



Grants Program Framework

**Department of Jobs, Precincts and
Regions (DJPR)**

Steelvision Pty Ltd Case Study

May 2019
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1. Executive Summary

Purpose

This report sets out the key findings from KPMG's examination of the grant awarded to Steelvision Pty Ltd, pursuant to the Department of Jobs, Precincts and Regions' Grants Program Framework. Additionally, recommendations are made to help management augment the Grants Program Framework.

1.1. Context

The key objective of this engagement was to identify whether the program administration of the grant awarded to Steelvision Pty Ltd (Steelvision) funded through the Latrobe Valley Economic Facilitation Fund (LVEFF) was compliant with the Department of Jobs, Precincts and Regions (DJPR / Department) standards and the resultant procedures were consistent with the Grant Program Framework. This objective was achieved through the:

- Analysis of the deployment of program administration practices and procedures undertaken for the Steelvision grant across the grant-life-cycle;
- Consideration of the information provided to the Department by Steelvision and the LVEFF grant processes that were applied including the subsequent processes and actions undertaken by the Department; and
- Walk through of the key elements of the Grant Lifecycle Process to identify alignment and gaps with best and current practice (as defined by existing departmental standards).

Scope limitations

The conduct of our work was limited by the ten scope points outlined in Appendix 1 to this document. No opinion or conclusion has been provided on the completeness and quality of the DJPR Grants Program Framework (grant framework), with the work conducted to ascertain if the required processes followed were consistent with the grant framework, where deemed mandatory.

This engagement did not extend beyond the scope areas listed in Appendix 1, specifically services performed are advisory in nature and were not conducted in accordance with the standards issued by the Australian Auditing and Assurance Standards Board. Consequently, no opinions or conclusions under these standards were expressed.

Further, even though the internal audit activities conducted consider internal controls relevant to the management of fraud risks, internal audit activities were not designed to detect fraudulent activities.

Our deliverables are prepared solely for the use by DJPR. No responsibility to any other party shall be accepted as our report is not prepared, and is not be intended, for any other purpose.

Grants program framework

The Department advised that the Grant Agreement Practices and Procedures manual was available to all staff at the time of the grant lifecycle. The Grant Program Administration Manuals and Procedures confirmed as available to staff include the Grant Hub artefacts, the Grants Management System (GEMS) guide and Corporate Finance policies. We have presented the findings and improvement recommendations in this report to align to the DJPR Grant Program Ecosystem - Grant Lifecycle Process depicted on the following page.

DJPR Grant Program Ecosystem – Grant Lifecycle process



Case study – Latrobe Valley economic facilitation fund grant

The LVEFF Grant is administered by Regional Development Victoria (RDV), with final endorsement and governance provided by the former Department of Economic Development, Jobs, Transport and Resources (DEDJTR) Investment Committee (now interim Investment Committee).

In early March 2018 Steelvision, a specialist precast concrete manufacturing company, was supported to expand its operations from Melbourne into Gippsland with Victorian Government financial assistance through the LVEFF grant. The total project cost was stated to be \$3.6m, with \$2.7m to be used for building purchase and the remainder on fit out costs. The application stated the \$3.6m would be spent by end of year 1 - June 2018. The grant was structured with the first milestone payment of \$400,000 (62%) of the \$650,000 grant value payable when 20 full time equivalent jobs (38%) were created and in place for three months.

The grant project timeline was 1 April 2018 to 31 July 2021. The grant was to establish a precast concrete and high security building fixture factory in an existing workshop at Morwell. The grant agreement had documented an outcome to provide job growth in the region. Steelvision was reported as delivering initial progress on the required economic outcomes with creation of 53 new ongoing jobs in Morwell.

Total grant payments of \$400,000 (the first milestone payment) had been made when the company entered voluntary administration on 22 January 2019 and as a result all employees were terminated. The LVEFF Steelvision grant process provides an opportunity to review the application of departmental standards, practices and procedures that were applied to this grant through each stage of the grant-life-cycle.

1.2. Summary of findings

The individual finding ratings for this engagement set out in this report are referred to in Appendix 2 in the rating scale, which is aligned to the impact on the grant outcomes.

Grant program framework – non compliance

In section 2 of this report we have outlined observations of non-compliance with the existing grant lifecycle policy and procedures that were mandated at the time of administering the Steelvision grant, pre award and post award. Through our fieldwork, we have identified instances of non-compliance throughout the end-to-end grant lifecycle process.

