Regional Growth – Environment and Tourism Fund (Round 1)

Process Evaluation

Economic Appraisal and Evaluation
Economics Branch
Strategy and Delivery Group
Department of Premier and Cabinet

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Contents

Executive Summary

The Regional Growth – Environment and Tourism Fund (RGETF) is a $300 million allocation of Restart NSW funds intended to increase tourist visitation by investing in regional environment and tourism infrastructure, particularly focusing on assets that will grow and diversify NSW regional economies.

This report is a process evaluation of Round 1 of RGETF, covering program establishment, the application process, assessment of applications and negotiation of funding deeds. It was informed by a document review undertaken by Departmental evaluators, and a staff and applicant survey undertaken by an independent evaluation consultant.

The DPC Program Evaluation Unit undertook this process evaluation in accordance with the evaluation guidelines and evaluation methods outlined in the RGETF evaluation plan. This evaluation plan was endorsed by Executive Directors in the relevant Departments and is consistent with the NSW Government's program evaluation guidelines.

The evaluation found that program staff worked adaptively and effectively when faced with unforeseen implementation challenges, had good overall working relationships between stakeholders and clear lines of accountability.

Eligibility and application process information was communicated well to prospective applicants and applicants were generally satisfied with the timeliness and helpfulness of staff when requesting further information.

The detailed assessment stage was implemented in line with the planned assessment method and the feedback provided to unsuccessful applicants at this stage was sufficient and appropriate. The design of the Expression of Interest (EOI) shortlisting process, however, risked not selecting the best projects to deliver the program objective. These risks were largely mitigated by inviting non-shortlisted applicants to re-apply for Round 2.

Applicants were not requested to provide specific and measurable RGETF-consistent outcomes with well justified links to their proposed infrastructure to be funded. Nor were they required to provide outcome performance indicators and methods to inform understanding of project contribution to program outcomes. This reduces the ability to understand the extent to which the program is achieving its objective. A framework to evaluate the achievement of program outcomes has subsequently been prepared.

The sharing of program responsibilities across INSW and DPC created some complexity in program administration and governance arrangements pertaining to record keeping, risk management and processes could be improved.

Overall, this evaluation found that program implementation would have benefited from greater focus on up-front planning.

Improvements have been made to grant program implementation processes in Round 2. Recommendations in this report aim to help further improve grant program design, planning and delivery.

Findings and Recommendations

Finding 1 – Evaluation Question 1: *Did the program have clear and consistent objectives?*

The overarching program objective of economic growth through visitor economy outcomes is clearly stated, is consistent with and aligns to government policy and cabinet approval documentation. The program's guidelines clearly articulate the main objective of the program is to achieve economic growth through the development of a larger regional visitor economy. There was room for improvement in the articulation of key program objectives in the program guidelines and the embedding of program objective(s) throughout program design.

Recommendation 1 - Program logic planning and design prior to development of program guidelines is recommended. Ensure that key program objectives are stated unambiguously and clearly embedded into assessment selection criteria design.

Finding 2 – Evaluation Question 2: *Was the program appropriately planned?*

The program has proceeded to successfully deliver tourism-related infrastructure in NSW through the administration of Round 1. There is evidence that program staff operated adaptively and effectively when managing circumstances unforeseen during program planning. However, both the review of documentation and the staff and applicant survey indicated that planning for Round 1 could have been improved. The implementation phase would have benefited from early consultation with the intended target audience during the program planning phase. Specific areas for improvement included the clarity and comprehensiveness of the internal and external guidelines and the design and application of early stage assessment criteria.

Recommendation 2 - Dedicate time and resources to comprehensive up-front program planning and design, particularly, of internal and external guidelines and the design of eligibility and assessment criteria and processes.

Finding 3 – Evaluation Question 3: *Was information about eligibility, the application process and project reporting requirements well communicated to the target audience?*

Eligibility and application process information was communicated well and applicants were satisfied with the timeliness and helpfulness of staff when requesting further information. For the most part, applicants recognised the need for requirements specified in the application process, acknowledging the level of due diligence necessary given the amount of public funding being requested, and were satisfied with the communication of project reporting requirements.

Finding 4 – Evaluation Question 4: *Were project approval decisions transparent and in line with eligibility and assessment criteria?*

The program funded 32 projects after comprehensively assessing 165 eligible EOI applications. All funded projects met eligibility and assessment criteria. Final project approval decisions included sufficient justification with funding recommendations clearly documenting how well projects performed against the published criteria. Feedback provided to unsuccessful applicants was sufficient and appropriate.

