

Community Benefit Funds: Grant management

Report to Parliament 12 : 2012–13



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ISSN 1834-1128

Your ref:
Our ref: 00-3757A



May 2013

The Honourable F Simpson MP
Speaker of the Legislative Assembly
Parliament House
BRISBANE QLD 4000

Dear Madam Speaker

Report to Parliament

This report is prepared under Part 3 Division 3 of the *Auditor-General Act 2009*, and is titled Community Benefit Funds: Grant management.

In accordance with s.67 of the Act, would you please arrange for the report to be tabled in the Legislative Assembly.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Greaves', is written over a faint, light-colored signature line.

Andrew Greaves
Auditor-General

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Summary

Between 1987 and 1996, four gambling and casino community benefit funds were established in Queensland. These funds invest in not-for-profit organisations to fund activities that benefit communities. The four individual funds are:

- Gambling Community Benefit Fund
- Jupiters Casino Community Benefit Fund
- Breakwater Island Casino Community Benefit Fund
- Reef Hotel Casino Community Benefit Fund.

A percentage of the tax revenues raised from gambling activities is paid into the Community Investment Fund and distributed to the four funds for allocation to not-for-profit community organisations. Since 1987, the four funds have paid out grants totalling \$660 million to support 48 529 community projects and activities. The annual distribution is about \$50 million, and the average approved grant \$13 600.

We examined the effectiveness of the administration of the four gambling and casino community benefit funds. This included examination of the operations of the Community Benefit Funds Unit (CBFU) which carries out the administrative functions for the four community benefit funds. The CBFU is part of the Office of Liquor and Gaming Regulation (OLGR), a division of the Department of Justice and Attorney-General (the department). We also examined processes undertaken by the Gambling Community Benefit Committee (GCBC) and the independent boards of trustees of the three casino community benefit funds.

Conclusions

The distribution of about \$50 million annually of gambling and casino community benefit funds undoubtedly has a positive impact on community benefits and social capital. Positive support comes from the not-for-profit sector and other stakeholders for the community benefits that result from the grant programs. These positive impacts, however, are being diluted by the ineffective and inefficient administration of these grants programs.

The growing demand from the not-for-profit sector for access to these scarce funds, and the fact that fewer applicants are successful, places a premium on good governance and sound administration. However, the processes used to decide how much is paid out to grant applicants fall short of the necessary standards of transparency and accountability for such significant expenditures of public monies. Neither the GCBC and boards, nor the department, can demonstrate that all applicants are dealt with equitably, that evaluation criteria are applied consistently, or that their decisions have maximised potential community benefit.

The administration of the grants programs by the department is inefficient and monitoring of grants payments is weak. Appropriate mechanisms to gain assurance that grant monies have been spent for their intended purpose and have realised expected benefits are either not in place or ineffective.

Of greater concern is that controls do not prevent grant applicants from being funded twice from different funds. In this regard, duplicate payments of \$552 000 had been made over the past two years. In these circumstances, OLGR relied on grant recipients to return the funds or apply to use the funds for another purpose. This breakdown in basic controls demonstrates a lack of appropriate risk management and internal control within the CBFU.

Balanced against this, a risk-based approach to grant administration is not evident in the overall design and operation of the scheme. There is significant capacity, both in the grant application process and in the monitoring and oversight of approved grants, to establish and better articulate differential application requirements that are proportionate to risk, and through this to reduce cost while maintaining appropriate oversight and control.

That the department identified several issues in 2009 similar to those raised in this report, and has not taken the corrective actions it identified then to address them, also shows the lack of effective internal governance and oversight.

Key findings

Grant application activity and results

Figure A summarises the grant application activity for funding rounds between 2009 and 2012.

Figure A
Applications processed between 2009 and 2012

	2009–10	2010–11	2011–12
Number of applications			
Total applications received	4 792	5 496	5 842
Eligible applications received	4 176	4 672	4 990
Ineligible applications received	12.9%	15.0%	14.6%
Number of grants approved	2 215	2 564	2 539
Number of grants approved as a percentage of the total applications received	46.2%	46.7%	43.5%
Value of applications			
Total applications received	\$134 280 678	\$173 614 671	\$176 154 548
Eligible applications	\$110 469 745	\$139 851 986	\$147 671 836
Grants approved	\$42 914 095	\$48 326 160	\$46 657 857
Average value of funding per successful grant application	\$19 374	\$18 848	\$18 376
Grants approved as percentage of total value requested	32.0%	27.8%	26.5%

Source: Queensland Audit Office adapted from data provided by the Community Benefit Funds Unit

The number of applications received grew by 22 per cent over three years, with a sharp increase in 2010–11. That year saw a spike also in the rate of ineligible applications, which has remained relatively high.

The rate at which total applications are funded fell over the past three years to 43.5 per cent. While this in part is due to the increase in the rate of ineligible applications, the rate of funding eligible applications fell also to 50.9 per cent. The ultimate result is that 3 303 applicants in 2011–12 incurred costs for themselves and for the department for no community benefit.

Operational costs of administering the funds are not published, and the applicants' costs, time and effort are not quantified. The operations of the CBFU cost \$1.9 million, which is four per cent of the value of grants approved for the 2011–12 period.

Applying for funding

A risk-based, proportionate approach to grant administration is not evident in the design and operation of the scheme.

Applicants are given broad eligibility information, but have no knowledge of the specific assessment criteria used to evaluate their applications. The guidelines do not include information on which activities are considered a priority for funding.

For non-complex grant applications, applicants are required to submit the same level of information regardless of the amount being sought.

Three of the funds accept 'complex' applications for grants above the nominal maximum value. However, the minimal additional information required for complex grant applications is insufficient to demonstrate that the larger grant provides better value.

There is scope to simplify and streamline the application process based on developing and applying appropriate risk criteria.

Assessing applicants

Partly due to the volume of applications and partly to the lack of methods to rank and prioritise them, the GCBC and the boards do not consistently assess each application for grant recommendation. In particular, the criteria used by each board and the GCBC are not transparent and as a result they cannot demonstrate that the criteria are being applied fairly or equitably.

Board and GCBC members assess large volumes of applications that have not first been ranked by the CBFU. Ranking by CBFU would better inform board and GCBC decision making and reduce their time working through all the applications.

There is no consistency in how applications are listed when presented to the boards and GCBC for assessment. The large volume of applications received by the GCBC and Jupiters Casino Community Benefit Fund board prevents them from considering all applications during their funding meetings.

Decision making is not demonstrably merit-based, nor is it necessarily directed to the greatest perceived need or greatest potential benefit. In the absence of any rational basis for prioritisation, in some cases the further down an applicant is listed, the less chance they have of being funded.

The boards also do not consistently consider applicants' past funding or their financial position. The CBFU does not inform all the boards and the GCBC of its analysis and reporting of past grants by activity or type of community group to help their decisions. Accordingly, some organisations with relatively less financial need may receive multiple grants over time, while others receive none.

The Reef Hotel Casino Community Benefit Fund (RHCCBF) board's decision making is more consistent and structured. Its assessment includes applicants' previous grant history, balancing funding between different types of community organisations and services and use of local knowledge of community needs.

Realising benefits

The CBFU does not monitor or report on whether the four community benefit funds overall are achieving their legislated objectives. There is no performance management framework in place to monitor, evaluate and report on the overall effectiveness of the grants programs.

There is also ineffective verification and limited inspection to ensure grants have been spent for the stated purpose.

However, feedback from grant recipients on site visits during the audit has shown that grant funding has significantly assisted these organisations to support their local community by providing services that improve the quality of lives of local people.

While applicants can legitimately apply to two separate funds for the same purpose, mechanisms to prevent both applications being approved and funded are not effective. We identified applications with a total value of \$552 000 being funded twice over the past two years. While some duplicate payments are returned, this has deprived other eligible applicants of potential grants of the same value.

Governance and reporting

Seven out of 21 board members (33 per cent) have served longer than the nine-year maximum term set out in the *Governance Manual Community Benefit Funds Unit 2010*. The average term served by members who have exceeded the maximum period is 14 years. Two members have served 17 years or more. As reflected in the manual, the periodic orderly turnover of board members is fundamental to good governance practice. It allows for the introduction of new ideas and for challenges to the 'custom and practice' that develop naturally over time in any group.

After each funding round, the CBFU uploads on the OLGR website Allocated Grants Reports that list the successful applicants and allocated amounts for the past funding round.

Until 2009, CBFU also uploaded on the OLGR website Annual Allocations Reports with each fund's annual outputs, including the type of services provided and the community groups that benefited. There was no public information provided on subsequent years until the *Annual Allocations Report for 2009–2012* was published on the OLGR website in early 2013.