In summary, our examination noted four (4) high risk rated non-compliance findings across the Grant Lifecycle, relating to Application, Assessment, Contract Finalisation and Monitoring, and one (1) moderate risk rated finding relating to Grant Approval.

Grant Life cycle improvement recommendations.

In section 3 of this report we have provided additional observations on improvement opportunities to augment the existing grant lifecycle framework. We have also outlined recommendations for improving the grant program procedures, risk mitigation and guidance notes related to both the non-compliance and improvement observations.

Additional investigations

At time of our fieldwork, it was brought to our attention that a separate investigation was initiated by the Department to consider the conduct of Steelvision, including fraud allegations. On 3 May 2019 this matter was handed over to Victoria Police for further investigation.

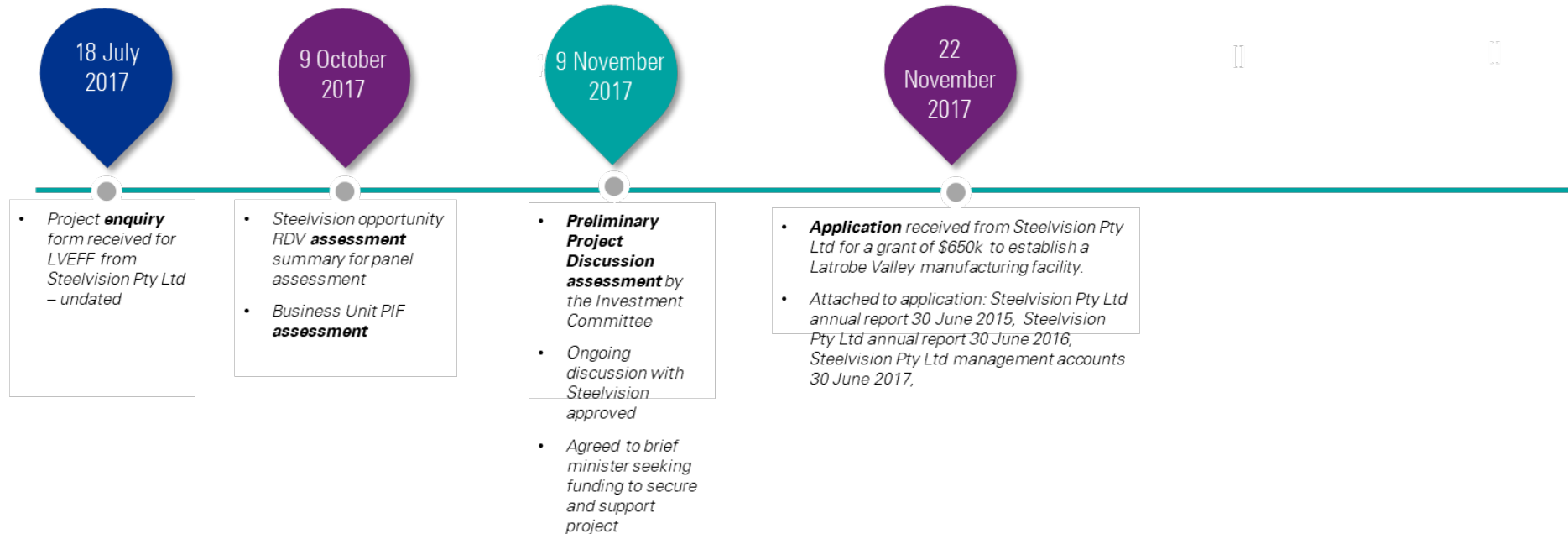
We did not conduct any work or investigation on these potential issues that came to our attention during the project.

It is recommend management undertake further work post these investigations to inform additional improvement opportunities for the grant framework design, risk mitigation controls and guidance processes.

