate of Gippsland.

[43] Letter from DIAC Secretary to the ANAO, 2 April 2009.

gave rise to the introduction of the requirement to refer decisions on grants within a decision-maker's own electorate, the documentation of discussions with the Parliamentary Secretary should have been more comprehensive than DIAC's approach of noting, for each project, that 'The department was asked to consider funding for this community'. DIAC informed the ANAO that 'a number of informal discussions with DIAC NSW Executive and National Office with the Parliamentary Secretary were undertaken to ensure recommendations [for funding] were in line with Government imperatives'.[44] In particular, the department advised the ANAO that the key discussion with the Parliamentary Secretary was 'a general conversion about his concerns [about] the issues affecting various community groups in Western Sydney'; at no time did the Parliamentary Secretary direct a particular outcome, nor did he raise specific projects he wanted to see funded.[45] These discussions were not documented at the time.

**3.50** Looking forward, DIAC has advised the ANAO that as part of the 2009–10 round, NatO will request that a comprehensive assessment be done again as part of selecting organisations which are recommended for funding as a result of additional funds being available. Any discussions with the Minister/Parliamentary Secretary will also be documented.

**3.51** An important principle in grants administration is that applications should be assessed and funding decisions made in a manner, and on a basis, that is consistent with published Program guidance. In this case, the published guidance for SGP does not address how additional funding that becomes available after the initial assessment process will be allocated. Nevertheless, in the absence of other guidance, the expectation would be that the next most deserving projects on the basis of merit would be funded. It is not clear on the basis of departmental documentation or advice that this occurred. Without adequate documentation, departments are not able to demonstrate that all applicants have been treated equitably, and applications have been considered on their merits having regard to the program's objectives.

**3.52** DIAC did not take sufficient care to clearly document key events and decisions, such as the basis for funding recommendations following assessment of applications and its actions in response to discussions with the

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[44]  Email from DIAC to the ANAO, 20 February 2009.

[45]  Email from DIAC to the ANAO, 20 March 2009.

Parliamentary Secretary. DIAC acknowledges that its documentation of decision making and discussions influencing decision making was poor. The department has advised the ANAO that is it has stressed to those involved with the assessment of applications the need to fully document the basis of funding recommendations.

## Recommendation No.2

**3.53** 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 SGP 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.

### DIAC's response

**3.54** *Agreed.* Appendix 4 details DIAC's complete response to the recommendation.

# 4.    Negotiating Funding Agreements

*Chapter 4 discuss the issues associated with negotiating funding agreements between DIAC and successful grant applicants. The Chapter examines how SGP funding is distributed to STOs for allocation to projects, the timing of the SGP funding announcement, the issues associated with awarding one year or multi-year grant funding and negotiating work programs.*

## Allocating SGP funding

**4.1**    SGP projects are funded from administered monies, allocated to DIAC annually through the budget process. DIAC employs a formula to calculate the distribution of monies to STOs. These monies are then allocated to projects following assessment of grant applications by the STO and NatO.[46] The formula has several variables, including:

- geographic location of project (metropolitan or regional);

- type of target group (migration stream); and

- year of arrival (length of time in Australia).

**4.2**    The variables are weighted: humanitarian entrants are weighted higher than other SGP target groups, and entrants settling in regional areas are weighted higher than entrants to metropolitan areas. Adjustments are also made for internal migration and out-of-state grants.[47] Each of the variables attracts a weighting. Points are assigned based on the number of arrivals in each of the weighted variable categories. The points are then totalled for each State. The proportion of each State's points relative to the total is then used to allocate the SGP budget. For example, if NSW accumulated 32 000 points of a total 84 500 points (38 per cent), it would be allocated 38 per cent of the available SGP budget.

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[46]    Discussed in the previous chapter.

[47]    Internal migration occurs when migrants move from their initial settlement area to another area within Australia.

Out-of-state grants are when an STO is responsible for managing a project that is delivered outside their state. This may occur because the project crosses state boundaries or a large organisation is providing services in more than one state.

**Figure 4.1**

**Calculating 2008–09 SGP allocations – an example**

- Family stream entrants in metropolitan areas who arrived in 2006–07 attract a weighting of 0.75.
- 7 267 family stream entrants settled in metropolitan NSW in 2006–07.
- 7 267 x 0.75 = 5 450 points.
- 5 450 points are added to NSW's total.
- The other categories are calculated in a similar way, the totals are added, and the proportion of the total calculated.

Source:   ANAO example based on DIAC data.

# The funding agreement

**4.3**     The outcome of a funding round should be announced, and successful and unsuccessful applicants advised, as soon as practicable after funding decisions are finalised. Following the announcement, funding agreements should be negotiated with successful applicants in a timely manner.

**4.4**     Following the Minister's announcement of the outcome of the assessment and funding allocation process, DIAC's STOs negotiate funding agreements with successful applicants. The funding agreement is comprehensive and outlines the conditions under which the project will be funded, and includes the project budget and work program.

**4.5**     All STOs use a standard SGP funding agreement, with one minor exception. One STO allows providers to negotiate a variation to the clause covering Professional Indemnity Insurance. Where this occurs, a Risk Assessment and Treatment Plan Worksheet is completed to recognise the risk. NatO agreed to this approach following discussions with DIAC's Legal Division.

# Impact of funding recommendations—timeframes and length of grants

**4.6**     The Minister or Parliamentary Secretary announces the outcome of a funding round in May, following the release of the Federal Budget. For example, the Parliamentary Secretary announced the results of the 2008–09 funding round on 30 May 2008, with the funding year beginning one month later, on 1 July 2008.

## Scope of grants following funding announcement

**4.7** Information about successful grant recipients, such as service types, target groups and the areas projects will be servicing, is made available on DIAC's website at that time. This means that the details of recommended grants are made public prior to the applicant being notified of the success of their application, or the amount and length of funding DIAC is offering. Providers informed the ANAO that this can create expectations in the community about the scope of SGP projects. Following the announcement, negotiations between DIAC and the provider usually change the particulars of the project. Generally, these changes narrow the grant parameters, such as location of services and length of and/or funding amount of grant, which may result in disappointed community expectations.

**4.8** The ANAO analysed a sample of 80 grants and found that 43 (54 per cent) of grants were for a shorter period than providers requested in their applications. Of the 37 grants that received funding for the length of time applicants requested, 29 (78 per cent) received an average of around $150 000 less funding than requested in their application.

**4.9** According to providers, the potential consequences of receiving less funding or a shorter grant period than requested include a compromised project, in terms of project hours and/or the quality of project worker(s), and loss of experienced, talented staff due to the lack of ongoing job security. Nevertheless, few applicants have declined funding offers. To date, five successful applicants have declined offers—three in the 2006–07 funding round and one each in the 2007–08 and 2008–09 rounds.

**4.10** DIAC could minimise potential community disappointment by making it clear, when announcing the details of successful grants, that the scope of the projects is subject to negotiation and may change as the result of negotiations between the department and service providers.

## Impact of announcement and negotiation timeframes

**4.11** The outcome of the funding round allocation cannot be announced prior to the release of the Federal Budget in May, and DIAC has decided that the SGP funding year will start on 1 July of each year. The timing of the announcement impacts on STOs and grant applicants. Applicants submit applications in October, seven months prior to the announcement. The uncertainty about the outcome inhibits providers' ability to plan for the forthcoming financial year. This situation is exacerbated in cases where there

are prolonged funding agreement negotiations. Providers claim that earlier advice about the outcome of a grant application would allow them time to more effectively manage their staff and budgets and plan the project; or seek other funding opportunities if necessary.

**4.12** For STOs, an announcement in late May leaves only one month to negotiate funding agreements with successful applicants before the 1 July start date of projects. STOs advised that this is difficult. The ANAO found that very few funding agreements are executed prior to the start of the financial year. This means that providers cannot start projects at the beginning of the year for which they receive funding. In 2007–08, no agreements were executed prior to 1 July 2007, and in the most recent funding round only three agreements were executed before 1 July 2008. However, in the past two rounds just over half of the agreements were executed within the first month of the relevant financial year. Over 90 per cent of all agreements were signed within the first quarter of the relevant financial year.

**Figure 4.2**

**Timeliness of executing funding agreements (per cent)**



Source:    ANAO analysis of DIAC data for relevant funding rounds.

**4.13** Delays in signing funding agreements adversely impact SGP projects and grant recipients and their clients. For projects that are ongoing from one funding round to the next, signing a funding agreement after 1 July may result in a gap in SGP services provided to clients. Often providers will cover this period in anticipation of funding to be provided when the agreements are signed. However, for many providers, particularly small providers with

limited sources of funding, it is difficult to provide services when not funded to do so.

**4.14** DIAC has explored with Finance the possibility of announcing SGP grants earlier. Finance informed DIAC that it was not supportive of pre-budget announcements unless there are very compelling reasons. Pre-budget announcements would commit the Government in advance of the budget, thereby reducing flexibility in framing the annual budget.

**4.15** While DIAC must comply with Government policy, there may be options available that could ease the administrative burden on grant applicants, and overcome the risk of service gaps emerging due to delays in executing the funding agreement. For example, an alternative may be to start the funding year later than 1 July.[48] This would allow sufficient time for DIAC and providers to negotiate funding agreements, and still start projects at the beginning of the funding year. Another alternative may be to have longer funding cycles—that is, increase the proportion of two and three year grants. This option is discussed below.

## One year v multi-year grants

**4.16** A Finance determination issued in 2005 states that DIAC is able to consider two and three year grants to a maximum value of 60 per cent of grant monies in forward years.[49] This means that at least 40 per cent of grant monies available in each funding year must be allocated in that year. Nevertheless, Finance has advised DIAC that the Government's preference is for annual discretionary grants and that multi-year grants should be awarded only in exceptional circumstances. In line with this guidance, DIAC has determined that the grant monies available in any financial year are to be allocated in the ratio of 50:30:20. That is, at least 50 per cent of the SGP budget in any given funding round is to be allocated to one year grants, with a maximum of 30 per cent to two year grants and 20 per cent to three year grants.