Recommendations

It is recommended that the Department of Justice and Attorney-General:

1. Upgrade the Office of Liquor and Gaming Regulation's information technology systems to be compatible with a broader range of systems to allow equitable access for all applicants.
2. Improves information on eligibility and assessment criteria to all potential applicants to reduce wasted effort.
3. Implements controls to prevent duplicate payments.
4. Assess the applications based on endorsed criteria to reduce the burden on the boards and Gambling Community Benefit Committee and improve consistency of their decision making.
5. Ensure that documented assessment criteria are used and consistently applied by the boards and Gambling Community Benefit Committee in assessing applications.
6. Require the boards and Gambling Community Benefit Committee to provide a documented rationale for each funding decision and assurance that all selection criteria have been applied in making their grant recommendations.
7. Reports annually on length of service of members of the boards and Gambling Community Benefit Committee compared with requirements of the *Governance Manual Community Benefit Funds Unit 2010*.
8. Reports promptly on the funds' outcomes against their objectives to enable stakeholders to assess the funds' performance.
9. Review their process for selection of grant acquittal audits to improve coverage of high-risk grants and level of assurance over the grant program.

1 Context

1.1 Background

The Gambling Community Benefit Fund (GCBF) was established in 1994 under the *Gaming Machine Act 1991*. The three casino community benefit funds were established under the *Casino Control Act 1982*:

- Jupiters Casino Community Benefit Fund (JCCBF) in 1987
- Breakwater Island Casino Community Benefit Fund (BICCBF) in 1988
- Reef Hotel Casino Community Benefit Fund (RHCCBF) in 1996.

Both Acts state that the funds were created 'to ensure that, on balance, the state and the community as a whole benefit from gaming machine gambling.' The guidelines for each fund state that the purpose of the fund is to invest in the community sector and enhance the capacity of community organisations and groups to provide services, leisure activities and opportunities for Queenslanders in their local communities.

The casino community benefit funds' boards of trustees and the Gambling Community Benefit Committee (GCBC) assess eligible grant applications and make recommendations for funding approval to the Attorney-General and Minister for Justice.

1.2 Roles and responsibilities

1.2.1 The Office of Liquor and Gaming Regulation

The Office of Liquor and Gaming Regulation (OLGR), part of the Department of Justice and Attorney-General, is responsible for developing and maintaining legislation and policy for liquor and gaming in Queensland.

- The OLGR through the Community Benefit Funds Unit (CBFU) carries out the administrative functions for the four community benefit funds. The CBFU is responsible for the following functions, which are outlined in the *Governance Manual Community Benefit Funds Unit 2010*: provide administrative support for the GCBC and the JCCBF, BICCBF, RHCCBF boards
- record all outcomes/decisions in meeting minutes
- advise the respective chairperson during the meeting if governance practices are not followed and inform the Minister on all occasions that this occurs
- call for applications from organisations seeking monies to be paid out of the fund for the benefit of the community
- receive, assess and rank applications (ranking at the discretion of the GCBC/board)
- endeavour to provide all requested information, taking into consideration resource impacts
- prepare advice to the Minister through the chairperson when required
- provide financial administration according to approved delegations, including disbursement of funds request information from successful applicants relating to the use of monies paid to them out of the fund
- implement accountability arrangements for grant funds
- manage requests from successful applicants in relation to variations to approved grants where delegated
- report on the fund's activities and progress as required
- promote the fund.

Grant applicants are encouraged to apply online through the OLGR website, though CBFU receives some applications in hard copy and electronically. All applications are assessed for eligibility by CBFU and eligible applications are compiled into allocation registers for the boards and the GCBF. The CBFU uses four methods to compile the allocations registers:

Figure 1A
Compilation of allocation registers

Fund	Compilation method
GCBF	Into geographical divisions and into numerical order of application number
JCCBF	According to requested funding amount in descending order
BICCBF	Into electorates with no further order
RHCCBF	According to requested funding amount in ascending order

Source: QAO

1.2.2 The GCBC and boards of trustees

The three casino community benefit funds' boards of trustees assess eligible grant applications and make recommendations for funding approval to the Attorney-General and Minister for Justice. The GCBC performs the same functions for the GCBF.

Eligible applications are considered every three months by the JCCBF board and GCBC, and twice a year by the BICCBF and RHCCBF boards.

Board and GCBC members (except for department representatives) are volunteers. They dedicate their own time to assess the applications, in the interest of meeting the funds' objectives of providing benefits to the state and community.

1.2.3 Attorney-General and Minister for Justice

The Attorney-General and Minister for Justice approves the grants from the funds, except for those in the Minister's own electorate. Under the delegation in the Acts, these grant applications are approved by the Director-General of the Department of Justice and Attorney-General.

1.3 Relevant policy, legislation and regulation

The *Casino Control Act 1982* and the *Gaming Machine Act 1991* state that each Act's objective is 'to ensure that, on balance, the state and the community as a whole benefit from gaming machine gambling.'

The *Judicial Review Act 1991* requires decision makers to provide reasons for administrative decisions, and the *Queensland Public Sector Ethics Act 1994* includes sections on Integrity and impartiality, Promoting the public good and Accountability and transparency.

The Queensland Treasury's *Financial Accountability Handbook Volume 6: Grant Management* outlines better practice guidelines for the administration of grants with guidance for grants program design, administration, evaluation and analysis.

The *Financial and Performance Management Standard 2009* requires agencies to have regard to the *Financial Accountability Handbook* when establishing their internal control systems and processes.

The *Governance Manual Community Benefit Funds Unit 2010* documents the governance of the GCBC and the boards of trustees of the three casino community benefit funds.

The Department of the Premier and Cabinet publishes *Welcome Aboard: A Guide for Members of Queensland Government Boards, Committees and Statutory Authorities (2010)*. The CBFU also has a separate conflict of interest policy.

1.4 Funding arrangements

1.4.1 Source of funds

The Community Investment Fund (CIF) receives 8.5 per cent of gambling taxes revenue from the casinos, as well as from other wagering, Golden Casket lotteries, Keno and gaming machines.

A breakdown of CIF revenue sources and expenditure for 2011–12 and estimates for the 2012–13 financial years are provided in Figure 1B. This shows that just over one-third of the monies paid into the CIF are provided to the four funds. The balance of monies is provided to the Project Fund for grants to the Racing Industry Capital Development Scheme and funds to Stadiums Queensland for the maintenance of Skilled Park, Suncorp Stadium and Brisbane Cricket Ground and to OLGR toward the funding of its operations.

Queensland Treasury and Trade administers the payments into and out of the CIF.

Figure 1B
Community Investment Fund

	2011–12		2012–13	
	\$ 000 (actuals)	Percentage %	\$ 000 (estimate)	Percentage %
Revenue				
8.5% of gambling tax	73 679	50.0%	78 482	47.0%
8.5% of casino tax	7 262	5.0%	7 362	4.0%
Other revenue	67 894	46.0%	79 769	48.0%
Total CIF revenue	148 835	100.0%	165 613	100.0%
Commitments				
OLGR operational & other funding	40 052	26.9%	33 335	20.2%
GCBF	42 313	28.0%	43 477	27.0%
JCCBF	5 890	4.0%	6 053	4.0%
RHCCBF	666	0.5%	684	0.4%
BICCBF	402	0.3%	413	0.3%
CIF Project Fund	59 511	40.0%	78 471	48.3%
Total CIF commitments	148 834	100.0%	162 433	100.0%
Surplus/deficit	1		3 180	

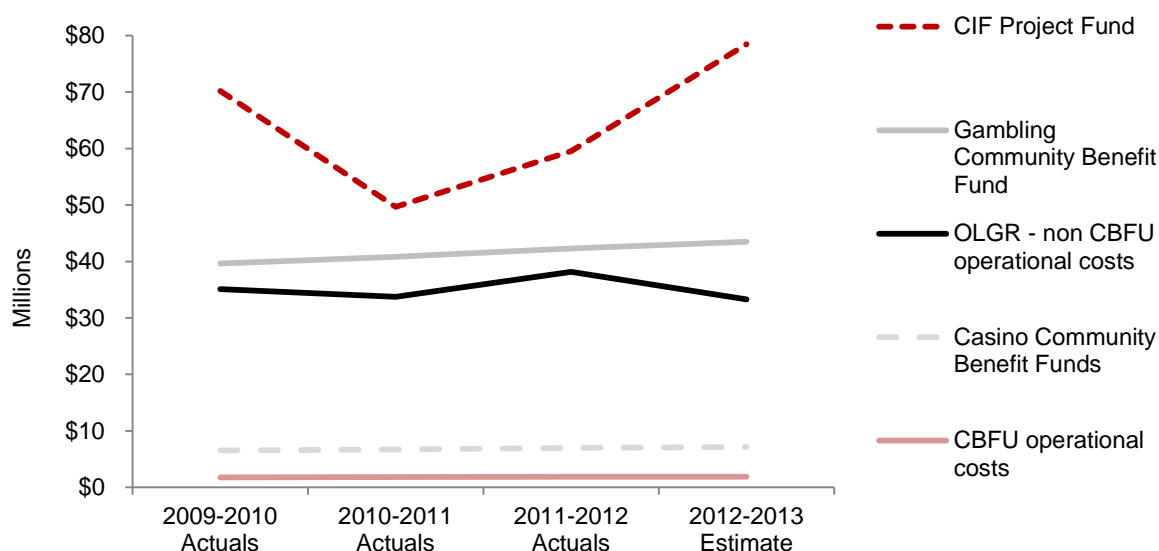
Source: Queensland Audit Office adapted from data provided by the Office of Liquor and Gaming Regulation

Government currently has a Bill in Parliament to dissolve the CIF from 1 July 2013. It is the intention of government that funding for the grants programs will be maintained through the Consolidated Fund.