The design of the program meant that project deliverability was not assessed until detailed application stage, as deliverability was excluded from the EOI stage and therefore increased the risk that projects well placed to deliver the program objective were not shortlisted for Round 1. These risks were subsequently identified and largely mitigated by inviting non-shortlisted applicants to submit a detailed application for Round 2.

Recommendation 4 - Assessment methodology should be designed such that the criteria definition, scoring standards, and weighting is clear and explicit to minimise any subjectivity and

bias. Assessment processes should be robust, repeatable, transparent and readily defensible.

Finding 5 – Evaluation Question 5: Did funded projects identify specific and measurable outcomes in their proposals?

The program is funding $110 million of tourism infrastructure projects of 'regional significance' in Round 1. Some applications provided business cases of a very high standard. But applicants were not required to provide specific and measurable program-consistent outcomes with well justified links to their proposed project. Nor were they required to provide outcome performance indicators and methods to inform understanding of project contribution to program outcomes.

Recommendation 5.1 - Program documentation should place greater emphasis on the requirement for applicants to report specific and measurable program-consistent outcomes and associated S.M.A.R.T outcome indicators.

Recommendation 5.2 - Funding should be contingent on successful proposals providing a clear and reasonable link between a program-consistent outcomes and the project's primary outcome.

Finding 6 – Evaluation Question 6: *Were mechanisms in place for outcome achievement to be assessed and appropriate KPI's identified and monitored?*

The program aims to achieve the short-term outcomes of increased tourism visitation and increased employment and business opportunities in the visitor economy. Output monitoring is embedded in contractual funding agreements with project proponents. However, mechanisms to collect project outcomes are not included in contractual funding agreements or program design. This compromises the ability to understand the extent to which the program is achieving its objective. A framework to evaluate the achievement of program outcomes has subsequently been developed.

Recommendation 6 - A whole of lifecycle program performance framework, including contractual obligations for grant recipients to report on intended program outcomes post project completion, should be incorporated in program design.

Finding 7 – Evaluation Question 7: *Was the program adequately resourced to undertake its planned activities?*

Resourcing was sufficient to facilitate the program's planned activities. There is evidence of good working relationships and arrangements between key staff stakeholders. Most program stakeholders reported that staffing and assessment timeframes were appropriate. However, some program administration resource planning and monitoring tools were absent.

Recommendation 7 - The administration of all programs should have standard project management tools in place to ensure that programs are administered effectively and efficiently. Monitoring resource expenditure against the plan facilitates adaptive implementation.

Finding 8 – Evaluation Question 8: *How effective were the program's governance arrangements?*

The program successfully implemented a two-stage competitive grant process through two assessment panels with wide ranging stakeholder membership. However, the clarity of stakeholder roles and responsibilities, and oversight of the procedures in place to uphold probity, risk management and the maintenance of program records, could be improved.

Recommendation 8.1 - Clearly document all stakeholder roles and responsibilities and ensure that stakeholders understand this prior to commencing their role in the assessment process.

Recommendation 8.2 – Strengthen probity assurance through the maintenance of a central and complete audit record and complete conflict of interest and risk registers.

Process Evaluation

About the Regional Growth – Environment and Tourism Fund

The Regional Growth – Environment and Tourism Fund (RGETF) is a $300 million allocation of Restart NSW funds intended to increase tourist visitation by investing in regional environment and tourism infrastructure, particularly focusing on assets that will grow and diversify NSW regional economies.

Commencing implementation in March 2017, it is one of a suite of grants programs distributing $2 billion in NSW Government funding for regional infrastructure and community programs under the Regional Growth Fund. RGETF Round 1, the subject of this process evaluation, distributed $110.7 million to 32 projects through a competitive grants process. Project contracting by Infrastructure New South Wales (INSW) commenced in July 2018. Round 2 grants administration commenced in late 2018 and will be the subject of subsequent evaluations.

About this Evaluation

Process evaluation assesses the effectiveness and efficiency of activities that are implemented with the expectation they will produce the desired program outcomes. These activities link the program's objective/s and expected outcomes in the program "logic" that underpins the program evaluation plan. Process evaluation helps a later outcome evaluation to determine whether any failure to achieve a program's objectives arises from an error in the program logic (i.e. an error in "the theory of change") or from the implementation of the planned program activities.