**4.17** In fact, the ANAO observed that 62 per cent of the SGP funding available for allocation to grants has been awarded to one year grants, ranging

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[48] DIAC advised the ANAO that a past settlement program commenced in October and concluded in September. As the funding period spanned two financial years, funded organisations were required to prepare two audited financial statements which resulted in additional expense and anxiety for them. The funding cycle was therefore changed to coincide with the financial year.

[49] This determination expired on 30 June 2008.

from 58 per cent of grants in New South Wales to 100 per cent of grants in the Northern Territory.

**Figure 4.3**

**Percentage of funding awarded to one year grants (2006–07 to 2008–09)**
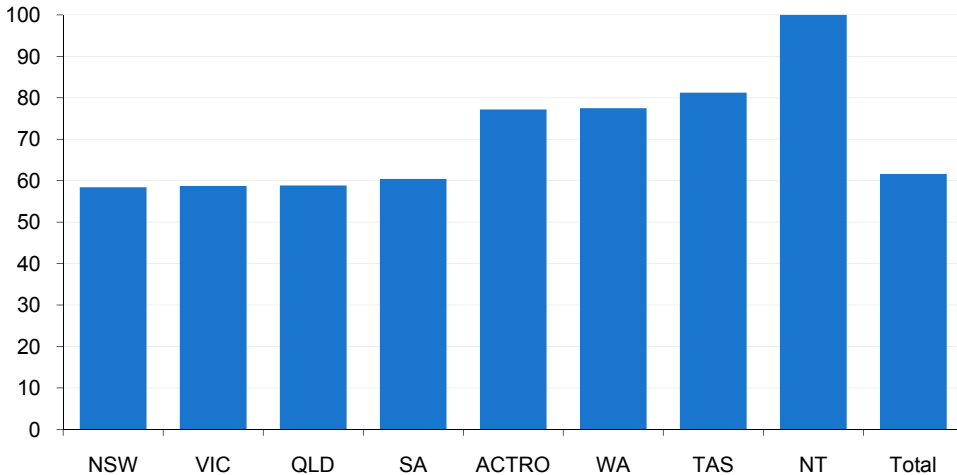


Source:   ANAO analysis of DIAC data.

**4.18**    DIAC recognises that providing shorter term grants does impact on grant recipients. According to service providers and other stakeholders, these impacts include:

- decreased ability to plan for the medium to longer term;

- limited time to build relationships with clients;

- difficulty attracting and/or retaining trained and competent staff and high staff turnover;

- disruptions to service provision;

- delays in starting projects (for example, time needed to recruit and train staff, and source infrastructure and other project resources);

- administrative costs, including time, to reapply for funding at the end of the grant period.

**4.19**    There is also an administrative impact on DIAC of granting a higher percentage of one year grants. Shorter term grants result in the need to negotiate an increased volume of funding agreements and work programs. For

DIAC, as well as grant recipients, this is time consuming and resource intensive.

**4.20** DIAC advised that awarding one year grants allows it to test new organisations, providing funding for 12 months until an organisation's capacity and viability can be established. However, in the 2008–09 funding round, only 18 grants were awarded to organisations that had not previously received funding under SGP or CSSS (7.83 per cent of the total successful applications).

**4.21** DIAC also advised that, because settlement needs change over time, it requires flexibility to respond to emerging and/or changing needs. Limiting forward financial commitments provides this flexibility. When allocating funds to two and three year grants, a commitment is created against the grant allocation for the following years, which reduces the amount available to new projects in subsequent funding rounds. Therefore, the more funding committed to two and three year grants, the less available for emerging or changing needs. On the other hand, the ANAO notes that work programs of multi-year grant recipients are renegotiated annually. This gives DIAC the flexibility to negotiate changes to the project, including the target group and proposed outputs.

**4.22** Given the inevitable tensions between the Government's need for funding flexibility, the administrative load on recipients and the department, and the desire for certainty from grant applicants, it would be beneficial for DIAC to review its approach in this regard. Chapter 5 discusses DIAC's evaluation of SGP and recommends that DIAC develop and implement a plan to evaluate the program and its administration.[50] The evaluation could include a review of the benefits and costs of short and long term grants and the appropriateness of program timeframes.

## Negotiating work programs

**4.23** The work program forms part of the funding agreement. The SGP Handbook defines a work program as the description of the products and/or services that will be provided by the SGP funded project. It sets out:

- the goals of the project (outcomes);

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[50] Recommendation No.4, paragraph 5.37.

- how the organisation plans to achieve its goals (outputs); and

- how progress will be measured (key performance measures).[51]

**4.24**    Negotiations between DIAC and the successful grant recipients tend to focus on the work program and budget.

**4.25**    For the 2006–07 and 2007–08 funding rounds, applicants were required to include work programs in their applications. In 2008–09, applicants were required to describe the project's activities and propose quantitative and qualitative performance measures for each activity. These details then form the basis of the work program developed during funding agreement negotiations. DIAC states that the change gives greater flexibility to applicants to take into account local conditions and encourages innovative ways of delivering activities.

**4.26**    In 2008, DIAC developed a comprehensive list of examples of acceptable SGP activities. The list, which was originally developed by one STO and refined by NatO, includes the service type, examples of activities that fall within that service type, appropriate quantitative and qualitative performance measures, and the type of supportive documentation that would constitute evidence of progress. NatO distributed this list to all STOs in mid-2008. It is a useful reference tool for STOs when negotiating work programs with grant recipients.

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[51]    Department of Immigration and Citizenship, *SGP Handbook*, unpublished, May 2008, p.55

# 5. Monitoring and Evaluating Grants

*Chapter 5 considers how DIAC monitors the performance of individual grant recipients, makes payments to those recipients and acquits grants. It also discusses DIAC's monitoring and evaluation of SGP at a whole-of-program level.*

## Monitoring performance

**5.1**    Once awarded, the performance of individual grants should be monitored and assessed periodically. Monitoring involves reviewing the grant recipient's performance against the objectives and activities of the project and compliance with the conditions of the funding agreement. Elements of an effective performance monitoring process include clear and easy to use reporting requirements, an agreed timetable for reporting using appropriate actions to address issues with individual grant recipients and using lessons learnt to inform improvements to the program.

**5.2**    However, monitoring of individual grants is only one part of an effective grants program performance monitoring framework. A complete performance management framework includes program wide monitoring that assists grants managers to understand issues and trends across the program and understand the impact of the program. It includes collecting and analysing program data throughout the life of the program in order to monitor and assess performance against the objectives of the program and its outcomes.

**5.3**    DIAC's monitoring of individual grants and the performance of the program are discussed in this section.

## Monitoring individual grants

**5.4**    DIAC's primary means of monitoring SGP grants is a structured progress reporting regime. Each grant recipient is required, as specified in their funding agreement, to provide DIAC with reports of their compliance with the conditions of their funding agreements, such as validity of insurance, and progress against work program outputs. Figure 5.1 provides examples of the type of data reported by grant recipients. Monitoring is focussed on

administrative compliance and project outputs; not on the outcome of the projects or their impact on the target community.[52]

## Figure 5.1

### Example of grant reporting

| Orientation to Australia | If funded to provide casework services, grant recipients are required to report the number of contacts (clients) provided with service and a summary of client feedback received. |
|---|---|
| Developing Communities | If funded to assist communities to advocate for their own needs, grant recipients are required to report the number of community groups assisted during the funding period and feedback from communities assisted. |
| Integration | If funded to provide services to develop effective networks and strengthen links with mainstream service providers, grant recipients are required to report the number of networks/organisations with whom contacts are made and maintained during the funding period and documentation of the issues raised and action taken. |

Source:   extract from *SGP 2007–08 Year One 2nd Quarter Report and Unaudited Financial Statement of Income and Expenditure*.

5.5      Each year DIAC has made changes to the standard progress report templates. Some of these changes have been necessary to reflect changes to the work program format. Others are a result of feedback from providers and grants managers.

5.6      Until the 2008–09 funding round, DIAC required quarterly progress reports, due in October, January, April and July of the funded year. DIAC, and the ANAO, received feedback from providers that the SGP reporting requirements were onerous, with claims that the progress reports are too long and that reporting is too frequent. In recognition of this feedback, DIAC has altered its reporting requirements for 2008–09. Under the new process, grant recipients will be required to provide six monthly progress reports, at mid-year and the end of the financial year, plus structured interviews at the end of the first and third quarter. In interviews, STOs will be required to cover certain minimum requirements while having the flexibility to pursue issues specific to the grant. If grants managers have any concerns about the performance of the grant recipient, they retain the option of requesting quarterly reports. DIAC considers that its ability to monitor recipient progress will not be compromised

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[52]   Outcome evaluation is discussed in more detail later in this Chapter.

by the new process, but will allow a more risk-based approach to reporting and will lessen the administrative burden on service providers and DIAC staff.

**5.7** SGP grant recipients are required to submit their on-line progress reports through the GOLF system. However, SGP systems are not stable and reporting is often done off-line (that is, not via the GOLF system). In 2007–08, providers completed the third and fourth quarter progress reports off-line. System stability issues are discussed further in Chapter 7.

**5.8** The ANAO found that there was no standard approach to progress reporting when on-line reporting was not available. When reporting was off-line, each STO developed its own template or approach for providers to report progress. The ANAO observed the following approaches:

- asking grant recipients to complete (in Word) and email the on-line version of the report template**;**

- providing a Word version of the work program, with an additional column for grant recipients to provide comments on their progress;

- allowing providers to develop their own format or templates.

**5.9** The ANAO considers that off-line reporting would be more efficient if DIAC adopted a consistent national approach. Using an off-line version of the on-line reporting template would be the logical, and simplest, structure to implement. Since completing fieldwork for this audit, DIAC has informed the ANAO that it has now developed a national approach to off-line reporting, which includes a reporting calendar and reporting templates for each progress report. The ANAO has not reviewed the new national approach.