The OLGR operational funding includes \$1.9 million directly attributed to the costs of administering the gaming funds by the CBFU. The balance of the operational funding is used for the other regulatory functions of the OLGR, including liquor licensing.

The trend in allocations from the CIF is highlighted in Figure 1C. It shows that over the past three years, allocations have remained stable except for the CIF Project Fund, which was reduced in 2010–2011, but has since increased.

Figure 1C
Allocation from the Community Investment Fund during 2009 to 2013



Source: Queensland Audit Office adapted from data provided by the Office of Liquor and Gaming Regulation

1.4.2 Payment limits

The maximum payment limit per grant varies across the funds. The maximum values of standard and complex grants advertised by the funds are shown in Figure 1D.

Complex applications require some additional information from applicants addressing extra criteria or outlining the level of community benefit. Complex grants are discussed further in Chapter 2.

Figure 1D
Grant approval limits

Fund	Standard grant limit	Complex grant limit	Requirements for complex grants
GCBF	\$35 000	>\$35 000	Must meet specific criteria
JCCBF	\$150 000	Not applicable	
RHCCBF	\$15 000	\$25 000	Must have significant community benefit
BICCBF	\$5 000	>\$5 000	Must have significant community benefit

Source: Queensland Audit Office sourced from the funding guidelines

1.5 Previous relevant reviews

In 2007, the department's internal auditors recommended:

- improving committee/board of trustees governance
- separating committee/board governance from fund guidelines, clearly establishing the roles and responsibilities of committee/board members
- ensuring the grants process is efficient, effective and transparent.

From 2007 to 2009, an OLGR project team conducted the Community Benefit Funds Review. The main OLGR objectives were to:

- examine and review the legislation pertaining to GCBF and to the casino community benefit funds
- review the content of the trust deeds or guidelines for each of the funds
- critique policies currently in place
- undertake a business process review of GCBF
- clarify roles and responsibilities
- inform the scoping exercise to determine system requirements and to investigate options for the purchase or redevelopment of a grants management IT system
- where possible, implement updates to the grant application process from both stakeholder and grant management perspectives.

The major policy recommendations from this review reported to the Director-General and Minister were:

- revise objectives to include capturing social capital indicators and more effectively judge and measure community benefit
- update and improve the notional allocations strategy to more accurately reflect population changes, and to allow the GCBC to assess equity for disadvantaged areas
- revise assessment and ranking criteria to better reflect social capital objectives
- improve the grants management IT system
- adopt more rigorous evaluation of outcomes of the funds and grants approved.

Apart from a trial of the notional allocations strategy, these OLGR recommendations are yet to be implemented and no implementation plan has been prepared.

In November 2011, the department's Internal Audit Unit conducted an audit of the Community Benefit Funds grants management and recommended improvements to financial systems and operational controls. This report highlighted the absence of a performance reporting framework and a documented process to assess and select grant applications, including enhancement of information provided to the GCBC and boards. While the department has implemented the recommendations on financial and operational controls, it has not addressed selection, assessment, performance reporting and evaluation recommendations.

1.6 Audit objectives, method and cost

The audit examined the effectiveness of the administration of the gambling and casino community benefit funds. We examined whether:

- the attraction and selection of high-quality applications is maximised
- funding decisions are well informed and effectively communicated
- outcomes are achieved.

The audit was undertaken in accordance with Auditor-General of Queensland Auditing Standards, which incorporate Australian auditing and assurance standards.

The cost of the audit was \$390 700.

1.7 Structure of the report

The performance audit identified three key themes necessary for effective administration of grant funding programs:

- **access and availability** — promotion of the grant programs, information on eligibility, guidelines on how to apply, systems to receive applications and CBFU contacts who can assist
- **assessment of applications** — selection criteria, managing conflicts of interest, probity and transparency
- **governance, monitoring and reporting** — monitoring, evaluating and reporting.

The remainder of the report is structured against these themes:

- Chapter 2 examines access and availability for applicants to grant programs
- Chapter 3 examines how applications are assessed and decisions made
- Chapter 4 examines the governance of grants administration and how it is reported
- Appendix A contains agency responses to the report
- Appendix B contains the detailed audit objective and approach.

2 Access and availability

In brief

Background

Effective grants administration includes methods that promote openness, transparency and equity. Information on available grants and how to apply for them should be clearly specified.

Potential applicants should be able to realistically assess their eligibility and prevent unnecessary work in preparing applications. This will reduce the number of ineligible applications and the effort required by the agency to assess applications.

Conclusions

The information given to applicants does not enable them to make a valid self-assessment of their application's merits or its likelihood of success. This creates inefficiency and wastes the resources of applicants and the Community Benefit Funds Unit (CBFU).

The primary application method for grant applicants is an online application portal on the Office of Liquor and Gaming Regulation (OLGR) website. This portal has compatibility issues that impact the ease of access for some applicants and necessitates manual processing by CBFU staff.

Key findings

- Fifteen per cent of grants applications received by CBFU are ineligible.
- Some applicants' operating systems and browsers are incompatible with the OLGR website and with the application form software.
- The CBFU provides limited guidance to help applicants maximise their chances of success and to reduce costs and effort.
- Apart from some minor additional information required for complex applications, there is no difference in the requirements for low and high-value applications. There is no application of risk criteria to allow differential processing of applications to minimise administrative effort and burden.
- Ineffective controls have resulted in duplicate payments of \$552 000.

Recommendations

It is recommended that the Department of Justice and Attorney-General:

- 1. Upgrade the Office of Liquor and Gaming Regulation's information technology systems to be compatible with a broader range of systems to allow equitable access for all applicants.**
- 2. Improves information on eligibility and assessment criteria to all potential applicants to reduce wasted effort.**
- 3. Implements controls to prevent duplicate payments.**

2.1 Background

The design of a successful grants programs starts from the premise that organisations eligible to apply for grants are aware of the program, and are aware of the types of activities and expenditure for which they can seek funding.

This is part of achieving equity, but also is a way to minimise the administrative cost of the program. Ineligible applicants waste their own and public resources, as do eligible applications for activities or expenditure that are unlikely to be funded.

It is in the interest of the program's administrators to promote the program through targeting and engaging actively with eligible organisations and to clearly explain the eligibility and assessment criteria. This will attract applications from target groups that have been identified in government policy, limit the number of ineligible applications, and maximise the number of successful applications.

2.2 Conclusions

The grants application process does not ensure that applicants have sufficient information about the criteria used by the boards and Gambling Community Benefit Committee (GCBC) to make funding decisions. As a result, the application process places unnecessary effort and costs on applicants and the Community Benefit Funds Unit (CBFU).

Further waste and inefficiency is caused by information technology systems that are incompatible with some applicants' operating systems and browsers.

2.3 Findings

2.3.1 Promoting the grant program

The engagement of CBFU with stakeholders is limited. The CBFU does not communicate with the peak bodies representing the community-based service, volunteer, recreation and sporting organisations that apply for grants. It conducted three information sessions last year, but only in response to invitations from Members of Parliament.

The CBFU also does not engage with successful or unsuccessful applicants to receive feedback on what works well and what could be improved. Without such stakeholder engagement, the department cannot fully understand the needs of its potential applicants or if it is meeting those needs.

2.3.2 Publicising grant eligibility and assessment criteria

Eligibility and assessment criteria should be comprehensive, easily understood and communicated to potential applicants.

Over the past three years, the rate of ineligible applications has increased from about one in every eight applications to about one in every seven, with 852 applications assessed as ineligible for the 2011–12 grant period. This worsening situation indicates that communication of eligibility criteria has not been fully effective. Ineligible applications unnecessarily increase CBFU workload and costs and waste applicants' efforts. The CBFU has calculated the cost of processing ineligible applications as 10 per cent of the unit's budget.

Grant assessment criteria should be publicised to enable potential applicants to self-assess whether their application meets the program's requirements and to gauge the likelihood of its success. However, the CBFU's guidelines for each fund do not have sufficient information to help eligible applicants self-assess the likelihood of funding approval for items in their application.

A broad list of items unlikely to be funded is included in the guidelines, but it is insufficient to enable applicants to fully determine their application's merit. The current list did not prevent applications being submitted for items that the boards or GCBC do not fund.

The assessment criteria used by each board and the GCBC in their selection processes are not publicised. Board and GCBC priorities or preferences for applicants seeking funds for specific services, facilities or community groups also are not made public.

Historical information on funded services and activities promotes transparency and helps applicants determine if their application fits within the profile of grants being approved under the program. The CBFU publishes information on past items and categories of services funded through the community benefit funds. Annual Allocation Reports displayed on the Office of Liquor and Gaming Regulation (OLGR) website show details of grants distributed, including the type of service provided and the community groups that benefited. However, allocation reports for 2009–12 were not made available to the public until early 2013.

2.3.3 Complex grants

The Gambling Community Benefit Fund (GCBF), Reef Hotel Casino Community Benefit Fund (RHCCBF) and Breakwater Island Casino Community Benefit Fund (BICCBF) permit complex applications for amounts of funding above the standard limits.

