



Government
of South Australia

Report
of the
Auditor-General
Supplementary Report
for the
year ended 30 June 2017

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Grant to One Community SA:
November 2017

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Dear President and Speaker

Report of the Auditor-General: Supplementary Report for the year ended 30 June 2017 'Grant to One Community SA: November 2017'

As required by the *Public Finance and Audit Act 1987*, I present to each of you the Auditor-General's Supplementary Report for the year ended 30 June 2017 'Grant to One Community SA: November 2017'.

Content of the Report

Part A of the Auditor-General's Annual Report for the year ended 30 June 2017 referred to audit work that would be subject to supplementary reporting to Parliament.

This Supplementary Report provides detailed commentary and audit observations on a grant by the Department of the Premier and Cabinet to One Community SA.

Acknowledgements

The audit team for this report was Salv Bianco, Jodie Fitzgerald, Wendy Haydon and Stavros Vasilikiotis.

We also appreciate the cooperation and assistance given by staff of the Department of the Premier and Cabinet and One Community SA during the review.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'I. McGlen'.

Ian McGlen
Acting Auditor-General

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1 Executive summary

1.1 Introduction

In May 2016 the Department of the Premier and Cabinet (DPC) committed to a grant of \$757 500 to One Community SA. The grant was provided for a community driven campaign to advocate for the future of the South Australian community, focusing on the way cuts to health and education impact South Australia. This was a continuation of a State, publicly funded campaign response to the 2014-15 Commonwealth Government budget cuts through a non-government agency. The purpose of the grant was consistent with the 2016-17 South Australian Government Communications Plan, which established standing up for South Australia as one of five across-government communication themes.¹

The idea for a campaign coordinated by One Community SA was discussed at a February 2016 meeting of the Federal Cuts Hurt Taskforce. Subsequent negotiations between One Community SA and DPC followed, including consideration of two campaign proposals in April 2016 and a final amended proposal in May 2016.

The grant was applied over the period May 2016 to August 2017. Within that period a Federal election was called and held on 2 July 2016.

Concerns over the grant process and the application of the grant funds have been raised through the media and directly with my office.

In November 2015 I tabled a supplementary report on government marketing communications.² It included a review of the Federal Cuts Hurt campaign implemented by DPC. In assessing that campaign against the Marketing Communications Guidelines, I concluded that it was used for political purposes, but not party political purposes as then defined.

Having done the November 2015 report, I had two reasons for deciding to audit the grant to One Community SA. First because of the timing: the grant period commenced shortly before a Federal election. Second, the grant was to an organisation external to the public sector for a purpose similar to the Federal Cuts Hurt campaign.

This review considered the DPC grant administration process and the application of the funds by the grant recipient, One Community SA. More specifically, it considered:

- the grant establishment and management in line with government requirements
- whether grant funds were applied in line with the conditions and purpose set out in the Funding Agreement

¹ Department of the Premier and Cabinet, South Australian Government Communications Plan 2016-17, pp. 4-8.

² Report of the Auditor-General: Supplementary Report for the year ended 30 June 2015 'Government marketing communications report: November 2015'.

- if application of the grant funds would have represented proper use of public money when retrospectively assessed against the most current standards (updated in July 2016).

1.2 Conclusion

We concluded that DPC did not sufficiently control the grant management process to provide reasonable assurance that the grant provision and management was conducted properly and in line with accepted standards for managing public expenditure.

This was because our review identified a lack of documentation to support the key elements of grant management including establishment, assessment, approvals and monitoring processes.

The grant conditions on One Community SA did not define party political advertising or limit how public funds could be spent, even though the grant was issued for a high profile advocacy purpose and for a period of time that was certainly going to encompass the 2016 Federal election. The transparency and accountability of the grant process was significantly diminished because the Funding Agreement did not include any conditions to mitigate the inherent risk of potential political bias given the advocacy purpose of the grant. The significance of this failure is shown in our work to retrospectively consider this campaign against the SA Government's Marketing Communications Guidelines, which were updated in July 2016 (after the grant was approved).

We concluded that One Community SA did apply the grant for the project and advocacy purpose established in the Funding Agreement, focusing on education through the Learn to Grow campaign.

We retrospectively applied definitions used in the July 2016 update of the Marketing Communications Guidelines to ensure the observations and conclusions we reached are relevant to future government processes and controls. In my opinion the grant to One Community SA was applied for purposes that, when retrospectively assessed against the July 2016 Marketing Communications Guidelines, included messages a reasonable person could interpret as being designed to influence support for a political party. I emphasise that this test, which in my view is a valuable improvement to past guidelines, was not part of the One Community SA grant conditions and the July 2016 Guidelines had not been adopted and were therefore not in force at the time.

The risk of political bias occurring in publicly grant funded campaigns could be mitigated by establishing clear grant conditions, reflecting the Marketing Communications Guidelines, and establishing close monitoring by the grantor.

It is important that the value of this reasonableness test is not undermined by applying a narrow definition or interpretation. For example, the wording 'a political party' can be read as limiting interpretation to a particular party. In my view, the relevant interpretation when applying public money is any political party. This may require a revision to the definition.

1.3 What we found

Implementation of the Learn to Grow campaign commenced in the four weeks leading up to the Federal election on 2 July 2016. Implementing this campaign about education funding, which had been a matter of political debate between State and Federal governments since 2014, in the immediate period before an election, made the campaign inherently political. The Marketing Communications Guidelines, maintained by DPC, state that public funds should not be used where the activity could be interpreted as political advertising. The Guidelines were updated in July 2016, shortly after the One Community SA grant was approved in May 2016.

We found that the grant funds were applied by One Community SA for the Learn to Grow campaign, which was consistent with the project and grant purpose established in the Funding Agreement between the Premier of South Australia (the Premier) and One Community SA. The Learn to Grow campaign aimed to inform South Australians about the impact of cuts to education funding and to secure a commitment from all political parties to commit to fully funding the Gonski education reforms.

We noted that One Community SA did consider the inherent political risk in the campaign, subsequent to the Federal election, deeming an October 2016 article to have crossed the line between campaigning for a cause and campaigning against particular political parties. This resulted in the Campaign Director ceasing employment with One Community SA.

We observed that some records from One Community SA involving low level expenditure were not clearly identifiable as consistent with the grant project or purpose, but this may have resulted from a lack of appropriate detail in the Funding Agreement.

The grant to One Community SA, which funded the Learn to Grow campaign, was not properly administered by DPC and there was a lack of appropriate supporting documentation for establishing and monitoring the grant. We found weaknesses in the grant administration process including:

- no documentation evidencing planning and key decisions for the grant establishment
- no documented evaluation of the funding proposals received from One Community SA
- no documentation evidencing that an officer with appropriate financial delegation had approved awarding the grant before One Community SA was notified of the commitment
- the Funding Agreement did not clearly outline all terms and conditions necessary to properly measure the outcomes and monitor the grant, and did not meet all requirements of Treasurer's Instruction 15
- no evidence that processes were established by DPC to identify or manage conflicts of interest
- insufficient ongoing monitoring of the grant
- DPC's policies and guidelines for grant administration had not been updated since 2011, were not easily accessible by staff and did not provide sufficient guidance for managing ad hoc or one-off grant payments.

When we retrospectively applied definitions used in the July 2016 update of the Marketing Communications Guidelines, we found that some marketing and communication materials (mostly produced in June 2016) produced by One Community SA during the Learn to Grow campaign could be understood by a reasonable person to be designed to influence support for a political party. This reasonable person test was a valuable addition to the Guidelines in the July 2016 update for future campaign spending.

1.4 What we recommended

We made the following recommendations:

- To mitigate political bias risk, the use of State public funds for marketing communications and advocacy should be restricted in a period leading up to a State or Federal election. Government communications should be restricted to public service matters and regular government business, for example community health and safety matters. The time frame should be determined having regard to restrictions used in other Australian jurisdictions.
- The principles in the SA Government's Marketing Communications Guidelines, which state the circumstances where public funds cannot be used, should be applied to any entity, government or non-government, when using public funds for marketing communications. For any future grants provided to prepare a marketing communication or other advocacy campaign, the Funding Agreement should clearly state limitations or restrictions on how public funds may be applied, so that the conditions can be monitored and compliance enforced as is appropriate for the purpose and value of the grant.
- The wording of the reasonableness test, particularly the wording 'a political party', should be reconsidered to ensure it achieves its intended purpose and be revised if required.
- DPC, in its current review of the grant acquittal provided by One Community SA, should ensure that the expenditure transactions have fulfilled the grant purpose, objectives and outcomes.

For future grants, we recommended that DPC ensure that appropriate mechanisms are in place for establishing and monitoring grant arrangements, including:

- all grants, whether one-off or part of an ongoing program, should be subject to a planned and documented approach, proportional to the value of the proposed grant
- funding proposals should be evaluated against pre-established criteria and assessments should be documented
- appropriate mechanisms should be in place to authorise expenditure in line with delegations of authority, prior to committing funds to a third party
- Funding Agreements should address the requirements of Treasurer's Instruction 15 and establish a clear understanding between parties on the required outcomes, including appropriate accountability and ensuring grantees can demonstrate appropriate governance arrangements for the purpose and value of the proposed grant

- potential or actual conflicts of interest should be considered and managed
- future grant arrangements should be subject to regular monitoring in line with requirements established in the Funding Agreement
- policies and procedures on grant administration should be reviewed and made available to all staff. They should address the specific requirements for grant management and transaction authorisation in the Treasurer's Instructions.

1.5 Response to our findings and recommendations

The Chief Executive DPC responded on 16 November 2017 outlining proposed action to respond to our audit findings and recommendations. He also explained that he disagrees with our view on the finding that some campaign materials produced by One Community SA may be interpreted as party political. The full copy of the Chief Executive DPC's letter is provided in Appendix 3.

2 Background

2.1 Establishment of the grant

The provision of a grant of \$757 500 by DPC to One Community SA, a non-government organisation, was formalised in a Funding Agreement between the Premier and One Community SA dated 1 June 2016.

A chronology of events in Appendix 1 details the key events we identified in our review of this transaction. It covers the establishment of the grant and its subsequent application by One Community SA.

The key events and documents that led to the Funding Agreement are also outlined below.

2.1.1 The Federal Cuts Hurt Taskforce

The Federal Cuts Hurt Taskforce was formed by the Premier in 2014 following the release of the Federal Budget. The taskforce brought together South Australian industry and community leaders to campaign against funding cuts that would impact South Australians.³

On 10 February 2016 the Premier held a meeting of the Federal Cuts Hurt Taskforce to bring together health, education, social services and business groups⁴ to discuss the issue of funding for the future health and education needs of Australians.⁵

We discussed the meeting with two people who attended: a representative from One Community SA and a former DPC staff member. We were advised by the Chairperson of One Community SA that he nominated One Community SA at this meeting to coordinate a campaign by interested parties in response to the Federal Government's funding cuts in the areas of health and education.

2.1.2 Proposals submitted to Department of the Premier and Cabinet by One Community SA

On 13 April 2016 One Community SA corresponded with DPC's then Executive Director Strategic Communications to propose One Community SA as the lead agency for a collaborative multi-sector community campaign. Two alternative campaign proposals were provided:

- **Proposal A:** A budget of \$1 million to focus on dedicated community organisers, digital campaign infrastructure, events, community mobilisation and a significant advertising buy.

³ Weatherill, J (Premier of South Australia) 2014, 'Campaign to fight Federal cuts ramps up', media release, 2 July.

