Health Grants – Select Phase Review

Department of Health

2 April 2019

nous | 20 YEARS OF INFLUENCE

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1 Executive Summary

Nous was engaged by the Department of Health (the Department) to undertake a review of the current Select Phase model for grants administration. The Department commissioned this review to ascertain if the delivery of the Select Phase by policy areas delivers effective and efficient outcomes for all parties involved, how this might differ for different types of grant opportunities and programs, and whether it is consistent with Australian Government requirements.

In undertaking the review, Nous examined various process documentation, tools and templates, specific grant guidelines, and conducted stakeholder engagements with staff from the Health Grants and Network Division (HGN), the Residential and Flexible Aged Care Division, the Primary Health Care and Mental Health Care Division and the Indigenous Health Division. Nous also met with senior executive staff from the Department and the Community Grants Hub (the Hub).

Nous has found that the current Select Phase model within the Department is not optimised to achieve quality outcomes in terms of both efficiency and effectiveness. There is an absence of a common understanding of the process, driving issues in a range of areas. There is a lack of clarity due to the volume and accessibility of process documentation, there is limited flexibility to direct effort where needed for different grant opportunities, expertise from policy areas and corporate areas are not fully leveraged, and IT systems are impacted by human error due to inefficient processes. These issues also indicate that the current Select Phase model applies a disproportionate emphasis on certain principles of the Commonwealth Grant Rules and Guidelines (CGRGs) over others.

The root cause of many of these issues is the fact that there is no consistent approach to overseeing a grant opportunity from the start of the process to the end. This includes transitions into and out of the Select Phase (i.e. from the Design Phase and to the Establish Phase). This is because the different phases of the grant lifecycle have been carved out for delivery by different entities, without oversight of the grant lifecycle overall. A better approach would be to clarify how and where within the select phase, each area's expertise is to be applied. Overall accountability for the Select Phase process needs to reside with HGN while accountability for the outcomes generated by the Select Phase would sit with policy.

A focus on three key areas would enable improvements to the Select Phase model:

- simplify current documentation for immediate benefit
- enable better use of supporting IT systems
- adoption of a centralised/hybrid model for administering the Select Phase.

The Department would benefit from the adoption of a hybrid delivery model for the Select Phase. This would separate accountability for process and accountability for outcome. Under such a model, policy areas would have ownership of the Select Phase outcome and HGN would have ownership of the Select Phase process, underpinned by a flexible process that can be adapted to deal with different types of grant opportunities. Three options to embed a hybrid model include:

1. continue the decentralised model but clarify the process and establish clearer lines of responsibility
2. centralise oversight of the process with HGN and enable a robust case management approach
3. centralise oversight of the process with HGN, using embedded grants administration teams.

Nous has identified eight recommended actions to improve the current Select Phase model. This includes the adoption of option 2 above as the foundations are currently in place within the Department for this option to be implemented. It will however require a re-examination of the current resource allocation for HGN.

2 Nous was engaged to review the Select Phase of the grant lifecycle

Nous was engaged by the Department to undertake a Review of the Department's current Select Phase model for grants administration. The Review examined different grant selection processes covering key policy areas that have recently approached the market, or who have had a significant volume of one-off grants. The different grant selection processes covered Targeted Competitive, Targeted Non-competitive, Ad-Hoc and One-off, and Open Competitive grant opportunities. Only grant opportunities that involved the Community Grants Hub (the Hub) were in scope for the project. The review sought to determine the extent to which the delivery of the Select Phase by policy areas supports the achievement of program outcomes, enhances the efficiency of the Select Phase, and aligns with whole of government requirements.

Within the Department, grants administration is undertaken by HGN and policy areas. The current approach to grants administration is only a relatively recent change. Until December 2017, HGN delivered the design, select and establishment phases of the grant lifecycle represented in Figure 1. This model of service aligned with the Hub model and centralisation in the Department was to prepare for a potential move of Departmental grants administration services to the Hub. In January 2018 responsibility for the Select Phase was handed to policy areas. This move was a direct consequence of criticism from policy areas that the fully centralised model was not achieving program outcomes, was inefficient, and duplicated effort between HGN and policy areas within the Department.

HGN required a review of the current Select Phase model to ascertain if the delivery of the Select Phase by policy areas delivers effective and efficient outcomes for all parties involved, how this might differ for different types of grant opportunity and different programs, and whether it is consistent with Australian Government requirements. The review also considered how the model for delivery of the Select Phase impacts on other phases of the grant lifecycle.

It should be noted that while the focus of the review was predominately the Select Phase, there was a need to explore particular aspects of the different phases as these were seen to have had an effect on the overall success of the Select Phase. This report includes some commentary on aspects of phases of the grant lifecycle as it operates within the Department and the Hub. This provides the Department with a better appreciation of the root cause of some of the challenges being experienced under the current Select Phase model.

Report Note:

Findings expressed in this report were gauged through interviews with stakeholders from HGN and policy areas. These stakeholders often had different views of the current process, and almost all views pertained to grant opportunities that occurred in 2018. This can mean that the views expressed pertain to problems that in, HGN's view, are being (or have been) addressed. Where this is the case, informing staff in policy areas of the progress would help build on the goodwill expressed by these areas during this project.

3 The Select Phase bridges from Design to Establish

The Select Phase is the second of five phases in the grants lifecycle. It begins when grant guidelines have been completed and ends with applicants being informed of the results. Currently the delivery of the phase belongs to policy areas within the Department and comprises 51 process steps.

3.1 The grant lifecycle covers Design, Select, Establish, Manage and Evaluate phases

The grants administration process covers Design, Select, Establish, Manage and Evaluate phases. In the Department, parts of Design are performed by policy areas supported by HGN, with the Select Phase being performed almost entirely by policy areas. The establish, manage and evaluate phases are performed by the Hub in the Department of Human Services. Figure 1 is an overview of the grant lifecycle as it pertains to the Department.

**Figure 1 | Overview of the grant lifecycle**

There is consensus among stakeholders, and within procedural documentation, that Figure 1 correctly depicts the end-to-end grants lifecycle at a high level. However, there is not a common understanding of the details within each phase and, more importantly, how the phases connect. There is also no consistent process for HGN to gauge visibility of grant opportunities before they commence through the process.