**5.10** The SGP Handbook contains some guidance for grants managers reviewing progress reports, with a brief section on what to do each reporting period. While STOs broadly followed the same process when reviewing progress reports, the ANAO found some differences between the STOs it visited. For example, the amount and type of evidence required in support of progress reports varied. Some STOs require extensive evidence in support of the progress reports; others require a list of supporting documentation that can be requested by the STO if required; and at one STO, the decision to ask providers not to submit supporting evidence rests with the grants manager. Improving the guidance, in the SGP Handbook, about DIAC's expectations regarding verification of progress reports would assist grants managers and

improve the consistency of approaches taken by the STOs when reviewing progress reports.[53]

**5.11**    The ANAO observed that, when necessary, DIAC takes action to address issues with individual grants. This action usually occurs in the form of requesting additional information from the recipient. If the issue is a reporting deficiency, grants managers discuss the deficiency with the provider and require improvements in future reports. STOs have also implemented additional reporting requirements for some providers if they have concerns about the progress of the grant. STOs are also able to withhold or decrease grant payments. The ANAO identified only one occasion where a grant payment to a provider was less than the amount agreed in the funding agreement.

## OSCAR reporting

**5.12**    The On-line Settlement Client Activity Reports (OSCAR) system is a DIAC system that captures direct client contacts by organisations. Providers are required to submit quantitative data on casework, referrals and group information sessions within the Orientation to Australia service type. Reports are due five times per year, with the due dates set out in funding agreements. These dates are not the same as the progress report due dates. Service providers questioned the usefulness of a system that measures limited activities within one service type. DIAC agreed that the OSCAR system is superfluous, particularly given that providers also report on this data as part of the progress reporting process. In addition, the ANAO found that DIAC does not use these statistics in any meaningful way. When evaluating SGP, DIAC could consider whether the OSCAR system is adding value to its management of the program or its knowledge of SGP projects and clients.

## Grant payments

**5.13**    DIAC makes grant payments to SGP providers regularly during the life of a grant. The first payment is made when the funding agreement is signed, and then quarterly thereafter following DIAC's acceptance of a progress report. The ANAO examined a sample of grant payments and found that payments were timely and consistent with funding agreements. That is,

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[53]    In May 2009, in response to the proposed report, DIAC advised the ANAO that it is developing a set of Administrative Guidelines to address this issue.

payments were made for the amounts specified in the funding agreements and were triggered by the receipt of an acceptable progress report.

**5.14**    In 2008–09, DIAC is trialling six monthly payments for some services in limited circumstances. The new approach will involve STOs identifying very low risk services and providing a justification to NatO for a move to six monthly payments. NatO will then determine if six monthly payments would be appropriate based on the merits of each case.

## Acquittals

**5.15**    Acquittals are an integral part of good grants management and provide a measure of assurance that public funds allocated to grant recipients have been spent for their intended purposes. Administrative procedures to acquit grants on a regular basis are an important management control.

**5.16**    SGP grants managers are required to acquit grants within three months of the end of the funded term. Therefore, a one-year grant must be acquitted at the end of the funded year; a three year grant must be acquitted at the end of the third funded year, not at the end of each financial year. However, recipients of multi-year grants are required to provide audited financial statements at the end of each financial year.

**5.17**    DIAC is aware that many SGP grants have not been appropriately acquitted. During the audit, the NatO has emphasised to STOs the importance of fully acquitting all grants at the end of the grant period. Nevertheless, the ANAO found that, as at mid-November 2008, DIAC has not acquitted 43 per cent of completed SGP grants. As Figure 5.2 illustrates, the majority of unacquitted grants occur in the 2007–08 financial year. In the 2006–07 funding round, 85.3 per cent of one year grants were acquitted. In 2007–08 this figure falls to 37.6 per cent—that is, of the completed two year grants from the 2006–07 funding round and one year grants from the 2007–08 funding round, 62.4 per cent have not been acquitted.[54]

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[54]    In response to the proposed report, DIAC informed the ANAO that the number of unacquitted grants has been reduced from 169 in November 2008 to 15 in May 2009.

## Figure 5.2

## Unacquitted SGP Grants as Percentage of Total Grants (per cent)
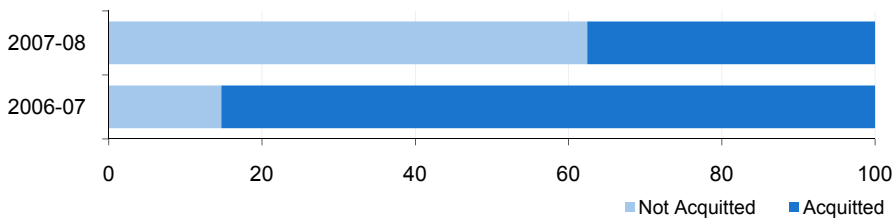


Note:     Data as at 11 November 2008.
Source:   ANAO analysis of DIAC data.

**5.18**   The ANAO also found a wide variation between STOs in the proportion of grants not acquitted. Of the smaller STOs, Tasmania had not acquitted 12.5 per cent of its eight grants, 50 per cent of grants managed by the Northern Territory STO remain unacquitted, and the Australian Capital Territory and Regional Office (ACTRO) has not acquitted any of its eight grants. New South Wales and Victoria, the two largest STOs, have not acquitted 42 per cent of 152 grants and 44 per cent of 79 grants respectively.

**5.19**   As mentioned above, NatO recently focused on improving grant acquittals. NatO has emphasised to STOs the importance of the acquittals process. Additionally, DIAC has assured the ANAO that it will, in future, systematically check that grants are acquitted. From 2009–10, the grant application form will ask applicants whether previous SGP projects have been acquitted and if not, to provide reasons why projects remain unacquitted. To further improve the acquittal of SGP grants at the end of their funded term, DIAC should ensure that its acquittal procedures are clear, understood and implemented in a timely manner, and acquittals are appropriately documented in grant files and GMS.[55]

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[55]   DIAC informed the ANAO that the new Administrative Guidelines will address the issue of grant acquittals.

# Recommendation No.3

**5.20** The ANAO recommends that DIAC implements an effective process for fully acquitting grants at the end of their funding period.

## DIAC's response

**5.21** *Agreed.* Appendix 4 details DIAC's complete response to the recommendation.

# Program monitoring, evaluation and reporting

## Program monitoring

**5.22** Following the application assessment process, DIAC analyses application and funding recommendation outcomes. The analysis includes the number of new organisations recommended for funding, type of organisation, grants to new communities, multi-year grants, locality of project, service types, migration stream, special focus projects and target groups. DIAC includes this comprehensive analysis in its annual funding recommendation submission to the Minister. This is useful analysis, providing an overview of the program at the application stage.

**5.23** However, DIAC's analysis of program-wide data does not continue beyond the early (application) stage of the funding round. During the funding year DIAC does not analyse the available SGP data, such as that collected through the grants monitoring process, at a whole-of-program level. Nor does it collect data that would assist it to monitor the program or determine if it is meeting its objective. Trends or issues that may emerge over time, or that are common across grants or the whole program, are not systematically identified. Improved collection of relevant data and better use of existing SGP data would assist DIAC to identify trends or issues across the program, inform improvements to processes and documentation, and measure and understand the outcomes and impact of the program.

## Using lessons learned

**5.24** DIAC has not undertaken a formal evaluation of SGP (see discussion below). However, as discussed throughout this audit report, DIAC has made a number of changes to SGP and its management of the program. Elements of SGP that have changed since the program's inception include the:

- service types;

- grant application form;

- application assessment form and process;

- reporting regime; and

- STO funding allocation.

**5.25** These changes resulted from lessons learnt at the various stages of the grants process, which have been collected by several different methods. These include workshops, teleconferences, staff surveys and ad hoc feedback from assessors, grants managers and providers. Program managers should continually learn from program experiences and evolve management approaches in response to those experiences, as DIAC has done.

## Evaluating outcomes

**5.26** Periodic evaluations of individual grants and the program are also an important element of an effective grants management process. Evaluations should be planned when designing and developing a program, with performance indicators and key data requirements linked to the requirements of future evaluations. In addition, the performance framework and monitoring strategy should result in the collection and analysis of data relevant to an evaluation of the individual grants and the program as a whole.

### *Evaluating individual grants*

**5.27** DIAC's evaluation of individual grants is limited and focussed on administrative compliance. In 2007 and 2008 DIAC commissioned reviews of a sample of 13 SGP projects. STOs nominated the organisations reviewed. The purpose of the reviews was to assess whether grant recipients were complying with the terms and conditions of their funding agreements, including the work programs, and to review the management and administration of the grants by the STOs. The latest review, which reported in June 2008 found that all but one provider were generally compliant with the key requirements of the funding agreement and that the STOs had developed strong relationships with providers. The review report included 12 recommendations for DIAC and several recommendations for specific providers.

**5.28** DIAC has included an additional question in the end-of-year (fourth quarter) progress report. The question will ask providers to report on the project's outcomes, what has been achieved by the project and what lessons have been learned. The information provided in this question will assist grants managers to gauge the impact of individual projects. If used effectively, this

information can assist DIAC to evaluate the outcome of individual grants, understand the program's impact on the SGP target group and whether it is achieving its objective.

*Quality Assurance Review program*

**5.29** In late 2007, DIAC developed a Quality Assurance (QA) Review program for SGP, which was a positive development. The QA program focuses on grant recipients' management of individual grants. The QA Review Strategy Document, November 2007, states that the:

> Reviews will examine the systems, policies, processes and associated documentation used by each organisation in managing and delivering services to SGP clients and in meeting grant accountability requirements. They provide independent assurance that information provided in Service Provider project reports is reliable and accurate and in particular that services are being provided to defined standards of quality, quantity and timeliness.[56]

**5.30** DIAC planned to review five multi-year projects in Queensland and Victoria which were approved in the 2007–08 funding round. The review was to examine systems, policies and procedures providers use to deliver SGP projects and manage clients. Reviews would be carried out by one staff member from NatO and one from the STO visiting the provider for 2-3 days.

**5.31** DIAC has not progressed its SGP QA program beyond the pilot stage. In 2008, DIAC piloted the QA program at two sites, one in Victoria and one in Queensland. As at November 2008, DIAC was reviewing the draft reports of the two QA reviews. In May 2009, in response to the proposed report, DIAC informed the ANAO that it is developing a more robust QA mechanism.