⁴ Weatherill, J (Premier of South Australia), 2016, 'Next round of Federal cuts campaign takes shape', media release, 10 February.

⁵ Premier Jay Weatherill email to Federal Cuts Hurt Taskforce', 3 February 2016.

- **Proposal B:** A budget of \$500 000 with a smaller advertising buy and reduced budgets for community organisers, events and promotions.

One Community SA submitted another proposal to DPC's then Executive Director Strategic Communications in a letter dated 6 May 2016. Again, One Community SA proposed to be the lead agency for a collaborative multi-sector community campaign, but identified that this would be in consultation with Essential Media. The campaign proposal was based on a budget of \$757 500 to be spent on dedicated community organisers, digital campaign infrastructure, events and community mobilisation and a significant advertising buy.

The former Executive Director Strategic Communications advised us that the proposals were assessed through discussions with One Community SA and separately with the Premier's Office.

2.1.3 Acceptance of the proposal by Department of the Premier and Cabinet

A returning letter from the then Executive Director Strategic Communications to the Chairperson of One Community SA advised that the SA Government would support the request for financial support as detailed in the final proposal. This letter was dated 6 May 2016.

The letter advised that a formal agreement would be drafted and provided for consideration.

2.1.4 The Funding Agreement

A Funding Agreement between the Premier and One Community SA dated 1 June 2016 sets out the purpose, funding details, conditions and obligations of the grantee. It was signed on behalf of the Premier by the then Chief Executive DPC.

The Funding Agreement defines the project being funded by the grant:

- *A community driven campaign to advocate for the future of the South Australian community with a focus on the way cuts to health and education funding will impact South Australia*
- *A grass roots and multi-sector response to these significant challenges which mobilises One Community legal members for this purpose*
- *The deployment of multi communications channels including traditional media and advertising, online and social media engagement and underpinned by the extensive grassroots campaign structures offered by One Community.*

2.1.5 The grant period

The Funding Agreement defines the period of the grant as 16 May 2016 to 17 May 2017.

In May 2017 DPC's Executive Director Government Communications, Engagement and International Relations approved the extension of the grant period until 31 August 2017. This approval was given after a request from One Community SA to continue the campaign on fair education funding in the lead up to the Federal Budget and the Council of Australian Governments Education Council, which was scheduled to discuss education funding and reform arrangements.

The final acquittal of the grant was further extended to 30 September 2017 in the acquittal forms provided to One Community SA by DPC.

At the time of this Report, DPC had received the final acquittal of the grant funds and was reviewing the information provided.

2.2 One Community SA

2.2.1 Formation

One Community SA was established as an unincorporated association in 2014 by AnglicareSA, Uniting Communities, the South Australian Council of Social Service and Community Centres SA. It was established to help bring together South Australians to advocate for positive and inclusive change in the community. AnglicareSA hosted the initiative on behalf of the group.

On 12 May 2016, One Community SA registered as an incorporated association with membership comprising the founding members listed above.

The constitution of One Community (SA) Inc establishes the objectives, membership, governance and record keeping requirements for the association.

2.2.2 Objectives

One Community SA's objectives, as stated in its constitution, are to:

- bring together community groups, not-for-profits, stakeholders and individuals to create positive change in South Australia
- promote and advance the rights, interests and welfare of South Australians
- provide a high quality digital organising platform
- provide advocacy for South Australian causes
- advocate for cultural, political and social inclusivity in South Australia.

One Community SA's Chairperson and former Campaign Director advised us that One Community SA was developed as a capacity-building resource, to help community groups and individuals run local campaigns about community issues. The idea was to provide a tool

to help set up meetings, have online discussions and publicise causes or issues to attract other people to that matter.

The Chairperson of One Community SA also advised that it was not intended that One Community SA itself would run campaigns but that it would host a platform for community groups to run campaigns. He noted that other campaigns One Community SA hosted included the White Ribbon March. The Chairperson and the former Campaign Director informed us that other campaigns were established and executed in line with the original intentions for One Community SA.

2.3 Application of the grant funds

Grant funds were provided to One Community SA in two payments:

- The first payment of \$500 000 was made in June 2016. No GST was paid on this instalment.
- The second instalment of \$282 700 was made in September 2016. GST was included in this instalment.

2.3.1 Campaign focused on education funding

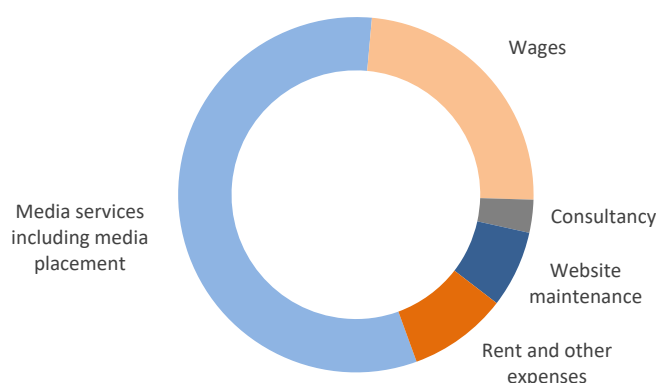
One Community SA focused the grant funded campaign on cuts to education funding. We were advised by One Community SA's former Campaign Director that education was the focus because:

- the issue of needs-based education funding for years 5 and 6 under the National Education Reform Agreement between the Commonwealth and State Governments had not been resolved
- other State Governments were at the time actively petitioning the Federal Government to retain needs-based education funding
- well funded schools provide the best outcomes for children and the best outcomes for community sector organisations
- an agreement on health funding had been reached between the State and Federal Governments and therefore campaigning about health funding would not have significant influence.

2.3.2 Types of expenditure incurred by One Community SA

Our review of the financial records kept by One Community SA showed that grant funds were used for the expenses shown in figure 2.1.

Figure 2.1: Categories of expenditure of grant funds by One Community SA



2.3.3 Essential Media

Figure 2.1 shows that most of One Community SA's spending of the grant funds relates to media services. As proposed, One Community SA created and delivered an education campaign in consultation with Essential Media. Essential Media is a non-government service agency that brings together research, strategy, media, digital, advertising and production.⁶ It has assisted the SA Government with previous campaigns, including the Federal Cuts Hurt campaign implemented by DPC in response to the 2014 Federal Budget.

One Community SA's former Campaign Director advised us that DPC or the Premier's Office suggested that One Community SA investigate working with Essential Media. It was known to him that DPC had previously worked with Essential Media and he understood it had a 'track record of achieving great outcomes on social issues campaigning'. No other media service organisations were considered by One Community SA to deliver the grant funded campaign.⁷

On 10 May 2016, One Community SA engaged Essential Media for the period 13 May 2016 to 12 May 2017 for services including communication, digital, production and advertising.

2.3.4 The Learn to Grow campaign

Most grant funds expended by One Community SA were used for the Learn to Grow campaign.

The campaign objectives developed by One Community SA with Essential Media were to:

- secure a commitment from all political parties to commit to fully funding the Gonski education reforms
- establish the problem of cutting needs-based funding
- inform a large number of South Australians about the full impact of education cuts

⁶ Essential Media website, viewed October 2017, www.essentialmedia.com.au.

⁷ One Community SA is a non-government organisation and is not required to comply with public sector procurement obligations.

- educate parent audiences about where parties stand on education funding
- encourage South Australians to ‘vote for education’
- ask schools, groups and individuals to sign up to support the campaign, increasing the strength and diversity of advocacy
- develop a network of partners, supporter and volunteers.

The campaign was launched on 8 June 2016, four weeks before the Federal election held on 2 July 2016. The strategies used in the campaign included:

- deploying media products, such as television and radio commercials, focused on establishing the impact the lack of needs-based funding would have on student outcomes
- communicating the message that Gonski needs-based funding was already making a difference in the lives of South Australian children, but not all political parties were committed to delivering it. As such, Learn to Grow asked supporters to pledge their vote to education.

The types of marketing and communication tools used in the campaign included:

- speaking face-to-face with members of the community and handing out flyers (grassroots community mobilisation)
- an education forum
- television and radio commercials
- billboards
- social media
- online advertising
- electronic direct mailouts
- website, email lists, partners, supporters and volunteers (movement building).

During this period the following organisations became campaign partners, working with One Community SA to develop and implement the campaign:

- South Australian Primary Principals Association
- South Australian Secondary Principals Association
- Australian Education Union (SA)
- Independent Education Association (SA)
- Dyslexia SA.

The Learn to Grow campaign continued after the Federal election but with significantly reduced marketing and communication activity.

The marketing activity under the Learn to Grow campaign is discussed further in section 6.

3 Audit mandate, objective and scope

3.1 Our mandate

The Auditor-General has authority to conduct this review under section 36(1)(a)(iii) of the *Public Finance and Audit Act 1987*.

In conducting the review we requested assistance from One Community SA (a non-government organisation) and DPC's former Executive Director Strategic Communications. Section 30 of the *Public Finance and Audit Act 1987* requires people who can assist the Auditor-General in conducting an audit to provide accounts, records or other documents if requested.

One Community SA's Chairperson, former Campaign Director and staff cooperated fully with our review by providing documentation and making themselves available for discussions. DPC's former Executive Director Strategic Communications also cooperated with our review by being available for a discussion about the transaction.

3.2 Our objective

Our review assessed whether the controls and processes implemented by DPC were sufficient to provide reasonable assurance that the grant to One Community SA was conducted properly and in accordance with the law by considering whether:

- the grant was provided and managed in line with authoritative legislation and established standards reflected in government and agency policies and procedures
- the grant funds were applied in line with the approved grant conditions and for the intended purpose set out in the Funding Agreement
- application of the grant funds represents proper use of public money.

3.3 What we reviewed and how

All background on the events in this review was sourced from:

- documentation obtained from DPC and One Community SA
- discussions with current and former DPC staff, the Chairperson of One Community SA and staff from One Community SA who were involved in developing and implementing the grant funded campaign.

3.3.1 Awarding the grant and grant management

In assessing whether the grant was provided and managed by DPC in line with authoritative legislation and established standards we considered:

- the source of the grant funding

- the application of policies and procedures for grant administration by DPC
- what planning was undertaken for the grant transaction
- whether adequate processes were in place to objectively assess the funding proposals received
- the approvals in place before committing the funds
- the Funding Agreement
- processes in place for monitoring the grant during the grant period.

Treasurer's Instructions are issued under section 41 of the *Public Finance and Audit Act 1987* and must be applied by public authorities. We have applied Treasurer's Instruction 8 'Financial Authorisations' (TI 8) and Treasurer's Instruction 15 'Grant Funding' (TI 15) to determine if DPC complied with government requirements.

We have also referred to the Commonwealth Grants Rules and Guidelines issued by the Commonwealth Department of Finance to analyse standards of good practice for grant administration.

These guiding frameworks are discussed further in section 4.

3.3.2 Application of grant funds

To assess whether the grant funds were applied for the purpose set out in the Funding Agreement, we reviewed documentation supporting the expenditure incurred by One Community SA in carrying out the grant purpose and reviewed the marketing and communication materials it prepared.

3.3.3 Proper use of public funds

To assess whether the grant represented proper use of public funds we considered established standards of financial management practice and behaviour, including:

- authoritative documentation relevant to the grant, including approvals and the Funding Agreement
- authoritative regulations and guidelines such as Treasurer's Instructions and the SA Government's Marketing Communications Guidelines
- the Commonwealth Grants Rules and Guidelines
- generally accepted standards of financial management practice and behaviour.