3.2 Most steps of the Select Phase are performed by policy staff

The Select Phase comprises five Stages: Program Launch; Receiving and Assessing; Recommending Recipients; Confirming Recipients; and Announcing Recipients. Across these Stages there are a total of 51 steps shown in Figure 2. The phase is primarily delivered by policy areas in the Department.

The steps that make up the Select Phase are detailed across five Standard Operating Procedures documented and maintained by HGN. A description of the process steps is provided in Appendix A.

Figure 2 | Five Stages of the Select Phase
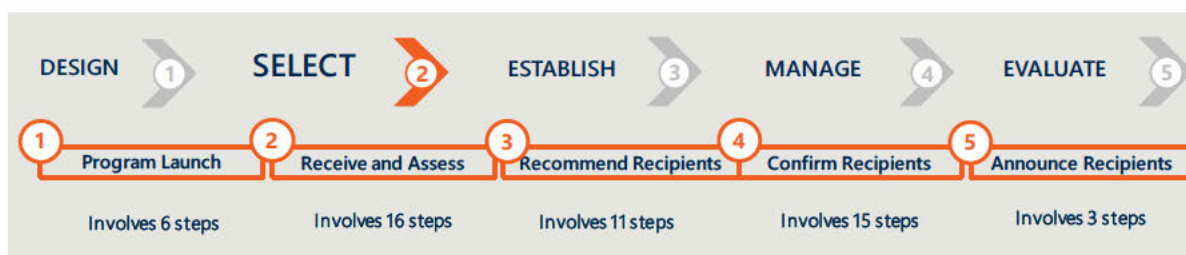
4 Four key issues underpin many of the current challenges

Four key issues underpin many of the current challenges across the Select Phase:

- the volume and accessibility of process documentation
- expertise not being fully leveraged
- error prone IT systems
- a disproportionate emphasis on process rather than the principles of the CGRGs.

These issues are driving an emphasis on individual ownership of activity over collective support for outcomes.

4.1 The volume and accessibility of process documentation leads to a lack of clarity of roles

In addition to comprising 51 steps, there are a significant number of tools, templates, process documents and process diagrams for the Select Phase. While on the one hand it can be useful to have detailed process documentation as it shows what is needed when, too much, and/or poorly structured documentation can create a situation where staff become overwhelmed by the volume of material.

Key stakeholders in policy areas and HGN described the current process documentation as being difficult to find and use, as well as lacking a clear picture of who is responsible for what.

Policy teams also described having less and less capacity to research and understand voluminous process documentation due to competing pressures on their time. This has led to different areas adapting parts of the process as they see fit, rather than having a process that is easy to follow and easy to comply with as it meets the immediate need. The result has been a different understanding of the Select Phase across the different policy areas and hence a different interpretation of what policy areas do, what HGN does and what the Hub does.

4.2 Expertise from policy and corporate areas is not fully leveraged

The current model does not fully leverage the specific expertise within policy areas and within HGN. According to policy areas, staff are taking on administrative functions and corporate areas in HGN have not been able to fully utilise their expertise in process to drive efficiency and achieve departmental outcomes.

HGN are responsible for developing and administering tools, templates and process documents, but they have very limited visibility over:

- whether the tools, templates and processes are used to best effect
- the usefulness of the process, tools and templates for policy staff.

Policy areas view themselves as being consumed by administrative process. This is exacerbated by their lack of understanding of the steps in the process and their responsibilities for each step. This is resulting in policy areas struggling to see how the processes are of value in achieving a policy or program outcome.

Some of the consequences of this blurring of expertise has been the differential application of resourcing to cover different Select Phase processes for different grant opportunities. Some examples included:

- policy areas undertaking recruitment for contracted workforces for short periods of time

- establishing tiger teams to manage an influx in ad-hoc grants
- the establishment of a program management unit in one division to oversee grant opportunities.

4.3 IT systems are impacted by human error due to inefficient processes

The Department uses parts of govGPS (formally FOFMS) throughout the Select Phase and publishes most grant opportunities on GrantConnect. Both systems have functionality that is not currently being utilised.

govGPS

The govGPS system is being used in a number of ways that generate inefficiencies and result in a high risk of human error. One example is the Department's continued use of email-based submissions for all types of grant opportunities, despite govGPS' ability to accept online applications. While govGPS does not have the functionality to accept online applications for certain capital grants given the size of files needed to be uploaded into the system, it can accept applications of a certain size.

Greater use of govGPS' online applications could reduce the workload currently experienced by some policy areas during the assessment of applications that are submitted via email. Some policy areas advised that the emailed submissions are packaged together in a single electronic file by HGN and sent to policy areas when the grant round closes, without any quality or compliance checks. This use of emailed submissions therefore results in significant manual cleansing and manipulation of grant application data by policy areas. The lack of use of online submissions appears to be resulting from policy areas being unaware of this functionality or viewing it as insufficient to meet the needs of their target stakeholder group. There is also the issue of cost incurred from the Hub in the use of online applications, and or variations to the online application template, which some areas suggested makes the use of online applications cost prohibitive.

Another example, compounded by the lack of use of online submissions, is the need for a comprehensive set of data to be manually developed and quality assured before being handed to the Hub for the Establishment Phase. While this step is part of the Establishment Phase, many policy areas understand it to be part of the Select Phase. At the completion of the assessment of grant applications and any subsequent negotiations with prospective grant recipients, policy areas described how they were required to complete an excel spreadsheet with support from a small team in HGN. The spreadsheet has a row for each application. If the grant round requires the establishment of new funding agreements it has 86 columns, and for variations to existing agreements it has 59 columns. Despite much of the data in the spreadsheet often being drawn from govGPS, the Hub uses the spreadsheet as the basis for entering grant recipient data back into govGPS to establish the grants.

Due to the lack of clarity of roles and processes, it is unclear when or if quality assurance checks are performed on the data despite the high levels of manual data manipulation. Policy areas advised that they provide this data directly to the Hub which takes it to be an accurate record and uses the data to establish the grants in govGPS. Many policy areas suggested that there have been numerous data quality issues with this part of the process, and equally expressed frustration in not knowing how to access the information in govGPS in order to pre-populate and cross-check the data.

GrantConnect

GrantConnect is used to publish most grant opportunities (it is sometimes not used for ad hoc opportunities). It currently serves to provide information as to the existence of the opportunity and where to apply. Nous is advised that GrantConnect has additional functionality such as the ability to receive online applications. The system offers greater flexibility in the form of these applications than govGPS while providing more structure than email submissions.

