

Emergency relief grants

About this report

The NSW and Commonwealth governments announced the Special Disaster Assistance (SDA) grant program to support primary production businesses affected by significant flood events in areas of NSW in August and September 2022.

This audit assessed whether the NSW Rural Assistance Authority (RAA) and the NSW Reconstruction Authority (Reconstruction Authority) implemented the SDA - storms and floods AGRN 1030 and AGRN 1034 program in line with the principles and mandatory requirements outlined in the Grants Administration Guide, and in line with the program guidelines.

This audit was conducted following a request from the Special Minister of State that the Auditor-General conduct a recurring performance audit of emergency relief grants under section 27B(3)(c) of the *Government Sector Audit Act 1983*.

Findings

The RAA and the Reconstruction Authority followed the program guidelines and met most of the requirements of the Grants Administration Guide in administering the program.

However, the RAA did not implement appropriate controls to mitigate the risk of fraud for applicants who received only the upfront payment of \$25,000. It did not require evidence of how these funds would be spent, or validate claims of estimated damage, before distributing the payments. The total value of these payments was approximately \$40 million.

The RAA conducted an effective process to determine each applicant's eligibility for the program and implemented appropriate fraud controls for higher-value grants.

The Memorandum of Understanding between the RAA and the Reconstruction Authority has not been updated since 2015. Neither agency conducted a cost-benefit analysis to assess value for money or planned an evaluation of the program. There were also gaps in the way that the RAA managed program risks.

Recommendations

Both audited agencies should:

- update the Memorandum of Understanding to better define responsibilities for grants administration.

The NSW Rural Assistance Authority should:

- improve its risk management of grant programs by:
 - defining its risk tolerance
 - ensuring appropriate controls to reduce fraud risks are in place
- ensure that conflict of interest declarations are collected from all assessment and claims staff
- update its cost estimate model
- develop additional performance measures for future grant programs.

The NSW Reconstruction Authority should:

- complete the cost-benefit analysis and outcome evaluation for the program.

Fast facts

10,715

applications received for the program

8,959

grant recipients under the program

32,287

claims for reimbursements lodged

\$75,000

maximum grant amount

\$59,881

average value per grant disbursed

\$536.5m

total value of grants disbursed