*Evaluating SGP*

**5.32** At the program level, DIAC has undertaken a few limited reviews of specific aspects of SGP. For example, in 2007 DIAC reviewed the community capacity building service type, finding an overall high level of satisfaction with services provided.[57] However, DIAC has not evaluated its management of SGP or whether it is assisting eligible clients to become self-reliant and participate equitably in Australian society. Nor does it have an evaluation plan.

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[56] Department of Immigration and Citizenship, *Quality Assurance Review of Service Provider Performance, QA Review Strategy Document*, November 2007, p. 2.

[57] DIAC reviewed three services in three states.

**5.33** The ANAO recognises that, while DIAC is the primary funder of settlement services, it is not the only funder and SGP is not the only settlement program. Therefore, it is challenging for DIAC to accurately measure the extent to which SGP is achieving its objective and SGP's contribution to the successful settlement of migrants.

**5.34** Nevertheless, evaluations contribute to better program management, greater accountability, more informed decision making, improved use of resources and refined program outcomes. As SGP has been established since June 2006, it is timely for DIAC to consider the benefits of evaluating the program, taking into account the associated costs. An evaluation could include the NatO's and STO's management at various stages of the grants process, the guidance and support provided to grant applicants and recipients, usefulness of the SGP systems, appropriateness of program objectives, grant terms and other policy settings, progress against the SGP objective and impact of the program on the target groups.

## Program reporting

**5.35** DIAC provides information about funded organisations on its website. This information includes the contact details of funded organisations, a description of the SGP project, the length of the grant and the amount of funding. The department reports against the program's key performance indicators in its annual report. Figure 5.3 shows that, in 2007–08 the first indicator was achieved, but the quantity outcome was slightly lower than the target of 354.[58]

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[58] Department of Immigration and Citizenship, *Portfolio Budget Statements 2007–08, Immigration and Citizenship Portfolio, Budget Related Paper No.1.13,* Commonwealth of Australia, 2007, p. 78.

## Figure 5.3

**Reporting against Portfolio Budget Statement indicators, 2007–08**

| Key Performance Indicators | | Outcomes |
|---|---|---|
| *Quality*: | All work program objectives and requirements of funded organisations are monitored and supervised. | Work programs in place and regularly monitored for compliance. |
| *Quantity*: | Number of funding agreements managed and monitored. | 332 (including 207 under SGP) |

Note: The total number of funding agreements managed and monitored under Output 2.1.3 was 332, comprising 307 under SGP and 25 under CSSS.

Source: Department of Immigration and Citizenship, *Annual Report 2007–08,* Commonwealth of Australia, Canberra, 2008, p. 170.

**5.36** DIAC does not publicly report any other SGP-specific performance information, such as progress against SGP's aim, the outcome of the projects or the impact of the program.

# Recommendation No.4

**5.37** 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.

## DIAC's response

**5.38** *Agreed*. Appendix 4 details DIAC's complete response to the recommendation.

# Recommendation No.5

**5.39** 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.

## DIAC's response

**5.40** *Agreed.* Appendix 4 details DIAC's complete response to the recommendation.

# 6.   Managing Relationships

*Chapter 6 considers how effectively DIAC manages relationships with internal and external stakeholders. It discusses how DIAC supports internal staff to administer the program and assists grant applicants and successful recipients to deliver SGP projects.*

## Relationship management

**6.1**    An essential element of good grants management is the effective management of significant relationships with relevant internal and external stakeholders. An effective approach to managing these relationships is to develop and maintain a current communications strategy.

**6.2**    DIAC's engagement with stakeholders is conducted under the umbrella of the Departmental Stakeholder Engagement Model, which is detailed in DIAC's *Stakeholder Engagement Practitioner Handbook.*[59] DIAC engages with stakeholders through several national and state based structures, which provide input and feedback on various issues.

**6.3**    With respect to settlement issues, and SGP in particular, stakeholders include:

- external stakeholders, such as grant recipients, target groups and peak bodies; and

- internal stakeholders, including NatO and STO staff working on SGP and other relevant DIAC programs.

DIAC's approach to managing SGP stakeholders is discussed below.

### Managing external SGP stakeholder relationships

**6.4**    While DIAC does not have a national communications strategy guiding its relationships specifically with external settlement stakeholders, its National Framework for Settlement Planning includes consultation and communication about settlement planning. The Framework was launched in March 2006, aiming to

> provide a more strategic and coordinated approach to settlement planning at a national level, thus improving the ability of governments, service providers,

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[59]    Department of Immigration and Citizenship, *Stakeholder Engagement Practitioner Handbook*, Commonwealth of Australia, Canberra, May 2008.

community organisations and other settlement stakeholders to plan for the arrival and settlement of new entrants.[60]

**6.5** The framework includes a settlement planning flowchart, illustrating the linkages between, and roles of, settlement stakeholders, an explanation of the needs identification process, terms of reference and membership of the National Settlement Planning Committee and the annual settlement planning cycle. The ANAO notes that the planning cycle included in the Framework is for the 2006 calendar year. The framework has not been updated or reissued since its launch.

**6.6** DIAC also produces several publications and tools for use by stakeholders, including new settlers and service providers. These include *Empowering Refugees - A Good Practice Guide to Humanitarian Settlement*, *Beginning a Life in Australia* booklets and *A New Country - A New Life Information Kit*. DIAC's website includes a Settlement Reports function that allows the public to produce reports containing several settlement variables including migration stream, sex, age, education and country of birth.

**6.7** Routine relationship management with grant recipients is the responsibility of the STOs. The SGP Handbook contains some guidance for STO grants managers when communicating with organisations. In ANAO interviews, service providers were positive about their relationship with DIAC. STOs also reported that they enjoy positive and productive relationships with service providers. The ANAO also found some proactive approaches to external stakeholder management at STOs. One STO has developed a comprehensive strategy for consulting with local government areas. The purpose of these consultations is to increase the depth of information on settlement needs and to improve relations with local governments. Another STO produces a factsheet listing funded organisations and their contact details.

### *Referrals*

**6.8** One of SGP's primary target groups is humanitarian entrants. Upon arrival in Australia eligible humanitarian entrants can access services provided under the IHSS. IHSS services are generally available within six months of arrival and include reception and assistance on arrival, information and referrals, housing services and short term torture and trauma counselling.

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[60]    National Framework for Settlement Planning, p. 15.

**6.9**    When humanitarian entrants are no longer able to access IHSS services, they should be referred to SGP providers. SGP guidance for service providers is silent on migrant referrals from IHSS. IHSS program materials, including the IHSS standard contract, state that, where appropriate at the conclusion of IHSS services, IHSS providers should provide information on, and a letter of introduction to, other support services such as SGP. However, DIAC has not established effective procedures for referring clients from IHSS to SGP. No issue arises when the IHSS provider is also the SGP provider. However, in the majority of cases the providers are different. Three SGP providers raised this issue with the ANAO. Similarly, DIAC has not established a protocol or procedures for referring clients from one SGP provider to another.

**6.10**    The absence of such procedures increases the possibility that entrants will not be aware of available settlement services. DIAC's management of entrants' total settlement needs would be enhanced by clear procedures and guidance for referring migrants between its programs and between providers.

*Handling comments and complaints*

**6.11**    DIAC invites members of the public, including migrants, to provide feedback about SGP. Feedback, including complaints, compliments and general comments, is administered by DIAC's Global Feedback Unit. The Global Feedback Unit produces regular reports about the feedback it receives. Due to the small number of comments SGP attracts, the program is not reported as a discrete line item. It is reported with other small programs as 'other'. Since the inception of SGP, the Global Feedback Unit has received only one comment specifically regarding SGP—notifying DIAC of an error on its SGP webpage. DIAC quickly actioned the comment.

## Managing internal SGP stakeholder relationships

**6.12**    When planning a grant program, program responsibilities should be clearly defined, understood and agreed by all departmental staff, and effective communication between and within the various departmental offices is essential.

**6.13**    Responsibility for effectively managing SGP is divided between DIAC's NatO and STOs. In general, NatO are responsible for program policy, including developing SGP materials and documents and advertising the annual funding rounds, while STOs are responsible for day-to-day administration and grants management. A Statement of Output Expectations between NatO, represented by the First Assistant Secretary of the Citizenship,

Settlement and Multicultural Affairs Division, and all State/Territory Directors, outlines the services each party performs. The Statement covers Output 2.1 and includes service expectations with respect to client service; program delivery; consultation, communication and support; quality assurance; reporting; and risk management and workforce planning. The SGP Handbook describes the roles and responsibilities of relevant NatO and STO staff in greater detail. It discusses responsibilities by month and stage of the grants process (for example, application and assessment, funding agreement negotiation and grants monitoring).

**6.14**    The ANAO found that roles and responsibilities are clearly documented and are generally understood by DIAC staff. Further, the ANAO observed many positive examples of effective communication and consultation between and within NatO and the STOs. These include:

- staff exchange between STOs;

- consultation about changes to SGP documentation, such as the SGP Handbook and grant application form and booklet;

- consultation about changes to SGP processes, such as the acquittals process;

- regular teleconferences between the different offices; and

- frequent email traffic.

**6.15**    However, a few staff stated that their duties and the division of responsibility between NatO and STOs could be clearer. This uncertainty results in STOs and/or individual staff interpreting their responsibilities and the SGP administration process in different ways. The ANAO found several examples that demonstrate this. The ANAO also observed several incidents that demonstrated a lack of communication and co-ordination within DIAC. These examples highlight the benefits of Settlement Grants Section developing an internal relationship management strategy.[61] Such a strategy would assist it to identify important internal stakeholders, such as the settlement planning area and other settlement programs, and develop strategies to communicate effectively with them.

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[61]    DIAC advised the ANAO that it considers the incidents to be isolated examples, but that it is developing simpler new Administrative Guidelines that will include clarity around roles and responsibilities for NatO and STOs.

# Supporting DIAC staff

**6.16**    To effectively administer a grants program, departmental staff must be adequately supported by appropriate guidance material and access to training.

## Guidance

**6.17**    There are several sources of written guidance about SGP available to DIAC staff. These include the SGP Handbook, A Guide to Assessing SGP Applications, the SGP Application Information Booklet and the SGP funding agreement. Each of these documents was developed, and is controlled centrally, by NatO in consultation with STOs. They are discussed, in turn, below.