4.4 The current Select Phase model reflects a disproportionate emphasis on certain principles of the CGRGs

The CGRGs require accountable authorities and officials to have regard to the seven principles of grant administration. These are *robust planning and design, collaboration and partnership, proportionality, an outcomes orientation, achieving value with relevant money, governance and accountability*, and *probity and transparency*. Nous' review of the current Select Phase model suggests that there is a disproportionate emphasis on certain principles to the detriment of others. For example:

- the volume of process documentation and its indiscriminate use in different areas is an indication of a focus on *robust planning and design* but may not be demonstrative of *an outcomes orientation*

- the lack of common understanding across the different areas regarding the current process suggests that there is an unbalanced appreciation and application of *collaboration and partnership*

- there is no documented evidence that the process can be varied, nor is there an indication of the basis on which the process can be varied, suggesting that the system does not sufficiently support the principle of *proportionality*.

5 The current Select Phase model can be improved across 3 key areas

Improvements to the Select Phase model can be realised in three key areas:

- simplification of the current process documentation

- better use of supporting IT systems

- adoption of a hybrid model for administering the Select Phase Model.

5.1 Simplify current documentation for immediate benefit

The current Select Phase documentation should be simplified and organised to be more accessible and easier to engage with. One approach would be to reduce the number of key steps presented in top-level documents to enable staff to more readily understand where in the process they are, and where they need to go next.

Figure 3 shows Nous' application of this idea by reducing the 51 steps of the process down to 19 across the 5 stages. While there will still need to be a degree of detail supporting each process step, an organising structure like that of Figure 3 will support better engagement with such detailed documentation. As will be shown in Section 5.3 though, the use of the material should be examined through a risk lens to effectively adapt the execution of the process to better suit different grant opportunities.

Figure 3 | Simplified steps of the Select Phase

5.2 Enable better use of supporting IT systems

Better use of the GrantConnect and govGPS IT systems that supports grant administration would improve efficiency and reduce risks that arise from manual data processing and entry.

The govGPS system presents many benefits due to its use by the Hub in the Establish Phase. Three key actions would address many of the issues that currently arise in the Select Phase:

- better inform policy areas of the benefits of online applications through govGPS and how to use them

- establish the guidelines for using govGPS for certain grant opportunities

- clarify and promote who in the Department has access to what govGPS data and how it can be accessed

- reduce (or ideally eliminate) the volume of data required to be extracted from govGPS in the Select Phase and re-entered in the Establish Phase.

However, to progress these changes the Department would need to investigate the flexibility and cost of govGPS. In some instances greater use of GrantConnect may be more appropriate due to its greater flexibility for online applications and lower costs of use.

Consideration may be given to clarifying when to make more use of which system. For example:

- use govGPS for grant opportunities requiring limited data upload

- for complex applications (e.g. capital grant opportunities) use GrantConnect to receive applications

- for low volume grant opportunities determine if the cost/benefit meets the need to use govGPS or if it may be preferable to continue the use of email applications.

5.3 Implement a hybrid model for the Select Phase

The delivery of the Select Phase model can occur under different delivery models. The Department has tried both centralised and decentralised approaches, however neither extreme has yet delivered optimal benefits.

Under the previous centralised model, policy areas within the Department critiqued HGN for process inefficiency and indicated that they had insufficient responsibility for their parts of the process. This generated a sense of a disconnect between the process and the ability of policy areas to ensure policy/program outcomes.

Under the current decentralised model, the process is fragmented and there is an absence of a common understanding of the process. There is also limited visibility of the current volume of grant opportunities entering the grant lifecycle, meaning that HGN faces impediments to proactively engaging with policy areas to provide advice and assistance. The limited visibility also presents challenges for HGN in managing its own workload and assisting the Hub to determine workload forecasts. This means that the decentralised Select Phase model can create process inefficiencies across the grant lifecycle.

Nous recommends that the Department adopt a hybrid model to utilise the benefits of both centralised and de-centralised approaches. A hybrid model would re-centralise ownership of the process with HGN but establish clear accountabilities for both HGN and policy areas to encourage a partnership mindset underpinned by mutual obligations. Under such an approach, the relative expertise of HGN and policy areas would be applied to certain aspects of the process. However, over the entire process:

- HGN would have accountability for the value of the process in enabling efficiency and consistency

- policy areas would have accountability for the quality of the processes outcomes.

Nous' design of a hybrid solution has the following characteristics:

- a clear distinction between accountability for process and accountability for outcome

- assignment of responsibility for parts of the process to HGN or policy areas based on their respective areas of expertise

- flexible application of steps within the process to different type of grant opportunities.

5.3.1 Separate accountability of outcome from accountability for process

The separation of accountability for process and accountability for outcome is a key success factor for the adoption of a hybrid model. This will support a common recognition that the connection between process and outcome is a partnership to achieve a common goal, rather than a delineation of related but distinct process steps.

Under a clear separation of accountabilities, policy areas would retain accountability for the outcome of the Select Phase of a grant opportunity, while HGN would hold accountability for the process and the value of the process in supporting positive outcomes. This is best enabled by assigning:

- responsibility for different parts of the process to different areas (for example, see Section 5.3.2)
- accountability for the outcome of the application selections to a single person in the policy area
- accountability for the quality of the process to support those selections to a single person in HGN.

In practice this would mean that HGN would hold responsibility for making the process clear, actively engaging with policy areas to inform them of the process, and ensuring that their advice is sound. Policy areas would be accountable for how they choose to use the advice.

5.3.2 Clarify areas' contributions to better leverage capabilities

The current Select Phase model gives ownership of the entire phase to policy areas. This does not support policy areas to focus on application of their policy expertise, nor HGN to systematically enable consistent and efficient processes. Also, it does not assist HGN in being able to forecast the workload that is required by the Hub, generating process inefficiencies later in the grants lifecycle. A more nuanced approach, which clarified how and where in the phase each area's expertise is to be applied, would better leverage the capabilities of staff across the Department and assist with the capacity of the Department to predict resource needs and hence plan accordingly.

Underpinning such an approach would be a shared understanding of the expertise each area brings, and consequently what each area must, should and could do to support efficient and effective processes across the phase (Figure 4). This would enable each area to focus on their overall role to support outcomes rather than individual tasks to complete a process.