Proper use encompasses the principles of lawfulness, accountability and acting for the public benefit. In assessing proper use of the grant funds, we reviewed the marketing and communication materials created by One Community SA for the campaign.

In reviewing marketing and other advocacy materials produced by One Community SA we looked to the guidance issued to SA Government agencies in the Marketing Communications Guidelines. One Community SA was the vehicle used by the SA Government to apply public

funds for an advertising campaign and we therefore consider that the same standards should apply to these funds as would have if they were spent directly by a government agency.

This does not mean that all procedural matters within SA Government frameworks, standards and guidance apply to One Community SA in implementing the campaign. We focused on the broader principle that expenditure of public money lawfully and for the public benefit should be consistent with established frameworks irrespective of whether the government directly spends the money or through a non-government organisation.

The Marketing Communications Guidelines, which were updated in July 2016 soon after the grant to One Community SA was approved, are discussed further in section 4.

3.4 What we did not review

Our review was limited to the grant transaction between DPC and One Community SA. We looked at the grant management processes in place for this one transaction. We did not review grant management across DPC.

While we called on documentation and records from One Community SA, we did not conduct an audit of its governance and financial transactions. We did not review activities of, or make any findings against, any individuals from One Community SA.

4 Guiding frameworks

Our review of the grant administration process and the application of the grant funds by One Community SA considered both mandated requirements and other non-mandated guidelines that reflect good practice.

When considering proper use of public funds we referred to guidance issued by the Advertising Standards Bureau and the Australian Charities and Not-for-profits Commission. Although their guidance is not mandatory it informed us about accepted definitions and practices for political advertising.

A brief summary of these guiding frameworks⁸ is provided below.

4.1 Treasurer's Instruction 15

TI 15 requires administrative units in the SA Government to establish appropriate accountability on the part of non-SA Government entities that receive a grant.

For grant payments exceeding \$10 000, TI 15 requires that a Funding Agreement setting out the terms and conditions of the grant be entered into between the responsible Minister and the entity receiving the grant. The Agreement must appropriately record the grant and associated financial arrangements and the administrative unit's control and monitoring requirements.

TI 15 requires Funding Agreements to specify that:

- the receiving entity can only apply the grant for its intended purpose
- appropriate and regular information must be provided to the administrative unit to enable informed assessment of the ongoing financial position of the entity, monitor compliance with the grant terms and assess the overall effectiveness of the grant throughout its term
- at the end of the grant term, the entity must report on and repay unexpended grant money unless specific approval is given by the Minister for the money to be retained
- breaches of the Funding Agreement by the entity will result in repayment of a portion or the total where required by the Minister.

We consider DPC's compliance with TI 15 in section 7.

4.2 Treasurer's Instruction 8

TI 8 is applicable to all public authorities entering into a contract involving expenditure or potential expenditure, including the provision of grant funding.

⁸ We have applied Treasurer's Instructions and Marketing Communications Guidelines applicable during the grant term. We have referred to the current available version of the Commonwealth Grants Rules and Guidelines.

TI 8 sets out the approval authority that must be followed for transactions within certain thresholds. We consider the approval authority for this transaction in section 7.

4.3 Commonwealth Grants Rules and Guidelines

TI 15 focuses on ensuring that SA Government administrative units ensure that grant recipients are accountable for money received from the SA Government. There are no guidelines or requirements for SA Government agencies for the broader grant administration process, including:

- planning for grant activities
- establishing criteria to measure how well grant activities meet the SA Government's objectives
- methods for selecting grant recipients transparently and objectively.

The Commonwealth Grants Rules and Guidelines establish a framework for Commonwealth entities that promotes proper use and management of public resources through collaboration with government and non-government stakeholders to achieve government policy outcomes.⁹ We found them a useful guide for the grant administration process, particularly the establishment of seven key principles that apply to the grants lifecycle and all grant opportunities:¹⁰

- robust planning and design
- collaboration and partnership
- proportionality
- outcome orientation
- achieving value with relevant money
- governance and accountability
- probity and transparency.

We refer to these guidelines when considering establishment and monitoring of the grant to One Community SA.

4.4 Marketing Communications Guidelines

One Community SA was not required by the grant conditions to apply the Marketing Communications Guidelines or other guidelines. As a result, we did not review One Community SA's compliance with the Marketing Communication Guidelines in place at the time the grant was issued.

We retrospectively applied the principles and definitions in the July 2016 update of the Guidelines in our assessment of whether the application of the grant funds would have

⁹ Australian Government Department of Finance 2017, Commonwealth Grants Rules and Guidelines, p. 3.

¹⁰ Australian Government Department of Finance 2017, Commonwealth Grants Rules and Guidelines, p. 16.

represented proper use of public money to ensure the observations and conclusions we reached are relevant to future government processes and controls (refer section 6). We used them as a benchmark because we consider the same principles for applying public money should be required whether applied directly by a government agency or by a non-government agency receiving public money for a public purpose.

4.4.1 Principles for use of public funds for government communication programs

The Marketing Communications Guidelines are maintained by DPC. They apply to marketing communication activities initiated by government agencies or on an agency's behalf. The Guidelines establish the principle that reasonable levels of public funds may be used by the SA Government for communications and advertising under the following categories:

- addressing matters of risk to public life and safety
- positive health messages
- generating economic activity and/or raising revenue for the State
- promoting issues of social benefit and/or cohesion relevant to the broader community.

The Guidelines also include principles governing the use of public funds for government communications programs, including that it should not be for party political purposes.

4.4.2 Auditor-General's 2015 Report on government marketing communications

In November 2015 I tabled a report to Parliament that considered governance and accountability in marketing communications and examined a number of marketing communication activities for compliance with the Marketing Communications Guidelines.

In that review we found areas where the Marketing Communications Guidelines could be improved and recommended a number of amendments including:

- enhancing the criteria for defining party political purposes and organising it clearly under a separate and distinct title
- extending the restrictions on the use of the image or voice of a politician from publicly funded advertising to all forms of government marketing communications. If considered appropriate, establish circumstances where it is necessary for the Premier or a Minister to represent the SA Government in communications through messages and images
- clarifying and specifying the reference to 'politician', for example as a Minister, any other Member of Parliament or a candidate nominated for election to Parliament.

Updated Guidelines were issued in July 2016 and adopted a number of my recommendations. For the definition of political purpose, the changes resulted in the 2015 content being re-ordered. One important and valuable change was made to the criteria of a

reasonable person test. The criteria for political advertising now includes a reasonable person misinterpreting the message as being designed to influence support for a political party, candidate or Member of Parliament. A comparison between the July 2015 and July 2016 versions of the section of the guidelines that discusses party political is provided in figure 4.1.

Figure 4.1: Comparison of Marketing Communications Guidelines between 2015 and 2016 versions

July 2015 Marketing and Communication Guidelines	July 2016 Marketing Communications Guidelines
<p>Objectives of government communications</p> <p>Public funds should not be used for communications where:</p> <ul style="list-style-type: none"> • the image or voice of a politician is included within the advertising • the political party in Government is mentioned by name • a reasonable person could misinterpret the message as being on behalf of a political party or other grouping • a political party or other grouping is being disparaged or held up to ridicule • members of the Government are named, depicted or otherwise promoted in a manner that a reasonable person would regard as excessive or gratuitous • the method or medium of communication is manifestly excessive or extravagant in relation to the objective being pursued • there is no clear line of accountability, appropriate audit procedures or suitable purchasing process for the communication process. 	<p>Objectives of government communications</p> <p>Public funds should not be used for communications where:</p> <ul style="list-style-type: none"> • the activity could be interpreted as political advertising • members of the Government are named, depicted or otherwise promoted in a manner that a reasonable person would regard as excessive or gratuitous • the method or medium of communication is manifestly excessive or extravagant in relation to the objective being pursued • there is no clear line of accountability, appropriate audit procedures or suitable purchasing process for the communication process. <p>Political advertising is defined as where:</p> <ul style="list-style-type: none"> • the image or voice of a politician is included within the advertising • a politician can be defined as a Member of Parliament or a candidate nominated for election to Parliament • the political party in Government is mentioned by name; party political images or slogans are used; or refer/link to the websites of politicians or political parties • a reasonable person could misinterpret the message as being on behalf of a political party or other grouping; or designed to influence support for a political party, candidate or Member of Parliament • a political party or other grouping is being disparaged or held up to ridicule.

In my November 2015 Report I also referenced the Federal Cuts Hurt campaign run by the SA Government in 2014-15. This campaign sought to put pressure on the Federal Government to reverse announced budget cuts that would impact on health and education funding. I concluded that the broad message, which was making the community aware of the impact of federal funding cuts on health and education in this State, was political but not, in my opinion, party political.

4.4.3 Comparison of government advertising guidelines across Australian jurisdictions

We reviewed government advertising guidelines issued by other State Governments and the Commonwealth and compared them with the updated South Australian guidelines. We found that the definition or criteria for identifying political advertising is similar in each jurisdiction. We did note, however, that New South Wales and Queensland restrict advertising for set periods in the lead up to an election. The restrictions are summarised in figure 4.2.

Further, in New South Wales, where there is legislation for government advertising, there is a requirement for the governing party to pay the costs of a campaign if there is a breach of the prohibitions on political advertising. Section 11 of the *Government Advertising Act 2011* states:

If the content or other circumstances of a Government advertising campaign constitute a breach of the requirements of section 6 or regulations made under that section, the cost of the campaign is payable by the governing party at the time the campaign commenced and may be recovered in any court of competent jurisdiction as a debt due to the Crown.

Figure 4.2: Summary of restrictions in other Australian jurisdictions on government communications leading up to an election

Jurisdiction	Document	Requirement	Comments
New South Wales	<i>Government Advertising Act 2011</i>	A Government advertising campaign must not be carried out after 26 January in the calendar year in which the Legislative Assembly is due to expire and before the election for the Legislative Assembly in that year.	<p>Elections are held towards the end of March which suggests an eight week period in which advertising campaigns cannot be carried out.</p> <p>A number of advertising types/topics are excluded from this advertising ban:</p> <ul style="list-style-type: none"> • public health or safety matters • service announcements • notices required to be published under a law • job advertisements • tender advertising.

Jurisdiction	Document	Requirement	Comments
Queensland	Queensland Government Advertising Code of Conduct 2013	There should be no advertising within six months of the scheduled date for an election unless there is an urgent emerging issue.	Additional information on what advertising should cease is included in the Code of Conduct. Social education information, road safety, health and emergency service information are allowed. Normal advertising associated with departmental programs, initiatives or projects is still possible, but approval is required.

4.5 Other references we have considered in assessing proper use of public money

4.5.1 The Australian Charities and Not-for-profits Commission – charities, elections and advocacy

The Australian Charities and Not-for-profits Commission has issued guidance to help charities to decide what advocacy and campaigning they can appropriately undertake and what they should avoid.¹¹ It is designed to minimise risks for charities involved in advocacy.

The guidance acknowledges that advocacy can sometimes include party political activity in the minds of the public. In the lead up to an election there are increased risks that the public will consider charity advocacy or campaigning to be associated with a particular party.

4.5.2 The Advertising Standards Bureau

The Advertising Standards Bureau administers a national system of advertising self-regulation. It defines political advertising as advertising that attempts to influence or comment on a matter that is currently the subject of extensive political debate.