**6.18**    The SGP Handbook provides guidance on the program's objectives, policies and processes and the roles and responsibilities of NatO and STO staff. It includes flowcharts outlining processes and responsibilities at each stage of the grant management process, definitions for relevant SGP terms, and checklists and examples for reference. Although the SGP Handbook would be a useful reference tool for DIAC staff, the ANAO found that most STO personnel did not use it. This has resulted in STOs and/or individual staff interpreting their responsibilities in different ways and inconsistent implementation of SGP processes.[62]

**6.19**    Annually, NatO produces A Guide to Assessing SGP Applications to assist STOs to complete first tier assessments of grant applications. The Guide includes background information about SGP, provides instructions for accessing the on-line assessment form, and outlines the assessment process, following the format of the application form. STO staff reported mixed opinions of the Guide. Experienced staff reported that the explanatory sections of the guide are useful, but some felt that the Guide is too complex. Some assessors claimed that the guidance about risk assessment is too brief. In February 2009, after fieldwork for the audit was complete, DIAC advised the ANAO that it has made changes to the Guide and that feedback from STO assessors has been positive.[63]

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[62]    See footnote 53.

[63]    The ANAO has not audited the changes made to the Guide or the relevant feedback DIAC's NatO has received from STOs. As such, it is not in position to form an opinion on the 2009–10 Assessment Guide.

**6.20** Other sources of guidance available to STO personnel are the Application Information Booklet and funding agreement. STO personnel reported that the booklet was useful as it provides a good overview of the program and expectations of providers. The standard funding agreement, which includes the work program and budget, is considered to be an essential reference tool.

**6.21** The ANAO found that some STOs have developed their own guidance documents. DIAC has not reviewed these additional materials to ensure they are consistent with prescribed program guidance. To promote a consistent national message and approach to managing SGP, NatO should ensure that the additional guidance material developed in STOs do not introduce inconsistencies between states and are in accordance with nationally prescribed program documents. To encourage a nationally consistent implementation to SGP processes, DIAC should also promote greater awareness and use of the SGP Handbook.

## Training

**6.22** Staff training is designed and delivered at both the NatO and STO level.

**6.23** NatO provides staff with training on elements of the SGP. These include training for assessors, information sessions on the terms and clauses of the SGP funding agreement and courses about the OSCAR system. DIAC staff reported to the ANAO that some of the national training, including the OSCAR training and funding agreement explanation, was valuable and provided a greater understanding of those components of SGP. But other training was not as useful. For example, staff reported that the 2007–08 round assessor training was generally inadequate and did not equip assessors with the tools or knowledge to carry out their roles. In addition, in some states the training was delivered after the due date for applications, which was considered to be too late by personnel in these STOs. Earlier training would have assisted assessors to be more prepared and confident in their role.

**6.24** In the STOs, there is a reliance on new starter induction and ongoing on-the-job training to instruct staff working on SGP about the program. The quality of local induction and training was variable and depended upon the knowledge and competency of the instructing supervisor or colleague.

**6.25** Generic learning and development opportunities are also provided to STO personnel, but in an ad hoc manner and are reliant on personnel being

proactive in sourcing these opportunities. For example, the SGP section in one STO identified the need for contact management training and arranged to attend a one-week contract management course in mid 2008.

**6.26**    STO personnel identified financial training as an area where they would benefit from greater guidance. Most assessors and grants managers do not have financial backgrounds, but are expected to assess project budgets and monitor budgets and expenditure throughout the life of the grants. However, assessors claim that they have not received adequate financial training. Risk management and contract management, as it applies to SGP, were two other areas STO personnel identified as training needs. DIAC could review its staff training with a view to improving its quality and or timeliness. Even so, the ANAO considers that DIAC currently provides adequate training on essential elements of the SGP program and DIAC staff are able to identify and pursue additional training opportunities

## Supporting service providers

**6.27**    Grant applicants and service providers should be provided with adequate support to apply for grants and, if successful, deliver the projects. Such support includes access to knowledgeable departmental staff, guidance materials and training designed to assist providers to adhere to the conditions of their funding agreements.

**6.28**    DIAC provides training to SGP service providers in accordance with a National Training Strategy for Settlement Grants Program Funded Organisations. The Strategy aims to develop the skills and knowledge of managers and staff of SGP funded organisations to assist them in meeting the requirements of SGP funding agreements, including the delivery of work programs and meeting reporting and accountability obligations. The Strategy outlines how training funds should, and should not, be used. The 2008–09 Strategy describes six training modules to be delivered to providers.

**Figure 6.1**

**Core SGP training for providers**

| Topic 1 | Background to SGP and roles and responsibilities of the management committees and project workers |
|---------|---------------------------------------------------------------------------------------------------|
| Topic 2 | Understanding the SGP Funding Agreement |
| Topic 3 | SGP Work Programs and Reporting Requirements |
| Topic 4 | Understanding and Delivering SGP Service Types |
| Topic 5 | Financial Management |
| Topic 6 | Risk Management |

Source:  Department of Immigration and Citizenship, *National Training Strategy for Settlement Grants Program Funded Organisations, Policy Guidelines 2008–09*, p.2

**6.29**    The six core training modules were developed in early 2008, for delivery to providers from July 2008. In line with the National Training Strategy, STOs may also arrange other training, seminars, conferences and workshops for providers. For example, in the past year the Qld and WA STOs have arranged STO provider seminars; sessions focused on understanding the SGP framework and OSCAR; and workshops for managers and settlement grant workers.

**6.30**    Service providers reported that the training they had attended was generally useful. Providers also recognised training and workshops as an excellent opportunity to network with other providers and share good practice ideas and experiences.

**6.31**    Training for service providers is funded from administered expenditure. STOs are required to provide an annual budget submission to NatO, outlining how its annual training budget will be allocated. The amount of detail required by NatO is significant, and includes the name of the course and, for each course, the;

- approximate date;
- approximate number of organisations;
- approximate number of participations;
- estimated cost of presenter;
- estimated cost of venue;
- estimated cost of catering;
- estimated cost of travel and accommodation; and
- other costs (to be specified).

**6.32**    STOs are allowed very limited time to provide this detail. In 2008–09, NatO asked for budget requests on Thursday, 26 June, for response by the following Tuesday.

**6.33**    Following receipt of the training bids, NatO allocate funding. For 2008–09, STOs requested a total of $211 571, over $80 000 greater than the $130 000 available.

**Figure 6.2**

**STO training budget allocations, 2008–09 ($)**
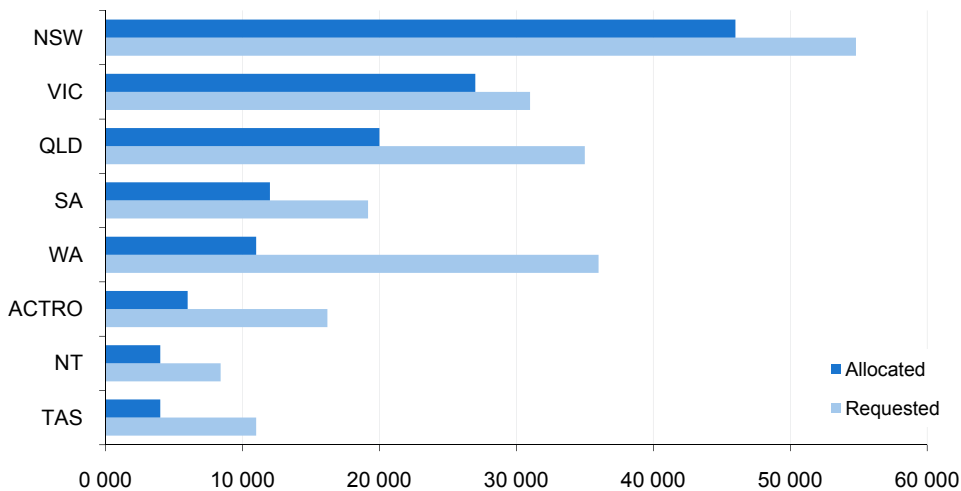


Source:    ANAO analysis of DIAC data.

**6.34**    As Figure 6.2 demonstrates, the amount of training funding allocated to STOs is less than the amount requested—with the difference ranging from 69 per cent in Western Australia to 13 per cent in Victoria. NatO informed the ANAO that when allocating training funding, it makes an adjustment for the number of grants managed by the STO and the number of new organisations receiving grants.

**6.35**    DIAC also provides support to potential grant recipients when applying for grants. As discussed in Chapter 3, when a funding round opens DIAC releases a comprehensive Application Information Booklet, holds information sessions and provides a helpdesk for technical queries.

**6.36**    For grant recipients, one of the main sources of DIAC support is the grants manager. In ANAO interviews, service providers were generally positive about their relationship with DIAC, and described the grant managers as approachable, responsive and dedicated.

# 7.   SGP Systems

*Chapter 7 examines the Grants Management System and its sub-components that support SGP. It describes some of the issues relating to the functionality of the system and discusses the future direction of the Grants Management System.*

## Introduction—SGP systems

**7.1**     There are two main systems supporting SGP: GMS and GOLF. In addition OSCAR, which is part of GOLF, is used to collect certain SGP statistics. GMS and GOLF are further discussed below.

### Grants Management System

**7.2**     Developed by DIAC, GMS is the principal system supporting SGP. Since its release in October 2000, GMS has had ten major updates (releases), with the latest occurring in 2006. The aim of GMS is to facilitate the management of SGP.[64] The GMS User Guide describes the actions GMS supports as:

•     recording and management of service provider details;

•     receipt of electronic application forms from grant applicants;

•     assessment of applications by STOs;

•     preparation of the funding agreements and work programs;

•     ongoing management of grants; and

•     reporting on various aspects of funding.

**7.3**     GMS currently comprises four active modules, as described in Figure 7.1.

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[64]     Prior to the start of SGP, the GMS was used to manage CSSS grants and core funding for MRCs and MSAs.