Figure 4 | Application of key capabilities to the Select Phase

	POLICY AREA	HGN	COMMUNITY GRANTS HUB
MUST DO	• Apply policy expertise to assessment of applications	• Develop and maintain user centred processes and templates based on subject matter expertise of grants administration, including CGRGs and DOF requirements	
SHOULD DO	• Maintain familiarity with CGRGs and process templates and awareness of the application of these to particular programs	• Actively promote the use of templates and tools	• Provide final quality assurance check on data for Establishment Phase
COULD DO	• Actively work with target populations for grant opportunities and build communications to meet user need	• Support policy areas by delivering administrative parts of the process	• Engage early in the Phase to advise on how downstream efficiencies could be achieved

Using the capabilities identified in Figure 4, Nous has developed a set of process diagrams to show who is best placed to complete each process step in the refined process depicted in Figure 3. The process diagrams below are based on an understanding that the area closest to the required information should complete the task, with support from other areas when required. To prevent fragmentation across the Select Phase, the diagrams should be understood to work in conjunction with the clear overall accountabilities for outcome and process identified in Section 5.3.1. Each process diagram represents a stage of the Select Phase: Program Launch; Receive and Assess; Recommend Recipients; Confirm Recipients; and Announce Recipients.

In the Program Launch Stage HGN will have greater responsibility in triaging queries that come in from entities wanting to apply for grant opportunities with policy areas only needing to be involved where there are specific policy nuanced enquiries. This is similar to the current approach, where HGN respond to telephone and email enquiries, forwarding all queries to policy areas, although it will require all policy areas to adopt the standardised approach.

Figure 5 | Responsibility for steps in Program Launch Stage of the Select Phase


In the Receive and Assess stage, policy areas will have the most responsibilities, but they will be supported by HGN in information management and arranging the logistics of selection processes. This would include arranging appropriately furnished meeting rooms, which could be best enabled by a dedicated assessment space within the Department

Figure 6 | Responsibility for steps in Receive and Assess
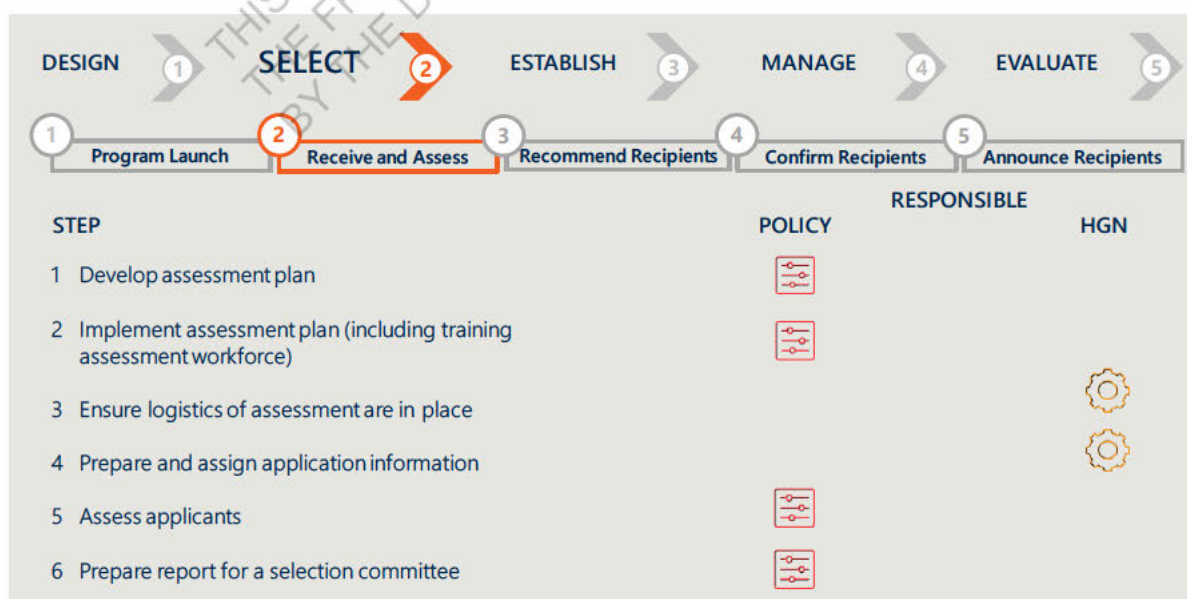
In the Recommend Recipients stage policy areas will again have responsibility for the majority of steps. While it might be possible for HGN to perform some of the tasks, there needs to be policy input into selection processes to ensure that the applications are assessed in line with the policy objectives and outcomes and hence they should retain responsibility for most steps in this stage.

Figure 7 | Responsibility for steps in Recommend Recipients
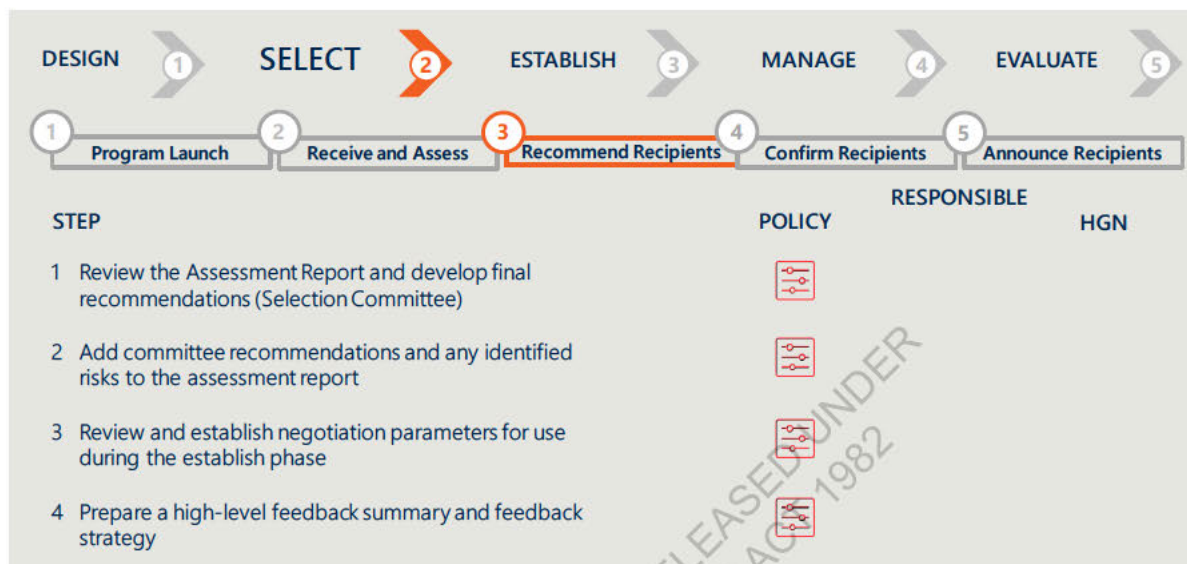
In the Confirm Recipients stage there is an equal distribution of steps between HGN and policy areas.