Applicants to the GCBF for complex grants must address one of an additional four criteria. However, the GCBF guidelines do not make clear the additional information required from applicants to successfully obtain a complex grant.

For RHCCBF and BICCBF, complex applications need to demonstrate significant benefit to the community. Their guidelines also do not provide clear and comprehensive guidance on these additional requirements.

2.3.4 Applying for grants

Access is an important facet of any government grant program and lack of, or difficulty in, obtaining access can create inequity.

Most applications are received through the OLGR website, but OLGR's information technology systems do not support the effective and efficient administration of the grants programs.

Some applicants' operating systems and web browsers experience compatibility problems that need CBFU staff to intervene to help the applicants lodge a valid application. Applicants using earlier versions of portable document format readers and older IT platforms also experience problems in accessing grants applications through the OLGR website. Data on manual intervention is not maintained, however we were advised that in each funding round about 20 to 30 per cent of applications need manual intervention by CBFU staff due to incompatibility issues.

These ongoing problems were first identified when the system was introduced in 2009. Increases in time and workload for CBFU staff to work with applicants to address the problems are significant, but these costs are not quantified.

A risk-based, proportionate approach to grant administration is not evident in the design and operation of the scheme. For non-complex grant applications, applicants are required to submit the same level of information, regardless of the amount being sought.

There is significant capacity both in the application process and in the monitoring and oversight of approved grants to establish differential requirements and through this to minimise cost while maintaining appropriate control.

Appropriate control has not been maintained in preventing duplicate payment of grants. Applicants to the GCBF are entitled to make the same application to a second fund, and the application form includes a field where applicants are to advise if they have done so. To prevent the same application being approved by both funds, the CBFU must manually screen the list of eligible applications and eliminate those that have already been funded. This check procedure is ineffective.

The audit identified that between May 2010 and May 2012, 42 applications for 81 items totalling \$552 000 were paid twice from two separate funds for the same grant request. While some recipients returned the duplicate payment, others requested and had approved a variation to apply the funds for another purpose. As a result of duplicate payments to these applicants, the funds available for other applicants were reduced.

The CBFU has started following up the applicants who received the unintended payments.

2.4 Recommendations

It is recommended that the Department of Justice and Attorney-General:

1. **Upgrade the Office of Liquor and Gaming Regulation's information technology systems to be compatible with a broader range of systems to allow equitable access for all applicants.**
2. **Improves information on eligibility and assessment criteria to all potential applicants to reduce wasted effort.**
3. **Implements controls to prevent duplicate payments.**

3 Assessment of applications

In brief

Background

Efficient, effective and ethical grants administration should equitably and transparently select applications that will meet the funds' objectives and give best value for money. Competitive, merit-based selection processes are based upon clearly defined selection criteria that are applied consistently.

Conclusions

The department cannot demonstrate that funding decisions are made transparently and consistently. The department does not know that the approved grants are achieving the grant program objectives of benefits to the state and to the community.

Key findings

- Funding decisions are not based on an allocation framework with transparent and consistent selection criteria, funding priorities, rankings and weightings.
- The three Casino Community Benefit Funds' boards and the Gambling Community Benefit Committee (GCBC) use different grant selection processes and criteria.
- Though required by the *Governance Manual Community Benefit Funds Unit 2010*, applications are not ranked to assist the equitable allocation of grant funding.
- Only two of the funds request information on previous funding allocations to assist decision making.
- The rationale for funding recommendations is not recorded and communicated to applicants or the Attorney-General and Minister for Justice.

Recommendations summary

It is recommended that the Department of Justice and Attorney-General:

- 4. Assess the applications based on endorsed criteria to reduce the burden on the boards and Gambling Community Benefit Committee and improve consistency of their decision making.**
- 5. Ensure that documented assessment criteria are used and consistently applied by the boards and Gambling Community Benefit Committee in assessing applications.**
- 6. Require the boards and Gambling Community Benefit Committee to provide a documented rationale for each funding decision and assurance that all selection criteria have been applied in making their grant recommendations.**

3.1 Background

A transparent and systematic appraisal of grant applications enhances confidence in the selection process and program outcomes for stakeholders and the public. This demonstrates commitment to public accountability and assures stakeholders that public funds have been spent for the approved purposes and are achieving the best possible outcomes.

Administrative support should assist the boards and the Gambling Community Benefit Committee (GCBC) to prioritise and select applications that best meet their objectives.

3.2 Conclusions

Processes vary, but the boards' and the GCBC's decisions are not based on consistent application of transparent selection criteria. Not all information provided on the application forms is assessed. Their decisions, therefore, are not as well informed as they could be and they are not adequately documented or effectively communicated. As a result, it is not possible for the decision makers to demonstrate that the successful applications represent the best value for the community or that their selection has been equitable. This weakens accountability.

3.3 Findings

3.3.1 Assessment and grant approval criteria

The decision making framework for the assessment and approval of grants by the boards and the GCBC is not transparent, consistent or based on appropriate criteria. Therefore, the decision makers cannot demonstrate equity, fairness and lack of bias in their funding decisions.

The criteria used to make funding decisions are inconsistent between boards and are undocumented. However, our direct observation and review of decisions indicates that the boards and the GCBC consider several important and relevant factors that may serve as the basis of assessment criteria:

- some board and GCBC members revealed a preference for funding infrastructure and assets rather than social capital such as staff training and professional development.
- applicants' financial position is used by some members to satisfy themselves that applicants are financially sound enough to make best use of the grant being considered, while other members show a preference for applicants who do not have other sources of funds.
- the Reef Hotel Casino Community Benefit Fund (RHCCBF) and the Jupiters Casino Community Benefit Fund (JCCBF) board members are provided with previous funding history of applicants. This information is used to ensure that applicants who have not received funding recently are given priority over those who have.
- the RHCCBF board and the Breakwater Island Casino Community Benefit Fund (BICCBF) board use historical information from the Community Benefit Funds Unit (CBFU) to help balance grants equitably across different purposes and communities.

The boards and GCBC do not consider whether previous grants have been satisfactorily acquitted by applicants being considered. They also do not consider whether applications could be funded through other programs and come under the responsibility of a government agency, for example, playground shade sun shelters for public schools.

In November 2011, the department's Internal Audit Unit reviewed CBFU grants management. Following this review, a sub-committee of CBFU and nominated GCBC members are developing an allocation strategy, due to be endorsed by the Minister in July 2013. A component of the draft strategy being trialled is notional allocation, which sets aside 10 per cent of Gambling Community Benefit Fund (GCBF) funding each round as supplementary funding for regions assessed as disadvantaged and remote. As part of the strategy, the CBFU and the nominated GCBC members are reviewing selection criteria to inform the GCBC's decision making.

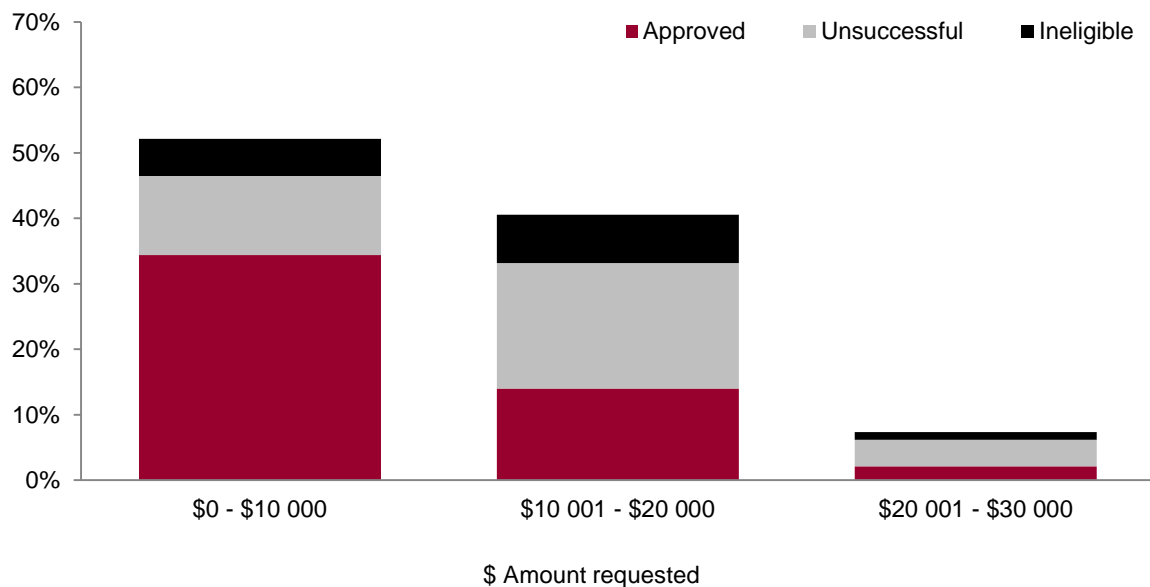
3.3.2 Prioritisation of applications

The *Governance Manual Community Benefit Funds Unit 2010* requires the CBFU to receive, assess and rank applications. The CBFU assesses applications for eligibility, but it does not rank the applications. This is done by the boards and GCBC at their request. Ranking of applications by CBFU would improve consistency of assessment of all applications and would save time for boards and the GCBC.

