# NSW Government Response to Review of Grants Administration in NSW

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| 1. | Issue the draft Grants Administration Guide at Appendix A, which:<br><br>• provides guidance based on the principles set out in the Commonwealth Grants Rules and Guidelines (2017) and reflects the government sector core values of integrity, trust, service, and accountability<br>• includes mandatory requirements for officials, Ministers, and ministerial staff. | **Supported.** The NSW Government will issue the draft Grants Administration Guide (**Guide**) at Appendix A to the report on the review of grants administration in NSW (**Review Report**).<br><br>The NSW Government acknowledges that agencies and Minister's offices will require a period of lead-in time so that they may adapt their practices in advance of the requirements contained in the Guide coming into effect. The Department of Premier and Cabinet (**DPC**) will develop a proposal for when the Guide should be brought into effect, in consultation with the Community of Practice referred to at Recommendation 4 below, which will be provided to the Premier for consideration and approval. |
| 2. | Issue the draft Grants Administration Guide at Appendix A under a Premier's Memorandum, which is binding on officials, Ministers, and ministerial staff and can be readily updated in line with evolving best practice. | **Supported.** |
| 3. | Make compliance with the draft Grants Administration Guide at Appendix A a legislative requirement. | **Supported in principle.** The NSW Government will explore legislative options to make compliance with the Guide a legislative requirement, noting that by issuing the Grants Administration Guide under a Premier's Memorandum, the Guide will be binding on officials, Ministers, and ministerial staff. |
| 4. | Develop grants administration skills and expertise among officials by establishing a cross-agency "community of practice", convened by the Department of Premier and Cabinet and responsible for: | **Supported.** |

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| | • developing resources to support compliance with the draft Grants Administration Guide, including templates and training materials for officials administering grants<br>• exploring opportunities for collaboration across government to improve the timing and coordination of grant opportunities, particularly where multiple grants target the same stakeholders. | |
| 5. | When establishing a new grant, officials must identify and document roles and responsibilities, including who is responsible for assessing applications and making recommendations and who is the designated decision maker. | **Supported.** The updated Guide addresses this recommendation. |
| 6. | Officials must ensure all new grants have published guidelines that: include the purpose of the grant, clear selection criteria, and details of the application and assessment process; and are approved by the responsible Minister(s) or delegate. | **Supported.** The updated Guide addresses this recommendation. |
| 7. | Where a method other than a competitive, merit-based selection process is planned to be used, officials must document the reasons why a different approach has been chosen and outline the risk mitigation strategies. This must be approved by the responsible Minister or delegate. | **Supported.** The updated Guide addresses this recommendation. |
| 8. | Officials must assess all grant applications against the published selection criteria. Where significant changes are made to the grant opportunity, the | **Supported.** The updated Guide addresses this recommendation. |

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| | guidelines must be amended and re-published as soon as possible.<br><br>In limited circumstances eligibility criteria may be waived. The reasons for any departure from the published eligibility criteria must be documented and approved by the decision maker. | |
| 9. | Ministers and Members of Parliament can make suggestions for grant funding in their electorates. Officials should, however, document:<br><br>• the input from Ministers and Members of Parliament at all stages of the process<br>• how any input from Ministers and Members of Parliament during the assessment phase was considered in formulating funding recommendations | **Supported.** The updated Guide addresses this recommendation. |
| 10. | Where the decision maker is a Minister, officials must provide written advice that includes, at a minimum:<br><br>• grantees recommended for funding based on selection criteria<br>• the merits of the proposed grant(s), having regard to the grant guidelines and the key principle of achieving value for money<br>• proposed funding amounts for each recommended grantee<br>• details of the application and assessment process applied<br>• any relevant input from key stakeholders, including ministerial staff, the responsible | **Supported.** The updated Guide addresses this recommendation. |