## Figure 7.1

**GMS modules**

| Organisation Module | Allows users to maintain and update information about funded organisations. (Released in 2000.) |
|---|---|
| Management Module | Allows management of SGP Funding; stores information about individual grants including the work program and payment details. (Released in 2000.) |
| Assessment Module | Provides an interface through which grants managers can review and assess the grant applications. (Released in 2001.) |
| Administration Module | Separate from the main body of GMS; allows the GMS Support Team to maintain certain aspects of GMS, including adding organisations, unsigning of grants, maintenance of GOLF and assigning access permissions to users. This module is only available to NatO GMS support staff. (Released in 2002.) |

Source:    Department of Immigration and Citizenship, *GMS User Manual Version 3*, April 2008, pp. 31-32.

## Grants On-line Forms

**7.4**     GOLF is the tool DIAC uses to publish GMS and OSCAR forms on the Internet. It is often referred to as a separate system, however it is used only to make relevant SGP forms publicly available. GOLF forms include the grant application form and progress reports. NatO, STOs and service providers access GOLF on the Internet using secure passwords.

*On-line Settlement Client Activity Reports*

**7.5**     OSCAR is a group of on-line forms used to collect statistics on service provider contacts with SGP clients. OSCAR was developed in response to a recommendation of the 2003 *Report of the Review of Settlement Services for Migrants and Humanitarian Entrants.*[65] The OSCAR User Guide states that DIAC aims to use information from OSCAR reports to identify the number and demographics of clients who receive assistance from services funded by the SGP and the type of services they access.[66]

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[65]    Recommendation 57 recommended that DIAC 'develop a more robust, integrated statistical data collection system for performance reporting for [DIAC]-funded settlement programs.' Department of Immigration and Citizenship, *Report of the Review of Settlement Services for Migrants and Humanitarian Entrant*, 2003, p. 15.

[66]    Department of Immigration and Citizenship, *OSCAR User Guide, v.1.00*, 2006, p. 7.

**7.6** OSCAR forms are published on the DIAC website using the GOLF system and service providers access them using secure passwords. Providers input statistics for the Orientation to Australia service type throughout the year. DIAC advised the ANAO that as Orientation to Australia is a unit-based activity, statistics can easily be captured in OSCAR. The other two service types are more difficult to measure through a statistical system and are monitored through the SGP quarterly reporting process.

## Issues with SGP systems

**7.7** The ANAO noted numerous issues related to the stability and functionality of the SGP systems. GMS, and its sub-systems, do not support DIAC personnel to effectively administer SGP or service providers to propose or implement SGP projects. DIAC staff and service providers universally expressed frustration with the SGP systems and the impact the systems have in terms of inefficient use of time and resources. Several of the system issues are described below.

### System stability

**7.8** The ANAO observed that the GMS and GOLF systems were unstable and frequently unavailable; a view supported by DIAC staff and service providers. The ANAO analysed data on unplanned GMS and GOLF outages[67] provided by the SGP technical support team[68], which revealed that the systems failed during crucial periods in the grants cycle. For example, during the peak period of funding agreement negotiations for the 2006–07 funding round (between the end of May and the end of July 2006) the system suffered 38 outages; with 15 impacting on GOLF and 14 impacting on GMS.[69] The system also failed on 10 occasions during the 2007–08 funding round application period, with five of these outages impacting on GOLF and three impacting on GMS. On the day applications were due, GMS and GOLF were not available for 10 hours from 8:00am until 6:00pm. This failure caused frustration for grant applicants due to of loss of time and data, and resulted in DIAC extending the application deadline.

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[67] An 'outage' occurs when the whole system is unavailable. The incorrect functioning of forms does not constitute an outage.

[68] The technical support team sits within the Settlement Grants Section and assists with the ongoing management of the SGP systems.

[69] The impact on GOLF and GMS was not recorded for three of the 38 outages.

**7.9** Outage data is maintained by the SGP technical support team, based on information gathered when system availability is checked approximately weekly. Between each check the SGP technical support team may not be aware that the systems are unavailable. In addition, the ANAO found that there are no protocols in place to ensure that the owner of the infrastructure environment, an area external to Settlement Grants Section, notifies the SGP technical support team of system outages. Therefore, the number and duration of unplanned GMS and GOLF outages may be higher than indicated by the outage data.

## Off-line reporting

**7.10** SGP's on-line application assessment and progress reporting forms, as designed in GMS Release 10, were programmed to pre-populate with data already received by DIAC (called form-to-form mapping functionality). For example, if a grant applicant completed more than one grant application form, the organisational details from the first form would automatically appear on the second and subsequent application forms. However, processing these forms absorbed a substantial amount of DIAC's central processing unit capacity and affected other DIAC systems. As a result, in December 2007 all GMS forms were 'turned off'; that is, the forms were no longer available on-line. This impacted on several stages of the grant cycle, including that:

- the third and fourth quarter progress reports for the 2007–08 financial year were completed off-line;

- form-to-form mapping did not function[70];

- assessments of 2008–09 grant applications were completed off-line; and

- 2008–09 funding agreement templates are not available on-line.

**7.11** Off-line reporting can be inefficient, time-consuming and resource intensive for DIAC personnel and service providers. The lack of on-line application assessment functionality, for example, meant that grant application assessors provided assessments off-line to the SGP technical support team, which then individually input each assessment form to avoid overloading DIAC's central processing unit. SGP reporting was still off-line as at February 2009.

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[70] As discussed in Chapter 3, this approach was not pursued for the 2008–09 funding round.

## Producing SGP reports

**7.12** At present, STOs are not able to use GMS to produce SGP reports. This includes everything from the number of outstanding progress reports to analysis of state-wide issues and trends. When reports about individual grants or state-wide data are required, the STO must submit a request to the SGP technical support team. The team must then submit a request to a separate area within DIAC to produce the report. This process is inefficient and the lack of analytical and reporting functionality inhibits STOs ability to effectively administer SGP.

## Recommending payment in GMS

**7.13** Following receipt of a satisfactory progress report, grants managers press the 'recommend' button on GMS to recommend a grant payment be made to the service provider. However, when this key is activated, some fields become inactive or locked and grants managers cannot input further data for that reporting period into GMS. To overcome this issue, grants managers email the details to the SGP technical support team, which enters them into GMS. Again, this is a time-consuming and inefficient process.

## GMS and SAP

**7.14** For several years the ANAO, in its financial statement auditing processes, has identified GMS's inability to interact with DIAC's financial management information system, SAP, as an ongoing risk. At present grants managers recommend payments be released from the SAP system. Following payment, the details are entered into GMS, and GMS and SAP records are manually reconciled. In 2007–08 the ANAO's financial auditors observed that there is an inconsistent and informal approach to the completion of SGP reconciliations and that weaknesses in SGP reconciliation processes increase the risk of unauthorised, inaccurate, or duplicate or incomplete SGP payments not being detected and corrected.

**7.15** As part of its audit of the departmental financial statements, the ANAO made several recommendations to address this issue, which were agreed by DIAC. DIAC advised the ANAO that a formal reconciliation process is now in place whereby STOs are required to sign-off, on a standard proforma, that the payments recorded in GMS and SAP reconcile. A copy of the reconciliation is to be copied to NatO.

## Useability of OSCAR forms and reports

**7.16** Generally, service providers reported to the ANAO that OSCAR forms are confusing and difficult to use. Providers commented that the forms are time-consuming to complete and duplicate the data required by the SGP progress reports. Two service providers reported that, when OSCAR reports are due, they employ temporary staff to input the large amounts of data required.

**7.17** OSCAR does not allow a service provider to view its own information following input. Instead, DIAC analyses the OSCAR data and provides each service provider with a report following each reporting period. DIAC grants managers and service providers reported to the ANAO that the reports derived from OSCAR data are unclear and difficult to understand. In addition, DIAC personnel and providers believe that the OSCAR statistics are not reliable and, consequently, do not use the reports.

**7.18** The ANAO notes that, for the 2008–09 funding round, DIAC has implemented new OSCAR forms. DIAC has trained staff from each STO on the use of these OSCAR forms with the intention that STOs, in turn, will train service providers to use the forms correctly.

## Submitting data

**7.19** The GMS system does not allow service providers or the SGP technical area to change the status of forms when an error occurs. For example, service providers cannot retrieve and/or change an application form or work program or an OSCAR report after it has been submitted. This becomes an issue if a provider has made an input error or wishes to make a change to the information prior to the due date. To address the error, the provider requests that DIAC delete or release the incorrect form. The request is received by the SGP technical support team, which passes it to another area within DIAC. In 2007–08, the SGP technical support team made 132 requests to change the status of GMS and OSCAR forms.

**7.20** This process is labour-intensive and time consuming, and the lack of GMS functionality impacts on service providers, the Settlement Grants Section and other DIAC business areas, which must regularly complete minor changes. Additionally, service providers cannot continue SGP work on-line until the forms are again accessible. If the service provider does not request that DIAC release or delete the report, the error remains, compromising the integrity of the data produced by the OSCAR system. The SGP technical support team

advised the ANAO that the problem could be overcome relatively quickly with the addition of an 'unsubmit' capability in the GMS system.

## GMS grant status

**7.21**    GMS has a limited number of 'status' categories for grants, including 'new', 'inactive' or 'acquitted'. These categories do not reflect all the phases of the grant cycle. For example, a grant recommended for funding must be categorised as 'currently funded' in the GMS system prior to the start a new financial year to allow grants managers to develop a new funding agreement and work program. Again, to make this change the SGP technical support team submits a request to another area of DIAC for action.

# The future for SGP systems

## Systems for People

**7.22**    Systems for People (SfP) is DIAC's major business and technology change program. It stems from the recommendations made in the *Inquiry into the Circumstances of the Immigration Detention of Cornelia Rau* (the Palmer Report) and the *Inquiry into the Circumstances of the Vivian Alvarez Matter* (the Comrie Report). SfP began in 2006 and aims to use information technology to improve departmental performance by redesigning business processes, finding better ways to manage and use information, and implementing modern technological support.[71] At the beginning of the project, over 250 projects were identified for completion over the four years of the program. SfP arranges DIAC's business processes into a series of 'portals' based on the key roles performed by the department (for example, visa services, case management, compliance and detention services). Each portal provides for a single view of a client's dealings with DIAC. SfP involves a rolling program of initiatives, with three SfP releases scheduled per year.