The RHCCBF and JCCBF boards, which are both given basic information on previous funding rounds, use similar approaches to allocate funding. In the absence of ranking, these boards allocate their grants in order of monetary value, starting with the lower amounts requested. This approach places the boards at risk of not fully considering all applications on their merits or in order of priority before all funding is allocated. This approach also does not promote equitable allocation of grant funding, as applications for higher amounts are lower down the list and have a reduced chance of being considered and funded.

Figures 3A and Figure 3B show that during 2010–12, smaller grants paid from RHCCBF and JCCBF were funded at a higher rate than larger grants.

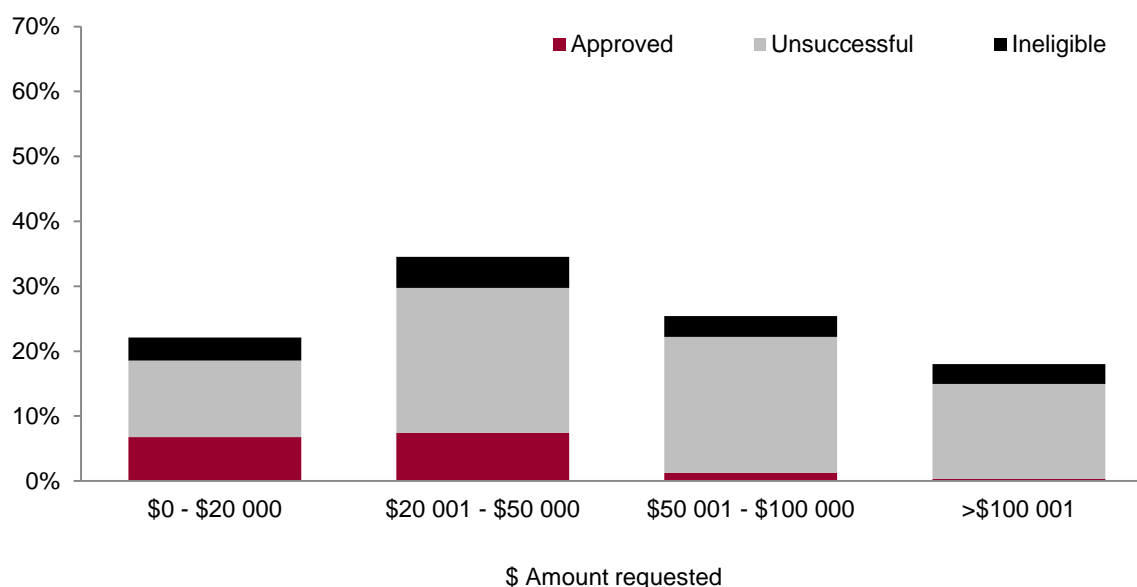
Figure 3A
Analysis of RHCCBF applications for period February 2010 to February 2012



Standard application limit = \$15 000, complex application limit = \$25 000 (complex grants are defined as having significant community benefit).

Source: Queensland Audit Office adapted from data provided by the Community Benefit Funds Unit

Figure 3B
Analysis of JCCBF applications for period May 2010 to May 2012



Standard application limit = \$150 000.

Source: Queensland Audit Office adapted from data provided by the Community Benefit Funds Unit

The JCCBF grant distribution for May 2010 to May 2012 is further outlined in Figure 3C. The maximum grant limit for JCCBF is \$150 000. Forty-three per cent of the applications for the period were for grants of more than \$50 000, however, as shown in Figure 3C, only 3.5 per cent of these were approved. Applications for grants of more than \$50 000 have a limited chance of being approved, which causes substantial wasted effort by the applicants and CBFU.

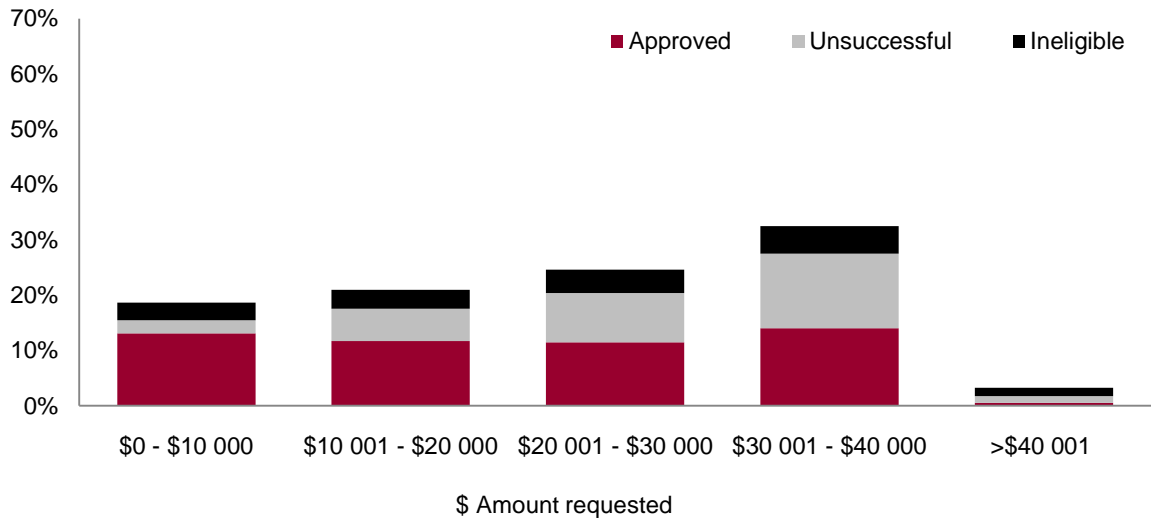
Figure 3C
Analysis of JCCBF applications for period May 2010 to May 2012

	Value of application <\$50 000	Value of application >\$50 000
Number of applications submitted	1 766	1 354
Number of applications approved	442	48
Percentage of applications approved	25.0%	3.5%

Source: Queensland Audit Office adapted from data provided by the Community Benefit Funds Unit

The GCBC uses a different allocation approach from the boards. It uses a notional allocation method across statewide geographical divisions. While Figure 3D shows a more even distribution of approved grants, it is still not effectively ranked and distributed by merit, with lower value applications more likely to be approved. As the applications are considered in application number order (date received) within the individual geographical divisions, funds can be exhausted before all applications within the division are considered.

Figure 3D
Analysis of GCBF applications for period May 2010 to May 2012

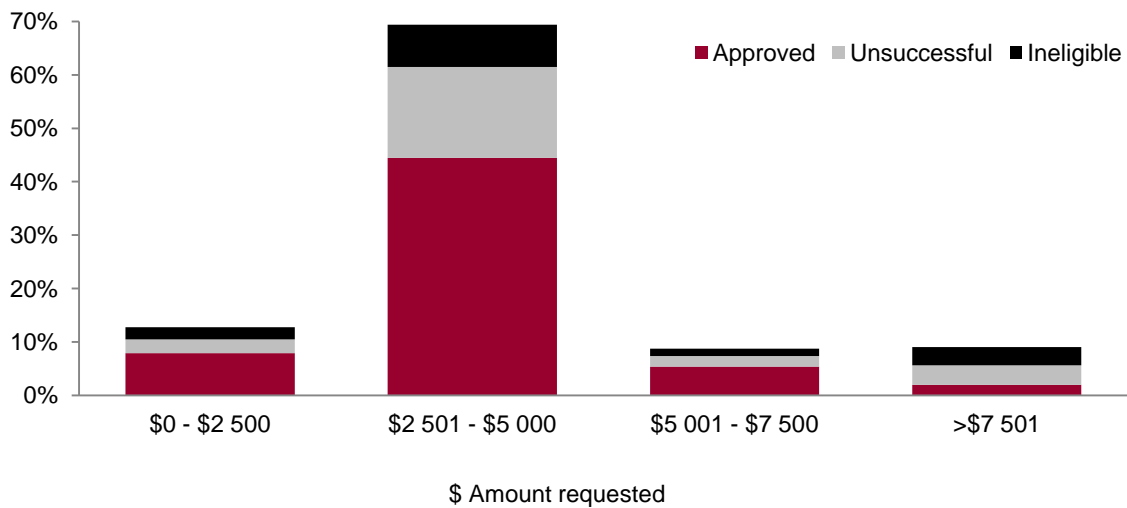


Standard application limit = \$35 000, complex application limit= \$> \$35 000 (must meet specific criteria).

Source: Queensland Audit Office adapted from data provided by the Community Benefit Funds Unit

The BICCBF board uses a ranking approach which ensures that all applications are considered by the board members before allocation decisions. This results in a more uniform distribution across the range of application types and monetary values as highlighted in Figure 3E.

Figure 3E
Analysis of BICCBF applications for period May 2010 to May 2012



Standard application limit = \$5 000, complex application limit = \$> \$5 000 (must meet significant community benefit).

Source: Queensland Audit Office adapted from data provided by the Community Benefit Funds Unit

3.3.3 Transparency and documentation

The GCBC's and boards' decisions on funding an application are recorded by CBFU, but their rationale for these decisions is not. Consequently, decision making is not defensible or transparent. This weakens their accountability for their decisions.

