

Protocol

Auditing Emergency Relief Grants

Process for the Auditor-General for NSW to conduct a performance audit under section 27B(3)(c) of the *Government Sector Audit Act 1983* (NSW) on emergency relief grants, having regard to the emergency relief grant information provided by officials.

Overview

- The Government has committed to ensuring that emergency relief grants are regularly audited by the Auditor-General for NSW (the Auditor-General).
 - This Protocol sets out the process for:
 - officials to provide emergency relief grants information to the Auditor-General; and
 - the Auditor-General’s recurring audit of emergency relief grants across the sector, having regard to the emergency relief grant information provided by officials.
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The Government has committed to regularly auditing emergency relief grants

- The Government made the following election commitments:
 1. Any future fast track disaster funding grants will be considered high-risk grants under the grants framework, and the Auditor-General will be required to conduct regular performance audits in relation to them (**Commitment 1**).
 2. Ensure that all future disaster relief grants are forwarded to the Auditor-General within 3 months from the date of approval (**Commitment 2**).
 - The Cabinet Office (**TCO**) and the Audit Office have developed the following agreed processes for implementing the above commitments consistently with the requirements of the *Government Sector Audit Act 1983* (NSW) (**GSA Act**) and the Grants Administration Guide (**Guide**).
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Officials to provide emergency relief grants information to the Auditor-General

- To support the Auditor-General in auditing emergency relief grants in accordance with Commitment 1, and to implement Commitment 2, the Guide has been amended to require that officials provide to the Audit Office certain grants information relating to emergency relief grants.
- In particular, section 6.5.1 of the Guide requires that officials provide to the Auditor-General information required to be published on the NSW Government Grants and Funding Finder (**the Finder**) and reported under the Disaster Recovery Funding Arrangements 2018 (**DRFA**).

- This harnesses existing reporting requirements for emergency relief grants, which are as follows:

Emergency relief grants information required to be published on the Finder

- Under section 6.5 of the Guide, officials must ensure that information on the decisions made in relation to grants awarded is published on the Finder no later than 45 calendar days after the grant agreement takes effect or, if there is no grant agreement, no later than 45 calendar days after the first payment is paid to the grantee.
- There are exceptions in the Guide to publishing grant information. For example, where there is a legal obligation to maintain confidentiality over certain grant information, officials must publish as much information as is permitted and the reasons for not publishing the information fully must be documented by officials.¹
- Appendix A to the Guide lists the grants information that must be published.

Emergency relief grants information required to be reported to the Commonwealth

- Officials also have detailed reporting requirements associated with the DRFA, which is a joint Australian Government-State cost sharing arrangement to alleviate the financial burden on the States and facilitate the early provision of assistance to disaster affected communities.
 - DRFA reporting is provided by NSW agencies to the NSW Reconstruction Authority (NSWRA), who provides consolidated NSW data to the Commonwealth.
- The information about individual DRFA grants is to be provided directly by agencies to the Auditor-General, and not the consolidated information provided by the NSWRA to the Commonwealth.
 - Officials must provide emergency relief grants information to the Auditor-General within 3 months of the grant agreement taking effect, or if there is no grant agreement, no later than 3 months after the first payment is paid to the grantee.
 - This model of information provision ensures that the Auditor-General is provided with information about each emergency relief grant without duplicating reporting requirements and creating an unnecessary administrative burden and cost for agencies.
 - Emergency relief grants information is to be provided to the Auditor-General by emailing: emergency.relief.grants@audit.nsw.gov.au.

The Special Minister of State's request for a recurring performance audit by the Auditor-General

The Special Minister of State can request an audit under section 27B(3)(c) of the GSA Act

- Under section 27B(3)(c) of the GSA Act, the Auditor-General's functions include, 'to provide any particular audit or audit-related service to the Treasurer at the request of the Treasurer or to any other Minister at the request of that other Minister.'
- This means that the Premier, the Treasurer or another Minister can request the Auditor-General to conduct an audit of emergency relief grants under section 27B(3)(c), subject to consultation with the Auditor-General about the scope of a particular audit or audit-related service, which is required under section 27B(3A) of the GSA Act.

¹ Note there is no limitation on the information that can be requested by and provided to the Audit Office for the purposes of conducting an audit: section 36, GSA Act.

The Special Minister of State has requested a recurring audit of emergency relief grants by the Auditor-General

- The Special Minister of State has requested that the Auditor-General conduct a recurring audit of emergency relief grants across the sector. This request for a recurring audit does not mean the Auditor-General must complete the audit annually, particularly having regard to the Auditor-General's discretion noted below.
- An audit may focus on broader trends or on particular grants identified by the Auditor-General as worthy of closer consideration. An assessment of scope would be enabled by the information provided to the Auditor-General by officials as noted above and will inform the timing and length of the audit. The Auditor-General determines the scope of the requested audit: section 27B(4) of the GSA Act.

The Auditor-General's performance audit on emergency relief grants

- The process for the Auditor-General's recurring performance audit on emergency relief grants includes:
 - officials provide emergency relief grants information (as specified above and referenced in the Guide) to the Auditor-General within 3 months of the grant agreement² taking effect;
 - the Auditor-General considers the grants information provided by officials and determines the focus of the performance audit on emergency relief grants;
 - the Auditor-General has power to access documents and information under section 36 of the GSA Act and may exercise this power should the Auditor-General require additional information. This power is not modified or enabled by this protocol;
 - once the performance audit is completed in line with the GSA Act, the performance audit report will be tabled in Parliament (section 52B) and published on the Audit Office's website;
 - the Auditor-General charges a Minister for the cost of an audit conducted under section 27B(3) (section 27B(6A)). The Auditor-General may recover the cost of these audits from the Special Minister of State as the requesting Minister for the audit.

Contact us

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² Reference to agreement here refers to 'grant agreements' under the Guide (see section 6.4).