This report is a process evaluation of the RGETF Round 1. The report considers the administration of RGETF and examines processes associated with the planning, application and assessment stages of Round 1 of the program that were managed by Regional NSW. It is the first of several planned evaluation reports on the RGETF program.

The scope of this process evaluation report includes program establishment, the application process, the assessment of applications for funding, and the negotiation of funding deeds for those projects. Included is program design and planning, and program delivery up to the point of contracting grant recipients by funding deed. Excluded is the project infrastructure built and consideration of effect the program had on the scale or timing of this built infrastructure.

Other evaluation reports scheduled for RGETF Round 1 (and 2) include an outcome evaluation and an economic evaluation. These evaluation reports are outlined in the evaluation plan, which is consistent with the NSW Government program evaluation guidelines (2016).

Evaluation Approach

The process evaluation was conducted in three stages, as follows:

1. Review of documentation- A review of public facing and internal program documentation conducted by the DPC Program Evaluation Unit
2. Surveys – Staff and applicant surveys conducted by an independent evaluation consultant
3. A synthesis analysis comparing, considering, and integrating the results of the document review and the staff and applicant surveys, drawing out the overall "learnings" (conclusions) from the process evaluation (this report).

The sample of applicant survey response rates by organisation type broadly reflect the overall program applicants by type. This provides confidence that sentiments expressed by applicants in surveys are broadly representative of the applicant population.

A final process evaluation is scheduled for 2021. The implementation of funded projects, including the timeliness of projects, is covered in the final process evaluation. There will be no additional applicant surveying for the final process evaluation.

Evaluation Context

Identified issues with program design or delivery, and subsequent recommendations, are intended to inform the design and delivery of future grant administration programs. To some extent the observations in this report benefit from 'hindsight wisdom', and it is acknowledged that some identified issues with RGETF Round 1 would not have been easy to predict in advance. Some issues are relatively immaterial to the outcome of the program, and others were mitigated through Round 2.

RGETF Round 1 administration occurred across three Machinery of Government (MoG) changes. The first, in early 2017, saw program administration transition from Infrastructure NSW (INSW) and the Department of Industry to INSW and the Department of Premier and Cabinet (DPC). The second, in mid-2019, saw program administration change to INSW and the Department of Planning, Industry and Environment. Program administration is now the responsibility of the Department of Regional NSW.

Evaluation Questions

The DPC Program Evaluation Unit undertook this RGETF process evaluation in accordance with evaluation questions and evaluation methods outlined in the Program Evaluation Plan (PEP) for RGETF.

The PEP was developed by the DPC Program Evaluation Unit with significant involvement of RGETF program managers. The PEP was independently endorsed by the Executive Directors responsible for the Program Evaluation Unit and the RGETF program respectively.

Evaluation questions are the high-level questions that an evaluation is designed to answer. Having agreed evaluation questions in place clarifies what data and information is to be collected, analysed, and reported by the evaluation.

This process evaluation answers the first eight evaluation questions for RGETF, which are:

1. Did the program have clear and consistent objectives?
2. Was the program appropriately planned?
3. Was information about eligibility, the application process and project reporting requirements well communicated to the target audience?
4. Were project approval decisions transparent and in line with eligibility and assessment criteria?
5. Did funded projects identify specific and measurable outcomes in their proposals?
6. Were mechanisms in place for outcome achievement to be assessed and appropriate KPI's identified and monitored?
7. Was the program adequately resourced to undertake its planned activities?
8. How effective were the program's governance arrangements?

The following section outlines the evaluation findings relevant to each of these evaluation questions based on the findings of the document review and the staff and applicant survey.

Evaluation Findings

Was the program implemented as intended?

This process evaluation found that, overall, the program was implemented as intended, and successfully delivered $110 million of regional tourism infrastructure. Program staff worked adaptively and effectively, had good overall working relationships and clear lines of accountability. However, there were some deficiencies and omissions in the process and program implementation would have benefited from greater focus on up-front planning.

1. Did the program have clear and consistent objectives?

Finding 1

The overarching program objective of economic growth through visitor economy outcomes is clearly stated, is consistent with and aligns to government policy and cabinet approval documentation. The program's guidelines clearly articulate the main objective of the program is to achieve economic growth through the development of a larger regional visitor economy. There was room for improvement in the articulation of key program objectives in the program guidelines and the embedding of program objective(s) throughout program design.