Unsuccessful applicants are notified that their application was not granted, but are not informed of the reason. If an applicant requests feedback, CBFU is unable to give a satisfactory response because the rationale for the decision was not recorded.

The CBFU presents the Attorney-General and Minister for Justice with a list of recommended applications, but the Minister is not informed of how the boards and the GCBC made their decisions. The decisions of the boards and the GCBC are not transparent and the rationales for making the decisions are not recorded and defensible. Overall, the Minister does not have assurance that recommended grants will maximise the achievement of intended government outcomes.

3.4 Recommendations

It is recommended that the Department of Justice and Attorney-General:

- 4. Assess the applications based on endorsed criteria to reduce the burden on the boards and Gambling Community Benefit Committee and improve consistency of their decision making.**
- 5. Ensure that documented assessment criteria are used and consistently applied by the boards and Gambling Community Benefit Committee in assessing applications.**
- 6. Require the boards and Gambling Community Benefit Committee to provide a documented rationale for each funding decision and assurance that all selection criteria have been applied in making their grant recommendations.**

4 Governance, monitoring and reporting

In brief

Background

Public accountability for grant programs requires a governance framework with performance monitoring, reporting and evaluation. Evaluation is enhanced by program objectives that are specific, concise and realistic, measurable, linked to achievement and documented and communicated to applicants and agency staff. Effective program evaluation should be undertaken regularly.

Conclusions

Board members' non-compliance with the maximum service tenure provision limits the opportunity for the introduction of new ideas and increases the risk of long-term members exercising undue influence over newer members.

Monitoring and reporting of the grant programs' outputs and outcomes is limited and inadequate. The Office of Liquor and Gaming Regulation (OLGR) cannot demonstrate to Parliament and the public that the allocation of gambling and casino community benefit funds has achieved community benefit and value for money. The OLGR cannot demonstrate that the administration of grants was performed in an efficient and economical manner.

Key findings

- Seven out of 21 board members (33 per cent) have exceeded the maximum tenure.
- As part of the acquittal process, Community Benefit Funds Unit (CBFU) staff conduct desktop reviews for all grants. Internal Audit examined a sample of these reviews and found that 13 per cent had anomalies that required follow up action by CBFU.
- There are no performance indicators to measure performance against the funds' objectives and CBFU does not monitor and report on the performance of the grants program.

Recommendations summary

It is recommended that the Department of Justice and Attorney-General:

7. Reports annually on length of service of members of the boards and Gambling Community Benefit Committee compared with requirements of the *Governance Manual Community Benefit Funds Unit 2010*.
8. Reports promptly on the funds' outcomes against their objectives to enable stakeholders to assess the funds' performance.
9. Review their process for selection of grant acquittal audits to improve coverage of high risk grants and level of assurance over the grant program.

4.1 Background

It is not sufficient for a better practice grants program merely to attract and select the best mix of applications. It must also ensure that successful grant applications achieve the intended purposes.

Those responsible for administration of the program must accurately account for all funds and demonstrate that they have been spent according to funding guidelines. They should have timely and accurate reporting on where and how funds are allocated and effective monitoring to confirm that planned outcomes have been delivered.

The funds must also have clear rules for board members to ensure probity, diversity of views and timely renewal.

4.2 Conclusions

Board members' non-compliance with the maximum service tenure provision demonstrates poor governance, and may stifle the introduction of new ideas and increase the risk of long term members exercising undue influence over newer members.

Monitoring of grants allocated is limited and ineffective. While the Community Benefit Funds Unit (CBFU) undertakes desktop acquittal processes, these do not always ensure that grant funds have been used for the purpose provided.

While the Office of Liquor and Gaming Regulation (OLGR) performs output reporting on how much has been allocated and for what purpose, this information is not based on specific objectives against which approved grants are measured.

As OLGR does not perform outcome reporting, the department and the public do not know whether the funds have achieved community benefit as intended. In addition, OLGR does not report on the performance and operational costs of administering the grant program and, therefore, the department and the public do not know whether grant administration is efficient and economical.

4.3 Findings

4.3.1 Committee and board member tenure

The *Governance Manual Community Benefit Funds Unit 2010* documents the requirements for the Gambling Community Benefit Committee (GCBC) and the boards of the three casino community benefit funds. The manual outlines the background of the funds, appointment and membership of GCBC and board members, roles and responsibilities of key stakeholders, specific operations and functions of the GCBC and boards and delegations. All members undertake governance training before attending their first meeting.

The *Governance Manual Community Benefit Funds Unit 2010* states:

“Every member is appointed for a term not exceeding three years and may be eligible for re-appointment after the initial term expires. To promote good governance it is the Queensland Government’s intention to ensure that all members are not appointed for any more than three consecutive terms.”

The GCBC members comply with this requirement, however, of the three boards, seven out of 21 board members (33 per cent) have exceeded the appointment terms set out in the *Governance Manual Community Benefit Funds Unit 2010*. Board membership tenure is shown in Figure 4A.

Figure 4A
Board members' tenure exceeding maximum tenure provisions

Entity	Number of board or committee members	Number exceeding length-of-service requirement	Percentage exceeding length-of-service requirement
JCCBF	7	2	29%
BICCBF	7	2	29%
RHCCBF	7	3	43%
Total	21	7	33%

Source: Queensland Audit Office adapted from data provided by the Community Benefit Funds Unit

Tenure for all board members is illustrated in Figure 4B.

Figure 4B
Tenure of members

JCCBF		RHCCBF		BICCBF	
Member	Years	Member	Years	Member	Years
Member 1	18	Member 1	14	Member 1	17
Member 2	11	Member 2	14	Member 2	12
Member 3	5	Member 3	14	Member 3	4
Member 4	3	Member 4	6	Member 4	3
Member 5	3	Member 5	2	Member 5	3
Member 6	3	Member 6	1	Member 6	3
Member 7	Vacant	Member 7	Vacant	Member 7	3

Source: Queensland Audit Office adapted from data provided by the Community Benefit Funds Unit

This indicates the disparity in length of service between long serving and new members and the lack of compliance with turnover and succession provisions of the *Governance Manual Community Benefit Funds Unit 2010*. The risk of non-compliance with the maximum tenure provisions is that long term board members may assert greater influence over newer members in decision making processes.

4.3.2 Acquittals

The CBFU is required by its procedure manual to undertake a 100 per cent desktop verification of all items within each grant approved by the funds. Successful applicants submit copies of receipts or invoices to validate expenditure against approved items. The CBFU accepts the invoices as evidence of expenditure for the purposes of the grant.

A review of these grant acquittals was undertaken by the OLGR Compliance Unit in December 2012. Of the sample of 100 acquittals that were reviewed, 87 per cent were acquitted satisfactorily. The remaining 13 per cent had anomalies that have not yet been addressed.

We conducted site visits to verify documentation and expenditure of 13 applicants that had received duplicated payments. Two of the recipients returned the duplicated payment to CBFU. Following advice from CBFU, 10 submitted variations to CBFU for approval to spend the duplicated funds on items similar to those originally approved, and CBFU approved these variations under the guidelines.

One recipient of duplicated payments applied for a variation to spend the funds on items different to those originally approved. Under the guidelines, this variation should have been referred to the board that approved the original application, but it was instead approved by CBFU.

4.3.3 Monitoring, reporting and evaluation

Since the inception of the program in 1987, the Gambling and Casino Community Benefit funds have distributed \$660 million to support 48 529 projects and initiatives to benefit the Queensland community. A program of this scale requires strong accountability mechanisms, including comprehensive and periodic management reporting, regular program evaluation against objectives, and public disclosure of program outputs and outcomes.

There is no performance management framework, periodic management reporting or evaluation of the program against its objectives. These issues were highlighted in the Department of Justice and Attorney-General Internal Audit Report No. 9, 2011–12.

OLGR does perform some public reporting on outputs, including:

- Allocated Grants Report, with successful applicants and allocated amounts
- Annual Allocations Report, which shows grants distributed, the type of services provided and the community groups that benefited.

While the Allocated Grants Report is consistently published after each funding round, the Annual Allocations Report had not been published in a timely manner. There was a three-year gap between issuing the 2008–2009 Annual Allocations Report and that for 2009–2012, which was not published on the OLGR website until early 2013.

There has been no internal or external reporting on the operational costs of administering the funds. The department does not benchmark with other grants programs and cannot demonstrate that the administrative costs of the programs are reasonable.

4.4 Recommendations

It is recommended that the Department of Justice and Attorney-General:

7. Reports annually on length of service of members of the boards and Gambling Community Benefit Committee compared with requirements of the *Governance Manual Community Benefit Funds Unit 2010*.
8. Reports promptly on the funds' outcomes against their objectives to enable stakeholders to assess the funds' performance.
9. Review their process for selection of grant acquittal audits to improve coverage of high-risk grants and level of assurance over the grant program.