The Advertising Standards Bureau recognises that political advertising includes but is not limited to election advertising and observes that the number of complaints received about political advertising often increases during election periods.¹²

¹¹ Australian Charities and Not-for-profits Commission 2016, Charities, elections and advocacy: Political campaigning and advocacy by registered charities – what you need to know, April.

¹² Advertising Standards Bureau, 'Political and election advertising', viewed October 2017, <<https://adstandards.com.au/products-issues/political-and-election-advertising>>.

4.5.3 Caretaker conventions and pre-election practices issued by the Department of the Premier and Cabinet

In the period immediately before an election, the government assumes a caretaker role. Caretaker conventions and pre-election practices allow the business of government to continue and ordinary matters of administration to be addressed while avoiding an incoming government being bound and limited.

There are also practices associated with the conventions for 'protecting the political neutrality, of the public service and ensuring public resources are not used to advantage a political party'.¹³

The caretaker conventions and pre-election practices in South Australia require government agencies to take additional care in the caretaker period (one month before the State election date) to ensure that agency resources are not used to support any particular party. Publications and advertising material that could be reasonably construed as being for party political purposes should not be used.¹⁴

¹³ Department of the Premier and Cabinet 2017, 'Caretaker Conventions and Pre-election Practices', September, p. 2.

¹⁴ Caretaker Conventions and Pre-Election Practices, Department of the Premier and Cabinet. September 2017.

5 Application of the grant funds by One Community SA

What we found

We found that the grant funds were applied for the Learn to Grow campaign, which was consistent with the project and grant purpose established in the Funding Agreement.

We did observe that some records involving low level expenditure did not clearly link with the project or grant purpose.

What we recommended

DPC, in its current review of acquittal information provided by One Community SA, should ensure that all transactions fulfil the grant purpose and objectives. This may involve obtaining representations from One Community SA on how certain activities have fulfilled the grant objective and purpose.

5.1 Introduction

The Funding Agreement between the Premier and One Community SA establishes the following project for which the grant funds are to be used:

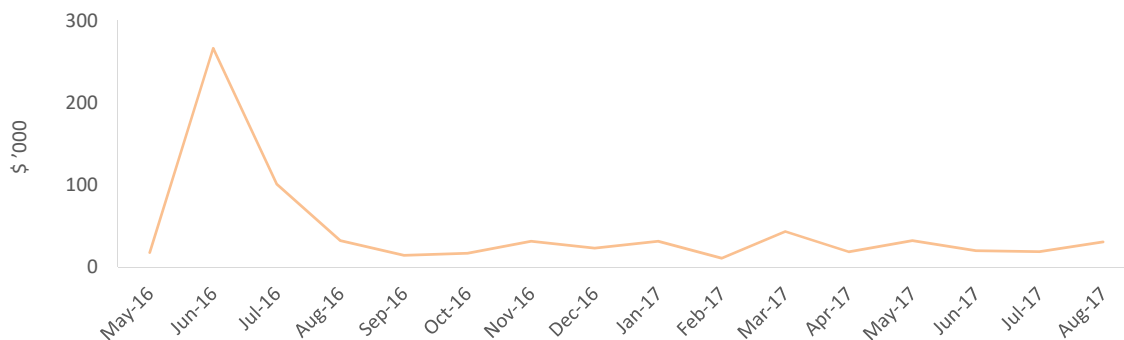
- *A community driven campaign to advocate for the future of the South Australian community with a focus on the way cuts to health and education funding will impact South Australia*
- *A grass roots and multi-sector response to these significant challenges which mobilises One Community legal members for this purpose*
- *The deployment of multi communications channels including traditional media and advertising, online and social media engagement and underpinned by the extensive grassroots campaign structures offered by One Community.*

For this project, One Community SA focused on education funding and most of the grant funds were used for the Learn to Grow campaign. One Community SA's rationale for selecting education funding as a focus is discussed at section 2.3.1.

At the time of this Report, the extended grant period had expired and One Community SA had provided a grant acquittal report to DPC as required under the Funding Agreement. The grant acquittal indicates that not all the funds provided were expended by One Community SA. It indicates that approximately 8% of the grant amount should be returned to the SA Government. DPC was considering the acquittal information and had not finalised its review of the financial information or overall acquittal.

Figure 5.1 shows the expenditure incurred by One Community SA across the grant period, with significant expenditure in June and July 2016.

Figure 5.1: Monthly expenditure by One Community SA over the grant period



The higher levels of expenditure in June and July 2016 are consistent with the campaign activity for Learn to Grow, implemented by One Community SA in the lead up to the Federal election on 2 July 2016.

5.2 Audit approach

We requested records from DPC to determine what monitoring took place to ensure that the grant funds were applied for the grant purpose established under the Funding Agreement.

We also requested records from One Community SA to support the use of the grant funds, including financial information and marketing and advocacy materials. We reviewed the information provided to determine if the expenditure and marketing and advocacy materials were in line with the purpose established under the Funding Agreement. We did not use the information provided to audit the financial records or controls of One Community SA.

5.3 Findings

5.3.1 Expenditure of the grant funds was for the grant purpose

Finding

We found that most of the grant funds were used for the Learn to Grow campaign. This campaign had the aim of securing a commitment from all political parties to fully funding the Gonski education reforms, which aligns with the project description in the Funding Agreement.

The project definition in the Funding Agreement does state that the campaign focus should be on cuts to health and education funding and the impact on South Australia. In separate discussions, One Community SA's Chairperson and former Campaign Director informed us that education was the preferred campaign topic because the State and Federal Governments had entered discussions on health funding but there had been no movement on education funding.

Figure 5.2 provides the grant purpose as defined in the Funding Agreement and our assessment against each point.

Figure 5.2: Grant purpose in the Funding Agreement and our assessment

Grant purpose	One Community expenditure
Engaging an external media specialist to advise on the project	Essential Media was engaged by One Community SA on 10 May 2016. A monthly retainer fee was paid to Essential Media for the grant period.
Engaging a community organiser specifically for the purposes of executing this project	During the grant funding period, One Community SA engaged a Campaign Director, a Lead Organiser and a Community Organiser. In addition, another short-term Community Organiser was engaged for the period leading up to the election. Salaries and wages costs for the grant period were \$208 000.
Media production and media placement including television, newspapers and social media	Review of financial records identified that \$242 000 of the grant funds was used for advertisement production and placement. This included television commercials, radio commercials, billboards, online advertising and newspaper advertising. It does not include the media services provided by Essential Media.
Costs associated with staging events directly related to the project	A Principal, Teachers and Parents Education forum was held on 16 June 2016. We did not identify any other events for the Learn to Grow campaign. Events expenditure for the grant period was approximately \$1000.
Any other activity approved in writing that contributes to the delivery of the project	There were no approvals in writing obtained by One Community SA from DPC.

5.3.2 Specific expenditure and activities may not meet the grant purpose

Recommendation

DPC, in its current review of acquittal information provided by One Community SA, should ensure that all transactions fulfil the grant purpose and objectives. This may involve obtaining representations from One Community SA on how certain activities have fulfilled the grant objective and purpose.

Finding

We noted a small number of records involving low level expenditure in the information provided to us by One Community SA where it was not clear whether the expenditure or the marketing communication produced linked directly to the grant project or purpose.

Examples included:

- production of a One Community SA prospectus
- investigation of other community issues for potential campaigns, including fracking in the South East and lowering poker machine bet limits.

These activities were not submitted to DPC for approval in line with the grant purpose discussed in section 5.3.1.

6 Proper use of public funds

What we found

Proper use of public funds in the context of marketing communications includes public funds not being used for political purposes.

One Community SA started the Learn to Grow campaign in the weeks leading up to the 2016 Federal election. The campaign sought to influence an outcome for increased needs-based education funding in South Australia. As this issue had been a matter of political debate since the 2014 Federal Budget, the campaign activity was inherently political.

One Community SA did apply the grant for the project and advocacy purpose established in the Funding Agreement, focusing on education through the Learn to Grow campaign.

One Community SA was not required by the grant conditions to apply any guidelines to its use of funds.

To ensure this audit has relevance for future government processes and controls, it was important we retrospectively applied SA Government's current Marketing Communications Guidelines to this grant. They state that public funds should not be used for an activity that could be interpreted as political advertising.

In the context of the timing of the campaign and the 2016 Federal election, we found that a small number of marketing and other advocacy materials produced by One Community SA during the campaign period, when assessed against the July 2016 Marketing Communications Guidelines, could be interpreted by a reasonable person as designed to influence support for a political party. This reasonable person test was added to the Guidelines in July 2016, after the grant to One Community SA was approved.

We noted that One Community SA did consider the inherent political risk in the campaign subsequent to the Federal election, deeming an October 2016 article to have crossed the line between campaigning for a cause and campaigning against particular political parties. This resulted in the Campaign Director ceasing employment with One Community SA.

What we recommended

To mitigate political bias risk, the use of public funds for marketing communications and advocacy should be restricted in the period leading up to State or Federal election. SA Government communications should be restricted to public service matters and regular government business. The time frame should be determined having regard to restrictions used in other Australian jurisdictions.

The principles in the Marketing Communications Guidelines should be applied and compliance actively monitored when using public funds for marketing communications by government and non-government agencies. For any future grants provided for a marketing communication campaign, the Funding Agreement should clearly state limitations or restrictions on how public funds may be applied, and this should be monitored and enforced as appropriate for the purpose and value of the grant.

6.1 Introduction

6.1.1 Defining proper use of public funds

In the public sector, legislative requirements, policy frameworks and guidance materials set the expectations and standards that guide proper use of public funds. They take into account principles including fairness, accountability, public interest and integrity.

One Community SA was not required by the grant conditions to apply any guidelines to its use of funds.

Assessing proper use of public funds for this transaction required an assessment of whether the funds were applied in line with standards established in the public sector. As the funds were applied for a marketing campaign the most appropriate standards for us to measure against are in the Marketing Communications Guidelines.

To ensure our review was relevant to future government processes and controls, in our view it was important we assessed how this grant was applied against the current Marketing Communications Guidelines, last updated in July 2016, rather than the Guidelines that were in place at the time. The current Guidelines state that public funds should not be used for communications where:

- the activity could be interpreted as political advertising
- members of the Government are named, depicted or otherwise promoted in a manner that a reasonable person would regard as excessive or gratuitous
- the method or medium of communication is manifestly excessive or extravagant in relation to the objective being pursued
- there is no clear line of accountability, appropriate audit procedures or suitable purchasing process for the communication process.

6.1.2 What is political advertising?

The Marketing Communications Guidelines define political advertising:

- The image or voice of a politician is included within the advertising. A politician can be defined as a Member of Parliament or a candidate nominated for election to Parliament.

- The political party in Government is mentioned by name; party political images or slogans are included; or refer/link to the websites of politicians or political parties.
- A reasonable person could misinterpret the message as being on behalf of a political party or other grouping; or designed to influence support for a political party, candidate or Member of Parliament.
- A political party or other grouping is being disparaged or held up to ridicule.

The Marketing Communications Guidelines are discussed further in section 4.4.

6.1.3 The Learn to Grow campaign implemented under the Funding Agreement

The Learn to Grow campaign commenced on 8 June 2016, four weeks before the Federal election on 2 July 2016. We found that most of the advertising activity for the campaign occurred in this four week period.

We reviewed the marketing activities for the Learn to Grow campaign. Figure 6.1 shows that there was very little use of paid media such as newspaper, television or radio after the election, as the focus was on the website, social media and press releases. There were also two opinion pieces, written by One Community staff, published in various newspapers.