Figure 8 | Responsibility for steps in Confirm Recipients

In the final stage, Announce Recipients, HGN will have the majority of responsibilities for steps. This reflects the notion that once a decision has been reached by individual policy areas, the mechanics of getting the grant into the system and into the Establishment Phase should be the remit of administrative areas. HGN are better placed to ensure that grant documentation being disseminated externally is completed accurately and is done in line with procurement rules and the CGRGs.

Figure 9 | Responsibility for steps in Announce Recipients

5.3.3 Different grant opportunities require a different strategy for managing selection

To successfully manage different grant opportunity types, the Department should consider adopting different strategies for dealing with Open Competitive grants, Targeted Competitive/Non-competitive grants, and Ad-Hoc grants. A decision as to which option is optimal should be made on the basis of risk to the Department, both reputational risk and compliance risk.

5.3.3.1 Open Competitive grants

Open Competitive grant rounds can present significant risk to the Department, both reputationally and in terms of compliance with grant process. This is because Open Competitive rounds are likely to result in a high volume of applications, both from existing grant recipients and new organisations in the market.

Open Competitive grant rounds can thus be under increased political scrutiny because existing grant recipients may no longer receive grant funding. This is particularly true for grants that have not been open to the market for years.

It is therefore necessary for Open Competitive grant rounds to have a dedicated team that is appropriately resourced with policy staff and staff with knowledge of the grants administration process. Using a dedicated team with combined expertise ensures that the grant round is sufficiently able to manage the volume of applications and any additional correspondence or engagement with the government if/when there is negative feedback following the grant round. Table 1 provides an overview of this approach.

Table 1 | Managing Open Competitive grant rounds – dedicated tiger teams

Description	Establish a dedicated tiger team of policy staff and HGN staff, lead by an experienced grants administrator. Note: For rounds with large numbers of applications a centralized pool of resources could also be employed (see Table 2).
Use when	Any Open Competitive grant round is to occur.
Benefits	• brings together policy and process expertise to ensure alignment with the overall program outcome and compliance with the CGRGs • applies a dedicated team of staff to the Select Phase for high volumes of application material

Things to consider	- current resources with expertise in grants administration may be insufficient in number to manage Open Competitive rounds if there were to be multiple within a year - there is a need for a dedicated assessment space, assigned for a significant duration of time. There is no permanent space of this nature in the Department.

5.3.3.2 Targeted Competitive and Targeted Non-competitive grants

Targeted Competitive and Targeted Non-Competitive Grant opportunities require varying levels of resources to undertake the Select Phase. This is because there will be different numbers of applications depending on how many organisations are within the targeted population of applications. There is also a need for specialist teams who understand the procurement rules and processes for some types of grants (e.g. capital investment).

It is therefore necessary to consider establishing a work allocation model for Targeted Competitive and Targeted Non-competitive grants. To ensure that this is implemented in a consistent way, HGN could manage a centralized pool of resources that can be deployed to assess grant applications. Table 2 is an overview of the approach.

Table 2 | Managing Targeted Competitive and Targeted Non-Competitive grant rounds – centralised pool of resources

Description	HGN establish and manage a centralised pool of resources to undertake assessment activities. Note: This approach could also be drawn on for large Open Competitive rounds to complement tiger teams (see Table 1).
Use when	Targeted Competitive and Targeted Non-competitive grant rounds exceed 50 applications and/or requires specialist expertise (where there are less than 50 applications the assessment could likely to be done within existing resources).
Benefits	- the Department can apply consistent work level standards when recruiting grant assessors - access to expert resources can occur equitably removing the need for areas to compete. The Department would have a more holistic view of the resources needed to undertake the Select Phase and can thus proactively manage resource fluctuations and better utilise expert workforces.
Things to consider	- HGN would require sufficient resources and subject matter knowledge to manage the use of an assessment workforce for different grant types - funding for external resources may need to be centralised - there is a need for a dedicated assessment space, assigned for a significant duration of time. There is no permanent space of this nature in the Department.

5.3.3.3   Ad-Hoc of One-off Grant Opportunities

The biggest challenge with Ad-Hoc and One-Off grant opportunities is ensuring that there is sufficient regard to compliance with the CGRGs during development of the grant opportunity guidelines. Compliance in this context however must also be balanced with the principle of *proportionality* in the CGRGs.

While this occurs just prior to the Select Phase, this option is presented here as policy areas consistently indicated that this step is the most pertinent consideration for ad-hoc grants.

Table 3 provide an overview of the approach.

Table 3 | Managing Ad-Hoc and One-off Grant opportunities – embedding grants business partners in policy divisions

Description	Embed an expert grants administrator from HGN to a policy Division with high volumes of Ad-Hoc grant opportunities. The grants business partner would have responsibility for ensuring that each opportunity meets the minimum requirements of the CGRGs and would be responsible for assisting policy divisions in progressing documentation for each grant opportunity.
Use when	High volumes of Ad-Hoc grant opportunities are occurring, or are expected to occur, within a financial year
Benefits	- single point of accountability to manage all grant opportunities within a Division - ensures that appropriately trained staff are overseeing the Ad-Hoc process
Things to consider	- policy areas may be resistant to having an HGN resource manage the Ad-Hoc grant process - resource levels in HGN may be insufficient to fill this role across multiple Divisions.

6 There are 3 options for adopting a hybrid model

Nous has devised three possible options for adopting a hybrid approach to the delivery of the Select Phase. Each of these options is founded on the Department enacting the changes suggested in Section 5, that is simplifying current processes, better utilising existing IT systems, and adopting a hybrid approach that has the following characteristics:

- a clear distinction between accountability for process and accountability for outcome

- assigning responsibility for parts of the process to HGN or policy areas based on their respective areas of expertise

- flexible application of the model depending on the different type of grant opportunities.