Appendices

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Appendix A—Comments

Auditor-General Act 2009 (Section 64) – Comments received

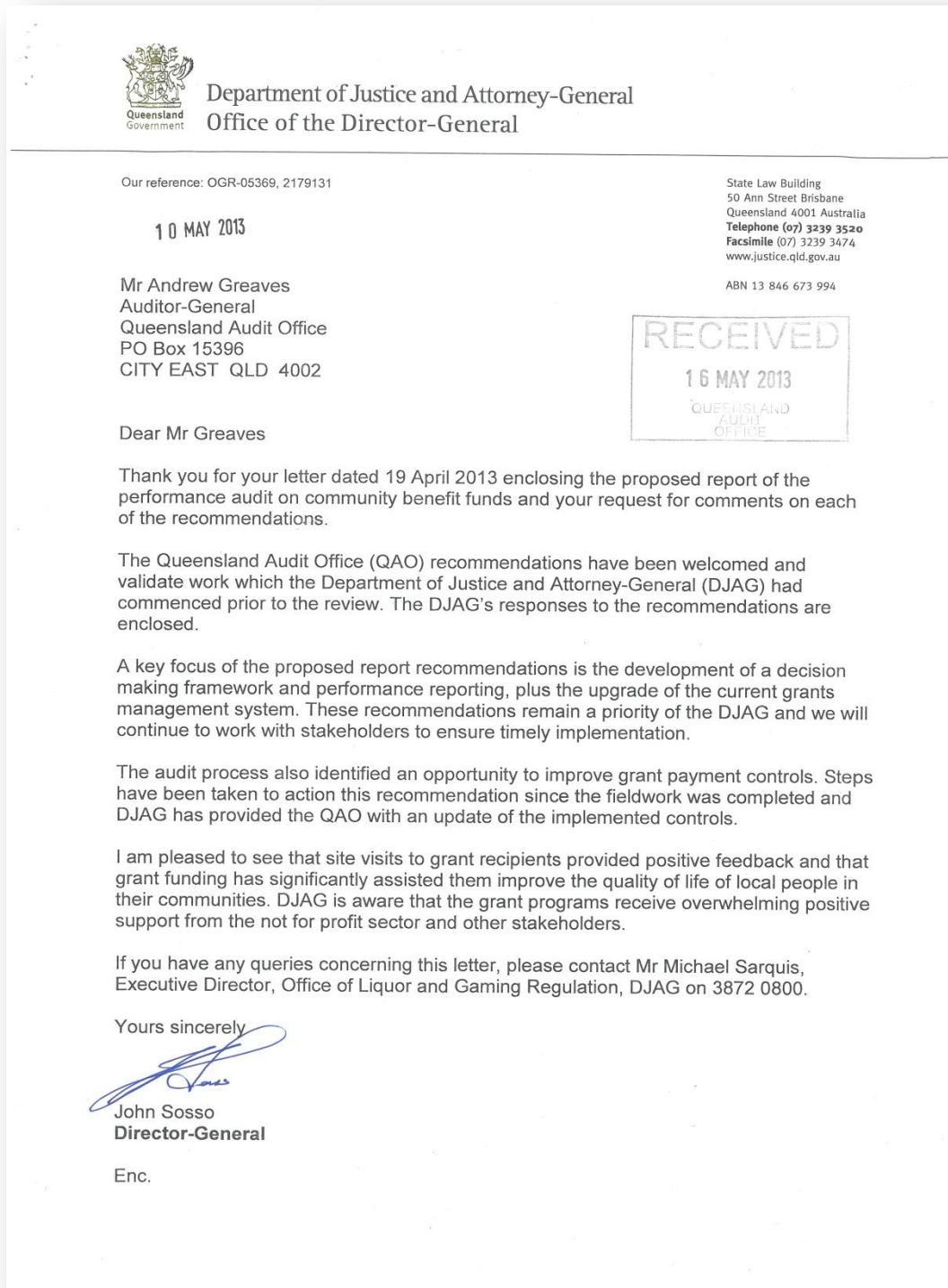
Introduction

In accordance with Section 64 of the *Auditor-General Act 2009* a copy of this report was provided to the Department of Justice and Attorney-General and the chairs of the Jupiters Casino Community Benefit Fund, Breakwater Island Casino Community Benefit Fund, Reef Hotel Casino Community Benefit Fund and the Gambling Community Benefit Committee with a request for comment.

Responsibility for the accuracy, fairness and balance of the comments rests with the heads of these agencies.

Comments received

Response provided by the Director-General, Department of Justice and Attorney-General on 10 May 2013.



Responses to recommendations

Response to recommendations provided by the Director-General, Department of Justice and Attorney-General on 10 May 2013.

Responses to recommendations

Response to recommendations provided by Department of Justice and Attorney-General:

Recommendation	Agree/Disagree	Timeframe for Implementation	Additional Comments
1. Upgrades of the Office of Liquor and Gaming Regulation's information technology systems to be compatible with a broader range of systems to provide for equitable access for all applicants.	Agree	1 July 2014	<p>The grants management system (GMS) used by CBFU is provided by the Office of State Revenue (OSR). CBFU began using the GMS in 2009 when it was found the current grants database was unstable. GMS was seen as an end to end grants management system with the potential to be utilised by other government agencies. OSR has acknowledged that improvements are required and have now developed QGrants. CBFU has negotiated with OSR for a team member to work with them to assess QGrants and determine if it meets CBFU requirements with a view to transition to that system. It is anticipated this will address many of the shortcomings of the current systems.</p> <p>The Commission of Audit has also made a recommendation. Recommendation 57: The administration of grant programs be managed by specialised grant administration systems based on best practice, to minimise the administrative and overhead costs involved.</p> <p>The timeframe for implementation is dependent on resources external to CBFU although it is being provided as a priority.</p>
2. Improves information provided on eligibility and assessment criteria to all potential applications to reduce wasted effort.	Agree	31 March 2014	<p>CBFU has formed a working party and an assessment guide is being developed. The assessment guide will be reviewed annually and includes seeking advice from the Minister regarding government priorities for funding applications; the committee/boards identifying priorities for funding applications; and reviewing application forms and guidelines to ensure information required by the decision makers is being obtained. The assessment guide may also contain selection criteria to assess the merits of funding applications, rather than score applications. It may also provide information to applicants to help them make a self assessment and determine if they should consider submitting a funding application.</p> <p>Prior to an assessment guide being published, a trial will be undertaken by the committee/boards and approved by the Minister.</p> <p>The Commission of Audit has also made a recommendation. Recommendation 56: Grant programs across government be</p>

Responses to recommendations

Response to recommendations provided by the Director-General, Department of Justice and Attorney-General on 10 May 2013.

			<p>rationalised and consolidated, with a view to providing a more informed basis for future decisions on the nature, range and scope of grants proposed to be made, and the organisations receiving these grants.</p> <p>The Department will consider the recommendation which may affect assessment criteria.</p>
3. Implements controls to prevent duplicate payments.	Agree	Implemented	<p>It is acknowledged controls to prevent the potential for duplicate payments can be strengthened and since QAO has identified this to the Department new processes have been put in place. The Minister approved changes to the funding guidelines and noted the new control process.</p>
4. Assesses the applications for each round based on endorsed criteria to reduce the burden on the boards and GCBC and improve consistency of their decision making.	Partially Agree	31 March 2014	<p>As referred to in recommendation 2, an assessment guide is being developed. Once the assessment guide has been developed it is expected CBFU will be able to assist with ranking funding applications against the identified criteria. CBFU has continued to play an administrative role by reviewing each application to ensure the organisation and budget items are eligible. This has reduced the number of applications considered by the committee/boards. It should be noted that because of the independence of the committee/boards it is not considered appropriate that applications are prioritised by the department.</p> <p>The development of an assessment guide is a priority and CBFU and the committee/boards have been working together to develop a strategy.</p>
5. Ensures that documented assessment criteria are used and consistently applied by the boards and GCBC in assessing applications.	Agree	31 March 2014	<p>As referred to in recommendation 2 and 4. Currently there are four distinct community benefit funds, four different revenue sources and four pools of funding. Each community benefit fund has a committee/board to make funding recommendations to the Minister with each member selected for appointment by the Minister. The members represent different interest groups and different localities. In addition, each of the committee/boards has the assessment information provided to them in different ways to assist in their decision making.</p> <p>It is not practical for the committee/boards to apply the same assessment criteria across the four community benefit funds but, nonetheless it is agreed that each committee/board should consistently apply its assessment criteria. The requirement will be documented in the requirements of the <i>Governance Manual Community Benefit Funds Unit 2010</i>.</p>

Responses to recommendations

Response to recommendations provided by the Director-General, Department of Justice and Attorney-General on 10 May 2013.