Figure 6.1: Timeline of marketing activities across the grant period

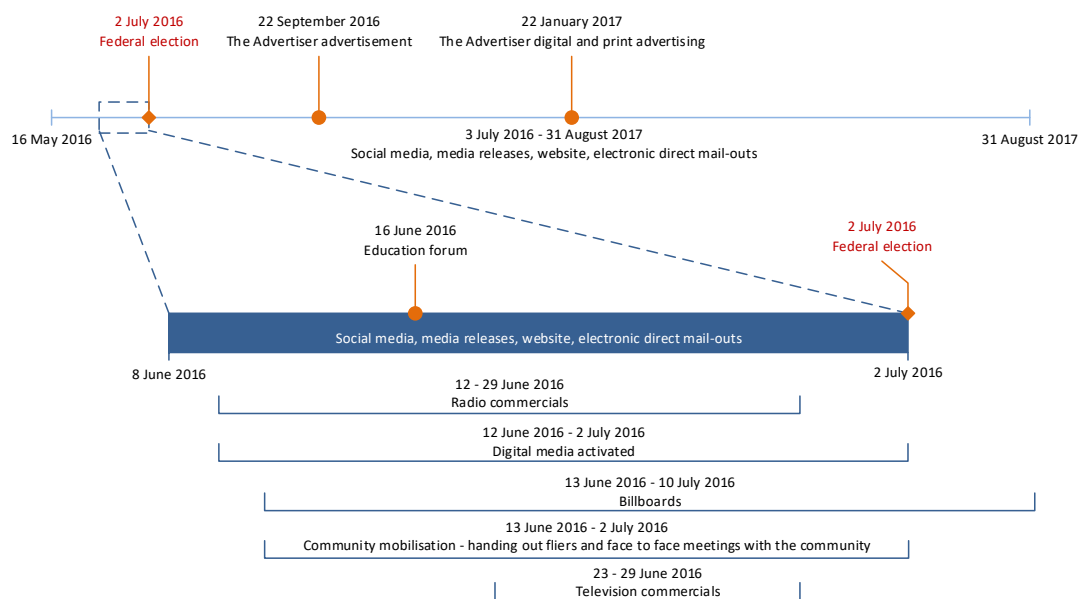


Figure 6.1 shows that the Learn to Grow campaign involved numerous methods of marketing communication in the lead up to the election. Details of these approaches are provided below.

Television commercials

Two television commercials were produced. One was aired on two network channels and the other was used exclusively on social media and the Learn to Grow website.

The scripts for these two television commercials are included in Appendix 2.

Radio commercials

The audio track from the television commercial was adapted for use on three Adelaide metropolitan radio stations.

Billboards

Five billboards were installed in locations targeting key electorates.

Figure 6.2: Image used for billboard advertising



Figure 6.3: Billboard locations and electorates

Billboard location	Electorate
Darlington	Boothby
Payneham	Sturt
Adelaide	Adelaide
Gepps Cross	Makin
Mile End	Hindmarsh

Digital media

Paid digital media included advertising on Facebook and placing animated clips from one of the television commercials with three different providers (Yahoo, AMNET and News Ltd).

Education Forum

On 16 June 2016 One Community SA hosted a Principals, Teachers and Parents Education Forum. Members of the public were invited to hear Federal candidates discuss their party’s policy on education. The forum panel consisted of representatives from four political parties:

- the Minister for Education and Training, Simon Birmingham (Liberal Party)
- the then Shadow Minister for Education, Kate Ellis (Labor Party)
- former Senator, Robert Simms (Australian Greens)
- then candidate for the seat of Sturt, Dr Matthew Wright (Nick Xenophon Team).

Figure 6.4: Advertising for the Principals, Teachers and Parents Education Forum

PRINCIPALS, TEACHERS & PARENTS EDUCATION FORUM

Education funding is a key issue in Federal Election 2016

You're invited to join our public forum and hear federal candidates discuss their party's policy on education funding, and have the opportunity to raise your concerns with them

Lainie Anderson (Sunday Mail) will moderate the forum

Allan Scott Auditorium, The Hawke Centre (UniSA City West)
Thursday 16 June 2016
5pm - 7pm (doors open from 4:30pm)

LEARN TO GROW
EDUCATION FUNDING OUR FUTURE

SASPA **SAPPA** **AEU** **IEUSA** **ONE COMMUNITY**

Electronic direct mail-outs

Eight emails were sent in the lead up to the Federal election. They included invitations to:

- attend the Education Forum
- sign up to the campaign
- view a scorecard showing which political parties were committed to fully funding Gonski
- volunteer on election day.

The scorecard, which was also provided on a polling booth look-up on the Learn to Grow website, is provided in figure 6.8.

Flyer distribution and face-to-face meetings at schools, shopping centres and polling booths

Referred to as the community mobilisation element of the campaign, One Community SA engaged with the public to discuss the Learn to Grow message and distribute flyers. They also invited members of the public to sign a sheet representing the individual's pledge to vote for a party that will invest in education. The flyer is shown at figure 6.10.

Personal interactions with school parents at drop-off and pick-up times were conducted at Walkerville, Brighton and Paringa Primary Schools. These schools were attended because they gave permission for One Community SA staff and volunteers to be present.

The shopping locations, primarily in the CBD and at selected suburban centres, were determined by the availability of One Community SA staff and volunteers.

On the day of the Federal election One Community SA staff and volunteers attended six polling booths. One Community SA staff advised us that the booths were selected by considering marginal electorates and booths with high voter turnout, to maximise contact with the community. One booth attended was not in a target or marginal seat, but was attended as a convenience to volunteers.

One Community SA estimated in its interim report to DPC that Learn to Grow volunteers had around 10 000 voter interactions while handing out scorecards.

Figure 6.5: Polling booths attended by One Community SA volunteers

Polling booth location	Electorate
Belair School	Boothby
Flagstaff Hill Primary	Boothby
Mount Barker High School	Mayo
Uraidla Primary School	Mayo
Burton Primary School	Port Adelaide
Highbury Primary School	Sturt

Social media

One Community SA’s Facebook page was used to post material from the Learn to Grow campaign. Regular posts were added to build the list of supporters and encourage supporters to engage in actions. The television commercials were also posted to Facebook. Examples of Facebook posts are included in Appendix 2.

Learn to Grow website

As part of its contract with One Community SA, Essential Media designed and built a website for the Learn to Grow campaign. The website was used to show the television commercials, and to invite supporters to undertake digital actions such as volunteering on election day and ‘pledging a vote for education’.

Newspaper opinion pieces

Opinion pieces written by One Community SA staff were published in online and print newspapers including InDaily, The Guardian and The Advertiser. These pieces were used as another medium to advocate for education funding through the Learn to Grow campaign.

6.2 Audit approach

As stated, One Community SA was not required by the grant conditions to apply any guidelines to its use of funds.

We obtained marketing and other advocacy materials generated by One Community SA during the grant period.

We retrospectively reviewed marketing and other advocacy materials against specific criteria in the July 2016 version of the Marketing Communications Guidelines, which stipulate limitations on the use of public funds. We did this to ensure our observations and conclusions have relevance for future government processes and controls over the use of public money.

Our review focused on whether the marketing and other advocacy materials produced by One Community SA for the Learn to Grow campaign could have been interpreted as political advertising.

The July 2016 Marketing Communications Guidelines provide other circumstances where public funds should not be used for marketing communications:

- members of the government are named, depicted or promoted in an excessive or gratuitous manner
- the method of communication is manifestly excessive or extravagant in relation to the objective being pursued
- there is no clear line of accountability, appropriate audit procedures or suitable purchasing process

Our consideration of these points has been limited in this review because they were not relevant to the circumstances or have been covered by our review of the grant administration process in section 7.

6.3 Findings

6.3.1 The Learn to Grow campaign was implemented four weeks before a Federal election

Recommendation

To mitigate political bias risk, the use of public funds for marketing communications and advocacy should be restricted in the period leading up to a State or Federal election. SA Government communications should be restricted to public service matters and regular government business, such as community health and safety matters. The time frame should be determined having regard to restrictions used in other Australian jurisdictions.

Finding

The Learn to Grow campaign commenced on 8 June 2016, four weeks before the Federal election on 2 July 2016. We found that a significant proportion of advertising activity for the campaign occurred before the election prior to the adoption of the current Guidelines.

The purpose of campaigning on a community issue is to influence an outcome that will benefit the community. While an election does provide an opportunity to make the voting public more aware of specific issues and draw commitments from politicians that will benefit the community, the use of public funds for a campaign on a community issue prior to an election is more likely to be perceived as party political.

The increased risk of campaigns being perceived as party political prior to an election is recognised by various organisations:

- The Advertising Standards Bureau observes that the number of complaints received about political advertising often increases during election periods.

- The Australian Charities and Not-for-profits Commission acknowledges that in the lead up to an election there are increased risks that, in the minds of the public, charity advocacy or campaigning can be associated with a particular party.
- The Caretaker Conventions and Pre-election Practices in South Australia require government agencies to ensure that agency resources are not used to support any particular party in the caretaker period, one month before a State election.

More details about these references are included in section 4.5.

We discussed the timing of the Learn to Grow campaign with One Community SA's former Campaign Director. He advised that the campaign purpose developed by One Community SA was to secure additional funding for South Australian schools, which was in question in the Federal election period, and not to target a particular party. He advised that 'there is no doubt that the idea was to make education funding an election issue, to encourage all major parties to make election funding commitments for South Australia'. He also commented that the campaign was actually about outcomes for students and the need for well funded schools to get the best outcomes for kids and for the clients of AnglicareSA and other community sector organisations.

One Community SA's Chairman also commented that running a community campaign during an election where everything is heightened can result in the perception that an analysis of party positions can seem like taking sides.

6.3.2 Some campaign materials produced by One Community SA for the Learn to Grow campaign could be interpreted as party political advertising under the subsequent July 2016 guidelines

Recommendation

The principles in the SA Government's July 2016 Marketing Communications Guidelines, which state the circumstances where public funds must not be used, should be applied and compliance actively monitored when using public funds for marketing communications by government and non-government agencies. For any future grants provided for a marketing communication campaign, the Funding Agreement should clearly state limitations or restrictions on how public funds may be applied, and this should be monitored and compliance enforced as appropriate for the purpose and value of the grant.

It is important that the value of the reasonableness test not be undermined by applying a narrow definition or interpretation. For example, the wording 'a political party' can be read as limiting interpretation to a particular party. This wording should be considered to ensure it achieves its intended purpose and be revised if required.

Finding

One Community SA deployed a number of marketing and communication methods throughout the Learn to Grow campaign. They are summarised in section 6.1.3.