Clear and consistent program objectives provide an unambiguous statement of program purpose. This is important to reduce uncertainty for applicants and facilitate the design of appropriate project selection criteria. The overarching objective of RGETF Round 1 is:

'…to increase tourist visitation by investing in regional environment and tourism infrastructure, particularly focusing on assets that grow and further diversify NSW regional economies'.

The objective of economic growth through visitor economy outcomes is clear and consistent in the program documentation and aligns with Cabinet approval. This objective was consistently communicated to program applicants across the various communication mediums.

However, the economic 'diversification' component was not clearly defined, communicated or built into the program design. Other objectives, for example, social and environmental objectives were intermittently identified in the program guidelines and in other documentation without being defined further or being built into program design. These appear to be complementary, rather than core program objectives.

There is no evidence to suggest that the program logic and underlying theory of change was articulated and/or documented in the early stages of program planning. Program staff interviewed by the evaluation consultant expressed similar sentiments, suggesting that there is room for improvement in the specification and clarity of program objectives.

It is recommended that a thorough program logic be developed, or at least commenced prior to the drafting of program guidelines and the assessment criteria. Ultimately, the Round would have benefited from more focus on up-front planning enabling clearer and more directly expressed key program objectives. This planning also guides the development of appropriate planning and communication.

Intermittent mention of ambiguous objectives should be avoided. These objectives confuse what the program aims to achieve, cause applicants to submit projects meeting non-core objectives, and distract assessors from assessment against the key program objective.

2. Was the program appropriately planned?

Finding 2
The program has proceeded to successfully deliver tourism-related infrastructure in NSW through the administration of Round 1. There is evidence that program staff operated adaptively and effectively when managing circumstances unforeseen during program planning. However, both the review of documentation and the staff and applicant survey indicated that planning for Round 1 could have been improved. The implementation phase would have benefited from early consultation with the intended target audience during the program planning phase. Specific areas for improvement included the clarity and comprehensiveness of the internal and external guidelines and the design and application of early stage assessment criteria.

Program management and implementation planning

Discussed elsewhere in this process evaluation are three fundamental program management tasks that were not effectively planned for. These include outcome data collection, administration resource budgeting and tracking, and risk assessment and management.

Program guidelines would have benefited from greater specification and clarity of program objectives and the inclusion of preferred project timeframes and project reporting requirements.

Assessment and eligibility criteria planning

On average, surveyed applicants reported that they were satisfied with the eligibility and assessment selection criteria. However, there is evidence that the design of eligibility and assessment criteria could have been improved. There were mixed views about how appropriate the criteria were amongst program staff.

Eligible organisations

While intended program participants were clearly identified during program planning and design, their level of capacity/capability to prepare robust applications did not appear to have been thoroughly considered.

Some program staff expressed concern that the eligibility criteria and application requirements did not align well with target applicants' capabilities. Other surveyed staff questioned the appropriateness of including the identified eligible organisations generally. There was a perception that State agencies had greater capacity and capability to submit quality applications than other eligible organisations.

Some surveyed applicants also reported that they felt that the process was more difficult for smaller organisations. Creating separate funding streams for State agencies, indigenous organisations and local councils/community organisations, as is in place in RGETF Round 2, would have improved equity with respect to organisation type and capability.

Co-contributions

The assessment and communication of co-contribution treatment in assessment process was not clearly articulated, with no minimum or maximum co-funding requirements specified, though applicants were encouraged to seek to maximise their co-contributions. Surveyed applicants reported that co-contribution was 'problematic', and many misunderstood that it was not compulsory indicating a lack of clarity in communicating the program assessment criteria to the target audience.

Assessment criteria

The design of the EOI assessment process embedded some subjectivity by relying on stakeholder feedback, and not including clear definitions for scoring.

3. Was information about eligibility, the application process and project reporting requirements well communicated to the target audience?

Finding 3

Eligibility and application process information was communicated well and applicants were satisfied with the timeliness and helpfulness of staff when requesting further information. For the most part, applicants recognised the need for requirements specified in the application process, acknowledging the level of due diligence necessary given the amount of public funding being requested, and were satisfied with the communication of project reporting requirements.

Clear, consistent and comprehensive communication with prospective applicants enables efficient program implementation.

Information on eligibility and the application process was well communicated to prospective RGETF Round 1 applicants. Most applicants accepted the requirements of the application process, citing appropriate due diligence for public funding being requested and were happy with staff response when they sought further information.