6.1 Option 1: Continue the decentralised model but clarify the process and establish clearer lines of responsibility

The Department could choose to continue the current approach to the Select Phase while implementing elements of Nous' recommendations. This would mean that policy areas would retain ownership of the entire phase, but HGN would have responsibility for certain parts of the Select Phase.

Table 4 presents a summary of a decentralised approach with clear responsibilities.

Table 4 | Option 1: Decentralised with clear responsibilities

Description	Policy areas retain ownership of the Select Phase but HGN takes responsibility for more parts of the process.
Benefits	• limited change to the current state that staff are increasingly familiar with.
Issues	• does not fully separate accountability for outcome from accountability for process • does not fully address the current challenges experienced by staff undertaking the Select Phase • can divert policy resources to high intensity administrative tasks rather than core policy work • places HGN at risk of process fatigue as there is limited ability for HGN to forecast workloads and proactively manage upcoming grant opportunities • limits departmental visibility of variation to the process, particularly for different grant opportunities • limits the ability of the Department to enact different approaches for different types of grant opportunities.
Recommended?	Nous does **not recommend** continuing with a decentralised model.

6.2 Option 2: Centralise oversight of the process with HGN and enable a robust a case management approach

Option 2 would be to centralise the Select Phase with HGN enabled by a robust case management approach. Under such a model, policy areas would be utilised for specific tasks as identified in Section 5.3.2.

This option would require increased case management by HGN that may necessitate additional case management processes/tools and/or resources. Nous understands that HGN currently uses a basic SharePoint tracking tool for grant opportunities. However, there is no specified requirement for policy areas to notify HGN of upcoming grant opportunities which limits the ability of the tool to be used for forecasting workload and assigning the necessary levels of resourcing. Improved business practices could assist HGN and policy areas to gain increased benefit from the use of the current tool. A dedicated case management tool for the Department could provide even greater benefit.

Table 5 | Option 2: Centralised model enabled by a case management approach

Description	Centralise the Select Phase with HGN and utilise a case management approach. Key aspects of the model include:
	• assigning a case manager to every grant opportunity that enters the Select Phase
	• clearly defining the role of a case manager which would be to:
	o oversee each grant opportunity to support the steps being completed in an efficient and consistent manner
	o document progress of each grant opportunity in a case management tool
	o recommend the most efficient and effective way for progressing grant opportunities through the Select Phase (noting Policy areas would retain decision making rights for deciding how an assessment process was to progress).
	• mandating policy areas to notify HGN of upcoming grant opportunities before they enter the Design Phase.
Benefits	• can be used in line with all of the options presented in Section 5 for managing different types of grant opportunities
	• single point of accountability to manage each grant opportunity
	• ensures that appropriately trained staff are overseeing each grant opportunity therefore ensuring that the process is varied in accordance with the principles identified in Section 5.3.3
	• ensures that HGN is notified formally of all grant opportunities to be able to effectively prioritise workload and forecast resource needs.
Issues	• HGN would need to negotiate and establish clear thresholds for varying the process. It would be on this basis that case managers could recommend process variation to policy staff
	• HGN may not have sufficient resources with the necessary expertise in grant administration, service delivery and client engagement to assign case managers to each opportunity.
Recommended?	Nous **recommends** centralising the Select Phase with HGN and enabling a robust case management approach. This approach is the closest to the current state while still adopting significant process improvements to overcome many of the challenges identified by stakeholders (see Section 4).

6.3 Option 3: Centralise oversight of the process with HGN, using embedded grants administration teams

Option 3 would be similar to option 2 but would use embedded grants administration teams in policy divisions to perform the Select Phase. This option requires the most amount of change for the Department. Table 6 describes the model and outlines the relative benefits and issues associated with the approach.

Table 6 | Option 3: Centralised model enabled by embedded teams

Description	Grants administration teams would be part of HGN but embedded in policy areas to assist with the delivery of the Select Phase. Management oversight of the teams would held by HGN. Some other features include: • technical control of the process being held by HGN • use of a case management system to monitor volume and process efficiency within each division.
Benefits	• single point of accountability to manage all grant opportunities within a Division • ensures that appropriately trained staff are overseeing the entire Select Phase • embeds administrative staff with policy teams enhancing knowledge sharing. This in turn assists administrative teams to understand and apply nuanced processes in line with the policy areas they work in • supplements policy division workforces with dedicated administrative teams.
Issues	• could be inconsistent with the options presented for managing different types of grant opportunities by creating duplication of effort and a need for additional teams within HGN • requires physical space to the made available for HGN staff in policy divisions • can generate a culture where HGN staff are aligned with policy divisions and not HGN, making it more difficult for HGN to ensure that technical control of the process, and hence process integrity, is maintained • requires a case management system to ensure that workloads are evenly distributed across the different teams • may require an increase to the current resources of HGN.
Recommended?	Nous does **not recommend** this option. Implementation of embedded grants administration teams requires significant change to be progressed including physical staff moves, significant process reform, and a potentially fundamental change in HGN's business model. It would not be appropriate to implement change at such a scale to address issues only within the Select Phase.

7 Nous recommends 3 strategies to improve the Select Phase supported by 8 actions

Nous has developed three recommendations underpinned by a series of actions which should deliver the changes suggested in Section 5 and Section 6.2. Nous' recommendations are designed to provide the Department with a basis for developing an implementation plan to address the issues identified in this review. However, we would caution implementing these recommendations without first undertaking a more comprehensive review of the process across the entire grants lifecycle as:

- many of the issues identified in this review appear to also occur in other phases

- issues occurring and actions taken in one phase have effects on other phases.