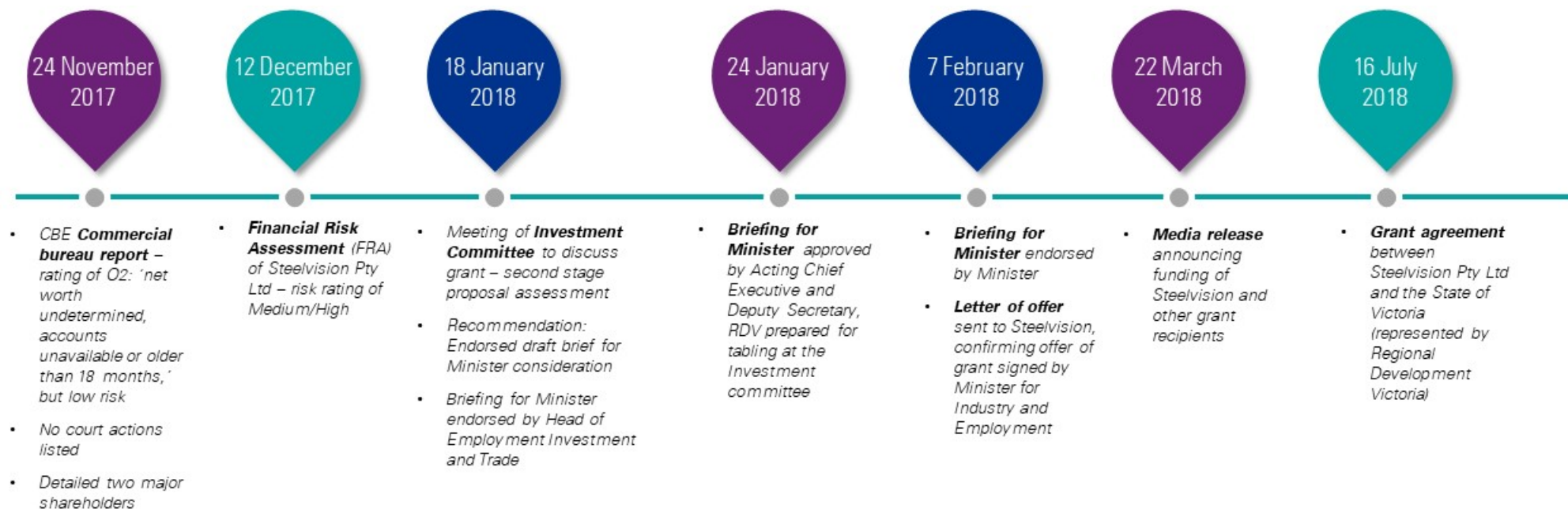
1.3. Detailed timeline for the Steelvision Grant

We have provided below the timeline of the key activities in awarding the grant to Steelvision.