Eligibility information

Few applications were assessed to be ineligible (6.2% of total applications) indicating that eligibility was mostly well understood by those that did apply. The majority of surveyed applicants also reported that they were either somewhat or very satisfied (88% of all survey respondents) with information on the website about eligibility. Of the minority surveyed applicants that reported that elements of program eligibility were unclear, the key issues were clarity about co-contribution requirements and non-standard applicant and/or project circumstances that meant that eligibility was not clear cut.

Application process information

The application process was well communicated to prospective applicants through documentation, and almost all surveyed applicants stated that they either mostly or completely understood what was required of them (97%). Surveyed applicants reported utilising the materials provided to them and considered these helpful, though there appears to have been a gap in applicant awareness of the availability of information webinars. The document review identified that information on the program's preferred project timeframe was missing from the program guidelines, and that this information was subsequently requested by prospective applicants.

Project reporting requirements

Project reporting requirements were not detailed in the program guidelines. Instead, proponents were provided with a webpage link to the INSW funding deed template. Surveyed applicants largely indicated that reporting requirements were effectively communicated to them, though a few reported that they made specific requests for more information so that they could better understand the reporting requirements.

4. Were project approval decisions transparent and in line with eligibility and assessment criteria?

Finding 4
The program funded 32 projects after comprehensively assessing 165 eligible EOI applications. All funded projects met eligibility and assessment criteria. Final project approval decisions included sufficient justification with funding recommendations clearly documenting how well projects performed against the published criteria. Feedback provided to unsuccessful applicants was sufficient and appropriate. The design of the program meant that project deliverability was not assessed until detailed application stage, as deliverability was excluded from the EOI stage and therefore increased the risk that projects well placed to deliver the program objective were not shortlisted for Round 1. These risks were subsequently identified and largely mitigated by inviting non-shortlisted applicants to submit a detailed application for Round 2.

Recommendations made to the INSW CEO from the assessment panel and final project approvals by Cabinet were consistent with the assessment methodology, and all funded projects met the criteria of a cost benefit ratio greater than one.

However, the EOI eligibility screening assessment process was modified from the published methodology to exclude deliverability criteria, and so was not transparent to applicants. Surveyed program staff reported that final project recommendations and approval decisions were based on the four assessment criteria evidenced in detailed applications.

Early assessment stages

Responsibility for the administration of the EOI process was divided across INSW and DPC and this caused some transparency issues with the eligibility assessment process and communication with applicants.

Criteria 4 (deliverability) was also not assessed during EOI shortlisting. The assessment process was modified so that the deliverability of projects was assessed at the detailed application stage, when greater project detail could be considered and where it is more appropriate to assess. Similarly, stakeholder feedback was incorporated later in the assessment process than originally intended.

The program's independent probity advisor and assessment panel indicated that assessment recommendations were transparent and based on reliable decision making informed by sound information. The need for greater transparency in the assessment criteria and how they were weighted was identified by one surveyed program staff member.

It is reasonable to expect that processes may change during implementation. When this occurs, it should be documented. It was not possible to verify that the above-mentioned changes to implementation process were appropriately documented.

Assessment methodology and processes

The assessment methodology and program documents did not clearly define how assessment processes were to be undertaken, particularly how scores were to be obtained and how criteria were to be weighted.

As one program staff stakeholder identified '…*the assessment criteria is only as good as the program design'*. Had processes been better scoped up-front, it is likely that the need to modify assessment methodology would have been avoided.

Feedback to applicants

Two-thirds of surveyed applicants stated that they either fully understood or mostly understood why they were unsuccessful.

Ineligible applicants did not receive timely feedback about their EOI. Ineligible applicants were notified nine months after submission and were not provided with details explaining the ineligibility of their EOI.

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5. Did funded projects identify specific and measurable outcomes in their proposals?

Finding 5

The program is funding $110 million of tourism infrastructure projects of 'regional significance' in Round 1. Some applications provided business cases of a very high standard. But applicants were not required to provide specific and measurable program-consistent outcomes with well justified links to their proposed project. Nor were they required to provide outcome performance indicators and methods to inform understanding of project contribution to program outcomes.

Not all funded RGETF projects identified sufficiently specific and measurable outcomes in their proposals. A sample of funded project applications analysed in the document review revealed that project outcomes and associated logic arguments were, for the most part, not expressed clearly and concisely. Most of the sampled applications had weak, unclear or ambiguous arguments for the contribution of their proposed infrastructure to the visitor economy outcomes of RGETF.