**7.23**    In theory, the GMS, or its equivalent, will fit within the Settlement Portal. In 2006, the Settlement Grants Section was informed that SGP would be included in SfP Release 3 (October 2007). This did not occur and GMS has not been included in the SfP Forward Work Plan for 2008–09 to 2009–10. To date, only the Unaccompanied Humanitarian Minors program has been released as

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[71]    Department of Immigration and Citizenship, *Systems for People: The Halfway Mark*, Commonwealth of Australia, August 2008, p. 6

part of the Settlement Portal. The Settlement Grants Section reported to the ANAO that it is uncertain if or when SGP will now be included in the Settlement Portal.

## Legacy systems

**7.24**    DIAC has governance arrangements in place to manage systems and the delivery of IT projects (SfP and non-SfP). The ANAO found that these arrangements were unclear. The Settlement Grants Section was uncertain about how governance arrangements operated, and the ANAO had considerable difficulty identifying suitable DIAC personnel to explain how governance applied to the GMS.

**7.25**    The ANAO found that responsibility for SGP systems, including the GMS, lies with the Visa, Settlement and Citizenship Systems Board. The Board is one of six systems boards that govern changes to DIAC systems. The role of these boards includes advising on future and ongoing systems, practices and project activity; considering future directions of systems and projects; and establishing priorities and monitoring funding, progress, risks and issues of systems projects. Changes to systems, including those to overcome system defects, are prioritised on the basis of risk and impact on DIAC's business.

**7.26**    GMS is considered a low risk system relative to other DIAC systems, such as those that support visa processing. As such the Settlement Grants Section has experienced difficulty in obtaining approval for changes to overcome GMS shortcomings. Lower relative priority and uncertainty about the future of GMS means that few of the issues identified earlier in this Chapter have been adequately addressed. A number of workarounds have been implemented, for example off-line reporting and redesign of SGP forms, but DIAC personnel and service providers continue to be frustrated that system problems have not been fixed.

**7.27**    While decisions on the allocation of resources to IT systems are for DIAC management to make, it is important that GMS users and support staff have certainty about if, and when, their systems will be repaired or replaced, and the ongoing use of GMS in the interim.

# Recommendation No.6

**7.28** The ANAO recommends that DIAC formally decides the Grants Management System's future.

## DIAC's response

**7.29** *Agreed.* Appendix 4 details DIAC's complete response to the recommendation.

Ian McPhee

Auditor-General

Canberra ACT

21 May 2009

# Appendices

# Appendix 1: DIAC's Past Settlement Programs

## Grant-in-Aid Scheme (GIA)

GIA was established in 1968 in response to the high immigration levels and increasing migrant diversity of the 1960s. The aim of the scheme was to provide welfare services to migrants, with an emphasis on individual casework. In 1979, the revised objective of the scheme was to encourage self-help among ethnic communities.

## Migrant Resource Centres (MRCs) and Migrant Service Agencies (MSAs)

In 1976, MRCs/MSAs started receiving direct financial contributions from DIAC, under a process called 'core funding'. This funding contributed to the general operational and administrative costs of centres that provided migrants with settlement information and promoted community development.

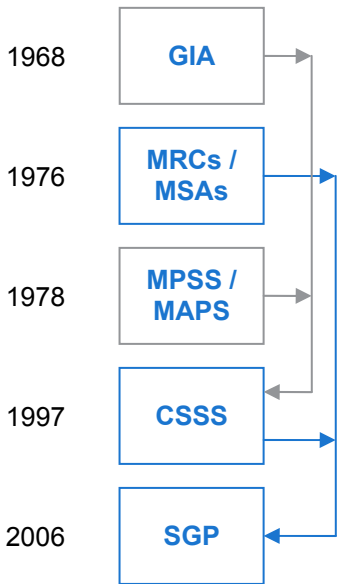| 1968 | GIA |
| 1976 | MRCs / MSAs |
| 1978 | MPSS / MAPS |
| 1997 | CSSS |
| 2006 | SGP |

## Migrant Project Subsidy Scheme (MPSS) / Migrant Access Projects Scheme (MAPS)

In 1978, MPSS was established (renamed MAPS in 1988). Its objective was to provide funds for improvements in the design, planning and coordination of settlement services, for subsidising projects that aimed to improve migrant access to general community services or for equipment that would enable organisations to meet settlement needs.

## Community Settlement Services Scheme (CSSS)

In 1997, DIAC combined GIA and MAPS to form CSSS. The purpose of the CSSS was to assist recently arrived migrants and humanitarian entrants who had settlement needs relating to their pre-arrival experiences or cultural and language difficulties they faced upon arrival in Australia.

In 1999, DIAC introduced measures to ensure that the CSSS targeted service delivery needs for specific communities and regions more effectively. These measure included: reintroduction of one, two or three year funding; simplification of the scheme to fund projects rather than workers or equipment; and a tighter focus on the outcomes to be delivered by grant recipients.

# Appendix 2:    SGP Service Types

| Orientation to Australia | |
|---|---|
| Casework | Casework services involve intensive work with the client to develop a tailored response to their settlement needs. It involves:<br><br>• a comprehensive assessment of the settlement needs of the client/family<br>• the development and implementation of strategies to address those needs, for example:<br><br>    o   provision of settlement information on a one-to-one basis<br>    o   referrals to mainstream government and other service providers<br>    o   general support and advocacy on behalf of clients<br>    o   development of life skills.<br><br>It does not include the provision of specialist counselling services, but does include referral to agencies who deliver this counselling. |
| Referral to mainstream agencies | A referral is where a client is referred by the SGP service provider to mainstream government agencies or other service providers. This may be done formally or informally and may include arranging an appointment or introduction for the client. Referral may be an outcome of casework services. |
| Front counter services | Front counter services are generally short contacts with clients who require simple advice, information or referrals. Services that may be included in the front counter activity include informal referrals to other agencies and programmes, information dissemination, providing written material and handouts and appointment services. |
| Group information session(s) | An information session for SGP clients, with a pre-arranged topic or activity organised by a SGP funded organisation and relevant to SGP funded services. Group information sessions concentrate on imparting life skills which will assist SGP entrants to connect with mainstream agencies and the broader community to assist them meet their own settlement needs. Seeing a family group for casework is not considered a group information session. If a session is provided to inform people of the services available by the funded agency, then that session is regarded as 'promotional' and not a 'group information session.' |

| Cultural transition | Cultural transition activities are designed to assist clients understand how concepts such as domestic violence, parenting, managing a home and other social behaviours in Australia may differ from their place of origin. The aim of these activities is to ensure clients do not behave in ways that may be considered inappropriate in Australia. These activities can be broad in scope and cover a number of settlement issues. Cultural transition activities may include group information sessions and training on relevant topics. Cultural transition activities may also include approaches such as practical lessons in understanding parenting in Australia, accessing services or understanding Australian customs and norms. |
|---|---|
| Publication | Activities falling under the publication activity type refer to the creation of a document, newsletter or other publication which assists the SGP target group in orientating themselves to life in Australia. Suggested suitable activities under this activity type may be publications such as 'service guides' to assist migrants to find services within a locality, information pertaining to life skills or innovative ways to provide information on addressing settlement needs to specific groups of clients. Translating existing documents into other languages is not appropriate as a funded activity under the SGP and this activity type must be accompanied by other complementary activities. Funding will not be provided under the SGP for projects solely for production of a publication. |
| Migration advice | Migration advice can only be provided under the SGP in limited circumstances and only by a registered migration agent. Migration advice can only be provided under the SGP where the client is a refugee or humanitarian entrant who arrived in Australia within the last five years, is receiving casework services and requires migration advice in relation to the proposing of family members under the humanitarian programme. |
| Housing | Housing activities are those aimed at assisting SGP target group clients to overcome barriers to accessing affordable private rental accommodation. Barriers include those factors which specifically disadvantage humanitarian entrants next to other low income households, including lack of familiarity with housing search and application processes; lack of rental history or referees; language barriers; larger families than the norm; and prejudice. Suitable activities may include assisting the client group to search and apply for properties; liaison with real estate agents to facilitate applications from client group; advising the client group on maintaining properties; providing follow-up and troubleshooting support to real estate agents that lease properties to the client group. Some areas may have existing brokerage services to assist low income households secure rental properties. These services must not be duplicated under the SGP. |

| Developing Communities | |
|---|---|
| Mentoring | Mentoring activities should be targeted towards providing SGP clients with a mentor or guide in a particular life skill or occupation. Any mentoring activity proposed should be related to the settlement need the project proposes to address. |
| Development of community organisation(s) | Activities targeting the development of community organisations should work towards strengthening community-based organisations and the communities they represent. This may include advocating for their needs, assisting them to establish formal associations, assisting them to apply for funding or any other action which will assist the community in becoming self sufficient. |
| Integration | |
| Development of commercial enterprise(s) | Development of commercial enterprise activities are aimed at assisting SGP target group entrants to establish enterprises which will promote self sufficiency and address identified settlement needs. This may include assisting target group clients in applying for other government grants or providing pathways to setting up commercial enterprises such as a small business or cottage industry linked to the group's cultural skill (for example cooking, crafts, and dance). |
| Sporting activity/team | It is recognised that sporting activities can be an effective way of promoting inclusion and participation in mainstream society. This activity may promote participation in general sports activities as a way of reducing isolation, provide pathways to mainstream sporting activities for the SGP target group or facilitate the setting up of sports teams and associations. |
| School-based activity | Under this activity type SGP projects can propose school-based activities such as homework groups, parents' groups and other activities that assist SGP target group clients to participate in school activities and support learning and educational outcomes. |
| Driver education | Driver education activities are those aimed at assisting SGP target group clients to overcome barriers to settlement arising from a lack of transport and driving skills. These barriers to settlement are especially relevant in rural and regional areas where the lack of public transport can limit SGP target group clients' ability to access employment and educational opportunities. Suitable activities may include (but are not limited to) driver education, facilitating practical driving lessons and information sessions on road laws and may be undertaken jointly with other community-based groups. |

| Employment and volunteering | Many SGP clients face barriers to securing suitable and sustainable employment outcomes. Suitable employment activities may include (but are not limited to) assisting SGP clients prepare for work (resume assistance, interview skills), assisting SGP clients to become volunteers, or other activities aimed at employment outcomes. An employment activity must not duplicate services available through other agencies or government programmes such as Job Network. |
|---|---|
| Advocacy for client group(s) to mainstream organisations | Advocacy activities are those aimed at educating mainstream agencies on the special needs of SGP clients. This may include (but is not limited to) lobbying, providing information, networking or liaising with mainstream agencies. |

Source:    Department of Immigration and Citizenship, *Settlement Grants Programme 2008–09 Application Information Booklet*, pp.48-53.