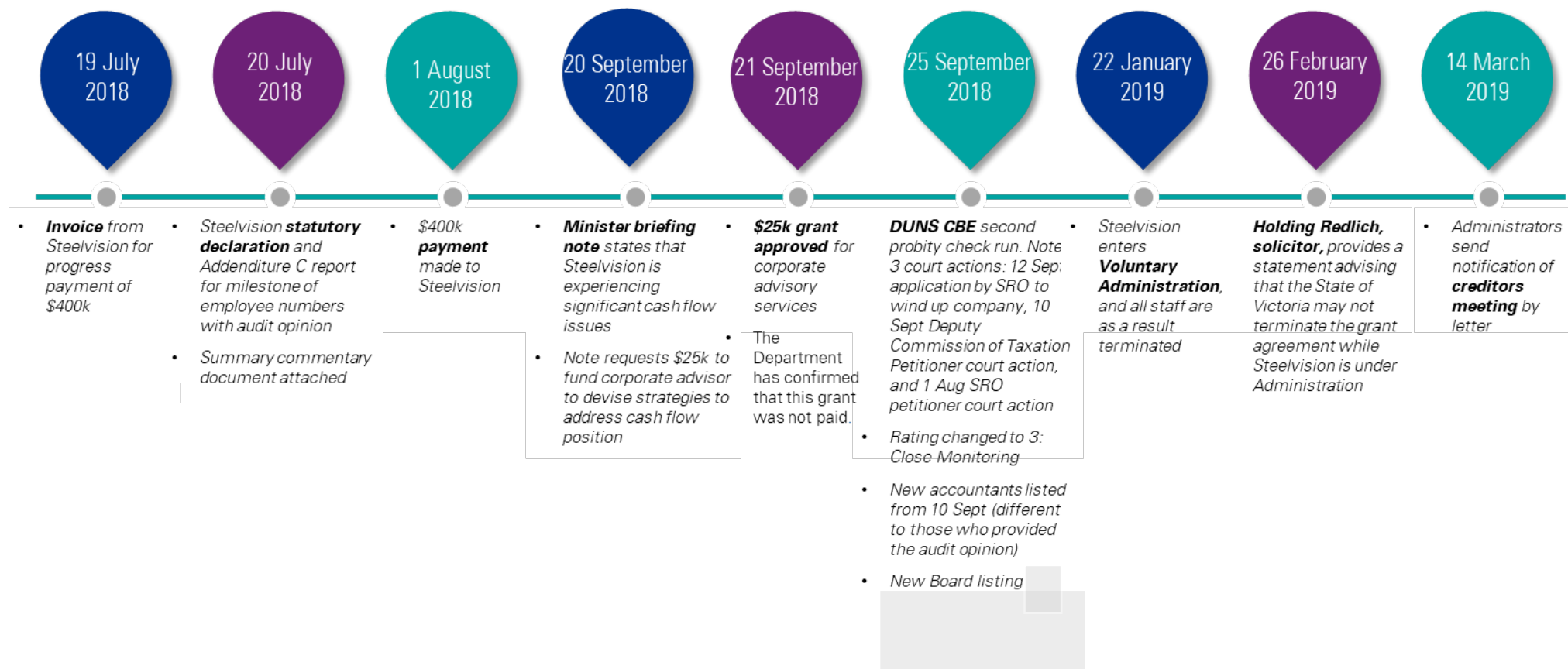
Application



Assessment and approval



Monitoring and Payment



2. Detailed Findings

2.1. Application

High

Scope element



- Did the application meet the eligibility criteria requirements as stated in the program guidelines?
- Did the submitted application include the required documentation for a project assessment to be undertaken?

Findings

An analysis of the application form and supporting documentation submitted for the grant from LVEFF showed the following process non-compliance with the mandated framework for the scope element outlined.

Description of finding	Category	Potential impact - grant outcome
2.1.1 Application form was authorised by the individual in their capacity as Operations Director. This is not considered an authorised person in the LVEFF program guidelines. This was not raised or corrected in the review of the application. Acknowledgement statement on obligations for data and attesting to accuracy as a result was not signed by the accountable company officer.	Non-compliance	Legal risks if issues were to arise with the grant by not signing the acknowledgement statement.
2.1.2 The application in Section 6 provides a financial risk assessment by the applicant. A sentence was provided by the applicant indicating their main shareholder would provide the majority of the project funding so there is no risk. No further evidence was provided or sought to independently verify this assertion.	Non-compliance	The applicant may not have fully assessed the project risks to ensure project meet its objectives. A key dependency on project funding was not fully assessed or considered.
2.1.3 The draft management accounts provided for 2017 were not signed by Steelvision’s accountant or auditors.	Non-compliance	Final management endorsed record of 2017 financial statements was not received to confirm financial performance.
2.1.4 No detailed project cash forecast or project timelines were provided. Project timeline section was annotated as “not applicable” and accepted by the Department.	Non-compliance	Ability to track delivery of expenditure, set milestones and monitor liquidity position is impacted.

2.2. Assessment

High

Scope element



Was the assessment undertaken in line with the programs assessment framework?

Was a financial risk assessment undertaken?

Was the information contained within the financial risk assessment (FRA) provided to the relevant assessment committee to inform their decision?

Was a probity check performed on the application, and if adverse findings were identified in the probity check how was this information triaged or used to inform the assessment, approval or contract process?

Findings

A review of the assessment documentation and relevant committee briefings and minutes for the grant from Latrobe Valley Economic Facilitation Fund (LVEFF) showed the following process non-compliance with the mandated framework for the scope element outlined.

Description of finding	Category	Potential impact - grant outcome
<p>2.2.1 The profit margin, liquidity and finance structure of the project aligned to the Department's definition of a high risk project. The following key risks were noted:</p> <ul style="list-style-type: none"> • [REDACTED] • [REDACTED] • [REDACTED] • [REDACTED] <p>The FRA clearly stated in the conclusion the declining profit margin, well below benchmark debt gearing, and the liquidity issues. The rating assigned as Medium High cannot be justified with the ratio, finance and debt structure and declining profitability. The FRA was provided in the second Investment Committee meeting and draft Ministerial brief.</p>	Non-compliance	If the project had been assigned a high rating it may not have proceeded according to the Department guidelines without special circumstances, Investment Committee approval and additional provisions to mitigate risk in the contract / agreement.
<p>2.2.2 The calculation of the liquidity ratio met the definition of insolvent. The FRA did raise this issue and documented that profit was expected to improve and Steelvision were dependant on the [REDACTED] overdraft facility to be able to continue operating. It is unclear the basis for concluding that profit would be improving. There was no</p>	Non-compliance	The financial risk mitigations were not taken, which placed the outcome delivery at risk.

evidence provided that the overdraft facility had also not been validated with the Commonwealth Bank as is required in the Department's procedures. The Investment Committee minutes did not raise queries or propose risk mitigation on these financial risks.		
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2.3.Approval

Moderate

Scope element



- Was the project approval process undertaken in line with the program's approval process?