Key performance indicators for measuring the stated outcomes in the sample of funded project applications were, for the most part, not relevant. Many were of outputs (not outcomes), and most did not conform with the S.M.A.R.T best practice approach to developing performance indicators that is suggested in the program business case guidelines. Additional details were not sought from these applicants in order for them to receive funding.[47]

Most (80%) of surveyed applicants felt that it would be easy to know if their project realised the intended outcomes and most (85%) also reported that it would be easy to identify outcome performance measures and associated methodologies. The findings of the document review and applicant survey responses suggests that applicants consider the project outputs (building of the infrastructure) to be the broader tourism visitation/economic benefits (i.e. outcomes) that the program is aiming to deliver.

Regardless, the document review analysis clearly reveals that the majority of applicants were not able to identify well justified RGETF-specific outcomes with data collection methodologies to monitor them. The majority of applicants struggled to clearly link a RGETF outcome to their proposed infrastructure.

Lack of specific and measurable program-consistent outcomes in funded proposals creates a risk that the program funded projects that are not necessarily best suited to deliver on the program objective. Lack of S.M.A.R.T indicators and associated data collection methodologies in project applications also risks that overall program outcomes cannot be measured or reported later.

The outcomes, performance indicators, and methodologies specified in most funded RGETF Round 1 proposals are not sufficiently specific and detailed to assure that RGETF program-specific outcomes for the funded infrastructure can be estimated. No documentation was sighted to indicate that outcome performance data collection plans and methodologies for each funded project are in place.

Grant programs should ensure that program documentation fully supports prospective applicants to report specific and measurable program-consistent outcomes, along with a requirement that funding is contingent on proposals providing this information.

6. Were mechanisms in place for outcome achievement to be assessed and appropriate KPI's identified and monitored?

Finding 6

The program aims to achieve the short-term outcomes of increased tourism visitation and increased employment and business opportunities in the visitor economy. Output monitoring is embedded in contractual funding agreements with project proponents. However, mechanisms to collect project outcomes are not included in contractual funding agreements or program design. This compromises the ability to understand the extent to which the program is achieving its objective. A framework to evaluate the achievement of program outcomes has subsequently been developed.

Validating that outputs have been delivered as planned is the first step in understanding outcome achievement and the impact of program investment. INSW has rigorous monthly reporting on output delivery.[48] A few applicants expressed that the requirements were onerous and suggested alternative formats to improve efficiency, though overall, an appropriate output achievement mechanism appears to be in place for the program.

However, validation of program *outcome* achievement is also required to understand if the program has been successful at achieving its aims. The document review identified that monitoring of program outcome achievement was not formalised. There was no requirement or plan for funded projects to have clearly identified outcome performance measures and data collection strategies and methodologies for their funded infrastructure. Similarly, grant recipients are not contractually required to report on project outcomes (only outputs) and there is no explicitly stated ongoing contractual obligation to report project impacts following project completion. As a result, it is anticipated that most Round 1 proponents will not actively collect *outcomes* data to facilitate the reporting of RGETF effectiveness. A retrospective data collection framework will be required to ensure adequate information is available for evaluation.

Timely collection of project outcomes requires the identification and collection of site-specific baseline data prior to infrastructure construction (where possible), identification of key performance indicators, and a plan for collecting and reporting of outcomes during and after project completion. This facilitates the most rigorous and complete evidence possible for the evaluation and reporting of outcome achievement. A framework to evaluate the achievement of program outcomes has subsequently been developed.

In line with the NSW Auditor General's recommendations,[1] it is recommended that a lifecycle performance framework be integrated within grants programs to pre-empt the data needed to report on program success.

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[1] NSW Auditor General, 2018, Regional assistance programs – performance audit, p18-19

7. Was the program adequately resourced to undertake its planned activities?

Finding 7
Resourcing was sufficient to facilitate the program's planned activities. There is evidence of good working relationships and arrangements between key staff stakeholders. Most program stakeholders reported that staffing and assessment timeframes were appropriate. However, some program administration resource planning and monitoring tools were absent.

Sufficient resourcing allows a program to be delivered in a timely manner without comprising quality. The document review found that there was limited program documentation relating to program administration resourcing, and was unable to draw firm conclusions concerning the adequacy of resourcing as a result. On the available evidence the program was adequately resourced to implement the administration activities of the Round.