Table 7 | Recommendations to improve Select Phase processes

#	Name	Description
1.	**Simplify current process documentation**	
1.1	Simplify documentation of Select Phase steps	Use a simplified framework for the Select Phase which denotes 19 steps rather than the current 51.
1.2	Improve the delivery of education and advice on process, tools and templates	Ensure that process documentation, tools and templates are easily accessible and HGN proactively engages with policy staff about their use.
2.	**Enable better use of supporting IT systems**	
2.1	Promote greater use of the online functionality of IT systems	Educate policy areas in: • the functionality of govGPS and GrantConnect to accept online applications • the benefits, costs and issues of each system • what to consider when deciding how to use these systems for applications.
2.2	Establish parameters for the use of govGPS online application functionality	govGPS has the capacity to accept online applications. There are however a range issues in using govGPS that need to be investigated which include the cost of online applications through the Hub, the capacity of the system to manage particular file types, and the level of access that staff have in the Department. Nous thus suggests that the Department consider establishing parameters for the use of govGPS so that the benefits can be utilised for certain grant types where appropriate.
3.	**Adopt a hybrid model for administering the Select Phase**	
3.1	Clarify responsibilities for steps rather than phases	Reassign responsibility for the 19 steps required in the Select Phase rather than having policy areas responsible for the entire phase.

| #	Name	Description
3.2	Centralise the Select Phase with HGN and enable a robust case management approach	The role of the case manager is to steward the grant opportunity through the process and be accountable for the quality of the process.
3.3	Develop a consistent work allocation model to enable the Department to manage surge requirements when assessing grant applications	A common work allocation model would detail what resources are needed during the Select Phase for the different grant opportunities. This would apply a common cost model and provide options for how areas can engage resources when required.
3.4	Identify and implement improvements across the grant lifecycle	The problems identified in the current Select Phase model are unlikely to be isolated to the Select Phase alone. Further attention needs to be given to the entire grants lifecycle to better enable a connected and streamlined process. This should also be mapped to the CGRGs to ensure that any changes to the process remain in line with the seven principles for grants administration. Greater engagement with the Hub should also be explored as part of improvements to the overall grants lifecycle.

Appendix A   Detailed description of the current state Select Phase

The table below details the current Select Phase as it is presented in Standard Operating Procedures. The icons represent those areas that have an involvement in the different parts of the process.

Policy Areas		HGN/Design and Advice centre		Community Grant Hub	

Table 8 | Detailed description of the current state Select Phase

Standard Operating Procedure 4 – Program Launch	Policy Areas	HGN	Community Grants Hub
Launch Grant Opportunity – Grant Design and Advice Centre registers the Grant Opportunity, appoints the Assessment Committee and Chair and assigns the grant funding number to the grant round	●	●	
Consider "Announce" tasks early	●		
Promote program (internal and external) including advertising – Grant Design and Advice Centre sends GO Document and Grant Opportunity guidelines to GrantConnect		●	
Respond to queries – Grant Design and Advice Centre manages questions from applicants and maintains FAQs	●	●	
Manage Addenda – Grant Design and Advice Centre assesses if addendum is required and informs program manager. Grant Design and Advice Centre arranges for formal policy related or general addendum to be issued via publication on GrantConnect	●	●	
Accept applications – On receipt of the approved/delegate signed assessment plan, the grant design and advice centre accesses the grant.ATM@health.gov.au inbox and downloads, collates and registers applications by the official closing date of the grant opportunity and registers each application and updates FOFMS with application status in the database	●	●	

Standard Operating Procedure 5 – Receive and Assess	Policy Areas	HGN	Community Grants Hub
Determine location and composition of assessment team – team required if there are more than 10 applications	●		

Standard Operating Procedure 5 – Receive and Assess	Policy Areas	HGN	Community Grants Hub
Draft and approve the assessment plan (assessment strategy)	☑		
Grant round closes			
Handover documentation to the Chair – Assessment Committee - chair of the Assessment committee appoints an officer to open and save each individual application in separate individual TRIM folder and logs all applications in the Master List. If assessment process is being done through FOFMS, the applicant details and assessment eligibility will be captured and conducted through FOFMS system	☑	⚙	
Manage late grant funding applications – Assessment committee determines if the Grant Opportunity documents permit the acceptance of late applications and document in Master List/Assessment Report. Grant Design and Advice Centre notifies late applicants if the application is not accepted	☑	⚙	
Check applications for eligibility against Grant Opportunity Guidelines	☑		
Appoint Assessment and Quality Checking/Moderation team members, Probity advisors and Expert Panel (if required)	☑		
Complete Conflict of Interest declarations and Confidentiality Agreements	☑		
Train Assessment Leaders	☑		
Train Assessment Officers	☑		
Assign applications to Assessment Leaders using the Master List/FOFMS	☑		
Receipt of assigned applications by Assessment Team Leaders and Officers	☑		
Assessment of applications (at organisational level)	☑		
If assessment guidelines in Assessment Plan consistently applied, no corrective action required	☑		
If assessment guidelines in Assessment Plan not consistently applied, retrain relevant staff and rectify affected batch	☑		

Standard Operating Procedure 5 – Receive and Assess	Policy Areas	HGN	Community Grants Hub
Conduct formal quality checking/moderation	▣		
If application requires further input from other sources, Assessment Chair sends cross-jurisdictional assessments to other relevant assessment teams	▣		

Standard Operating Procedure 6 – Recommend Recipients	Policy Areas	HGN	Community Grants Hub
Prepare results for the Assessment committee – Chair develops Assessment Report and Minute, Assessment Master List and Summary of applications including agreed scores. Final assessment report cleared by Grant Design and Advice Centre	▣		
Sub-Process			
Review the Assessment Report	▣		
Assess and record risks identified, as required by the scenario	▣		
Advice provided by the Expert Panel (where required)	▣		
Draft the Assessment Round Report – determines final recommendations for Financial Delegate Approval	▣		
End Sub-Process			
Review negotiation Parameters	▣		
Receive Delegate Approval	▣		
Identify new vendors – provide the Community Grants Hub with a confidential shortlist to identify new vendors in FOFMS. If required, Program Manager/Chair submits New Organisation Request to the Hub	▣		🌐
Update status of all applications in application database in relevant IT system (FOFMS or TRIM) once commitment Approval is authorised by the Delegate	▣		

Standard Operating Procedure 6 – Recommend Recipients	Policy Areas	HGN	Community Grants Hub
Prepare high-level feedback summary	◉		
Develop feedback strategy	◉		

Standard Operating Procedure 7 – Confirm Recipients and Commitment Approval	Policy Areas	HGN	Community Grants Hub
Compile endorsed list (by policy divisions) of recommended recipients	◉		
Determine if the organisation is a Government Related Entity (GRE)	◉		
Draft the Commitment Approval Minute	◉		
Consult with Health Grants and Network (HGN) – if further information required, Domain Director is responsible for compiling and providing to the Program Manager additional information in relation to the grant funding proposal and to quality check the figures uses in the Commitment Approval to ensure they are accurate and up-to date	◉	⚙	
If total proposed funding exceeds the available appropriation, review or seek additional information – *looks for additional options and revises commitment approval*	◉		
Consult with the Community Grants Hub for SACS calculations and approvals	◉		🌐
Ensure cost centre is established	◉		
Ensure funds are available in FOFMS (SAP IMPACT)	◉		
If Minister is not the Commitment Approver, seek Policy Delegate Approval	◉		
If Minister is the Commitment Approver, identify any grants in Minister's Electorate – Program Manager drafts letter to Minister of Finance regarding grants approved in the Minister's electorate	◉		