Findings

A review of the documented approvals and governance committee papers and minutes related to the grant from LVEFF showed the following process non-compliance with the mandated framework for the scope element outlined.

Description of finding	Category	Potential impact - grant outcome
2.3.1 Investment Committee did recommend that the grant be tied to the capital investment being made by Steelvision and retention of the 50 jobs in the existing Braeside plant of Steelvision. It is unclear how this was to be assured in the construct of the agreement. The Minister briefing also did not include the condition for the retention of the jobs at Braeside.	Non-compliance	Agreement did not reflect the conditions provided by the Investment Committee which were designed as risk mitigations.
2.3.2 The timeline of events (detailed in section 1.3) shows the media release announcing grant to public was made on 22 nd March 2018 prior to grant agreement dated 16 July 2018.	Non-compliance	Grant outcomes may be impacted if the correct communication process flows are not followed.

2.4. Contract Finalisation

High

Scope element



- *Did the governance committee provide any recommendation in the construct of the contract to mitigate any flagged issues in the assessment / financial risk assessment?*

Findings

A review of the contract / agreement provided for the grant from LVEFF showed the following process non-compliance with the mandated framework for the scope element outlined.

Description of finding	Category	Potential impact - grant outcome
<p>2.4.1 The contract had a number of quality and construct issues including:</p> <ul style="list-style-type: none"> • Annexure B for capital and project spend was included in the contract with no reference as to when these were to be provided. This was the only component of the contract requiring detail on the project spend. • No contract clauses required the factory to be purchased and evidence to be provided. No milestones tied to the capital spend. • The required clause of retention of Braeside jobs was not included. • There is no evidence of quality review, legal review or segregation of duties in conducting a check on the contract. 	Non-compliance	Contract construct was not varied to mitigate the risk of the specific project it was funding and did not comply with Investment Committee recommendations.

2.5. Monitoring

High

Scope element



- Was the payment of the claim process undertaken in accordance to the department standard?

Findings

A review of the payment documentation submitted for the grant from LVEFF showed the following process non-compliance with the mandated framework for the scope element outlined.

Description of finding	Category	Potential impact - grant outcome
2.5.1 First milestone payment was invoiced 3 days after the contract was provided and paid 30 days earlier than due date per contract definition Section 1.1 and Part C.	Non-compliance	Not complying with this contract term is unlikely to impact the grant outcome.
2.5.2 The supporting documentation for the payment had the following issues: <ul style="list-style-type: none"> • Annexure A which was the statutory declaration had the section on incurrence of capital expenditure completed with 'not applicable' and not attested to as a result. • Annexure A attests to true and correct project accounts being attached. No accounts were attached in the documents provided. • The Department has advised that the inclusion of Annexure A was an administrative oversight as this was assessed by the Department as not being required. • Required project status report does not comply with the criteria for its content in Part B and Part C of the contract in that it provided no signature, date, statement of expenditure, linkage of spend to grant and signed declaration. • Accounting opinion was provided on employment numbers only and no consideration was to be given to payroll and financials. Attesting to employment numbers in isolation may not identify issues with the form of employment and payment related to grant outcomes 	Non-compliance	Milestone payment was made without requesting evidence of the capital and project related spend.

3. Opportunities for improvement

Opportunities for improvement observations and recommendation are outlined below. These recommendations for the Grant Program Framework are arising from the non-compliance findings and improvement opportunities identified in the review of the Steelvision grant lifecycle and are limited to the scope areas defined in Appendix 1. These improvements should be risk based in both design and application for the grant management processes, risk mitigations and guidance documents.

Scope element

This is specific to scope element to provide suggested amendments to the program administration process where inconsistencies have been noted in the conduct of this work.