Staff surveyed from Regional NSW (RNSW), INSW and the IAU indicated that resourcing was adequate. RNSW staff noted that their team grew during implementation (likely to be in response to the increased workload) and staff reported that overall working arrangements with other key stakeholders were effective and people worked with professionalism and rigour.

The IAU reported that staffing and assessment timeframes were appropriate to complete their assessment tasks and noted that the closed round nature of the program facilitated administration efficiency through assessment 'batching'. For the most part, assessment timeframes and the 'two-stage' assessment design were considered appropriate and efficient by staff.

While the document review identified that the early stage program rollout milestones were met, planned timeframes (presented in, for example, GANTT charts) were not developed or monitored for the entirety of Round 1 implementation. Up-front timeframe planning for the entirety of the program implementation should take place during planning.

Similarly, no program specific administration budget planning or monitoring of the administration of financial resources during implementation was sighted in the program documentation for Round 1. While budget planning and administration for the program was considered at an agency level, program specific budgeting and administration would have provided a clearer line of sight of the overall cost of the program.

It is recommended that the planning, monitoring and reporting of administration budgets for grant programs be conducted to ensure cost-effective administration. The document review identified that budgets for Round 2 administration expenses (up to June 2019) were monitored and compared with actual administration expenses.

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8. How effective were the program's governance arrangements?

> **Finding 8**
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> The program successfully implemented a two-stage competitive grant process through two assessment panels with wide ranging stakeholder membership. However, the clarity of stakeholder roles and responsibilities, and oversight of the procedures in place to uphold probity, risk management and the maintenance of program records, could be improved.

Effective governance arrangements ensure that a program is delivered in line with its aims while maintaining procedural integrity. Some aspects of the program's governance arrangements that were either not in place, or only partially effective, during the implementation of the program are discussed below.

Roles and responsibilities

Clarity of roles and responsibilities for both individuals and organisations administering Round 1 of the program could have been better. The document review, feedback from program stakeholders and an external audit of the Round by *Deloitte*[2] all attest to this.

While program staff from RNSW, INSW and the IAU reported in the staff survey that they knew their roles and responsibilities and were well prepared to perform them, feedback from some of the Senior Officers Group and Regional Independent Assessment Panel members indicates that they were not. These members reported that they were not well prepared and that they did not have a clear understanding of their role at the outset, mainly due to a lack of sufficient induction into their role and clarification of what was expected of them in that role.

Future program documentation should increase focus on clearly defining the roles and responsibilities of all organisations and individuals and ensuring that this is communicated to stakeholders effectively.

Record-keeping

Program management responsibilities were shared across RNSW and INSW and therefore records relating to the program are held across the two organisations. INSW hold the records for EOI assessments and related documentation, including assessment decisions and panel meetings. RNSW hold records for the overall assessment methodology and the assessment of detailed applications, panel meetings and related documentation. There is not one centralised and complete set of records relating to the program and project assessment.

While INSW staff reported that they maintained a full audit trail of records of their documents, and also the records provided by other agencies related to the program, PEU were not able to sight documentation held by INSW.

One centralised and complete electronic set of records that can be accessed by all staff involved in program assessment decisions is recommended.

Processes to maintain probity

External probity advisors attended assessment meetings and provided advice to staff as required. Program staff and stakeholders reported satisfaction with the conduct of the probity advisors and stated that they believed probity had been 'managed consciously and actively'.

The document review identified probity deficiencies, including not clearly documenting changes to the agreed assessment approach and the maintenance of a full audit trail. The review of documentation identified gaps in the completion of conflict of interest declarations, with program

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[2] Deloitte RGETF Internal Audit p7-8

staff involved in the assessment process, relying on the provisions relating to conflicts of interest in the Department's internal code of conduct rather than completing a program specific conflict of interest declarations. This suggests that the program's internal processes could be improved to effectively maintain probity as intended.

Greater emphasis and oversight should be placed on probity. This should include maintaining a complete conflict of interest register, procedures to ensure that all assessment decisions (including deviations) are documented, and monitoring of contractually obliged external advisors providing probity advice.

Risk management

The program documentation did not include a risk management plan or a risk register for Round 1, which should have been developed during the planning of the Round. A risk register for RGETF was developed subsequently, during the implementation of Round 1.

For governance arrangements to be sufficiently effective, a risk management plan and risk register should be developed during program planning and maintained during program implementation.