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**OAG**  
Office of the Auditor General  
Serving the Public Interest

Our Ref: D19/11587

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Hon. Tjorn Sibma MLC  
Acting Chair  
Estimates and Financial Operations Committee  
Parliament of Western Australia

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Dear Mr Sibma

**INQUIRY INTO THE LOCAL PROJECTS LOCAL JOBS PROGRAM – REPONSE TO QUESTIONS TAKEN ON NOTICE**

Thank you for the opportunity to appear before the Estimates and Financial Operations Committee on 2 August to discuss the Committee's current Inquiry.

During the hearing, I took several questions on notice and gave some undertakings to provide further information to the Committee. This information, and my responses to the questions, are all provided in the following pages.

I trust this information will assist the Committee with its work.

Yours sincerely

CAROLINE SPENCER  
AUDITOR GENERAL  
22 August 2019

Questions taken on notice at hearing – Friday, 2 August 2019

**Question:** [Transcript p. 3, para 1] *Mr Arulsingham undertook to confirm whether the grant agreement letters included details of the departmental officer responsible for administering the grant.*

**Response:** The Department of Education, Department of Transport, and the Department of Local Government, Sport and Cultural Industries had contact details of the officer in the agreement. Three of the agreements for the Department of Primary Industries and Regional Development had specific officer contact details and the remaining 6 had a generic email address. The Department of Communities agreements also had a generic email address.

When our Office received the listing of the 81 projects from the Department of Premier and Cabinet, it included the names and contact details of each entity's contact officer for the Local Projects, Local Jobs program.

**Question:** [Transcript p. 4, paras 10-13] *'Just for clarity, of the 40 projects you took a deeper dive into, could you provide an indication of how many of those grant agreements specified job creation targets and identify which grant agreements they were, and perhaps whether or not there was any indication of that objective being fulfilled as a consequence of the agreement?'*

**Response:** None of the agreements we examined contained a quantified job creation target.

For the 9 grant agreements in our sample that were administered by the Department of Primary Industries and Regional Development (DPIRD), 7 included a dedicated project outcome criterion titled 'jobs created' or 'jobs created – (how much funding will be directed to jobs, casual, temporary, permanent).' For these 7 agreements no target figure was provided for this criterion. The field was either left blank, or had a figure of 0%.

For the other two DPIRD agreements—and the samples we viewed across the Department of Transport, Department of Education, Department of Communities, and Department of Local Government, Sport and Cultural Industries—we could not find any reference to a jobs target included in the documentation representing the grant agreements.

**Question:** [Transcript p. 7, paras 11-17 – relating to the change of scope on the \$11,000 grant] *Did the audit office observe an email from the Department of Premier and Cabinet clarifying the administrative arrangements required when there was a change of scope to the Department of Education's grant?*

**Response:**

For the two instances identified in the audit results report where the change of scope was approved by the local member of Parliament for the area in which the schools were located, the OAG did not observe an email from the Department of Premier and Cabinet clarifying the administrative arrangements required when there was a change of scope to the Department of Education's grant.

**Question:** [Transcript p. 9, para 12, and p. 10, para 1] *I undertook to provide a list of the 40 projects from the list of 81 in the attachment to the OAG submission that were selected for a detailed examination by the audit team.*

**Response:** The 40 projects are listed for your reference in Appendix 1.

**Question:** [Transcript p. 16, paras 10-11, and p. 17, paras 1-3] *Can you confirm what sorts of evidence the Department of Communities provided to confirm completion of projects for the purposes of acquittal?*

**Response:** During our audit we observed that the Department of Communities' acquittal process only required the Grantee to sign a declaration that the project was finished. The acquittal did not require any visual verification (e.g. photos or site visit) of the completed project.

In our interim management letter to the Department (relevant excerpt included for your reference in Appendix 2) we recommended that management should enhance the acquittal process so that it includes a visual confirmation of the completed project.

Appendix 1 – List of the 40 projects selected by the audit team for a detailed examination