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| | Minister, and other Ministers or Members of Parliament. | |
| 11. | Grants administration processes must involve robust decision-making frameworks for Ministers and officials, including that:<br><br>• where there is an assessment team making recommendations to a decision-maker, those recommendations should be made in writing<br>• a Minister must not approve or decline a grant without first receiving written advice from the assessment team on the merits of the grant<br>• a Minister, or delegated official, who approves a grant must record the decision in writing, including the basis for the approval with regard to the grant guidelines and achieving value for money<br>• where a Minister, or delegated official, makes a decision that departs from the recommendations of the assessment team, they must record the reasons for the departure. | **Supported.** The updated Guide addresses this recommendation. |
| 12. | As reflected in the draft Grants Administration Guide at Appendix A, guidance on grants administration should emphasise all parties' obligations under the *State Records Act 1998* (NSW), especially those of Ministers and ministerial staff to ensure decisions and actions of Ministers are properly recorded and stored. | **Supported.** The updated Guide addresses this recommendation. |

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| 13. | Develop a whole-of-government database that includes up-to-date information on:<br><br>• upcoming grant opportunities<br><br>• all open grant opportunities and their guidelines<br><br>• all grants awarded<br><br>• a record of ministerial grant award decisions that vary from the recommendations of officials, and the reasons for the decisions<br><br>• grant program evaluations.<br><br>• This grants information must be made publicly available on a central website, subject to legal and policy exceptions outlined in the draft Grants Administration Guide. Until a central website can display this information, it should be published on agency websites. | **Supported.** Work is already underway responsive to this recommendation. Grants are discoverable to the public through the Department of Customer Service NSW Government Grants and Funding Finder (www.nsw.gov.au/grants-and-funding).<br><br>The Department of Regional NSW is also leading the development of a whole-of-government internal grants database that will complement the Grants and Funding Finder website. |
| 14. | All grants must have a funding agreement or, where not practicable, formalised terms and conditions. Where grants have an acquittal process, officials should assess grantee compliance with the terms of the funding as part of this process. | **Supported.** The updated Guide addresses this recommendation. |
| 15. | As reflected in the draft Grants Administration Guide at Appendix A, guidance on grants administration should make clear that application, reporting and acquittal requirements must be proportionate to the value and risk of the grant, and the applicant's capability. | **Supported.** The updated Guide addresses this recommendation. |

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| 16. | Grants should be designed with clear and specific objectives, including connection to identified needs, agency outcomes and government priorities. Officials should identify the outcomes and program measures to be used to evaluate the program against these objectives, consistent with existing policy requirements. | **Supported.** The updated Guide addresses this recommendation. |
| 17. | Officials must demonstrate at the planning and design stage how a grant program will deliver value for money by identifying benefits and costs (economic, social, environmental, and cultural). Value for money assessment should be proportional to the value and risk of the grant. | **Supported.** The updated Guide addresses this recommendation. |
| 18. | Ensure best-practice grants processes, in line with agencies' risk management frameworks and requirements under the *Government Sector Finance Act 2018* (NSW), by requiring: <br><br> • officials to establish processes to identify and manage risks throughout the grant lifecycle, including preparation of a risk appetite statement for all medium-to high-risk grants for approval along with the grant guidelines <br><br> • agencies to identify and task their appropriate risk management officials with providing advice and support to officials who are planning, designing, and implementing grants <br><br> • officials to seek probity advice (whether external or internal) for all grant programs that are complex, high risk or high value, to support the | **Supported.** The updated Guide addresses this recommendation. Some elements of the recommendation will be addressed in the Premier's Memorandum under which the Guide is issued. <br><br> The cross-agency community of practice (Recommendation 4) will provide collaboration opportunities to develop, share and implement best-practice grant templates, resources and processes. |

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| | design, application, assessment, and decision-making phases<br><br>• Chief Audit Executives to ensure their agency's internal audit program includes regular audits of grant programs to monitor and assess compliance with the Guide. The frequency of audits should be proportionate to the value and risk of grants activity undertaken by the agency. | |
| 19. | When administering grants, officials must develop and implement fraud controls that are proportionate to the value and risk of the grant and consistent with NSW public sector risk management requirements. | **Supported.** The updated Guide addresses this recommendation. |