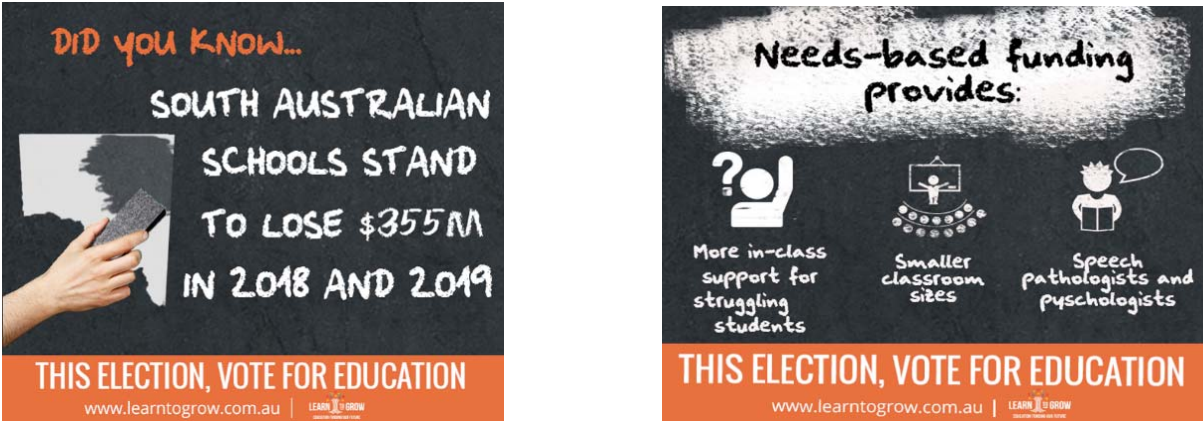
The former Campaign Director advised that One Community SA aimed to implement a campaign about education funding for South Australian schools that was outcomes-focused and non-partisan.

When assessed against the July 2016 Marketing and Communications Guidelines, we found that some of the campaign materials for the Learn to Grow campaign would have met the definition of political advertising.

We reviewed all of the marketing and advocacy materials provided to us by One Community SA. Campaign materials from the period before and after the Federal election were included in our review.

The materials shown in figure 6.6 raised awareness about the impact of funding cuts and requested the reader to 'Vote for education'.

Figure 6.6: Examples of marketing materials asking the reader to 'Vote for education'



The materials in figure 6.7 request the reader to 'vote for the party that invests in education', but do not include any party information.

Figure 6.7: Examples of marketing materials asking readers to vote for the party that will invest in education



The materials in figure 6.8 identify the political parties that support needs-based education funding and show images of politicians. ‘Traffic light’ colours of red and green and graphics are used to highlight whether particular parties support needs-based education funding.

Figure 6.8: Examples of materials identifying political parties who support needs-based education funding



A further example of this type of material is the flyer distributed at shopping centres, schools and polling booths (refer figure 6.10).

The materials in figure 6.9 were post-Federal election campaign materials and other materials that did not request the reader to take an action.

Figure 6.9: Examples of marketing materials produced after the Federal election on 2 July 2016



More examples of marketing and advocacy materials are included in Appendix 2.

We found that some of the marketing and advocacy materials would meet the criteria that defines political advertising in the July 2016 Marketing Communications Guidelines we applied for the purposes of this audit. These are discussed below under each criteria.

The image or voice of a politician is included within the advertising

We found that numerous marketing and advocacy materials produced for the Learn to Grow campaign included images of Federal and State politicians from various political parties. These materials were used for Facebook posts and were not included in the paid media advertising, such as television commercials, billboards and digital media. Examples are provided in Appendix 2.

In applying this criteria, we have taken advertising to mean all campaign materials produced and delivered to the public.

The political party in Government is mentioned by name; party political images or slogans are included or refer/link to the websites of politicians or political parties

Party political images are used in marketing and advocacy materials where political party logos are used to identify each of the political parties and their support for needs-based education funding. This includes the logo for the political party in Government. However, there is no link or reference to party websites and no political party is singled out by the use of the party logo.

A reasonable person could misinterpret the message as being on behalf of a political party or other grouping; or designed to influence support for a political party, candidate or Member of Parliament

We found that some of the marketing and advocacy materials could be considered by a reasonable person to have been designed to influence support for a political party. This was new criteria added in the July 2016 revision of the Marketing Communications Guidelines (refer figure 4.1). Our key considerations in coming to this finding were:

- the call to action for the campaign in the lead up to the Federal election asked the reader to vote for a party that supported needs-based education funding
- the use of the traffic light colours, coupled with the words 'yes' and 'no' to signal whether parties support or do not support needs-based education funding. Traffic light coding is commonly used in the community and in business practice to generate reader associations with those particular colours, where red indicates to stop or proceeding danger, orange represents the exercise of caution and green signals to proceed
- the timing and method of distribution for the marketing and advocacy materials. The voting scorecard (figure 6.8) was attached to the Learn to Grow website and an electronic direct mail-out which provided a polling booth look-up for election day. The flyer in figure 6.10 highlights 'What can you do?' and asks the reader to 'pledge your vote to education' with the traffic light coding to show which parties had or had not demonstrated support for needs-based education funding. This flyer was handed out at face-to-face meetings, including at selected polling booths on election day.

Figure 6.10: Flyer distributed to the community during the Learn to Grow campaign

EVERY SOUTH AUSTRALIAN CHILD DESERVES A QUALITY EDUCATION

1 IN 5 KIDS IN THE CLASSROOM STAND TO MISS OUT

Education funding should be used to provide early diagnosis and programs that ensure **EVERY** child, doesn't matter **WHERE** they live, or **HOW MUCH** their parents earn, can access a quality education.

With 1 in 5 kids in the classroom having learning difficulties, we need a fair system that gives every child a chance to thrive at school.

WHAT CAN YOU DO?

Every vote counts.

Not all parties are committed to funding the full six years of the Gonski Agreement, through to 2019. Funding to 2019 gives our schools the certainty to continue to deliver the programs that are already making a difference for our children.

Labor LABOR Has committed to fully funding Gonski's needs-based model to 2019.	LIBERAL NATIONALS COALITION Hasn't committed to fully funding Gonski's needs-based model to 2019.	THE GREENS GREENS Has committed to fully funding Gonski's needs-based model to 2019.
FAMILY FIRST FAMILY FIRST Hasn't committed to fully funding Gonski's needs-based model to 2019.	NICK XENOPHON TEAM NICK XENOPHON TEAM Unclear if committed to fully funding Gonski's needs-based model to 2019.	

On July 2nd, vote for a party that will invest in education, not education cuts.

PLEDGE YOUR VOTE TO EDUCATION AT www.learnstogrow.com.au

ONE COMMUNITY | LEARN TO GROW EDUCATION FUNDING OUR FUTURE

We queried One Community SA's former Campaign Director about the use of traffic light colours to represent the position of the major parties on education funding. He advised that the purpose of the marketing materials was to advise voters where the major political parties were positioned on the matter of needs-based education funding. He advised that all the major political parties were represented in the material, which was showing three parties that support education. It was not, in his opinion, showing support for one party.

One Community SA's Chairperson advised that demonstrating the position of each party on education funding was an attempt to influence the policies of the parties and get as much support as possible for Gonski funding. He also commented that, during an election campaign where everything is heightened, an analysis of party positions can be perceived as taking sides. He indicated that One Community SA was not, but could understand that from the perspective of people who did not like being in a red category they were.

Although the campaign aim may have been to seek support for an increase in education funding for South Australian schools, stating the position of the parties on education funding could suggest to a reasonable person that they should support particular parties. By indicating preference to one or more parties over another, a reasonable person could interpret those materials as favouring the supporting parties during an election.

The inherent risks in this area, even outside the period of an election campaign, and the challenges in assessing when the party political line has been crossed are demonstrated by the One Community SA Board's response to an opinion piece in The Advertiser on 12 October 2016, written by the former Campaign Director.

One Community SA's Chairperson deemed that this article crossed the line between campaigning for a cause and campaigning against particular political parties. The article led to the One Community SA Board ceasing the Campaign Director's employment.

The former Campaign Director advised us that he had approval for a similar, earlier article and assumed the second one would also be acceptable. He also advised it could be seen to be a partisan action if you take it as a single moment in the campaign. At the time the article was written, the Liberal party (then in government) was the only major party that had not committed to needs-based education funding. The progression of the campaign was to put pressure on them to secure as much money as possible for South Australian schools, as education funding arrangements were not finalised at the time.

7 Establishment and administration of the grant to One Community SA

What we found

We found that the grant to One Community SA was not properly administered by DPC and there was a lack of appropriate supporting documentation for the establishment and monitoring of the grant. We found the following weaknesses:

- There was no documentation evidencing planning and key decisions for the grant establishment.
- There was no documented evaluation of the funding proposals received from One Community SA.
- DPC could not provide documentation to evidence that an officer with appropriate financial delegation had approved awarding the grant before One Community SA was notified.
- The Funding Agreement did not clearly outline all the terms and conditions necessary to properly measure the outcomes and monitor the grant, and did not meet all requirements of TI 15.
- There was no evidence that processes were established by DPC to identify or manage conflicts of interest.
- There was insufficient ongoing monitoring of the grant.
- DPC's policy and guidelines for grant administration had not been updated since 2011, were not easily accessible by staff and did not provide sufficient guidance for managing ad hoc or one-off grants.

What we recommended

DPC should ensure that appropriate mechanisms are in place for establishing and monitoring grant arrangements, including:

- all grants, whether one-off or part of an ongoing program, should be subject to a planned and documented approach, proportional to the value of the proposed grant
- funding proposals should be evaluated against pre-established criteria and assessments should be documented
- appropriate mechanisms should be in place to authorise expenditure in line with delegations of authority, prior to committing funds to a third party
- Funding Agreements should address the requirements of TI 15 and establish a clear understanding between parties on the required outcomes, including appropriate accountability and ensuring grantees can demonstrate appropriate governance arrangements for the purpose and value of the proposed grant
- potential or actual conflicts of interest should be considered and managed

- future grant arrangements should be subject to regular monitoring in line with requirements established in the Funding Agreement
- policies and procedures on grant administration should be reviewed and made available to all staff. They should address the specific requirements for grant management and transaction authorisation in the Treasurer's Instructions.

7.1 Introduction

The grant to One Community SA was paid, prepared and managed by DPC. The first instalment of \$500 000 represented 7% of the total grant payments made by DPC in 2015-16.

DPC has a Grant Programmes Unit, however this grant was not established under the supervision of this Unit.

DPC's former Executive Director Strategic Communications advised us that the drive for this campaign came from the Premier's Office and he was tasked with its administration and activation. The funding was to be provided from the Premier's Contingency and had not been included in DPC's budget. He also advised that the Premier's Office wanted One Community SA to lead the campaign, so he engaged in discussions with them to progress the transaction. He also reiterated that the context for the grant was the February 2016 meeting of the Federal Cuts Hurt Taskforce, where the idea for a united or joint approach was first canvassed.

Section 2.1 provides details on the establishment of the grant.

7.2 Audit approach

The key staff involved in establishing and approving the grant were no longer working for DPC when we started our review. Current DPC staff found it difficult to locate documentation relating to its establishment.

We discussed the transaction with DPC's former Executive Director Strategic Communications, who was the key officer involved in establishing the grant, to understand the process undertaken where we could not locate documentation.

7.3 Findings

7.3.1 There was no evidence to support the planning and key decisions for the grant to One Community SA

Recommendation

All grants issued by DPC, whether one-off or part of an ongoing program, should be subject to a planned and documented approach, proportional to the value of the proposed grant.

Planning should clearly address the established need for the grant and the DPC objectives that will be achieved. It should also consider the best method of determining appropriate grant recipients or justify the suitability of providing a grant to a specific organisation in a one-off or ad hoc transaction.

Finding

DPC could not provide any documentation to evidence a planned approach to issuing the grant. More specifically there was no documentation to support:

- initiation of the grant process
- that the method of issuing the grant (by direct negotiation with One Community SA) had been considered and approved
- the criteria for assessing how well the grant would meet DPC's operational objectives
- that grant risks were identified and mitigated.