Standard Operating Procedure 7 – Confirm Recipients and Commitment Approval	Policy Areas	HGN	Community Grants Hub
Submit Commitment Approval to Minister's Office for ministerial approval	⚙️		
If Minister's final commitment approval is against departmental advice – Program Manager drafts letter in consultation with the Grants Design and Advice Centre to the Minister of Finance advising of funding against departmental advice	⚙️	⚙️	
Advise Grant Design and Advice Centre of approved funding against departmental advice	⚙️	⚙️	
Finalise and send Letter to the Minister for Finance	⚙️		
Receive a copy of the formal response from the Minister for Finance	⚙️		

Standard Operating Procedure 8 – Announce Recipients	Policy Areas	HGN	Community Grants Hub
Consider announcement options and develop announcement strategy and materials	⚙️		
Send letters to preferred and unsuccessful applicants – Assessment Chair and Committee inform all unsuccessful applicants through letters generated by FOFMS	⚙️		🌐
Publish results on GrantConnect	⚙️		

Appendix B   Consultations

Nous conducted stakeholder interviews with a range of key stakeholders within the Department of Health. Stakeholders were from the Health Grants and Network Division, the Residential and Flexible Aged Care Division and the Indigenous Health Division. Nous also met with senior executive staff from the Department of Health and the Community Grants Hub. Below in Table 9 is an outline of the consultations that occurred, all of which informed the development of this report.

Table 9 | Consultations

Area	Primary interviewee	Date
Chief Operating Officer and FAS HGN	Matt Yannopolous & Donna Moody	04/03
Health Grants and Network Division	Interview 1: s22 Interview 2: s22	06/03
Residential and Flexible Aged Care Division	Interview 1: s22 Interview 2: s22	13/03
Primary Health Care and Mental Health Division	s22	13/03
Indigenous Health Division	Interview 1: s22 Interview 2: s22	14/03 & 19/03
Community Grants Hub, Branch Manager Selection and Establishment	s22	18/03

Appendix C   Documentation Reviewed

Nous was provided a comprehensive set of existing process documents, tools, templates and grant guidelines for the Select Phase. This material was the basis was our analysis of the current process documentation for the Select Phase and is presented in Table 10 below.

Table 10 | Documentation Reviewed

Doc ID	Document	Description
1	Grants Business Process - High Level Overview	Outline of the Grant Business process. Details all of the steps of the grant process at a high level
2	Grants lifecycle: High Level Process Map	Visio process map of the Grant Business Process. Process map is by function not by who is responsible
3	Select Phase checklist: Grant Toolkit	Quality checking tool for teams during the Select Phase
4	Grants lifecycle business process: Select Phase process map	Visio process for the Select Phase
5	Select Phase - SOP 4 - Program Launch	Procedural document for getting the grant opportunity of the ground
6	Select Phase - SOP5 - Receive and Assess	Procedural document for the assessment stage of the Select Phase
7	Select Phase - SOP6 Recommend recipients	Procedural document for the recommendation stage of the Select Phase, also includes risk a management framework, project risk register and risk matrix
8	Grants lifecycle business process - Select Phase - confirm recipients and commitment approval process map	Process map for the last two stages of the Select Phase
9	Select Phase - SOP 7 - Confirm recipients and commitment approval	Procedural document for the confirmation stage of the Select Phase
10	Select Phase - SOP8 - Announce recipients	Procedural document for the announcement stage of the Select Phase
11	Grants lifecycle: Design Phase - assessment of unsolicited, one-off and ad-hoc proposals process map	Design Phase process map

12	Design Phase: SOP 1.2 - ad hoc and one-off proposals sub-process	Design process for ad-hoc and one-off grant proposals
13	Grants lifecycle business processes - Establish Phase and Establish Phase SOP 9 - create and populate agreements	Procedural document that outlines the steps and responsibilities during the establishment of a grant
14	Health Grants and Network Division: Engagement and representation network	List of the engagement and representation network in Health
15	Health Intranet - Grants policies- grant assessment policy	Document establishing the purpose of the grant process and its objectives
16	Health intranet - FaHCSIA Online Funding Management System (FOFMS): General info	An overview of FOFMS (govGPS)
17	Community Grants Hub Info (From Health Intranet)	Internal information on the Community Grant Hub and how health staff can access their services
18	Health Intranet - Grants tools and templates - general info	Single list of all templates and tools that can be used in the grants process
19	Health intranet - Grant types (community grants hub - program model framework)	Describes the different grant types - links to Grant decision tree
20	GO1001 - Indigenous Australians' Health Programme Major Capital Works Program EOI - Stage 1	Example of Targeted competitive Grant Opportunity Guidelines and assessment plan
21	GO1001 - Indigenous Australians' Health Programme Major Capital Works Program EOI - Stage 2	Example of targeted competitive Grant Opportunity Guidelines
22	GO1892 - Clubhouse Program: day care centre for people with moderate to severe mental illness in the Frankstown/Mornington Peninsula area	Example of one-off process Grant Opportunity Guidelines
23	GO1807 - Mental Health and Wellbeing: Healthy Minds trial	Example of closed non-competitive Grant Opportunity Guidelines
24	GO1782 - Establishment of a live-in residential facility and treatment hub for eating disorders	Example of one off Grant Opportunity Guidelines
25	GO1615 - Ageing and Service Improvement Programme dementia and aged care services fund: aged care regional, rural and remote infrastructure	Example of one of process Grant Opportunity Guidelines
26	GO663 - Access and information program mmunity visitors scheme	Example of open competitive Grant Opportunity Guidelines

27	GO898 - New directions: Mother and Babies Services Program	Example of open competitive Grant Opportunity Guidelines
28	GO898 - New directions: Mother and Babies Services Program	Example of targeted non-competitive Grant Opportunity Guidelines
29	GO236 - Service Maintenance Program	Example of targeted non-competitive Grant Opportunity Guidelines
30	GO663 - Internal review into the Implementation and Communications for the Community Visitors Scheme, Grant Opportunity	Example of restricted competitive Grant Opportunity Guidelines

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