<p>6. Requires the boards and GCBC to provide a documented rationale for each funding decision and assurance that all selection criteria have been applied in making their grant recommendations</p>	<p>Partially agree</p>	<p>31 March 2014</p>	<p>As identified in the QAO Report each of the funding programs is oversubscribed. In 2011-12, approximately 5,000 eligible applications were received with around 2,500 approved. The requirement for the members to record a rationale for each decision would be onerous.</p> <p>When members consider funding applications there are many variables. Each application is different, whether it be the organisation's location; need for the grant; partnerships; application budget; history of approved grants; financial capacity of the organisation; historical or current environmental factors that have affected the organisation or its location. In addition each of the committee/boards has either seven or eight members that represent different industry groups, locations or community sectors. Again, each of these members can prioritise funding applications in a different way. Not all the factors considered are weighted evenly.</p> <p>It is expected the new assessment guide and more structured approach to reviewing funding applications will more effectively lend itself to determine why applications are unsuccessful. Applicants will potentially be able to assess the criteria themselves and reasons can be provided if sought.</p>
<p>7. Reports annually on length of service of members of the boards and GCBC compared to requirements of the <i>Governance Manual Community Benefit Funds Unit 2010</i>.</p>	<p>Agree</p>	<p>Implemented</p>	<p>The Minister responsible for the grants programs approves the membership of the committee/boards. The Department will continue to recommend appointments that comply with the governance manual.</p> <p>The Department will report on the length of service of members annually through the funding programs allocation report. In addition the Department has recorded the length of membership on the OLGR webpage.</p>
<p>8. Reports promptly on the funds' outcomes against their objectives to enable stakeholders to assess the funds' performance.</p>	<p>Agree</p>	<p>31 March 2014</p>	<p>Each of the community benefit fund programs has slightly different objectives. As part of the assessment guide, the department is developing an objective that can be used for all four community benefit fund programs.</p> <p>There is no statutory requirement to report to Parliament to inform stakeholders of successful grants. The Department publishes on its website a list of all grant applicants after announcements have been made by the Minister. The information is timely and identifies the name of the successful applicants, approved project and amount approved.</p>

Responses to recommendations

Response to recommendations provided by the Director-General, Department of Justice and Attorney-General on 10 May 2013.

			<p>The department will conduct an annual survey of grant recipients to determine if the approved grant met the organisation's funding application objectives/need.</p> <p>CBFU publishes an annual allocations report which provides further breakdown on statistical data of approved grants. The survey results will be included in future reports.</p> <p>The last allocations report presented three financial years. The Department acknowledges the delay in publishing the report due to many issues beyond its control.</p> <p>The Commission of Audit has also made a recommendation. Recommendation 56: Grant programs across government be rationalised and consolidated, with a view to ensuring the efficiency and effectiveness of grant programs in achieving stated objectives.</p>
9. Reviews their processes for selection of grant acquittal audits to improve coverage of high risk grants and level of assurance over the grant program.	Agree	31 March 2014	<p>A robust audit process is already in place which includes a 100% desk audit conducted by CBFU, as well as sample field audits of successful applicants undertaken by the OLGR Audit Unit.</p> <p>The field audit selection process includes grant recipients selected by CBFU and the remainder are from an approved target selection strategy. OLGR Audit Unit will review the selection strategy and number of applicants audited each year.</p>

Comments received

Response provided by the Chairperson, Board of the Jupiters Casino Community Benefit Fund on 10 May 2013.

10 May 2013
BY E-MAIL

PERFORMANCE AUDIT ON COMMUNITY BENEFIT FUNDS | BOARD OF THE JUPITERS CASINO COMMUNITY BENEFIT FUND ("THE BOARD").

Further to your letter dated 19 April 2013 enclosing the Proposed Report, we note with appreciation, the Audit Office's implementation of changes to the Preliminary Report in line with our response of 11 April 2013.

As such, we request that this more concise response is read together with that 11 April 2013 response.

COMMENTS ON FINDINGS AND RECOMMENDATIONS

Again, we reiterate that the Board is made up of seven (7) members, all of whom have altruistically provided significant time and effort in the furtherance of Board's prevailing aim to provide recommendations to the Minister to allocate funds for meaningful community benefit. As such, the Board welcomes the Audit and any appraisal which promotes this civic cause, particularly given the voluntary nature of the Board and, as the Audit Office previously noted "*the growing demand from the not-for-profit sector for access to these scarce funds*".

We note as follows:

1. Summary Conclusions Page 1 "Duplicate Payment".

The Board welcomes the amendment to the Report in this respect, particularly the confirmation that "*there is no implication that the committee or any of the boards is responsible*" regarding the issue of the duplicate payments.

Again, the Board welcomes appropriate recommendations which work to safeguard against undue duplicity in the awarding of specific Applications between the Benefit Funds, provided such recommendations maintains the necessary confidentiality and integrity of the Board's own Application processing.

2. Governance and Reporting – Tenure of Board Members.

We welcome the amendment to Recommendation 7 to reflect the nature of the process of each Board member's placement on the board by way of invitation and acceptance. In this respect, we also note that there is presently an Office of Liquor and Gaming Regulation (OLGR) process of notification of Board Member tenure, publicly available at:

<http://www.olgr.qld.gov.au/grants/CBFU/jupitersCasinoCommunityBenefitFundBoardMembers/index.shtml>

We also note the Audit Office's amendment of Figure 4B to reflect the vacant Board position.

3. Prioritisation of Applications

Again, we emphasise that The Board's process of not requesting the CBFU rank applications is a valid exercise of right of the Board. Given the Board's compliance in this respect, the Board believes that there is no case to answer regarding this issue.

Comments received

Response provided by the Chairperson, Board of the Jupiters Casino Community Benefit Fund on 10 May 2013.

The Department's comment that none of the boards or the committee have provided documentation to demonstrate equitable or consistent funding is fundamentally confounded as it unfairly implies that the Board has to discharge an onus of proving that its distribution is *not* inequitable.

That said, we welcome any guidance on how it may, together with the CBFU rank and prioritise applications. We do stress however, that such a system should be in the form of a guide rather than any other unduly restrictive criteria process.

Recommendations

Whilst most of the Recommendations are covered above, we note concern regarding Recommendation 6 which requires *"the boards and GCBC to provide a documented rationale for each funding decision and assurance that all selection criteria have been applied in making their grant recommendations"*.

Given the excessive and growing number of applications, this process of documenting and justifying each funding decision is unduly onerous. Needless-to say, the process of sifting through so many applications is already administratively intense and such a process of having to justify each and every decision will add to this administrative burden.

Clearly if an improved Guide is provided to assist the Board in making decisions the nature of the decisions will be easily inferred. Further, the provision of such a Guide to prospective Applicants may assist in this aim by ensuring Applications are generally made against this criterion.

Finally, we note that the recommendations of the Report are reflective of the recommendations of the Costello Report, in general. As such, it is important to recognise that any issues regarding the administration of grants and the policing of same, not be considered solely against the Boards or CBFU, but rather in the context of the need for amendment to the greater administrative system, across Departments.

Again, the Board thanks the Audit Office for its audit and inviting us to respond with the mutual view towards optimising the community benefit in the grants distribution process.

Yours faithfully,

DAVID ORMESHER
Legal Counsel on Behalf of Sarina Russo
Chairperson

Appendix B—Audit details

Audit objective

The objective of the audit is to examine the effectiveness of the administration of the gambling and casino community benefit funds. The audit assessed the extent to which:

- the attraction and selection of high-quality applications is maximised
- funding decisions are well informed and effectively communicated
- outcomes are achieved.

Reason for the audit

Grants and other funding are provided by government to support the achievement of goals and objectives consistent with government policy. Grant funding can be provided to government entities, including local government, non-government organisations and individuals.

Grants may be covered by legislation or regulation or be subject to Cabinet, ministerial or administrative discretion. Grant programs in Queensland may be diverse in their structure, purpose and risk, and range in their accountability requirements from highly complex to relatively simple.

As all Queensland Government grant programs involve the use of public money, grant providers are accountable for funds allocated under various grant programs. Grant funding must be effectively managed to achieve planned objectives, outcomes and benefits.

Performance audit approach

The audit was conducted between September 2012 and February 2013. It examined how the Community Benefit Funds Unit of the Office of Liquor and Gaming Regulation, part of the Department of Justice and Attorney-General, carries out the administrative functions for the Gambling Community Benefit Fund, Jupiters Casino Community Benefit Fund, Breakwater Island Casino Community Benefit Fund and Reef Hotel Casino Community Benefit Fund.

The audit consisted of:

- interviews of staff of CBFU
- attendance at meetings of the boards of the three Casino Benefit Funds and the Gambling Community Benefit Committee
- analysis of documents, including strategies, plans, policies and guidelines
- data analytics on selected data sets
- site visits to recipients of grant payments.

The audit was undertaken in accordance with Auditor-General of Queensland Auditing Standards, which incorporate Australian auditing and assurance standards.

Auditor-General Reports to Parliament

Tabled in 2012–13

Report number	Title of report	Date tabled in Legislative Assembly
1	Racing Queensland Limited: Audit by arrangement	July 2012
2	Follow- up of 2010 audit recommendations	October 2012
3	Tourism industry growth and development	November 2012
4	Queensland Health - eHealth	November 2012
5	Results of audits: State entities 2011–12	November 2012
6	Implementing the National Partnership Agreement on Homelessness in Queensland	February 2013
7	Results of audit: Queensland state government financial statements 2011-12	March 2013
8	Online service delivery	March 2013
9	Fraud risk management	March 2013
10	Results of audits: Local government entities 2011–12	April 2013
11	Results of audits: Education sector entities 2012	April 2013
12	Community Benefit Funds: Grant management	May 2013
13	Drink Safe Precinct trial	May 2013

Reports to Parliament are available at www.qao.qld.gov.au