Grants are used to achieve government policy objectives. Like any other procurement, the provision of a grant requires some planning to ensure that the objectives will be met and will uphold the high standards of probity, integrity and accountability expected of government agencies.

As discussed in section 2, the grant proposal from One Community SA stemmed from a Federal Cuts Hurt Taskforce meeting held in February 2016. One Community SA's Chairperson recalled that the Premier announced at this meeting that the SA Government would commit funds to a campaign. One Community SA was nominated by its Chairman to coordinate the campaign.

DPC's former Executive Director Strategic Communications advised us that the need for the grant came from the Premier's Office and that DPC staff were tasked with administering and activating the grant transaction. He also reiterated that the context for the grant was the February 2016 meeting of the Federal Cuts Hurt Taskforce, where the idea for a united or joint approach was first canvassed.

No provision had been made in DPC's budget for this grant. The Premier approved that the grant be paid from the Premier's Contingency.

In the absence of any planning for a grant payment there is an increased risk that the grant activity will not be suitably designed to help DPC meet its operational objectives and will not achieve proper use of public money.

7.3.2 No documented assessment performed on proposals received from One Community SA

Recommendation

All grant submissions/proposals should be evaluated against criteria established before they are received. This includes grants awarded through a non-competitive process, such as the grant to One Community SA.

Assessments should be documented and appropriate records kept to provide a management trail for decisions made.

To ensure an objective assessment process for any submission received, criteria should be established prior to receipt of submissions. Criteria should be designed to help determine if the submission will help DPC to properly achieve its objectives.

Finding

On 13 April 2016 DPC was provided with two alternative proposals seeking funding for a collaborative multi-sector community campaign led by One Community SA. The first sought funding of \$1 million and the second sought funding of \$500 000.

One Community SA provided a further proposal to DPC on 6 May 2016 for the same purpose, but the funding sought was \$757 500.

DPC could not provide any documentation of its evaluation of the proposals and could not provide any criteria against which the proposals would have been considered.

DPC's former Executive Director Strategic Communication advised that he recalled having discussions about the proposals and compared the first two proposals against campaign knowledge he acquired while developing other government campaigns. He did not recall there being a strong documentation process in the assessment of proposals. He advised that feedback on proposals was provided to One Community SA verbally.

Without any documentation of the proposal assessments, we cannot determine if the proposals were reasonably assessed. A lack of rigor in the assessment process increases the risk that grant funds will not help DPC to achieve its objectives. This may result in public funds not being used properly.

7.3.3 Commitment of the grant funding to One Community SA was not appropriately authorised

Recommendation

DPC should ensure that appropriate mechanisms are in place to authorise expenditure in line with delegations of authority, prior to committing funds to a third party.

Finding

On 6 May 2016 the then Executive Director Strategic Communications in DPC wrote to the Chairperson of One Community SA to advise that the SA Government was pleased to support its request for financial support (\$757 500) for its proposal to lead and manage a community-driven campaign.

The Executive Director Strategic Communications did not have the financial delegation to approve awarding a grant of this amount.

TI 15 states that all approvals and authorisations required for SA Government employees to enter into contracts and/or incur expenditure, as set out in TI 8, apply to the provision of grants.

TI 8 requires that approval be given by an authorised person before a public authority can enter into an agreement with the potential to lead to expenditure.

DPC could not provide documentation to evidence that an officer with appropriate financial delegation had approved awarding the grant before One Community SA was notified.

The Funding Agreement, which was drawn up after the letter was sent to One Community SA, was signed by the then Chief Executive DPC on 1 June 2016.

7.3.4 The Funding Agreement did not clearly outline all necessary terms and conditions and did not meet all the requirements of Treasurer's Instruction 15

Recommendation

DPC should ensure that future Funding Agreements address the requirements of TI 15 and provide:

- a clear understanding between the parties on required outcomes, before any payment of the grant commences
- appropriate accountability for relevant money, including ensuring grantees can demonstrate appropriate governance arrangements for the purpose and value of the proposed grant
- agreed terms and conditions for the use of the grant
- the performance information and other data that the recipient may be required to collect and the criteria that will be used to evaluate the grant, the grant recipient's compliance and performance.¹⁵

The amount of detail in the Funding Agreement should be proportional to the value of the grant and any risks identified for that transaction.

Finding

We found the Funding Agreement between the Premier and One Community SA to be deficient in a number of areas because it did not address the following matters:

- There is no reference to demonstrable governance expectations for the grant.
- Although the Funding Agreement requires One Community SA to submit an interim evaluation report, there are no details on what should be included in this report.
- There is no reference to the appropriate use of public funds when conducting advertising campaigns (eg public funds cannot be used for party political advertising).

¹⁵ Australian Government Department of Finance 2017, Commonwealth Grants Rules and Guidelines, p. 33.

- There are no performance measures established for the project outcomes or any requirement to report the outcomes and how the purpose of the grant has been fulfilled.
- A time frame is not specified for the final report and acquittal to be delivered to DPC.
- There are no details on how DPC will assess the reports it receives.

We also found some areas where the Funding Agreement does not address the requirements of TI 15:

- The Funding Agreement does not state that all unexpended grant money must be repaid to DPC (TI 15 clause 15.10.1(c)).
- The Funding Agreement does not provide any information on what the interim evaluation report or the final report and acquittal need to include. TI 15 clause 15.10.3 states that the chief executive of an administrative unit that is responsible for administering a grant must ensure that appropriate reporting requirements are in place to enable it to satisfy the Minister that the grant is used effectively and efficiently and only for the purpose for which it was made.

We also found that there was ambiguity in allocating responsibility for performing an interim evaluation, where One Community SA staff and current DPC staff were not clear on what was required.

The Commonwealth Grants Rules and Guidelines observe that well-drafted and fit-for-purpose grant agreements contribute to good governance and accountability. Both the agency providing the grant and the grant recipient should clearly understand the conditions in the agreement.

We noted that One Community SA was established as a capacity-building resource, to help community groups and individuals run local campaigns about community issues. The idea was to provide a tool that would help to set up meetings, have online discussions and publicise causes or issues to attract other people to that matter.

The One Community SA's Chairperson also advised that it was not intended that One Community SA itself would run campaigns. He noted that other campaigns One Community SA hosted included the White Ribbon March. The Chairperson and the former Campaign Director informed us that other campaigns were established and executed in line with the original intentions for One Community SA.

By comparison, the Learn to Grow campaign was funded for \$757 500, with an initial focus during an election campaign, and advocated for an important, high profile community cause.

In our discussions with the Chairperson about One Community SA taking some responsibility for hosted campaigns, he observed that it proved difficult and One Community SA probably had not set up its governance as well as it might. He also advised that the relationship between the Board and the campaign partners running a campaign hosted by One Community SA was not well articulated.

7.3.5 Conflicts of Interest were not considered

Recommendation

Mechanisms should be in place to ensure that potential or actual conflicts of interest are considered before committing to a grant transaction.

The Commonwealth Grants Rules and Guidelines provide the following mechanisms that could assist with identifying and managing potential conflicts of interest:

- establishing procedures for officials and potential grant recipients to declare their interests
- developing procedures to manage potential conflicts of interest in all phases of grant administration
- maintaining a register of staff interest
- ensuring that grant guidelines clearly outline what constitutes a conflict of interest.

Finding

Our audit focus was on the process established to manage conflicts of interest. We did not assess whether there were any conflicts of interest.

We could not find any evidence that processes were established to identify real or potential conflicts of interest in the establishment of this grant. DPC's former Executive Director Strategic Communications could not recall whether any specific actions were taken to identify conflicts of interest.

We were also advised by the Chairperson that One Community SA did not consider conflicts of interest when engaging staff to deliver the grant funded campaign.

DPC's Grant Management Guidance requires employees to declare any apparent or potential conflict of interest when providing a recommendation to the Premier about a request from an organisation.

This guidance is consistent with the Code of Ethics for the South Australian Public Sector which requires staff to avoid conflicts of interest, but could be more comprehensive in helping staff to identify and manage conflicts of interest through the grant phases.

Where there is no process in place to ensure that conflicts of interest for grant recipients are identified and managed there is an increased risk that grant recipients may be influenced, or may be perceived to be influenced, when applying public funds for the grant purpose.

7.3.6 Ongoing monitoring of the Funding Agreement was insufficient

Recommendation

Future grant arrangements should be subject to regular monitoring in line with requirements established in the Funding Agreement. A grant management schedule that lists all the

specific requirements in the Funding Agreement along with assignment of responsibility and timelines for monitoring tasks may help DPC to ensure that grants are being appropriately monitored.

Finding

Our review identified that a number of deliverables and obligations within the Funding Agreement had not been addressed. There was no evidence that DPC had followed up on outstanding information with One Community SA. Specific matters are listed below.

DPC's interim evaluation of the grant

There was no documented evidence that an interim evaluation of the project was conducted by DPC three months after the commencement of the grant, as required by clause 6 of the Schedule to the Funding Agreement.

We were advised by DPC's Executive Director, Government Communications, Engagement and International Relations that he met with One Community SA's Campaigns Director in August 2016 to discuss the interim report submitted to DPC. The second and final grant instalment was paid to One Community SA after this meeting.

Financial information not provided to DPC during the grant term

No information was provided to DPC during the grant period to monitor that the grant funds were being used for the intended purpose. One Community SA provided a detailed report on the campaign activities for the purpose of the interim review, but did not provide any financial information as part of this interim report.

One Community SA financial statements

Financial statements were not provided by One Community SA for each financial year over the grant period as required by clause 9.8 of the Funding Agreement. There is no evidence that they were requested by DPC.

Reporting on other funds received in relation to the grant purpose

Clause 6 of the Funding Agreement requires One Community SA to report on whether it has accessed other funds in relation to the grant purpose. Although not material, One Community SA did receive some funds from other entities during the grant period. There is no evidence that this was reported to DPC.

7.3.7 Department of the Premier and Cabinet's grants policies and procedures were not available to all staff and were not up to date

Recommendation

DPC should review, update and make available to all staff policies, procedures and guidance for issuing, managing and assessing grants.

Policies and procedures for grant management should address and make clear reference to TI 8 and TI 15:

DPC should consider, as a model of good practice, the Commonwealth Grants Rules and Guidelines which provide useful general guidance for the grant life cycle.

Finding

DPC staff could not locate copies of policies or procedures for grant management when we requested them. When we raised this matter, DPC staff determined that the Grant Management Policy and the Grant Management Guideline had not been transferred to a new document sharing platform with other departmental policies, procedures and guidance.

The Grant Management Policy and Grant Management Guideline had not been updated since 2011. We found that these documents did not accurately reflect all requirements of TI 15. We also found that the guidance focused on the management of grant programs and did not provide sufficient guidance for one-off or ad hoc grants.

Where policies and procedures are not regularly updated they may not reflect current government requirements. If staff are not aware of, or cannot easily locate policies and procedures relevant to their duties and tasks, there is an increased risk that transactions will not be carried out in line with specific government requirements or to the standard DPC expects.

7.3.8 GST was not consistently applied to the grant payments made to One Community SA

Recommendation

DPC should have appropriate measures in place to ensure amounts paid on invoices are correct and GST compliant before processing the payment.

Finding

GST has been inconsistently applied to the grant instalments paid to One Community SA.

The grant funding arrangement provided for the \$757 500 grant to be paid to One Community SA in two instalments:

- \$500 000 on executing the agreement and presenting an invoice
- \$257 500 on delivering an interim evaluation report and presenting an invoice.