# Appendix 3: SGP Applications and Funding Recommendations, by Funding Round

| Funding Round | 2006–07 | 2007–08 | 2008–09 |
|---|---|---|---|
| Applications received | 360 | 438 | 399 |
| Applications recommended for funding | 209 | 231 | 230 |
| Funding available[1] | $30 833 000 | $32 019 000 | $34 097 000 |
| Funding requested | $55 024 936 | $54 238 409 | $125 667 484 |
| Funding recommended for new projects | $19 537 647 | $19 235 261 | $21 210 393 |
| Service types covered in applications recommended for funding[2]: | | | |
| Orientation to Australia | 191 | 218 | 203 |
| Developing Communities | 187 | 188 | 159 |
| Integration | 169 | 210 | 200 |
| Period of grants recommended for funding: | | | |
| 1 year grants recommended | 131 | 141 | 156 |
| 2 year grants recommended | 51 | 55 | 47 |
| 3 year grants recommended | 27 | 35 | 27 |
| Organisations: | | | |
| Organisations that applied for funding | 217 | 244 | 244 |
| Organisations recommended for funding | 146 | 231 | 170 |
| Organisations not currently funded that applied for funding | 95 | 84 | 58 |
| Applications from organisations not currently funded | 63 | 135 | 62 |
| Applications from organisations not previously funded under SGP or CSSS recommended for funding | 13 | 14 | 18 |

Note 1:    Total SGP funding available for new grants, ongoing grants and training.

Note 2:    Applications may be recommended for more than one service type.

Source:    ANAO analysis of DIAC data.

# Appendix 4:    DIAC's Comments on the Proposed Report

The Department of Immigration and Citizenship (DIAC) notes the findings of the Audit of the Department's Administration of the Settlement Grants Program. DIAC further notes that the ANAO has concluded that, overall, DIAC has developed an effective framework for managing the SGP, implemented the program in a manner that is consistent with Government policy and its strategic objective, and clearly defined the program's parameters. In addition, DIAC notes the ANAO has concluded that its two-tier assessment is a sound approach.

With regard to some of the improvements this report suggests could be made to the SGP, DIAC continually explores ways in which grants administration and program management can be improved. DIAC notes the ANAO's positive comments concerning continuous improvement of the SGP in recent years. Recent initiatives enhance the guidance provided to staff through all stages of program development and delivery, and establish appropriate standards of accountability and monitoring. Staff are consistently reminded about the use of agreed templates and the need for acquitting grants at the end of the program year.

DIAC acknowledges the findings concerning the importance of documenting key actions and events when making funding decisions. DIAC has developed extensive training for its assessors which focuses on documenting the rationale for decision-making, including where information other than that which is contained in the application is used to support a decision. These measures have progressively been put in place since October 2008 and have been consistently applied while assessing applications for the 2009-10 funding round.

There are a range of measures that have been put in place which help evaluate the effectiveness of the SGP at the grant level. More broadly, there are a number of challenges which make evaluating a program like the SGP difficult when what constitutes `successful settlement' is so often dependent upon a range of government programs, community support and individual factors. Notwithstanding these issues, DIAC is exploring how a more effective macro evaluation of the SGP can be achieved through targeted research and measurement, particularly focused on client feedback.

DIAC is currently exploring the option of an alternative grants management system which will address the concerns raised in the report.

The department accepts the recommendations of this report and notes that it has already put in place a number of measures which address the issues raised. Other initiatives will be progressively implemented.

**Recommendation 1**

DIAC agrees with the recommendation. We have implemented a range of initiatives to improve access to settlement information since the ANAO undertook its fieldwork. These initiatives include a web-based settlement service locator that enables organisations and individuals to find settlement services in their local area, and improvements to the Settlement Database to assist organisations to more easily access demographic information about the SGP client group in their area. We are also exploring options for better profiling of client service needs throughout the settlement period, which will in turn provide more guidance to applicants about matching service types to client group profiles.

DIAC acknowledges there is scope for improvement in providing information that is useful to applicants in developing proposals, as well as supporting grants assessment and funding allocation processes. However, we note that being too prescriptive about the types of projects to be funded in specific areas may detract from the sector's capacity to develop innovative or flexible service responses to local issues.

**Recommendation 2**

DIAC agrees with the recommendation. We further agree that our documentation of key factors contributing to SGP grants allocation decisions relating to additional funding was not adequate for the 2008-09 round. While all funding decisions were evidence-based, it is clear that more explicit documentation was required in those instances. Steps have been taken to ensure that this element of documentation is improved in future funding rounds.

It is common in grant programs including the SGP to give weight to organisations' previous performance when assessing grant applications. We accept the importance of documenting such consideration as a measure to improve transparency around the decision-making process. Consequently guidance around this issue has been enhanced in the SGP Assessment Guide.

**Recommendation 3**

DIAC agrees with the recommendation. We acknowledge that acquittal of grants was in need of improvement at the time the ANAO undertook its

fieldwork. Significant progress has since been made and, as at 23 April 2009 only 15 grants remain unacquitted as compared to 169 in October 2008 (when the ANAO undertook its fieldwork). Grant managers are working with funded agencies to acquit these grants as soon as possible.

DIAC's National Office (NatO) has committed to pursuing this issue with our State and Territory Offices (STOs) as a matter of priority and will continue to monitor the acquittal process closely.

**Recommendation 4**

DIAC agrees with the recommendation and acknowledges the importance of evaluating how effectively the SGP is achieving its objectives.

While there are a number of challenges in evaluating a program such as the SGP, we acknowledge that research and evaluation could be used more effectively at the program level for the SGP, particularly with reference to qualitative client feedback.

Part of this effective evaluation relates to trialling service delivery models. In 2008-09, we funded a number of pilot projects which will be evaluated at the end of their funded terms. Through these projects, we will trial different methods of service delivery tailored to needs identified by clients themselves to determine what approaches are the most effective. The evaluation of these pilot projects will provide us with useful data and information on how to target funding to projects aimed at achieving specific outcomes.

**Recommendation 5**

DIAC agrees with the recommendation. We further agree that an improved performance management framework is required to effectively assess program outcomes.

While performance measures have been in place for the SGP, service providers have not been actively engaged in measurement of program outcomes. To this end, NatO will work closely with STOs to enhance reporting against agreed outcomes at the end of a project's funded term. We note that the ANAO has acknowledged that increased engagement with grants recipients in the setting and measurement of program outcomes could be effective.

**Recommendation 6**

DIAC agrees with the recommendation. We are exploring the possibility of adopting an alternative grants management system subject to adequate

resourcing being available. We will progress this work over the coming months.

GMS was built to manage a single grants program which met our business objective at that time. As the program has evolved and improvements have been introduced, the system has not had the capacity to deal with these changes.

# Series Titles

ANAO Audit Report No.1 2008–09
*Employment and Management of Locally Engaged Staff*
Department of Foreign Affairs and Trade

ANAO Audit Report No.2 2008–09
*Tourism Australia*
Tourism Australia

ANAO Audit Report No.3 2008–09
*Establishment and Management of the Communications Fund*
Department of Broadband, Communications and the Digital Economy
Department of Finance and Deregulation

ANAO Audit Report No.4 2008–09
*The Business Partnership Agreement between the Department of Education,
Employment and Workplace Relations (DEEWR) and Centrelink*
Department of Education, Employment and Workplace Relations
Centrelink

ANAO Audit Report No.5 2008–09
*The Senate Order for Departmental and Agency Contracts (Calendar Year
2007 Compliance)*

ANAO Audit Report No.6 2008–09
*Illegal, Unreported and Unregulated Fishing in the Southern Ocean*
Australian Customs Service

ANAO Audit Report No.7 2008–09
*Centrelink's Tip-off System*
Centrelink

ANAO Audit Report No.8 2008–09
*National Marine Unit*
Australian Customs Service

ANAO Report No.9 2008–09
*Defence Materiel Organisation–Major Projects Report 2007–08*

ANAO Audit Report No.10 2008–09
*Administration of the Textile, Clothing and Footwear Post–2005 (SIP) Scheme*
Department of Innovation, Industry, Science and Research

ANAO Audit Report No.11 2008–09
*Disability Employment Services*
Department of Families, Housing, Community Services and Indigenous Affairs
Department of Education, Employment and Workplace Relations

ANAO Audit Report No.12 2008–09
*Active After-school Communities Program*
Australian Sports Commission

ANAO Audit Report No.13 2008–09
*Government Agencies' Management of their Websites*
Australian Bureau of Statistics
Department of Agriculture, Fisheries and Forestry
Department of Foreign Affairs and Trade

ANAO Audit Report No.14 2008–09
*Audits of Financial Statement of Australian Government Agencies for the Period Ending June 2008*

ANAO Audit Report No.15 2008–09
*The Australian Institute of Marine Science's Management of its Co-investment Research Program*
Australian Institute of Marine Science

ANAO Audit Report No.16 2008–09
*The Australian Taxation Office's Administration of Business Continuity Management*
Australian Taxation Office

ANAO Audit Report No.17 2008–09
*The Administration of Job Network Outcome Payments*
Department of Education, Employment and Workplace Relations

ANAO Audit Report No.18 2008–09
*The Administration of Grants under the Australian Political Parties for Democracy Program*
Department of Finance and Deregulation

ANAO Audit Report No.19 2008–09
*CMAX Communications Contract for the 2020 Summit*
Department of the Prime Minister and Cabinet

ANAO Audit Report No.20 2008–09
*Approval of Funding for Public Works*

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