3.1.Application



Observations	Category	Potential impact - grant outcome
<p>3.1.1 Steelvision project is highly reliant on the purchase of an existing factory which accounts for 76% of total project spend. The application requires financial modelling on project viability. The following issues were noted that impact project viability assessment that was required to be undertaken pursuant to the Department’s procedures:</p> <ul style="list-style-type: none"> • The application contains only summary level sales, costs and capital spend that would not provide the detail for an informed assessment of project viability. • Completion of the financial tables contain errors in amounts stated and classifications (sales classified as operating costs). • Modelling as requested in the application form was not provided or requested to consider options such as rent vs buy, particularly in context of a company with liquidity and gearing position and to assess project viability. • No valuation of the factory has been provided to support the project application and 76% of the project spend to support the required assessment of the project financials and viability. 	<p>Quality of project viability assessment</p>	<p>Evidence of adequate and quality challenge and assessment to ensure the Department does not fund a high risk project where outcomes may not be achieved.</p>

Observations	Category	Potential impact - grant outcome
3.1.2 The financial accounts provided for 2015 and 2016 were provided as signed by an auditor however they were in a non-compliant financial format (easily identified with statement on year 2000 system bug) and also contained errors, did not reconcile between years and classification of an expense line item as TBA.	Quality of assessment	The financial accounts which the grant assessment is based on are inaccurate.

Recommendations for Grant Management framework

The following areas of the Grant Program Framework require detailed review and improvement:

1. Guidance for applicants on level of detail and how to complete the application
2. Quality assurance processes on application review
3. Validation needed to be provided to support the application on financial accounts and auditors details; consider risk based approach with tiering depending on liquidity and profitability risk assessment
4. Financial information to be provided by the applicant beyond historical to deliver an effective project viability assessment
5. Priority and processes on the applicants risk assessment, viability modelling and accuracy of data submitted
6. Framework that includes clear scoring, thresholds and definitions on each criterion
7. Evidence and audit trails that provide sufficient detail on alignment with criteria

3.2.Assessment

Scope element



Observations	Category	Potential impact - grant outcome
<p>3.2.1 No probity plan was in place to evidence compliance and application of high standards of integrity. This was not a requirement to provide until 2017 and was not applied retrospectively. The probity plan outlines roles and accountabilities of all parties, task list for all probity related actions including dates and completion status.</p>	Risk mitigation	Evidence not provided of how the program complies with risk and probity related actions to maintain high standards of integrity.
<p>3.2.2 No evidence could be provided of probity checks being conducted on a 50% major shareholder of Steelvision, [REDACTED] and source of [REDACTED] of project finance [REDACTED] of total project) who was listed as key dependency in the application risk assessment.</p> <p>We understand that the framework does not provide specific instructions to provide probity checks on major shareholders or sources of funding, but it does outline other processes that should have prompted these checks to occur. These include the importance of mitigating key project risks, assessing project viability and probity checking key project participants. The processes also require all sources of finance to be validated. This funding source was detailed in the application and Investment Committee briefing however this risk and mitigation was not discussed in addition to the risks identified in the submitted papers per the minutes.</p>	Risk mitigation	<p>Probity checks not completed on owner, project financier and project participant.</p> <p>Action not taken to mitigate on key project financial risk.</p>
<p>3.2.3 The assessment process does require consideration of the validity and key risks of the project. No details of additional checks that may have been conducted to assess its validity and key risks of the project, such as site visits, safety compliance, supplier references, or other government agency contacts. The State Revenue Office did at later date move to court action for recovery of unpaid tax debt, it is unclear if this was a debt at time of assessment. The Department has advised that they did undertake site visits however the observations / findings from these visits were not recorded in GEMS at the time of this review.</p>	Risk mitigation	Due diligence to mitigate outcome, reputation and other non-financial risks associated with the specific project being funded.
<p>3.2.4 The FRA assessor has not documented in their assessment the deficiencies in the accounts that the</p>	Quality of financial risk assessment	The FRA was not based on accurate accounts which

Observations	Category	Potential impact - grant outcome
<p>assessment has been based on. These deficiencies include:</p> <ul style="list-style-type: none"> • Outdated reporting templates, with reference to year 2000 compliance requirements • No Director sign off on the audited accounts submitted • Employee numbers not completed in the notes (given the project is linked to employee number outcomes this would be important information) • 2015 and 2016 accounts did not reconcile, the prior year numbers provide additional debt not previously reported and provide worsening liquidity position • 2017 management accounts were not signed by Directors, Accountant or Auditor • Expense line item listed as TBA 		<p>may have impacted the grant decision.</p>
<p>3.2.5 The project is dependent on [redacted] funding for the new factory purchase by the shareholder. There is no verification or validation of the source of these funds. No queries were raised in the FRA on the factory valuation, project budgets increasing rent expenses given the purchase of the factory to consider the financial risks fully.</p>	<p>Quality of assessment</p>	<p>Financial risks associated with the project funding and asset purchases were not considered and mitigated.</p>
<p>3.2.6 No detailed project cashflow forecast or operational profit and cashflow forecast were provided to assess / evaluate the highlighted liquidity risk. The FRA documented that risk rating was based on expected improvement in the liquidity and profitability situation. We were unable to ascertain how management reached this conclusion, given Steelvision was technically insolvent.</p>	<p>Quality of assessment Risk mitigations</p>	<p>FRA conclusion on improvement in liquidity and profitability could not be evidenced</p>