The grant amount specified in the Funding Agreement is GST exclusive.

We found that the first invoice provided by One Community SA did not include any GST but the second invoice did. DPC paid the amounts on the invoices.

Organisations registered for GST that receive grant funding do not have to pay GST on the funding payment unless it makes 'supply' in return for the payment.¹⁶ Including GST on the second payment to One Community SA may have resulted in an overpayment.

¹⁶ Australian Taxation Office, Grants and sponsorship, viewed October 2017, [https://www.ato.gov.au/Business/GST/When-to-charge-GST-\(and-when-not-to\)/Grants-and-sponsorship/](https://www.ato.gov.au/Business/GST/When-to-charge-GST-(and-when-not-to)/Grants-and-sponsorship/).

Appendix 1 – Chronology of events

The table below lists dates and key events associated with the establishment of the grant transaction and the application of the grant funds.

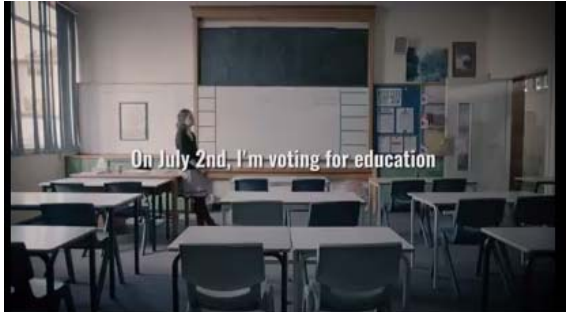
Date	Event
10 February 2016	Federal Cuts Hurt Taskforce meeting held at Parliament House.
13 April 2016	Unsigned proposal from One Community SA received by Department of the Premier and Cabinet (DPC). Two proposal options are contained within the unsigned submission.
4 May 2016	Proposal from One Community SA (dated 6 May 2016) emailed to DPC. Proposes One Community SA as the lead agency for a collaborative multi-sector community campaign with funding of \$757 500.
6 May 2016	Letter accepting the proposal sent to One Community SA by DPC's Executive Director Strategic Communications.
10 May 2016	Statement of Work from Essential Media to One Community SA. Details the project, services and deliverables.
16 May 2016	Funding Agreement between the Premier of South Australia (the Premier) and One Community SA signed by One Community SA's Chairperson and returned to DPC.
24 May 2016	Minute from the Premier to the Treasurer seeking allocation of \$500 000 to DPC from the Premier's Contingency for the purpose of providing funding to One Community SA.
30 May 2016	Essential Media provides a communication plan for Learn to Grow campaign to One Community SA.
1 June 2016	Chief Executive DPC approves and signs the Funding Agreement between the Premier and One Community SA.
8 June 2016	Learn to Grow campaign launched.
12 - 29 June 2016	Learn to Grow radio commercial aired.
12 June - 2 July 2016	Learn to Grow digital media activated.
13 June - 10 July 2016	Learn to Grow billboards installed.
13 June - 2 July 2016	Learn to Grow community mobilisation. Distribution of flyers and face-to-face discussions with the public at schools, shopping centres and polling booths.
16 June 2016	Principals, Teachers and Parents Education Forum hosted by One Community SA with its Learn to Grow partners.
22 June 2016	Payment of \$500 000 made by DPC to One Community SA for first instalment of grant funding.
23 - 29 June 2016	Learn to Grow television commercial aired.
2 July 2016	Federal election

Date	Event
27 July 2016	One Community SA provides Learn to Grow interim report to DPC to obtain access to the second grant payment under the Funding Agreement.
1 August 2016	One Community SA's Campaign Director sends interim evaluation to DPC which is required under clause 6 of the 'Funding Details' Schedule to the Funding Agreement.
7 September 2016	Payment of \$282 700 to One Community SA.
October 2016	Marketing activity for Learn to Grow campaign includes asking supporters to 'Stand by their Principals', press advertisement on 'Nick Xenophon agreed', two electronic direct mails and social media posts.
November 2016	Marketing activity for Learn to Grow campaign focuses on social media posts. Essential Media gives focus to creating One Community SA partner materials and prospectus.
December 2016	Marketing activity for Learn to Grow campaign includes launch of the school funding look-up action on the website, social media posts and two electronic direct mails.
17 February 2017	Letter from the Australian Electoral Commission to One Community SA discussing obligation to lodge a Political Expenditure Return under section 314AEB of the <i>Commonwealth Electoral Act 1918</i> .
February 2017	Marketing activity for Learn to Grow campaign includes one post to Facebook and an action on the website requesting supporters to email their local newspaper.
March 2017	Learn to Grow campaign marketing activity includes preparation for the Federal Budget petition and social media posts.
April 2017	Learn to Grow campaign marketing activity includes redesigned website, reactive media releases, Facebook and social media focus on the Federal Budget petition.
4 May 2017	Letter from One Community SA to DPC requesting to extend the grant period and provision of the acquittal until August 2017.
May 2017	Marketing activity for Learn to Grow campaign primarily centred on Facebook posts.
23 June 2017	Gonski 2.0 education funding is passed in the Senate.
1 August 2017	The Board of One Community SA resolves to wind up the organisation.
29 September 2017	Grant acquittal provided to DPC by One Community SA.

Appendix 2 – Learn to Grow campaign materials

Television commercials

‘Teacher’ 30 second commercial



Voiceover of teacher:

Four kids in my class have learning difficulties. They need early diagnosis and individual programs to help them succeed. That means hiring and training specialist teachers. You can't get them without needs-based funding.

Why should 1 in 5 kids miss out? It's not right.

On July 2nd I'm voting for education.

Tagline Voiceover:

Authorised by M Osborn. One Community SA, Adelaide.

‘Social worker’ 30 second commercial



Voiceover of social worker:

Most kids in my care have poor literacy and numeracy skills. It's a tragic path that can take kids straight from school into the welfare system. But we know that investing in their education will help them succeed in life.

The cost to fund education is nothing compared to the price we will pay here. (shows picture of student and social worker entering Youth Court).

On July 2nd I'm voting for education.

Tagline Voiceover:

Authorised by M Osborn. One Community SA, Adelaide.

Newspaper advertisement

Region	Funding Loss (\$M)	Status
Southern Adelaide	\$45.3M	RIPPED
Northern Adelaide	\$46.8M	RIPPED
Eastern Adelaide	\$26.9M	RIPPED
Limestone Coast	\$11.7M	RIPPED
Yorke and Mid North	\$11.5M	RIPPED
Murray and Mallee	\$11.3M	RIPPED

Find out how much your local school will lose if the Federal Government's cuts go ahead:
learntogrow.com.au/funding-loss

ONE COMMUNITY | LEARN TO GROW EDUCATION FUNDING OUR FUTURE

Outdoor advertising – billboards



Social media

 One Community SA
June 29, 2016 ·

Your vote matters.

When you go to the polls on Saturday, your vote will have an impact on whether or not South Australian kids get the support they need at school. With needs-based funding, no child is left behind - but not all parties support delivering it in full.

When you head to the polls, make your vote count - vote for education.



Don't let **1 in 5 kids** be left behind.
Needs-based funding means all kids have the chance to learn and thrive.

This Saturday, vote for education.
www.learntogrow.com.au



Like Comment Share

 One Community SA
June 2 ·

Nick Xenophon in 2016: "...we stand by full implementation and full funding of Gonski"

Nick Xenophon in 2017: "I don't think it's a full Gonski, but it's still a Gonski"

It's not a Gonski, **Nick Xenophon**, it's \$265 million less for South Australian school kids. Please fight for our schools to receive the full funding included in the signed agreement from 2013.



REMINDE NICK TO FIGHT FOR OUR SCHOOLS



Rebecca Sharkie voted to pass the government's education bill

HAS THE NICK XENOPHON TEAM ABANDONED THEIR PRINCIPLES?

Comment on Nick Xenophon's Facebook page to ask him to stand up for education.





Schools funding negotiations delayed until after budget is released

PARENTS HAVE A RIGHT TO KNOW WHAT'S IN THEIR CHILD'S FUTURE.
MINISTER BIRMINGHAM, RELEASE YOUR PLAN FOR SCHOOL FUNDING!

learntogrow.com.au/stop-cuts-schools

Our children's futures are in their hands.
With election results now in, we need work harder than ever to make sure the Federal Government commits to funding Gonski in full.
Join the movement: <http://learntogrow.com.au/>



Like Comment Share

2

Needs based funding provides every young person with the opportunity to flourish, irrespective of the type of school they attend (public, independent or Catholic), their background, or where they live.



Like Comment Share

2



Write a comment...

Appendix 3 – Letter from Department of the Premier and Cabinet responding to this Report



Government of South Australia

Department of the Premier
and Cabinet

OUR REF: B124664
File No: DPC17/0696

GPO Box 2343
Adelaide SA 5001
DX 56201
Tel 08 8226 3500
Fax 08 8226 3535
www.dpc.sa.gov.au

November 2017

Mr Andrew Richardson
Auditor-General
Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000

Dear Mr Richardson

Thank you for your correspondence of 13 November 2017 about your review of the One Community SA Grant.

In your review, you make a number of findings and recommendations in relation to the grant agreement.

You have concluded that there were insufficient controls over the grant management process because you found that there was a lack of documentation to support key elements of the grant's management including establishment, assessment, approvals and monitoring processes.

I accept that the establishment of the grant was deficient in these areas and I have directed that a new grant policy, guidelines and procedures be established and published in an easily accessible location for the reference of staff. I am advised that this work is well underway and we expect these to be published early in the new year.

Further, all staff responsible for processing grants and the executives that manage grant programs will be expected to have a thorough understanding of the new policy, guidelines and procedures along with relevant Treasurer's Instructions.

In relation to your recommendation on restrictions in the use of public funds for marketing and advocacy during election campaigns – be they State or Federal – I have asked for a comprehensive review of how other jurisdictions (beyond those you have already identified in New South Wales and Queensland) impose a black-out of content.

I have asked for that report to be completed by the end of the year, with a view to considering a new timeframe in South Australia beyond the current caretaker provisions to be included in the new South Australian Government Marketing Communications Guidelines.

For Official Use Only - - I2 - A1

Where I do take issue with the review is with reference to a finding that some campaign materials produced by One Community SA may be interpreted as party political.

The review references the reasonableness test by which *a reasonable person could misinterpret the message as being on behalf of a political party or other grouping; or designed to influence support for a political party, candidate or Member of Parliament.*

The materials published and referenced in the review did not advocate for the position of **one** particular party but rather identified which parties were committed to fully funding Gonski; they being the Greens Party, the Nick Xenophon Party and the Australian Labor Party.

I would also make the point that although the grant was provided by the Department of the Premier and Cabinet, at no time did any of its officers provide direction or advice on the production of communications materials used. These materials were produced entirely at the discretion of One Community SA.

Notwithstanding this, I accept that it would be advisable for there to be a clause in future grant agreements that makes it clear that the voices or images of politicians should not be used in publicly-funded marketing and advocacy campaigns during a black-out period that will be determined.

Finally, as the review acknowledges, the purpose of the grant was consistent with the 2016-17 South Australian Government Communications Plan which establishes "standing up for South Australia" as one of five across-government communications themes.

By its very nature, "standing up for South Australia" is likely to involve standing up against the policies of other governments, both State and Federal.

Yours sincerely

A handwritten signature in black ink, appearing to read "Dr Russell", written in a cursive style.

Dr Don Russell
CHIEF EXECUTIVE