Project Name	Funding committed (\$)	Post-MoG Agency	Metro or Regional	Project Number
Native Animal Rescue	5,000	DLGSC	Metro	MET008D
Armadale Community Men's Shed - equipment	2,000	Communities	Metro	MET026
Beechboro Primary School - play equipment	30,000	Education	Metro	MET078
Belmay Primary School - new hard cover area	50,000	Education	Metro	MET080
Belmont Primary School - netball upgrade courts	50,000	Education	Metro	MET087
Eden Hill - new shade cover for two play areas	40,000	Education	Metro	MET170
Ellen Stirling Primary School - new shade structures	25,000	Education	Metro	MET173
Ellenbrook Primary School - new shade structures	20,000	Education	Metro	MET175
Salvado Catholic College - nature play area and shade sails	10,000	Education	Metro	MET423
Glendale Primary School - playground upgrade	25,000	Education	Metro	MET214
Good Shepherd Catholic College - new nature playground	10,000	Education	Metro	MET215
Gwynne Park Primary School - nature playground	11,000	Education	Metro	MET230
Kalamunda Men's Shed - CNC machine	1,000	Communities	Metro	MET273
Kinross College Bus	70,000	Education	Metro	MET290
Kwinana RSL Upgrades	60,000	Communities	Metro	MET294
Meela Community Child Care Centre - learning play equipment	5,000	Communities	Metro	MET327
Melville Cares - facility upgrades	55,000	Communities	Metro	MET329
Woodvale Primary School P&C - nature play music wall	3,500	Education	Metro	MET549
Noranda Primary School - new shade sails	20,000	Education	Metro	MET365
Embleton Primary School - new playground equipment	30,000	Education	Metro	MET396
Connolly Primary School P & C - smart boards, 3D printers, nature play	40,000	Education	Metro	MET137
East Victoria Park Primary School - new early childhood playground	20,000	Education	Metro	MET185
St Denis Parents and Friends Association - new playground	25,000	Communities	Metro	MET449
St Helena's Catholic School - shade sail	20,000	Education	Metro	MET450
St Kieran's Primary School - playground upgrade	25,000	Education	Metro	MET451
St Michael's School - new nature playground	10,000	Education	Metro	MET453
Tranby College P&F - nature play area	50,000	Education	Metro	MET486
Wanneroo Men's Shed - equipment grant	12,500	Communities	Metro	MET511A

<b>Project Name</b>	<b>Funding committed (\$)</b>	<b>Post-MoG Agency</b>	<b>Metro or Regional</b>	<b>Project Number</b>
West Balcatta Primary School - playground upgrade	25,000	Education	Metro	MET519
Fitzroy Valley Men's Shed - equipment	5,000	DPIRD	Regional	REG054
Funding for Marble Bar CRC - equipment	10,000	DPIRD	Regional	REG057
Geraldton Cycleway Strategy	90,000	DPIRD	Regional	REG059
Geraldton Mammogram Service - new machine	50,000	DPIRD	Regional	REG060
Geraldton University Centre Audio Integration System	25,000	DPIRD	Regional	REG062
School IT Enhancement Project - Bluff Point Primary School	15,000	DPIRD	Regional	REG153-G
School IT Enhancement Project - Geraldton Senior College	30,000	DPIRD	Regional	REG153-O
Pilbara Sporting Clubs - \$20,000 commitments for sporting equipment and uniforms small grant round for each of Karratha/Dampier, South Hedland/Port Hedland and Newman - Dampier Bowling Club	2,000	DPIRD	Regional	REG163-K
Pilbara Sporting Clubs - \$20,000 commitments for sporting equipment and uniforms small grant round for each of Karratha/Dampier, South Hedland/Port Hedland and Newman - Roebourne Aquatic Centre	1,500	DPIRD	Regional	REG163-T
Armadale Senior High School - new virtual reality equipment	26,000	Education	Metro	MET029
Roleystone Senior High School - all weather bus stop shelter	20,000	Transport	Metro	MET418

**ATTACHMENT**

**DEPARTMENT OF COMMUNITIES**

**PERIOD OF AUDIT: 1 JULY 2017 TO 30 JUNE 2018**

**FINDINGS IDENTIFIED DURING THE COURSE OF THE INTERIM AUDIT**

**1. Local Projects, Local Jobs Grants Testing - Acquittal Process**

**Finding**

From the review of the Local Projects, Local Jobs Grants grant acquittal process, we observed that the Department only requires the Grantee to sign a declaration that the project was finished. However, the acquittal does not involve any visual verification of the completed project.

**Rating: Moderate**

**Implication**

In the absence of visual confirmation of the completed project, there is a risk that the money might be misappropriated for other purposes.

**Recommendation**

Management should enhance the acquittal process so that it includes a visual confirmation of the completed project.

**Management Comment**

All Local Projects and Local Jobs include reporting requirements consistent with the purpose of the Grant (see attached grant agreements). For Grants that include a works component, the reporting requirements include provision of a timeframe of the work undertaken, a detailed cost schedule and receipts for items in excess of \$1,000.

The Department will request Grant recipients to provide photographic evidence of completion of works to be included in their reports.

**Responsible Person:** Acting Manager, Non-Government Funding and Contracts,  
Commissioning and Sector Engagement (Communities)

**Completion Date:** 30 June 2018