Recommendations for Grant Management framework

The following areas of the Grant Program Framework require detailed review and improvement:

1. System controls in GEMS are in progress of redesign to ensure mandatory documents are in place
2. Guidance on carrying out due diligence beyond financial to mitigate high risks to the project and Department related to the grants
3. Definition on probity checks required for all project participants where they have material contribution and/or shareholding
4. Procedures, templates and checklists to guide completeness of all documentation and briefings
5. Skills and competency applied to the FRA process
6. Quality assurance framework to be applied on FRA process

7. FRA completed over all financial elements of the project including funding sources
8. Risk based approach that increases the due diligence steps undertaken for the FRA including validation of quality of accounts and other supporting documents
9. Framework to guide on financial risk mitigation activities for both experienced financial advisor and governance committee to implement

3.3.Approval

Scope element



Observations	Category	Potential impact - grant outcome
<p>3.3.1 The FRA was provided to the Investment Committee which outlined the financial risks however it provided a medium to high risk rating. Investment Committee provided no mitigation recommendations to address the key financial risks related to liquidity, gearing, dependency on bank overdraft facility, declining profit margins and source of funding for the project as outlined in the FRA and application.</p>	Risk Mitigation	Key financial risks may not be mitigated without conditions and monitoring forming part of the agreement.
<p>3.3.2 No ongoing monitoring process steps were designed or recommended to mitigate the financial and non-financial risks and provide a framework to continuously monitor the grant outcome.</p> <p>The Department confirmed that the long form grant agreement template does require annual financial reporting but this is not present in the Steelvision contract.</p> <p>The Department advises that their Strategic Relation Managers are actively engaged in monitoring project progress and oversee the achievement of milestones as set out in the activity schedule of the Funding Agreement. These engagements may be through scheduled site visits, formal face to face meetings and teleconferencing. This monitoring is to be recorded in GEMS as part of the client engagement process. Evidence of these site visits and communications were provided in media release and manager document notes but were not captured in GEMS.</p>	Risk Mitigation	Providing only a point in time assessment may not provide timely warning on grant outcomes not being achieved.

Recommendations for Grant Management framework

The following areas of the Grant Program Framework require detailed review and improvement:

1. Quality assurance process on implementation of Investment Committee recommendations and completion of key briefing documents
2. Review terms of reference and governance frameworks for robust oversight over all financial and non-financial risks throughout the grant lifecycle

3.4. Contract Finalisation

Scope element



Observations	Category	Potential impact - grant outcome
3.4.1 The contract was dated 5 months after the letter of offer. We were advised that Steelvision proceeded with the project on 1 April 2018 based on the Minister's Letter of Offer, while the Department was drawing up the contract. The grant framework does not mandate a timeframe or escalation process for finalisation of the contract.	Risk Mitigation	Grant outcomes and contractual terms may be at risk if contracts are not provided in timely manner to specify all the milestone and reporting requirements to be met.

Recommendations for Grant Management framework

The following areas of the Grant Program Framework require detailed review and improvement:

1. Risk based contract processes to bring specialist knowledge, risk mitigation clauses and quality assurance review
2. Review of the standard template to expand content, guidance and clauses with lessons learned from this case study
3. Quality assurance check that all reporting requirements of the contract have been met and risk assessed as to status and potential impact on grant outcome
4. Define approval processes required for legal review of changes to standard approved grant agreement documents including removing annexures
5. Monitoring framework such as automated system report that alerts to delay in production of key grant documentation

3.5. Monitoring

Scope element



Observations	Category	Potential impact - grant outcome
<p>3.5.1 The second commercial bureau assessment showed escalating issues including:</p> <ul style="list-style-type: none"> • Rating lowered to 3 which is close monitoring • 2 courts actions noted • Change in accountant listed • New Directorship lists <p>It is unclear what action was taken on this report related to the grant. This was generated 4 months prior to Steelvision entering voluntary administration.</p>	Risk mitigation	It is not clear if additional risk mitigation may have occurred to assist if this had been fully briefed.

Recommendations for Grant Management framework

The following areas of the Grant Program Framework require detailed review and improvement:

1. Design of risk based monitoring framework for the life of the grant that provide agile assurance on grant outcome delivery
2. Design of risk and issue escalation framework to guide reporting, monitoring and risk mitigation actions

Appendix 1 Project Scope

Objective

The key objective of this engagement was to identify whether the program administration of the Steelvision grant was compliant with DJPR standards and the resultant procedures were consistent with the Grant Program Framework. This objective was achieved through the analysis:

- Detailed consideration of the deployment of program administration practices and procedures undertaken for the Steelvision grant across the grant-life-cycle;
- Understanding of the LVEFF grant processes applied and analysis of the underlying cause for the outcomes not being achieved;
- Walk through of the key elements of the grant program framework to identify alignment and gaps with best and current practice (as defined by existing departmental standards); and
- We have considered the Steelvision LVEFF grant and the grant program framework in place from the initial grant assessment period late 2017 until the organisation went into administration in January 2019.

Scope

Based on the objective outlined above, the engagement reviewed the process undertaken for the Latrobe Valley Economic Facilitation Fund (LVEFF) Grant awarded to Steelvision against the Department's standard grant practices.

In undertaking the project the relevant LVEFF program artefacts and documented grant administration standards of the Department were used to assess whether the following steps of the grant-life-cycle were undertaken in a compliant manner:

1. Did the application meet the eligibility criteria requirements as stated in the program guidelines?
2. Did the submitted application include the required documentation for a project assessment to be undertaken?
3. Was the assessment undertaken in line with the program's assessment framework?
4. Was a financial risk assessment undertaken?
5. Was the information contained within the financial risk assessment provided to the relevant assessment committee to inform their decision?
6. Was a probity check performed on the applicant, and if adverse findings were identified in the probity check how was this information triaged or used to inform the assessment, approval or contract process?
7. Was the project approval process undertaken in line with the program's approval process?
8. Did the governance committee provide any recommendation in the construct of the contract to mitigate any flagged issue in the assessment / financial risk assessment?
9. Was the payment of the claim process undertaken in accordance to the department standard?
10. If inconsistencies are identified in items 1-9, provide suggested amendments to the program administration process that relate specifically to this grant and identified issues.

Approach

This project was performed using the approach outlined below:

Scoping and Planning

- Performed an entry meeting with the project sponsor to confirm scope, timing and key stakeholders for the project.
- Reviewed relevant DJPR policy, procedural guideline, risk assessment and internal report documents related to the LVEFF grant to Steelvision and the LVEFF.

Fieldwork

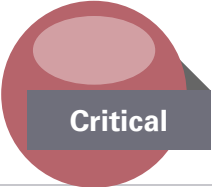

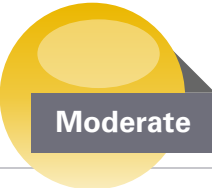
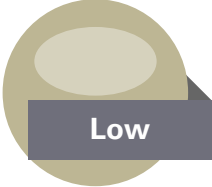
- Obtained an understanding of the existing program administration practices and controls of the LVEFF and the key elements of the DJPR's Grant Program Framework.
- Reviewed the practices and procedures applied to administration of the LVEFF awarded to Steelvision as outlined in the Scope (points 1-10).
- Provided regular updates to relevant stakeholders regarding any emerging key observations
- Conducted a closing meeting with relevant key stakeholders and project sponsor(s) to agree observations and improvements.

Reporting

- Provided a report on the program administration practices and procedures that were undertaken across the grant-life-cycle for LVEFF grant awarded to Steelvision.
- If in the instance that inconsistencies were uncovered as to the administration of this specific grant to departmental standards, the draft report to include the points of departures and recommendations to mitigate reoccurrence in future program design and delivery.
- The final report (including agreed management actions) is being issued to relevant key stakeholders and project sponsor(s) for appropriate approval and sign-off.

Appendix 2 - Classification of Findings

The following rating table definition has been classified based on the likely impact given the issue and control gap of the finding on the **grant achieving its defined outcomes**.

Rating	Definition
	<p>Issue represents a control weaknesses, which could cause or is causing severe disruption or severe effect on the grant achieving its defined outcomes over its lifecycle</p>
	<p>Issue represents a control weakness, which could have or is having major adverse effect on the ability to achieve grant outcomes over its lifecycle</p>
	<p>Issue represents a control weakness, which could have or is having significant adverse effect on the ability to achieve grant outcomes over its lifecycle</p>
	<p>Issue represents a minor control weakness, with minimal but reportable impact on the ability to achieve grant outcomes over its lifecycle</p>



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